

Swindon Borough Council

Audit Committee

Tuesday, 21 September 2010

Committee Room 6, Civic Offices

At 6.00 p.m.

Conservative Councillors

Michael Dickinson
(Chair)
Nick Martin
Mary Martin
Eric Shaw
Peter Stoddart

Labour Councillors

Des Moffatt (Vice-
Chair)
Junab Ali

Committee Officer: Steve Jones (01793 463602)

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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 1 - 6)

To receive the minutes of the meeting held on 22 June 2010

5. Internal Audit reports identifying significant risk or 'of concern - Corporate Manslaughter (HIA-CE) (Pages 7 - 48)

6. Corporate Risk Management: Update (GDBT) (Pages 49 - 50)

7. External Audit Report on the Statement of Accounts 2009/10 (DF-CE) (Pages 51 - 54)

8. External Audit (Pages 55 - 70)

- (a) *Annual Governance Report (to follow)*
- (b) *External Audit Opinion Plan*

9. Head of Internal Audit Update (HIA-CE) (Pages 71 - 84)

Date of Despatch: 13 September 2010

Key:

GDBT - Group Director: Business Transformation
DF-CE - Director of Finance
HIA-CE - Head of Internal Audit

Public Question Time - Swindon Borough Council is committed to increasing its accountability to the public and to promoting active citizenship. Up to 15 minutes will be allowed at the start of all Council meetings for questions to the Chair from members of the public about the work of the Committee (except for confidential matters and specific planning applications). Questions must be relevant, clear and concise. Because of time constraints Public Question Time is not an opportunity to make speeches or statements. Prior notice of a question to the Director of Law and Democratic Services is desirable - particularly if detailed background information is needed.

Access Arrangements – The Venue is wheelchair accessible and an infrared receiver hearing system is provided. If you would wish to attend the meeting but have any special requirement to enable you to do so please contact the Committee Clerk above, as soon as possible prior to the date of the meeting.

If you would like to receive any of the pages contained in this agenda in a larger print size please contact the Committee Officer whose name appears on the first page of this agenda.

The Audit Committee - Terms of Reference

(the complete terms of reference and programme of activity for the Audit Committee are set out in Minute 61 of the meeting of the Audit Sub-Committee held on 25 January 2006)

To provide independent assurance to the Council on the following responsibilities:

- (i) the effectiveness of the Council's risk management, internal control and its overall assurance framework;
- (ii) the effectiveness of the Council's financial and non-financial performance to the extent that it might impact upon (i) above;
- (iii) the performance of the Council's Internal Audit section;
- (iv) the receipt and review of External Audit reports and liaison with external auditors on significant matters identified, and
- (v) advise upon and/or review the effectiveness of any other matters referred to the Audit Committee by the Cabinet, the Overview and Scrutiny and Regulatory Committees.

AUDIT COMMITTEE

TUESDAY, 22 JUNE 2010

PRESENT:- Councillors Michael Dickinson (Chair), Nick Martin, Eric Shaw, Des Moffatt (Vice-Chair) and Junab Ali

Councillor Mark Edwards, the Cabinet Member for Finance and Resources, was also in attendance.

An apology for absence was received from Councillors Peter Stoddart.

1. Declarations of Interest

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

2. Public Question Time

No public questions were made under Standing Order 18.

3. Minutes

Resolved – That the Minutes of the meeting held on 20th April 2010 be confirmed and signed.

4. Exempt Items - Exclusion of Press and Public

That, in accordance with Section 100A(4) of the Local Government Act 1972, the public be excluded during the discussion of the matters referred to in the items listed below on the grounds that they involve the likely disclosure of exempt information as defined in the respective paragraphs of Part 1 of Schedule 12A of the Act.

<u>Item No.</u>	<u>Paragraph No.</u>	<u>Minute No.</u>
15	2	14

5. The Treasury Management Strategy, Prudential Indicators 2010/11 and Annual Investment Strategy 2010/11 and Performance for 2009/10

The Committee received a report of the Director of Finance, introduced by the Group Finance Manager (Technical, Corporate Finance) regarding the revised CIPFA Treasury Management Code of Practice 2009, incorporating revisions introduced in response to the Icelandic Banking situation in 2008, and the recommendation that each local authority must delegate the role of Scrutiny or Treasury Management Strategy and Policies to a specific named body. It was noted that Cabinet had approved that the Audit Committee should act this body at its meeting in February 2010. The report also advised on changes to the CIPFA Treasury Management Code of Practice, the Treasury Management Strategy and

Annual Investment Strategy for the Council for 2010/11 and prudential indicators for the period 2010/11 to 2012/13, the Minimum Revenue Provision (MRP) Policy for 2010/11 and Treasury Management Performance for 2009/10.

Resolved – (1) That the report and, in particular, the enhanced role of the Audit Committee in relation to the scrutiny of the Council's Treasury Management Strategy and Policies be noted.

(2) That the Group Finance Manager (Technical, Corporate Finance) be thanked for attending the meeting and for his useful and informative presentation of the report and his responses to members' questions.

6. Statement of Accounts 2009/10

The Director of Finance submitted a report introducing the Pre-Audited Statement of Accounts for the Financial Year 2009/10 for the Committee's consideration and approval.

Resolved – (1) That the Pre-Audited Statement of Accounts for the Financial Year 2009/10 be approved for signing off by the Chair.

(2) That it be noted that the Audited Statement of Accounts would be submitted to a future meeting of the Committee for more detailed scrutiny.

(3) That the Director of Finance and his Team be thanked for their hard work in producing the Statement of Accounts 2009/10.

7. Audit Committee: Annual Report for the year 2009/10

The Head of Internal Audit submitted a report introducing the Committee's Annual Report for 2009/10.

Resolved – (1) That the report be noted.

(2) That this Committee confirms that, when possible, and where existing budgetary provision permits, it would support members' requests to attend appropriate training courses and seminars, particularly in relation to Corporate Governance issues.

8. Annual Governance Statement

The Head of Internal Audit submitted a report providing the Committee with details of the draft Annual Governance Statement, setting out the Council's governance arrangements.

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

9. External Audit

External Audit – Annual Audit Letter

Mr Peter Smith of the Council's External Auditors presented the Audit Commission's Annual Audit and Inspection Letter 2008/09. Mr Smith summarised the work undertaken by the External Auditors during the 2008/09 Financial Year and highlighted the key messages of the Audit Commission's assessment of the Council's performance.

Resolved – (1) That the Audit Commission's Annual Audit and Inspection Letter 2008/09, and the positive key messages set out in the report in relation to the

assessment of the Council's arrangements to secure value for money in its use of resources, be noted and welcomed.

(2) That, in respect of the recommendations contained in the Annual Audit Inspection Letter, it be noted that:

- the risk of the ongoing economic downturn will remain on the Council's Corporate Risk Register and will therefore be monitored by both the Audit Committee and the Corporate Board; and
- the Director of Finance and the Cabinet Member for Finance and Resources had given the Audit Committee assurances that suitable resources would be made available for the implementation of International Financial Reporting Standards in 2010/11.

Annual Audit and Inspection Fee 2010/11

Mr Peter Smith of the Council's External Auditors submitted the Audit Commission's Annual Fee Letter, setting out the framework of the indicative fees for work to be undertaken at Swindon Borough Council in 2010/11.

Resolved – That the Audit Commission's Annual Fee Letter, setting out the framework of indicative fees for work to be undertaken at Swindon Borough Council in 2010/11, be accepted.

Compliance with International Auditing Standards

Mr Peter Smith of the Council's External Auditors introduced this item regarding the necessity for the External Auditors, in compliance with International Standard on Auditing (UK and RI) 2040, to obtain an understanding of how those charged with governance exercise oversight of management processes for identifying and reporting the risk of fraud and possible breaches of internal control within the Council. The report asked that the Chair should confirm:

- how the Audit Committee oversees management processes to identify and respond to such risks, and
- whether the Chair had knowledge of any actual suspected or alleged fraud affect the Council.

The Chair responded that the Audit Committee oversees management processes via regular reports to the Committee by the Head of Internal Audit, the regular Audit Reports the Committee chooses to verify, it considers the Corporate Risk Register on a number of occasions throughout the year and also, of course, receives the Audit Letter from the Council's External Auditors, the Audit Commission. He added that in addition, he regularly met with the Head of Internal Audit, preceding meetings of the Audit Committee. With reference to his having knowledge of any alleged fraud affecting the Council, the Chair said that he was not aware of anything material, and suggested that, in order to best comply with the Audit Commission's request, the Head of Internal Audit should keep him advised of any actual or alleged cases of fraud within the Council.

Resolved – (1) That the Chair's response the Audit Commission's request for confirmation of the Council's oversight of processes for identifying and reporting the risk of fraud and possible breaches of internal control (see above) be noted.

(2) That a presentation be made to the Committee in advance of a future meeting on the subject of changes to the International Financial Reporting Standards.

External Audit Progress Report

Mr Peter Smith of the Audit Commission presented the May 2010 External Audit Progress Report summarising the External Auditor's delivery against the Audit Plan.

Resolved (1) That the External Audit Progress Report for the period to May 2010 be noted.

(2) That, with reference to Mr Smith's comments regarding the Audit Commission's completion of work on the Authority's use of resources, up to the stage of submitting indicative scores, and the decision that, following the abolition of the CAA, these would not be formally reported, the External Auditor be invited to report to the next meeting of the Committee, summarising the indicative scores that would have been submitted in relation to the Authority's use of resources and highlighting issues arising where remedial action might have been recommended.

10. Audit Committee: Effectiveness of the system of Internal Audit

The Group Director, Business Transformation, submitted a report inviting the Committee to conduct a review of the effectiveness of the Council's system of Internal Audit in order to comply with the Accounts and Audit (Amendment) (England) Regulations 2006.

Resolved – (1) That the various areas of assurance and supporting evidence set out in the report, and the information contained in the Checklist provided in the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006, appended to the report, and the CIPFA Audit Committee Toolkit Self Assessment Checklist, also appended to the report, be accepted as providing assurance of the effectiveness of the Council's system of Internal Audit.

(2) That, with reference to the Committee's responsibility to approve the Council's Annual Accounts, a report on its adopted Accounting Policies be submitted to the Audit Committee for consideration and review in advance of work commencing on the preparation of the Annual Accounts.

11. Audit Committee - Revised Terms of Reference

The Head of Internal Audit submitted a report advising members of the Committee's updated Terms of Reference and its draft Work Programme for 2010/11.

Resolved – That the revised Terms of Reference for the Audit Committee and its draft Work Programme for 2010/11 be approved.

12. 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 meeting in April 2010 and progress made against the Annual Internal Audit Plan.

Resolved – That the report be noted.

**13. Internal Audit reports identifying significant risk or 'of concern':
Corporate Manslaughter**

The Chair advised that the Director of Human Resources had been unable to attend this meeting and that, consequently, the Internal Audit Report on Corporate Manslaughter would be deferred to the next meeting.

14. Internal Audit's Annual Report for the year 2009/10

The Committee received a report on the Head of Internal Audit's Annual report for 2009/10, providing a summary of the work completed by Internal Audit Services in 2009/10 and his overall opinion of the Council's system of internal control.

Resolved – (1) That the report be presented to the next meeting of the Corporate Board and that the Board be advised of the Committee's concern that recommendations made by Internal Audit in respect of the significant control issues identified in financial systems categorised as "of concern" are failing to be addressed.

(2) That the report be also submitted to the Leader of the Council and the Cabinet Member for Finance and Resource and that they be also be advised of the Committee's concern that recommendations remained unactioned.

(3) That the Improvement Plans developed in relation to the financial systems categorised as "of concern" be submitted to future meetings and the officers responsible for the particular service areas be required to attend the meetings to report on progress against the plans.

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Internal Audit reports identifying significant risk or 'of concern':

CORPORATE MANSLAUGHTER

AUDIT COMMITTEE

Date: 21st September 2010

Author: Head of Internal Audit

Wards Affected: None

Purpose

Members requested that at least one individual audit report be presented to each meeting of the Committee. This report should be one that has been classified as being of 'significant risk' or 'of concern', if one had been issued since the previous meeting of the Committee. If not, then a report would be selected in liaison with the Chair of the Audit Committee.

The Chair of the Audit Committee requested that the Internal Audit report on Corporate Manslaughter be presented to the committee.

Recommendation

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

1 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 properly.
- 1.2 Internal Audit's terms of reference require that at least one individual audit report be submitted to each meeting of the Committee.
- 1.3 The Chair of the Audit Committee requested that the Internal Audit report on Corporate Manslaughter be presented to the June meeting of the Audit Committee. However, due to staffing issues this was postponed to the September meeting.

2 Detail

- 2.1 A copy of the report following the internal audit review of the mitigating controls in place to prevent a case of Corporate Manslaughter is attached as Appendix 1. The report was finalised on 14th May 2010 and an overall risk assessment of 'Of Concern' was given. The initial management response is also included in this report.
- 2.2 Key recommendations made in the report to achieve the improvements required include:

Internal Audit reports identifying significant risk or 'of concern':

CORPORATE MANSLAUGHTER

AUDIT COMMITTEE

Date: 21st September 2010

- Operations Board, Corporate Board and the Chief Executive must ensure that urgent action is taken to ensure that there is an effective framework and escalation process to improve the operation and consistency of health and safety management controls within the organisation. This is to ensure sharing of Health and Safety best practice and uniformity of implementation.
- Governance arrangements for groups within the reporting structure with Health and Safety roles and responsibilities must be reviewed to ensure effective communication and escalation processes.
- The Corporate Health and Safety Strategy and Policy must be updated and include the key controls identified in the Corporate Manslaughter Act. This should also reflect organisation changes in the Council and involvement of significant partners. An agreed project plan with RAG indicators should be put in place to underpin delivery of the strategy with regular progress reports to Operations Board and Corporate Board for action where necessary.
- A Health and Safety risk, relating to Corporate Manslaughter is recorded on the Corporate Risk Register, but monitoring of the supporting departmental and service related action plans is not considered effective for mitigation.
- The 2003 Health and Safety Strategy require all service areas and departments to include health and safety risks on their risk registers. This information should be forwarded to the Health, Safety and Wellbeing Team on a regular basis for prioritisation and work planning. This will enable the Health and Safety risks faced by the Council to be quantified and will inform both the compliance work, training and actions required in the Health and Safety Strategy project plan.
- Health and Safety risks identified through risk registers should be co-ordinated to form a matrix of health and safety risks around which planning for mitigating actions can take place and responsibilities for actions can be allocated. Using the RAG (Red, Amber, Green) status to highlight the risks will enable officers and members at the different levels of the revised communication / escalation structure to monitor progress and ensure action is taken where required.

- 2.3 The Head of Health, Safety and Wellbeing has also provided a summary (see Appendix 2) of progress since the issue of the Internal Audit report. A point-by-point update of progress in implementing each of the recommendations is also provided (see Appendix 3) as well as a Health, Safety and Wellbeing action plan (see Appendix 4) that details the main objectives and associated risks.

Internal Audit reports identifying significant risk or 'of concern':

CORPORATE MANSLAUGHTER

AUDIT COMMITTEE

Date: 21st September 2010

- 2.4 The audit report, management responses and updates on progress are submitted for Members consideration.
- 2.5 The Head of Health, Safety and Wellbeing and the Head of Human Resources and Talent will be attending the meeting to answer any questions.

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

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/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Various other officers – as listed in the attached audit report (see Appendix 1)

Appendices / Background papers

Appendix 1 – Internal Audit Report: Corporate Manslaughter

Appendix 2 – Summary of Progress since the issue of the Internal Audit report

Appendix 3 – Update on individual Internal Audit recommendations

Appendix 4 – Swindon Borough Council Health, Safety and Wellbeing Action Plan

Internal Audit reports identifying significant risk or 'of concern':

CORPORATE MANSLAUGHTER

AUDIT COMMITTEE

Date: 21st September 2010

Key Decision/Decision in Forward Plan

Not Applicable

Swindon Internal Audit Services
Chief Executive's

Strictly Private and Confidential

Corporate Manslaughter Act

Report status: Final

Report date: 14th May 2010

Report Reference: BT/HR/Corporate Manslaughter

Auditor: Karl Read - Senior Auditor

Issued by: Lorraine Sarson - Principal Auditor

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Appendices:

A: Standard Audit Opinions

B: Sentencing Guidelines Council – “Corporate Manslaughter & Health and Safety Offences Causing Death – Definitive Guideline”

Report distribution:

Initial Draft for discussion issued 9th March 2010:

Amanda Woodhead	Head of Health, Safety and Wellbeing
Phil Harman	Team Leader Health and Safety Advisor

Draft for discussion issued 12th March 2010:

Jack Markiewicz	Director Human Resources and Change
Amanda Woodhead	Head of Health, Safety and Wellbeing
Phil Harman	Team Leader Health and Safety Advisor

Draft report issued 29th March 2010:

Gavin Jones	Chief Executive
Jack Markiewicz	Director Human Resources and Change
Amanda Woodhead	Head of Health, Safety and Wellbeing
Phil Harman	Team Leader Health and Safety Advisor

Final report issued 17th May 2010:

Gavin Jones	Chief Executive
Jack Markiewicz	Director Human Resources and Change
Amanda Woodhead	Head of Health, Safety and Wellbeing
Phil Harman	Team Leader Health and Safety Advisor
Stephen Taylor	Director: Law and Democratic Services
Mike Walker	Head of Performance and Risk
Kirsty Cole	Group Finance Manager - Corporate
Members of Corporate Board	

1 Executive Summary

- 1.1 The Head of Health, Safety and Wellbeing, reporting directly to the Director of Human Resources and Change, manages responsibility for Health and Safety on a day-to-day basis. At the time of the audit fieldwork the Head of Health, Safety and Wellbeing was on maternity leave and the Team Leader Health and Safety Advisor was acting up in to this post. The Head of Health, Safety and Wellbeing returned to work at the report clearance stage of this audit.
- 1.2 Corporate Manslaughter was created with the introduction of the Corporate Manslaughter and Corporate Homicide Act 2007 (referred to as the Act hereon) and can only be committed by organisations. There are no new duties or obligations under the Act, nor is the new offence part of health and safety law. It is, however, specifically linked to existing health and safety requirements. Corporate Manslaughter involves both a gross breach of duty of care and senior management failings resulting in systemic failures throughout the organisation. In contrast, Health and Safety offences may be committed by organisations and individuals and are committed whenever the defendant cannot show that it was not reasonably practicable to avoid a risk of injury or lack of safety.
- 1.3 The consequences to an organisation following a successful Corporate Manslaughter prosecution and being found corporately culpable are severe and can include:
- Prosecution for manslaughter resulting in imprisonment of the 'Directing Mind' i.e. Senior Managers.
 - An unlimited fine.
 - Remedial Orders to remedy any breach with associated costs.
 - Publicity orders requiring the organisation to publicise the fact it has been convicted.
- 1.4 A well modelled and practical Health and Safety Strategy for Swindon Borough Council was approved in 2003. The strategy included a detailed project plan for its implementation. The Team Leader: Health and Safety provided this document to the Auditor, at the start of the audit, as being the most up to date strategy and this is the version currently published on the Council's Intranet for staff to follow. However, at audit report clearance stage, the Auditor was provided with a review of the Council's Health and Safety Strategy by the Head of Health, Safety and Wellbeing that was conducted in 2005. This strategy review was conducted by the then Directors of Human Resources and Public Health in consultation with the Health and Safety Executive, Councillors, trade unions, directors and other key stakeholders, and was endorsed by Corporate Board. However, there is no record of the strategy review being formally adopted, or approved by Corporate Board. The 2003 strategy and 2005 strategy review are out of date and only partially implemented. As a result, the Council cannot fully demonstrate comprehensive and effective Health and Safety arrangements and the mitigation of Corporate Manslaughter risk.

- 1.5 The corporate framework for group directorates and service directorates to identify, report and manage health and safety risks, or escalate key risks/issues of concern to the Joint Safety Committee and Operations Board has not been fully operational. Directorates demonstrate their commitment to Health and Safety to varying degrees and the existence and extent of approaches are not consistently documented. However, it is acknowledged from testing that Environment, Regeneration and Community and Children's Services maintain Health and Safety risk registers. Also, Housing Services have achieved Occupational Health and Safety Systems (OHSAS) accreditation. It is therefore not possible to determine whether all health, safety and corporate manslaughter risks have been identified across the whole Council and whether mitigating actions have been prioritised accordingly. The Council has yet to evaluate and agree its risk appetite for health and safety and allocate and prioritise resources accordingly.
- 1.6 A review of minutes from Corporate Board meetings demonstrated that health and safety matters did not feature on the agenda in the last year to February 2010 and only once at Operations Board during this period (this item was later deferred). The Joint Safety Committee, comprising of Councillors and Trade Union Representatives receive quarterly reports on Health and Safety performance across the Council. However, there is no clear management trail to demonstrate the escalation of key health and safety issues/risks from the Joint Safety Committee to Operations Board, or onward, where necessary to Corporate Board for evaluation and action planning. Meetings of the Health, Safety and Wellbeing Management Board have been sporadic. Consequently, their role has not been fulfilled in providing scrutiny and challenge to ensure that there is effective policy, recommendations and decisions concerning Health and Safety practice, standards and performance.
- 1.7 Health and Safety system controls necessary to mitigate the risk of Corporate Manslaughter offences have been assessed as being of concern. Significant improvements are required urgently to ensure that the Council can demonstrate it has taken its health and safety responsibilities seriously and can provide a clear management trail with evidence to support this.
- 1.8 The following recommendations require urgent implementation to address key issues identified in Health and Safety controls:
- The Operations Board, Corporate Board and the Chief Executive must ensure that immediate action is taken to improve health and safety controls and mitigate health and safety risks associated with Corporate Manslaughter. Governance arrangements and the roles and responsibilities for Health and Safety must also be reviewed to ensure that effective communication and escalation processes are in place. Terms of reference for the groups involved in the health and safety structure should also be reviewed to provide an effective scrutiny function at each escalation level. Representation at meetings should be enforced, with deputies appointed should representatives not be able to attend.
 - The Corporate Health and Safety Strategy and Policy must be updated to include the key controls identified in the Corporate Manslaughter Act, the revised Council health and safety structure and the role and responsibilities of significant partners. An agreed project plan should be put in place to underpin delivery of an up to date strategy and be adequately resourced to

achieve delivery. Implementation of the strategy must be monitored and managed with regular reports to Operations Board for action where necessary. Reports should focus on the level of health and safety risk using a RAG status and narrative where appropriate. Health and Safety risk is recorded on the Corporate Risk Register, but monitoring of related action plans is not considered effective to mitigate the risk of Corporate Manslaughter.

- All departments are responsible for and must complete risk registers within which health and safety risks must be recorded, co-ordinated by the Head of Performance and Risk. This information will identify the compliance work, training and actions to mitigate these risks. All action points and responsibility for implementing these should be clearly documented.

1.9 During the audit, Swindon Commercial Services became a limited company and therefore responsible for their own health and safety risk management. This decoupling of Swindon Commercial Services will significantly reduce the Councils' health and safety risk profile due to the nature of their service related risks.

2 Introduction

- 2.1 The legislation that allowed an employer to be prosecuted following the death of a person has existed in some form for a number of years now. However, prior to April 2008 when the Corporate Manslaughter Act came into effect, responsibility had to be centred on what was known as the directing mind, or the person who was responsible for directing the actions of the company. With the increasing complexity of management structures in organisations, these prosecutions became more difficult which was why the Corporate Manslaughter Act was introduced.
- 2.2 Under the new act, there are no new duties or responsibilities for employers. Their primary responsibility remains to protect their employees through compliance with existing Health and Safety legislation. However, with many of the hurdles previously preventing prosecutions now removed, organisations can now be held to account for the way their senior managers organise the activities of their organisations. The Sentencing Guidelines Council produced a definitive guide on the results of a prosecution in February 2010 that explores the consequences in more detail. These are set out in Appendix B.
- 2.3 The sanctions associated with a successful Corporate Manslaughter prosecution are significant for both small and large organisations and with the introduction of the Act; these sanctions can also apply to government institutions ensuring that no organisation is exempt from the legislation. They include prosecution and possible imprisonment of the senior managers and directors of the organisation, unlimited fines and publicity orders requiring the offending organisation to report on its failings publicly.
- 2.4 This audit looks to provide assurance that the Council has effective systems and controls in place at both a corporate and service level, including those services delivered by partners, to comply with any Health and Safety legislation to mitigate the risk of a corporate manslaughter prosecution being brought against the Council.
- 2.5 Responsibility for Health and Safety is managed on a day-to-day basis by the Head of Health, Safety and Wellbeing, who reports directly to the Director of Human Resources and Change. At the time of the audit fieldwork the Head of Health, Safety and Wellbeing was on maternity leave, returning to work at the report clearance stage of this audit.

3 Approach

- 3.1 Managers determine the extent of internal control in their systems and are responsible for providing an environment that ensures that resources are properly applied, value for money is secured, fraud and other losses prevented, and the Council's Financial Regulations are complied with.

- 3.2 Internal Audit, as a service to the Directorate and the Council as a whole, contributes to internal control by examining and evaluating its adequacy and effectiveness. The auditor's responsibility is to form an independent opinion, based on the audit work undertaken, on the reliability of the systems of internal control, risk management and governance reviewed and report this to the Director Human Resources and Change and to other relevant Managers.
- 3.3 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.
- 3.4 The appropriate managers and senior staff were consulted during the course of the review, and examination and testing of relevant documentation and procedures took place within departments.

4 Risk Areas Examined

- 4.1 The key risks to the achievement of the business objectives were discussed and agreed with the Team Leader – Health, Safety and Wellbeing 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 the mitigating controls in place for each area of risk examined:

Risk Area Examined	Audit Conclusion re. mitigating controls
<ul style="list-style-type: none"> Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution – Strategies, policies and procedures are not clearly linked and supported with effective governance arrangements. In the event of a prosecution, the Council cannot therefore demonstrate a corporate approach to dealing with their Health and Safety responsibilities. 	<p>Significant Improvements Required</p>
<ul style="list-style-type: none"> Risk identification and escalation is not in place leading to a fatality occurring – The risk management process is not embedded across the organisation, leading to risks going unidentified. Mitigating action is not taken leading to a fatality. 	<p>Significant Improvements Required</p>
<ul style="list-style-type: none"> Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously – Roles and responsibilities of senior managers do not address Health and Safety issues resulting in employees being exposed to risks that could otherwise be avoided / mitigated. Council's responsibility to provide a duty of care cannot be demonstrated following an incident. 	<p>Significant Improvements Required</p>

5 Overall Opinion

- 5.1 **Materiality and impact: High.** The impact and materiality in the event of a corporate manslaughter case being brought successfully against the authority are significant and include unlimited fines, costs associated with remedial work to avoid such incidents recurring and publicity orders requiring the Authority to advertise the case brought against it.
- 5.2 **Opinion on system controls: Significant Improvements Required** (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.
- 5.3 **Overall assessment of risk:** the combination of the high impact of the system, along with the opinion on the system controls gives an overall risk assessment to the Council as being **of concern**:

		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

- 5.4 The following key recommendations should be implemented in order to achieve the improvements required:
- Operations Board, Corporate Board and the Chief Executive must ensure that urgent action is taken to ensure that there is an effective framework and escalation process to improve the operation and consistency of health and safety management controls within the organisation. This is to ensure sharing of Health and Safety best practice and uniformity of implementation.
 - Governance arrangements for groups within the reporting structure with Health and Safety roles and responsibilities must be reviewed to ensure effective communication and escalation processes.
 - The Corporate Health and Safety Strategy and Policy must be updated and include the key controls identified in the Corporate Manslaughter Act. This should also reflect organisation changes in the Council and involvement of

significant partners. An agreed project plan with RAG indicators should be put in place to underpin delivery of the strategy with regular progress reports to Operations Board and Corporate Board for action where necessary.

- A Health and Safety risk, relating to Corporate Manslaughter is recorded on the Corporate Risk Register, but monitoring of the supporting departmental and service related action plans is not considered effective for mitigation.
- The 2003 Health and Safety Strategy requires all service areas and departments to include health and safety risks on their risk registers. This information should be forwarded to the Health, Safety and Wellbeing Team on a regular basis for prioritisation and work planning. This will enable the Health and Safety risks faced by the Council to be quantified and will inform both the compliance work, training and actions required in the Health and Safety Strategy project plan.
- Health and Safety risks identified through risk registers should be co-ordinated to form a matrix of health and safety risks around which planning for mitigating actions can take place and responsibilities for actions can be allocated. Using the RAG (Red, Amber, Green) status to highlight the risks will enable officers and members at the different levels of the revised communication / escalation structure to monitor progress and ensure action is taken where required.

5.5 Management's responses to the Internal Audit recommendations are included in section 8 of the report.

5.6 All of the matters arising are detailed in the action plan, together with suitable recommendations, together with an indication as to whether the matters arising are of a high, medium or low priority. The action plan provides a checklist of the findings of the review, potential consequences, and identifies officers responsible for implementing the recommendations and appropriate time-scales.

6 Secure Procedures

6.1 It was noted that the following secure procedures are now an integral part of the Corporate Manslaughter system:

- Significant progress has been made in the last two years in introducing and implementing an annual action plan for delivery of health and wellbeing i.e. relating to risks assessed by HSE as attributable to potential Corporate Manslaughter cases.
- Whilst resources are limited, training is delivered according to a programme agreed at the beginning of the year that is made available to staff and managers. The team supplement this programme with tailored training courses based on demand.
- Both specialised and highly qualified staff make up the Health, Safety and Wellbeing Team.
- The Health, Safety and Wellbeing Team monitor compliance through the completion of a programme of audits conducted each year including those delivered by the Council's strategic partner Capita and inspections carried

out by the Fire Officer. Compliance results are reported quarterly to the Joint Safety Committee.

- There have been no HSE enforcement notices issued in the last 5 years. There is a general trend of a reduction in reportable accidents across the Council, these being the more serious incidents involving more than 3 days absence from work, fractures, dislocations etc.
- The Council's Insurance Manager has arranged insurance cover for the legal costs and expenses relating to a Corporate Manslaughter Act prosecution up to a limit of £5m.

7 Acknowledgement

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

Name	Job title
Jack Markiewicz	Director Human Resources and Change
Amanda Woodhead	Head of Health, Safety and Wellbeing
Phil Harman	Team Leader – Health, Safety and Wellbeing
Richard Kemp	Corporate Health, Safety and Wellbeing Advisor
Steve Hopkins	Principal Health, Safety and Environment Officer
Alex Bedford	Head of Performance and Risk
Carl McDonald	Health, Safety and Environment Compliance Officer
Sandra Keates	Group Leader Building Control
Rachel Ind	Highways Manager
Clive Feakes	Chief Executive's Staff Officer
Peter Greer	Insurance Manager

Section 8: Action Plan

The purpose of this action plan is to provide a summary of the matters arising during the audit of Corporate Manslaughter, 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	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution			
1.1	<p>The Auditor was provided with a copy of the Corporate Health and Safety Strategy published in 2003 that was supported by a comprehensive project plan for its implementation. This version is currently published on the intranet. Following audit fieldwork, a review of the health and safety strategy was provided for 2005, however this has not been formally incorporated into a strategy document or approved. The strategy does not include a comprehensive project plan to support its delivery.</p> <p>Due to the significant organisational changes that have taken place at the Council during the past 7 years, the Strategy no longer reflects the current structure and working relationships of the Council. There is no reference in the Strategy to the Council's partnership arrangements with the PCT, Capita or the LAA and the risks posed by the later introduction of the Corporate Manslaughter Act in 2008. Reference is also made to employees who no longer work for the Council.</p>	<p>The Health and Safety Strategy and project implementation plan must be reviewed and updated at least annually to ensure it is relevant and accurate. This document should be updated on the Council's intranet site. The strategy should ensure that mitigating actions are monitored and escalated when not implemented to reduce any health and safety risks that could affect delivery of the corporate objectives.</p> <p>Actions to limit the impact of a Corporate Manslaughter case should also be included and these should be prioritised and linked to future action plans for the Health, Safety and Wellbeing Team. Operations Board should independently review the updated Strategy prior to it being passed to Corporate Board for formal approval as part of the wider Human Resources and Change Strategy.</p> <p>Priority: High</p>	<p>Director of HR and Change</p> <p>June 2010</p>	<p>Accepted. Strategy document development underway and will form part of the HR and Change strategy which will be endorsed by Corporate Board.</p> <p>Operations Board HSW review session scheduled for July 2010. This is the quarterly update to Ops Board.</p> <p>Chief Executive's Staff Officer has scheduled a slot to present the Roles and Responsibilities document in early June as this is the first available slot. The agenda is already full for May.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution			
1.2	<p>The Strategy refers to the introduction of an Annual Corporate Health and Safety Plan that was intended to co-ordinate the approach to delivering Health and Safety on a corporate basis. It was also to be used to identify top risks and enable resources to be focussed more effectively. Although a plan was produced for 2008/09, a revised version for 2009/10 was not produced due to staff shortages. However, a health and wellbeing annual action plan was provided with evidence that demonstrated the actions taken and progress made in delivering these objectives.</p> <p>This plan should provide the basis for Health and Safety compliance audits carried out by the Health, Safety and Wellbeing Team enabling the monitoring the implementation of mitigating actions to address potential Corporate Manslaughter and other key health and safety risks.</p>	<p>The Annual Corporate Health and Safety Plan should be implemented for 2010/11 as detailed in the Corporate Health and Safety Strategy. This would provide a service-planning framework that would help to ensure continual improvement by embedding protocols around policy, planning, implementation and operation.</p> <p>The plan should include what checking / monitoring will be undertaken. Also, where corrective action is required, the plan should detail how this will be implemented, monitored and escalated where necessary.</p> <p>Priority: High</p>	<p>Director of HR and Change</p> <p>June 2010</p>	<p>Annual Health and Safety workplan will be finalised following Corporate Board steer in April 2010 and subject to formal review</p> <p>The annual HSW plan will detail the organisational approach to managing HSW risks, rather than being a specific workplan for the HSW team.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution			
1.3	<p>There is a Corporate Health, Safety and Wellbeing Policy that outlines the Council's broad objectives as a statement of intent.</p> <p>The Policy includes details of the responsibilities of all staff at all levels through to the Chief Executive. Responsibilities for Cabinet and Members are also covered. However, this policy has not been reviewed since October 2006.</p> <p>Whilst responsibilities are clear, there are no details included on the consequences of an actual Corporate Manslaughter prosecution, to emphasize the importance of acting on Health and Safety responsibilities.</p> <p>In addition, the guidance does not clarify the need to be able to demonstrate effective communication between staff and managers at all levels. There is no link between this policy and the communication / escalation structure to report potential Health and Safety risks.</p>	<p>The Corporate Health, Safety and Wellbeing Policy must be reviewed at least annually or earlier if necessary and amended to include the following:</p> <ul style="list-style-type: none"> • Details of the possible consequences should the organisation be found to be failing it's employees in terms of Health and Safety. The Sentencing Guidelines Council has produced a definitive guide on the consequences of a Corporate Manslaughter prosecution included in Appendix B for information. • Responsibilities at the various staff and management levels of the organisation should be linked to the communication / escalation structure. <p>Compliance with this Policy will ensure that in the event of a Corporate Manslaughter investigation, a management trail can be provided to show that reasonable steps have been taken to address Health and Safety issues.</p> <p>Priority: High</p>	<p>Director of HR and Change</p> <p>July 2010</p> <p>Chief Executive and Group Directors,</p>	<p>Accepted. Benchmarking relating to this has commenced. Target date for completion of this review which will need to include consultation with key stakeholders and trade unions, including endorsement by Operations Board will be July 2010.</p> <p>The document will be signed by the Chief Executive, Group Directors and key partners.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution			
1.4	<p>The Health, Safety and Wellbeing Board have responsibility for conducting business on behalf of Operations and Corporate Board. This is to guide cross cutting Council Health, Safety and Wellbeing strategy and direction setting.</p> <p>Meetings of the Health, Safety and Wellbeing Management Board have been sporadic. Consequently, their role has not been fulfilled in providing scrutiny and challenge to ensure that there is effective policy, recommendations and decisions concerning Health and Safety practice, standards and performance.</p> <p>Following review of the communication and escalation structure the following issues were identified: -</p> <ol style="list-style-type: none"> 1. Terms of reference are not being followed, are out of date and do not reflecting partnership working and current legislation. 2. There was little evidence in meeting minutes of actions being escalated between Joint Safety Committee and the Health, Safety and Wellbeing Board. 3. In the 12 months to February 2010 Health, Safety and Well-being was only included on the agenda once, but this item was deferred. 4. Health, Safety and Wellbeing appears on the corporate risk register however the process of escalating risks upwards from service areas is not evident, there is no <i>golden thread</i> to show connectivity of escalation. 	<p>In accordance with strategy, representation at Health, Safety and Wellbeing Board meetings should be required or a deputy nominated to attend. Where meetings do not take place, this should be escalated to the next tier on the escalation/communication structure for action where necessary.</p> <p>The terms of reference for Health, Safety and Wellbeing groups should be reviewed. This is to ensure that there is an effective escalation and communication structure and governance arrangements across the Council and significant partners. This should include reporting, escalation, scrutiny and challenge to demonstrate effective arrangements and performance.</p> <p>Action points from meetings should be clearly identified in the minutes so that where escalation has been required; this can be followed in the minutes of the group at the next level of the escalation structure.</p> <p>Priority: High</p>	<p>Director of HR and Change</p> <p>July 2010</p> <p>Operations Board and Corporate Board quarterly via QBAR</p>	<p>Partially accepted. The Health, Safety and Wellbeing Board will be replaced by quarterly HSW reporting to Operations Board and Corporate Joint Safety Committee. This would allow for reporting, escalation, scrutiny and challenge within integrated and embedded SBC structures. Next HSW update to Operations Board will be May 2010</p> <p>QBAR review of Health, Safety and Wellbeing risk will continue (next scheduled review May 2010) as part of Corporate Risk Register review.</p> <p>The next scheduled HSW update to Operations Board is July 2010 and timescales have been amended to reflect this.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution			
1.5	<p>The performance of health, safety and wellbeing in line with practices identified by the HSE in similar organisations is to some extent inward looking with a significant focus on reducing the number of incidents occurring. This is balanced using the results of health and safety audits conducted by the Council and Capita as well as inspection by the Fire Officer and the HSE, the objective of which is to improve on the audit scores. However, this work can provide limited assurance that processes are in place and working effectively for some of the potentially high risks the Council is exposed to when these risks have not been fully assessed due to a lack of risk registers.</p> <p>Whilst indications based on such statistics are that the Council has made some improvement in reducing the number of reportable accidents, the reporting on negative measure of success may discourage the reporting of accidents as it damages performance targets.</p> <p>It is also important to note that Swindon Commercial Services that had the highest risk in terms of reportable accidents has now decoupled, having a significant positive impact on Council's reported statistics.</p>	<p>The focus on Health, Safety and Wellbeing performance should be widened to include further proactive and forward-looking measures. Examples include:</p> <ul style="list-style-type: none"> measuring the health and safety culture of the organisation using e.g. Health and Safety climate survey or Managing Pressure (currently included in the Wellbeing work plan for 2010/11) recommended by the HSE. Requesting feedback on health and safety issues from staff / managers on a proactive basis. Close monitoring for implementation of mitigating actions identified through the Health and Safety risk assessments completed by managers. <p>Priority: Medium</p>	<p>Director of HR and Change</p> <p>Oct 2010</p>	<p>Partially accepted – plans in place for rollout of proactive 'Managing Pressure' survey and workshops to whole organisation within 2010/11.</p> <p>Feedback forms relating to HSW training delivery continue to be collated by SLS and periodically reviewed by HSW Team Leader.</p> <p>HSW audits will continue to focus on compliance against statutory H&S standards with performance ratings and scores will be reported quarterly to Joint Safety Committee and Operations Board.</p> <p>NB Current H&S training and auditing programmes will be reviewed to enable the high level governance workload priorities within this audit response to be addressed.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
2	Risk identification and escalation is not in place leading to a fatality occurring			
2.1	<p>The 2003 Health, Safety and Wellbeing strategy require that departments record associated risks in their risk registers. From testing, this approach is not consistently applied. There is a lack of visibility of what arrangements have been accepted by the Health, Safety and Wellbeing Team as a process to record and treat risks.</p> <p>The Head of Health, Safety and Wellbeing has advised that health and safety risks are reviewed in other departments without the use of risk registers at venues attended by health and safety advisors. However, there is no documented process for collating and analysing this information to identify any general trends within the Health, Safety and Wellbeing Team.</p> <p>Departmental Health, Safety and Wellbeing arrangements evidenced in place by the auditor were:</p> <ul style="list-style-type: none"> • Environment, Regeneration and Community manage their health, safety and wellbeing safety risk using a risk register. • At audit clearance, Children's Services provided a copy of Departmental risk register that included health and safety risks. • Housing Services have an accredited Occupational Health and Safety Management Systems Accreditation (OHSAS). 	<p>Review the corporate process and framework for reporting and treatment of risks for Health, Safety and Wellbeing. There should be formal acceptance and agreement of this revised process and incorporated as part of the strategy review.</p> <p>The review should ensure a consistent and standard approach to the identification, treatment, reporting and monitoring of associated risks across the Council and strategic partners. Health and Safety risks identified on risk registers should be reviewed to include:</p> <ul style="list-style-type: none"> • timescales for implementation of mitigating actions • progress on implementation of action plans and their effectiveness in mitigating risks identified. <p>Priority: High</p>	<p>Director of HR and Change in liaison with the Head of Performance and Risk</p> <p>Group Directors and Directors</p> <p>May 2010</p>	<p>Accepted.</p> <p>Corporate Board have agreed (7 April 2010) to undertake Health and Safety risk registers for each Service Area which will be owned and championed by Group Directors and Directors. HSW team will give input to this process and utilise outcomes to inform their annual workplan.</p> <p>Health, Safety and Wellbeing risks will be reviewed quarterly at Operations Board and Corporate Board via QBAR from May 2010.</p> <p>Aim that Service Area HSW risk registers will be in place for August review at QBAR.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
Cont 2.1	<p>In the absence of a corporate view of Health, Safety and Wellbeing risks the Health, Safety and Wellbeing team prioritise their work based on need:-</p> <ul style="list-style-type: none">• identified through records on reportable accidents,• recent major events in health and safety both locally and nationally,• changes in legislation and advice from the HSE.			

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3	Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously			
3.1	<p>The Health, Safety and Wellbeing Team produce a training programme at the beginning of each year that covers a range of issues including general Health and Safety practices as part of employee induction.</p> <p>The team also offer bespoke training on subjects not included in the main programme. As part of this process, the Head of Health, Safety and Wellbeing made Corporate Manslaughter training available to Members, Directors and Senior Officers in 2008.</p> <p>The training programme tackled subjects that were identified as high-risk areas in the 2008/09 action plan based on the result of health and safety audits and records of health and safety incidents. However, in the absence of an embedded risk management process, it is not clear whether the training programme addresses all the high-level risks service areas are exposed to.</p>	<p>The Health, Safety and Wellbeing Team should be provided/request copies of Directorate and Service area risk registers to identify the key risks that could be mitigated through the implementation of a comprehensive training programme. This can then pick up any need for training identified by managers through the 1:1 process.</p> <p>This process will enable training resources to be targeted at high-risk areas and ensure the limited training resources available are used to the greatest advantage. Decisions should also be informed using information on the number and type of accidents reported previously and information on claims from the Council's insurance manager.</p> <p>The process will also provide a clear management trail to demonstrate that the Council has been proactively taking action to address areas of concern.</p> <p>Priority: Medium</p>	<p>Director of HR and Change</p> <p>Sept 2010</p>	<p>Accepted. Copies of service area risk registers will be reviewed by the HSW team and inform the annual training programme with a mid term review in Sept 2010</p> <p>HSW updates including training statistics will be published quarterly and discussed at Joint Safety Committees.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3	Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously			
3.2	<p>The Health, Safety and Wellbeing Team have been affected by a reduction in staff numbers due to the transfer of some staff to Capita as well as maternity leave. This has resulted in reduced capacity within the team to meet increasingly complex and rapidly changing organisational demands.</p> <p>There is a risk that this may be seen as what the Sentencing Guidelines Committee refer to as “cost-cutting at the expense of safety”, a factor likely to aggravate the offence of corporate manslaughter.</p>	<p>Training should be targeted at the high risk areas identified through the risk registers as discussed in Action Plan point 3.1 to maximise the use of the available resources.</p> <p>The number and cause of insurance claims as well as the accidents reported to the Joint Safety Committee should also inform the training programme.</p> <p>Where training has been provided to targeted areas, this should be recorded in appropriate meeting minutes to demonstrate actions taken to mitigate risks of Health and Safety breaches.</p> <p>Following this process, should resources be insufficient to allow training for all the major risks identified, this should be escalated through the communication structure to Corporate Board to determine what further action/resources are required.</p> <p>Priority: Medium</p>	<p>Director of HR and Change</p> <p>End Sept 2010</p>	<p>Comments as in 3.1.</p> <p>H&S training courses will remain essential as they are required by law (e.g. induction training). In 2009/10 Swindon Learning Solutions recorded that 110 HSW courses were run which constitutes a large workload for the team.</p> <p>We are exploring e-learning opportunities for some modules. We will also explore delivering H&S training in different ways. The organisation currently demands a high level of bespoke HSW training, especially in schools.</p> <p>The review date for this item correlates with the mid point of our current HSW training plan.</p>

Internal Audit Report – Corporate Manslaughter

Ref.	Finding	Recommendations Priority (High/Medium/Low)	Responsible Officer and Timescale	Management Response
3	Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously			
3.3	It was noted in both the SCS and Council Health and Safety Training programmes that there was limited recent training delivered in terms of Corporate Manslaughter for Senior Managers, Board Members and Councillors.	<p>A review should be undertaken to determine those Members, Directors and Senior Managers that have not received any training or guidance on the responsibilities and consequences arising from the introduction of the Corporate Manslaughter Act.</p> <p>Training should be provided to all those identified through this review, with appropriate records maintained to evidence that the training was provided.</p> <p>Priority: Medium</p>	<p>Director of HR and Change</p> <p>Group Directors, Director</p> <p>September 2010</p>	Training for all Group Directors, Directors and Elected members is planned for September 2010 subject to their availability.

Standard Audit Opinions

1. The audit opinion is based on two different criteria the first is the materiality of the system and it's impact on the Council if there was a system failure. This has been spilt into High, Medium or Low.
2. 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 weakness. Each of these categories has a standard opinion (see below).

Standard Audit Opinions on System Control

Audit Opinion 1. *High Standard*

The auditor completing the review concluded the significant system controls are in place and operating effectively and only minor recommendations have been made.

Audit Opinion 2. *Satisfactory Standard*

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.

Audit Opinion 3. *Significant Improvements Required*

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.

Audit Opinion 4. *Fundamental Weaknesses Identified*

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.

3. 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 section 4 of the main report).

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Summary paper for Audit Committee

Corporate Manslaughter and Health, Safety and Wellbeing

The Council has a duty of care in ensuring the health, safety and wellbeing of its employees, contractors, clients, service users and members or the public as well as legislative responsibilities to these people under the Health and Safety at Work Act and subsequent regulations. To fulfil its duties and corporate governance responsibilities, the Council has a structure of devolved management which gives a commitment to upholding safety standards and clearly demonstrates levels of accountability in mitigating any possible Corporate Manslaughter prosecution.

In line with this, health, safety and wellbeing activities are also delegated to encourage and enable these issues to be addressed at a local level wherever possible. However, although health and safety management is devolved for practical purposes, the overall responsibility for health and safety of the authority's employees, and others affected by our work activities, rests with the Chief Executive.

Group Directors, Directors, Heads of service, line managers and supervisors play a key role in managing health and safety, and in maintaining and improving standards. The Council employs a Health, Safety and Wellbeing Team to support the organisation by giving competent advice on achieving legislative compliance and appropriate safety standards.

All managers and employees have a legal duty to take reasonable care of their own health and safety and for the safety of other people who may be affected by their actions. Every employee must co-operate with the Council to enable all statutory duties to be complied with.

The Corporate Health, Safety and Wellbeing Policy and its accompanying health and safety policies and procedures apply to all Council activities and workplaces. Compliance with this range of policies and related standards is mandatory and subject to periodic audit by the Health, Safety and Wellbeing team. Details of performance are presented to leadership teams and joint safety committees. Where serious non-compliances are identified, these are escalated within the management chain.

High level summary of improvement activities

Following the Corporate Manslaughter audit, a number of improvements have been made to the governance of health, safety and wellbeing at Swindon Borough Council. These include:

- The development of an annual Health, Safety and Wellbeing Plan, which has been endorsed by Operations Board and identifies key roles and responsibilities within the organisation. Progress against the targets within the plan will be reviewed at Operations Board.
- Operations Board receiving quarterly Health, Safety and Wellbeing updates.

- A training session being scheduled this month for Group Directors, Directors and cabinet members to give an overview on Corporate Manslaughter/health and safety legislation and the management of key risks within Swindon Borough Council.
- Health, Safety and Wellbeing risks being identified through Corporate and Service area risk registers. The registers identify areas of concern and how these are being managed and mitigated.
- A scrutiny forum including senior managers, trade unions and councillors (Joint Safety Committee) which receives quarterly updates from Service Areas on how they are managing and controlling key risks.
- The development of a revised 'Health, Safety and Wellbeing Policy' and 'Responsibilities for Managing Health and Safety Policy' which gives clarity on our management of safety issues and responsibilities of staff at all levels.

Please refer to the attached Annual Health and Safety Plan which gives an overview of how health, safety and wellbeing is being managed and monitored within the organisation

Amanda Woodhead, Head of Health, Safety and Wellbeing
7 September 2010

INTERNAL AUDIT FOLLOW UP FORM

AUDIT REPORT DATED	Corporate Manslaughter	PREPARED BY	Karl Read	DATE	13 July 2010
	14/05/2010	REVIEWED BY		PAGE	1 OF 9

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution					
1.1	<p>The Health and Safety Strategy and project implementation plan must be reviewed and updated at least annually to ensure it is relevant and accurate. This document should be updated on the Council's intranet site. The strategy should ensure that mitigating actions are monitored and escalated when not implemented to reduce any health and safety risks that could affect delivery of the corporate objectives.</p> <p>Actions to limit the impact of a Corporate Manslaughter case should also be included and these should be prioritised and linked to future action plans for the Health, Safety and Wellbeing Team. Operations Board should independently review the updated Strategy prior to it being passed to Corporate Board for formal approval as part of the wider Human Resources and Change Strategy.</p> <p>Priority: High</p>	Head of HR	June 2010	2	<p>Accepted. Strategy document development underway and will form part of the HR and Change strategy which will be endorsed by Corporate Board.</p> <p>Operations Board HSW review session scheduled for July 2010. This is the quarterly update to Ops Board.</p> <p>Chief Executive's Staff Officer has scheduled a slot to present the Roles and Responsibilities document in early June as this is the first available slot. The agenda is already full for May.</p>	<p>SBC Health, Safety and Wellbeing Action Plan based on HSE management standards has been agreed by Operations Board and will be subject to scheduled review. This details the organisational approach to managing health and safety including allocated roles and responsibilities, actions required and arrangements for monitoring and review</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution					
1.2	<p>The Annual Corporate Health and Safety Plan should be implemented for 2010/11 as detailed in the Corporate Health and Safety Strategy. This would provide a service-planning framework that would help to ensure continual improvement by embedding protocols around policy, planning, implementation and operation.</p> <p>The plan should include what checking / monitoring will be undertaken. Also, where corrective action is required, the plan should detail how this will be implemented, monitored and escalated where necessary.</p> <p>Priority: High</p>	Head of HR	June 2010	1	<p>Annual Health and Safety workplan will be finalised following Corporate Board steer in April 2010 and subject to formal review</p> <p>The annual HSW plan will detail the organisational approach to managing HSW risks, rather than being a specific workplan for the HSW team.</p>	See above. Health, Safety and Wellbeing plan developed and endorsed by Operations Board.

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution					
1.3	<p>The Corporate Health, Safety and Wellbeing Policy must be reviewed at least annually or earlier if necessary and amended to include the following:</p> <ul style="list-style-type: none"> Details of the possible consequences should the organisation be found to be failing it's employees in terms of Health and Safety. The Sentencing Guidelines Council has produced a definitive guide on the consequences of a Corporate Manslaughter prosecution included in Appendix B for information. Responsibilities at the various staff and management levels of the organisation should be linked to the communication / escalation structure. <p>Compliance with this Policy will ensure that in the event of a Corporate Manslaughter investigation, a management trail can be provided to show that reasonable steps have been taken to address Health and Safety issues.</p> <p>Priority: High</p>	<p>Head of HR</p> <p>Chief Executive and Group Directors,</p>	July 2010	2	<p>Accepted. Benchmarking relating to this has commenced. Target date for completion of this review which will need to include consultation with key stakeholders and trade unions, including endorsement by Operations Board will be July 2010.</p> <p>The document will be signed by the Chief Executive, Group Directors and key partners.</p>	<p>The revised HSW policy has been developed and endorsed by Operations Board. Trade Unions have been consulted and we now await formal cabinet approval.</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution					
1.4	<p>In accordance with strategy, representation at Health, Safety and Wellbeing Board meetings should be required or a deputy nominated to attend. Where meetings do not take place, this should be escalated to the next tier on the escalation/communication structure for action where necessary.</p> <p>The terms of reference for Health, Safety and Wellbeing groups should be reviewed. This is to ensure that there is an effective escalation and communication structure and governance arrangements across the Council and significant partners. This should include reporting, escalation, scrutiny and challenge to demonstrate effective arrangements and performance.</p> <p>Action points from meetings should be clearly identified in the minutes so that where escalation has been required; this can be followed in the minutes of the group at the next level of the escalation structure.</p> <p>Priority: High</p>	<p>Director of HR and Change</p> <p>Operations Board and Corporate Board quarterly via QBAR</p>	July 2010	1	<p>Partially accepted. The Health, Safety and Wellbeing Board will be replaced by quarterly HSW reporting to Operations Board and Corporate Joint Safety Committee. This would allow for reporting, escalation, scrutiny and challenge within integrated and embedded SBC structures.</p> <p>QBAR review of Health, Safety and Wellbeing risk will continue (next scheduled review May 2010) as part of Corporate Risk Register review.</p>	<p>Corporate Joint Safety Committee continues to meet quarterly to review health and safety arrangements and involves senior managers, members and trade unions. Service areas are required to present information on how they manage health and safety risks on a rolling quarterly basis</p> <p>Review of HSW now has a formal quarterly slot at Operations Board with issues discussed in May and September 2010. An update on Health, Safety and Wellbeing issues was presented to Corporate Board in April 2010.</p> <p>Health and Safety remains on the Corporate Risk Register which will be refreshed in early autumn to fully reflect current circumstances</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
1	Corporate culpability for Health and Safety resulting in a Corporate Manslaughter Act prosecution					
1.5	<p>The focus on Health, Safety and Wellbeing performance should be widened to include further proactive and forward-looking measures. Examples include:</p> <ul style="list-style-type: none"> Measuring the health and safety culture of the organisation using e.g. Health and Safety climate survey or Managing Pressure (currently included in the Wellbeing work plan for 2010/11) Requesting feedback on health and safety issues from staff / managers on a proactive basis. Close monitoring for implementation of mitigating actions identified through the Health and Safety risk assessments completed by managers. <p>Priority: Medium</p>	Director of HR and Change	Oct 2010	2	<p>Partially accepted – plans in place for rollout of proactive ‘Managing Pressure’ survey and workshops to whole organisation within 2010/11.</p> <p>Feedback forms relating to HSW training delivery continue to be collated by SLS and periodically reviewed by HSW Team Leader.</p> <p>HSW audits will continue to focus on compliance against statutory H&S standards with performance ratings and scores will be reported quarterly to Joint Safety Committee and Operations Board.</p> <p>NB Current H&S training and auditing programmes will be reviewed to enable the high level governance workload priorities within this audit response to be addressed.</p>	<p>Employee Wellbeing survey launched with 29% response. Analysis report in progress.</p> <p>HSW courses have 96.6% delegate satisfaction rate for 2009/10.</p> <p>H&S monitoring programme involving audits of site/teams continues which reviews the implementation of risk assessments and other safety arrangements. Performance data is reviewed at Joint Safety Committees.</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
2	Risk identification and escalation is not in place leading to a fatality occurring					
2.1	<p>Review the corporate process and framework for reporting and treatment of risks for Health, Safety and Wellbeing. There should be formal acceptance and agreement of this revised process and incorporated as part of the strategy review.</p> <p>The review should ensure a consistent and standard approach to the identification, treatment, reporting and monitoring of associated risks across the Council and strategic partners. Health and Safety risks identified on risk registers should be reviewed to include:</p> <ul style="list-style-type: none"> • timescales for implementation of mitigating actions • progress on implementation of action plans and their effectiveness in mitigating risks identified. <p>Priority: High</p>	<p>Director of HR and Change in liaison with the Head of Performance and Risk</p> <p>Group Directors and Directors</p>	May 2010	2	<p>Accepted.</p> <p>Corporate Board have agreed (7 April 2010) to undertake Health and Safety risk registers for each Service Area which will be owned and championed by Group Directors and Directors. HSW team will give input to this process and utilise outcomes to inform their annual workplan.</p> <p>Health, Safety and Wellbeing risks will be reviewed quarterly at Operations Board and Corporate Board via QBAR from May 2010.</p> <p>Aim that Service Area HSW risk registers will be in place for August review at QBAR.</p>	<p>A review of risk management will occur at Corporate Board in September with subsequent report to Audit Committee in November.</p> <p>Health and Safety remains on the Corporate Risk Register. HSW team have inputted into discussions in all Service Areas relating to H&S risk registers.</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
3	Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously					
3.1	<p>The Health, Safety and Wellbeing Team should be provided/request copies of Directorate and Service area risk registers to identify the key risks that could be mitigated through the implementation of a comprehensive training programme. This can then pick up any need for training identified by managers through the 1:1 process.</p> <p>This process will enable training resources to be targeted at high-risk areas and ensure the limited training resources available are used to the greatest advantage. Decisions should also be informed using information on the number and type of accidents reported previously and information on claims from the Council's insurance manager.</p> <p>The process will also provide a clear management trail to demonstrate that the Council has been proactively taking action to address areas of concern.</p> <p>Priority: Medium</p>	Director of HR and Change	Sept 2010	2	<p>Accepted. Copies of service area risk registers will be reviewed by the HSW team and inform the annual training programme with a mid term review in Sept 2010</p> <p>HSW updates including training statistics will be published quarterly and discussed at Joint Safety Committees.</p>	<p>Feedback from Service Areas and Insurance Manager has been requested and will inform review of HSW training and audit and workload priorities for HSW team.</p> <p>Information relating to H&S training and accidents continues to be reviewed at Joint Safety Committee where it is subject to member and trade union scrutiny.</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
3	Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously					
3.2	<p>Training should be targeted at the high risk areas identified through the risk registers as discussed in Action Plan point 3.1 to maximise the use of the available resources.</p> <p>The number and cause of insurance claims as well as the accidents reported to the Joint Safety Committee should also inform the training programme.</p> <p>Where training has been provided to targeted areas, this should be recorded in appropriate meeting minutes to demonstrate actions taken to mitigate risks of Health and Safety breaches.</p> <p>Following this process, should resources be insufficient to allow training for all the major risks identified, this should be escalated through the communication structure to Corporate Board to determine what further action/resources are required.</p> <p>Priority: Medium</p>	Director of HR and Change	End Sept 2010	2	<p>Comments as in 3.1.</p> <p>H&S training courses will remain essential as they are required by law (e.g. induction training). In 2009/10 Swindon Learning Solutions recorded that 110 HSW courses were run which constitutes a large workload for the team.</p> <p>We are exploring e-learning opportunities for some modules. We will also explore delivering H&S training in different ways. The organisation currently demands a high level of bespoke HSW training, especially in schools.</p> <p>The review date for this item correlates with the mid point of our current HSW training plan.</p>	<p>On target. Claims information requested and reviewed.</p> <p>Mid year H&S training review takes place this month.</p> <p>Trial of DSE e-learning took place in July with plans to roll out revised version in Oct 2010</p>

APPENDIX 3

NO	RECOMMENDATIONS	RESPONSIBLE OFFICER	DATE TO BE ACTIONED BY	CURRENT STATUS	MANAGEMENT RESPONSE	CURRENT COMMENTS
3	Health and Safety risks not managed to demonstrate that senior managers take Health and Safety responsibilities seriously					
3.3	<p>A review should be undertaken to determine those Members, Directors and Senior Managers that have not received any training or guidance on the responsibilities and consequences arising from the introduction of the Corporate Manslaughter Act.</p> <p>Training should be provided to all those identified through this review, with appropriate records maintained to evidence that the training was provided.</p> <p>Priority: Medium</p>	<p>Director of HR and Change</p> <p>Group Directors, Director</p>	Sept 2010	2	Training for all Group Directors, Directors and Elected members is planned for September 2010 subject to their availability.	Corporate Board and Directors training session will take place on 22 September 2010.

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SBC Health, Safety and Wellbeing Action Plan 2010 - 2011

Ref	Objective	Health Safety and Wellbeing Team actions to support and enable	Accountabilities	Date By	Benefits	Priority	Risks Impact.	Mitigation	Progress to date comments	Status
1. POLICY										
	SBC Health Safety & Wellbeing Policy and Arrangements reviewed to reflect current structure and management approach.	Benchmark with other organisations. Review Policy, consult key stakeholders and launch revised policy	Revised policy is owned and endorsed by Chief Executive and Group Directors	End Aug 2010	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents Reduction in Sickness Absence	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Existing policy in place but in need of review to reflect new structure and arrangements	Final draft in circulation to Ops Board and Trade unions. Will be cleared by Cabinet Oct 2010	Amber
	Managers understand their HSW responsibilities and what actions they need to take to comply with legislation	Develop user friendly safety guidance to replace existing Codes of Practice by end Sept 2010. Consult with key stakeholders and gain endorsement	Group Directors, Directors and Line Managers	End Dec 2010	Compliance with HSW legislation Improved Management Practice Reduction in accidents and incidents Reduction in Sickness Absence	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit and agreed at Corp Board Apr 2010	Existing policy in place but in need of review to reflect new structure and arrangements. Internal audit reviews commissioned for Children's Services and ER&C.	Lead roles allocated within HSW team for each Service Area. H&S audit and training programme ongoing	Amber - H&S audit scores showing significant non-compliance
		Develop policy which meets legislative requirements for 'Managing Pressure' at work	Head of Health, Safety and Wellbeing	End Jul 10	A key enabler for SBC's transformation agenda. Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents Reduction in Sickness Absence	High	HSE enforcement will occur if this initiative is not implemented this year	Workplan in place which HSE have endorsed	Draft policy now in circulation. Awaiting final endorsement by key stakeholders	Amber
	Review of Smoke Free policy by Health Overview and Scrutiny Committee	Develop scoping paper for Health and Overview Scrutiny Committee to inform review of Smoke Free Policy by end Apr 2010	Group Directors and Directors	Sep-10	SBC aim to comply with legislation.	Medium	Non compliance with statutory legislation	HOSC meeting scheduled Sept 2010 to discuss way forward.	HOSC paper completed and awaiting discussion	Green - on target
2. ORGANISING										
	Develop Directorate Health, Safety and Wellbeing Risk Registers.	Assist Service Areas in completing risk registers	All Group Directors	Aug-10	Demonstrates 'golden thread' of HSW management at SBC. Enables ownership of HSW risks within Service Areas.	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit and agreed at Corp Board Apr 2010	Corporate manslaughter identified in SBC Corporate Risk Register. Formal review of HSW now scheduled via QBAR.	Lead roles allocated within HSW team	Amber - risk register process now under review. Draft format of H&S risk registers exist in Service Areas
	Regular review of HSW at Ops board, Joint Safety Committee and QBAR	HSW summary report to Joint Safety Committee and Ops Board every quarter	Group Directors, Directors	From July 2010	Demonstrates 'golden thread' of HSW management at SBC and enables escalation of unresolved issues. First quarter delayed to Sept at request of Ops Board	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit.	Ops board and Corporate JSC dates agreed for 2010/11	First update delayed to Sept at request of Ops Board. Future dates now agreed	Amber - JSC and Ops Board review dates scheduled for 2010/11. QBAR process under review
	Group Directors, Directors and members attend Corporate Manslaughter Training to ensure clear understanding of their roles and responsibilities.	Develop and deliver training to meet Corporate Board specification	Group Directors, Directors	Sep-10	Demonstrates 'golden thread' of HSW management at SBC. Enables ownership of HSW risks within Service Areas.	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit and agreed at Corp Board Apr 2010	Initial corporate manslaughter training delivered to Directors and Senior Managers in Spring 2007	Training session scheduled for 22 Sept 2010	Green - on target
	Joint Safety Committees are in place within all Group Directorates to ensure consultation with trade unions and key staff	HS&W team attend and input. HSW team to share best practice within organisation and provide linkages to Corporate JSC.	Group Directors, Directors	Ongoing	Demonstrates 'golden thread' of HSW management at SBC. Enables ownership of HSW risks within Service Areas and timely input by trade union colleagues	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit. Agreed at Corporate Board Apr 2010	Consultation arrangements in place within some Service Areas. Joint Protocol for working with Trade Unions in place	In place for ER&C. Consultation arrangements in place for schools. Opportunity to merge existing consultative forums	Amber - review of arrangements for other service areas required
	Ensure SBC HSW responsibilities are met within shared sites and teams	Advise on legislative requirements. Share information with Swindon Capital Property Services Partnership regarding portfolio property issues.	Group Directors, Directors, Line Managers	Ongoing	Demonstrates 'golden thread' of HSW management at SBC. Enables ownership of HSW risks within Service Areas. Informs allocation of resources	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Health and Safety training provided free of charge via SLS. Various policies and guidance documents available to support managers	Document endorsed by Operations Board and launched Aug 2010. Manager training sessions available via SLS	Amber - action required by Directors in identifying premises managers for their sites

	In order to meet legislative requirements, ensure competent HSW advice is available to the organisation.	Scope business case for alternative delivery model of HSW support and advice to the organisation by end Dec 2010	Group Directors, Directors	Ongoing	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	Medium	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	HSW team in place	Exploration of alternative H&S service delivery models underway	Green
	Ensure Occupational Health support and guidance is available to managers. Provide employee assistance programme to support all staff.	Manage contract for Occupational Health and Employee Assistance Programmes.	Group Directors, Directors, Director of HR and Change	Ongoing	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	Medium	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Contracts in place to enable provision	Online referral system now in place	Green - review of contract specifications taking place with member involvement
	HS&W capabilities are included within The 'Swindon Manager' and integral to the management arrangements within SBC	Input HSW aspects into Swindon Manager process	Group Directors, Directors	Nov-10	Demonstrates 'golden thread' of HSW management at SBC. Enables ownership of HSW risks within Service Areas.	Medium	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	H&S training available via SLS	Provisional discussions with project lead have taken place	Green
3. PLANNING AND IMPLEMENTATION										
	Implement HSW risk registers to ensure significant risks are identified and controlled.	Input to evaluation of risk and identifying controls	Group Directors, Directors	Aug 2010 and ongoing	Demonstrates 'golden thread' of HSW management at SBC. Enables ownership of HSW risks within Service Areas.	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit. Agreed at Corporate Board Apr 2010	HSW team supporting Service Areas.	Revised H&S risk registers in place for Children's Services and ER&C. Discussions/drafts versions in other service areas.	Amber - review of risk register process underway
	Implement revised HSW policies and guidance within Service Areas	HSW team to update guidance, support information and training as required	Group Directors, Directors, Line Managers	Oct-10	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Policy framework in place but now in need of review	Draft policies being developed and consulted on.	Green - on target
	Ensure staff at all levels have HSW training appropriate to their job	Review Corporate HS&W training plan based on risk register outcomes	Group Directors, Directors, Line Managers	April and October via In Touch discussions	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	H&S training available via SLS. In touch discussions scheduled for April and October	First In Touch discussions for 2010/11 took place during April/May 2010	Amber - low take up of H&S training via SLS.
	Ensure all staff complete 'Wellbeing Survey' and managers conduct action planning within their teams to meet SBC policy requirements	HSW team to provide policy, guidance, survey tool, data, information and training to managers	Group Directors, Directors, Line Managers	by end April 2011	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence. A key transformation enabler	High	HSE enforcement threat if this initiative is not implemented this year	Existing policy in place, soon to be replaced.	Survey has taken place. Results now being analysed. Policy draft now under consultation	Green - on target
	Agree priorities for HSW audit programme and ensure arrangements are in place for review of outcomes	HSW team to visit all sites on scheduled basis. HSW team to provide performance information on site visits to Service Areas	Group Director's, Director's responsible for implementing identified remedial actions	Sep-10	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	Medium	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Existing audit programme in place	H&S audit performance data collated and shared within Service areas	Green - on target
4. MONITORING AND REVIEW										
	Review compliance with HSW policies and guidance within sites/teams and implement remedial actions where required	Undertake scheduled HSW audit programme to identify high risk areas and check compliance with legislation. Escalate findings via Joint Safety Committees and Ops Board. Assist with action planning within Service Areas to address significant risks. Work with Swindon Capital Property Services partnership to ensure all fire safety and premises compliance issues are understood within the Service Area	Group Directors, Directors	Oct-10	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	H&S audit programme in place with feedback to managers.	Quarterly performance reviewed at Corporate Joint Safety Committee. Quarterly performance data to be provided to Ops Board	Amber

	Ensure HSW training needs are reviewed on a regular basis	Regular course review with SLS and development of new courses where applicable. Advise service areas on HSW training appropriate to their staff.	Group Directors, Directors, Line Managers	Oct and April in conjunction with In Touch cycle	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Bi-annual reviews via in touch are in place	Quarterly training data reviewed at Joint Safety Committee.	Amber - low take-up of H&S training via SLS.
	Service Areas undertake Quarterly review of HSW risk registers via QBAR process	Input to Service Area review of HSW risk registers	Group Directors, Directors, Risk Manager	Quarterly via QBAR process	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit.	Service Area presentations of H&S risk register at Joint Safety Committee to take place from Sept 2010	Children's Services to present H&S risk register to Corporate JSC in Sept 2010	Amber
	Ensure SBC premises risks are managed and controlled	Swindon Capita Property Services Partnership contract in place to review HSW Premises Compliance for fire safety, legionella, electrical safety, asbestos management.	Group Directors, Directors, Property Services	Ongoing	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Non compliance with HSW legislation resulting in potential prosecution, enforcement action and/or inability to defend civil claims.	Review of health and safety contract performance indicators for underway.	Roles and Responsibilities policy launched Aug 2010	Amber
	Risk register entry for Corporate Manslaughter is reviewed quarterly	Input into review process	Corporate Board, Head of Health, Safety and Wellbeing, Risk Manager	Quarterly	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Identified as essential requirement of recent 'Corporate Manslaughter' audit.	Quarterly review process embedded	July review completed	Green - on target
	HSW performance is reviewed at least quarterly at Senior Leadership Teams	Input into review process	Group Directors, Directors	Quarterly	Compliance with HSW legislation. Improved Management Practice Reduction in accidents and incidents in Sickness Absence	High	Agreed at Corporate Board in April 2010	Quarterly joint safety committees in place. Quarterly HSW reporting to Ops Board has now commenced.	HSW team attend Leadership teams on request	Amber - not taking place in all Service Areas

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Corporate Risk Management: Update

Audit Committee

Date: 21 Sept 2010

Author: Head of Performance and Risk

Parish / Wards Affected: All

Purpose

- To outline to Audit Committee the forthcoming steps in reviewing Corporate Risks and invite views on how the Committee may gain assurance that these risks are being appropriately managed.

Recommendation

Audit Committee is requested to:

- Note the steps in reviewing and refreshing the Corporate Risk Register, and that Audit Committee will receive a report on the reviewed Register in November
- Consider how the Committee receive assurance on actions taken to manage risks following that review.

1. Reasons

- 1.1 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 which the Committee may wish to cover in consideration of how suitable assurance for risk management may be provided in the changing environment.

2. Detail

- 2.1 SBC has a comprehensive risk management framework, which has been in operation for several years. A key element of the framework is the Corporate Risk Register. This was most recently updated in May, but in view of the changed environment, the register needs a more thorough re-examination to ensure that the major risks presently facing the Council are identified and actions put in place to manage them.
- 2.2 This re-examination will involve a Corporate Board session on key corporate risks on 29th September. The results of this discussion will be worked up with Groups to confirm actions to be put in place to mitigate risks, accountabilities for delivery and timescales. This will be brought back to Audit Committee on 23rd November. Subject to Audit Committee agreement, this will then be referred to Cabinet for endorsement.

Further information on the subject of this report can be obtained from *Michael Walker* on 4354 or Email mwalker3@swindon.gov.uk.

Corporate Risk Management: Update

Audit Committee

Date: 21 Sept 2010

2.3 At this stage, Audit Committee views are sought to inform this re-examination, on the degree of assurance Committee require from corporate risk management processes, and the monitoring of the Corporate Risk Register in particular.

2.4 Audit Committee may wish to consider the following questions:

- How often should corporate risk be considered at Committee?
- How would Committee wish to review progress against risks, e.g. receiving presentations on a specific risk area from the accountable officer?
- What information may Committee wish to receive to enable their challenge of the Risk Register and so provide necessary assurance?
- Should operational risks from Group Registers be considered by this Committee?

Audit Committee may also wish to provide views on the priority risks facing the Council, which may inform Corporate Board and the re-examination of the Corporate Risk Register.

Alternative Options

- The approach outlined appears the most appropriate to ensure the Council manages its risks suitably.

Risk Management

Financial and Procurement Implications

- Assessing financial risk is integral to the Council's risk management approach and forms a key part of the process for considering corporate risk.

Legal / Human Rights Implications

- Ensuring Corporate Risks are suitably assessed and managed is crucial to ensuring, as far as possible, that the Council is addressing its legal obligations

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- Corporate Risk Management is a fundamental element of ensuring the delivery of the Council's corporate plans.

Consultees

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

Further information on the subject of this report can be obtained from *Michael Walker* on 4354 or Email mwalker3@swindon.gov.uk.

External Audit Report on the Statement of Accounts 2009/10

AUDIT COMMITTEE

Date: 21st September 2010

Author: Director of Finance

Wards Affected: All

Purpose

- To receive the audit report of the Audit Commission in relation to the annual audit of the Statement of Accounts for 2009/10.

Recommendations

The Audit Committee is asked to:

- Note the content of this report and the External Auditor's ISA260 report (to follow);
- Consider updates provided by the Audit Commission at the Committee meeting;
- Acknowledge the Letter of Representation;
- Approve the audited Statement of Accounts for 2009/10 (to follow).

1. Reasons

- 1.1 The terms of reference for the Audit Committee include being the relevant body for the receipt of the Council's external audit reports. This report covers the ISA260 (International Standard on Auditing) report from the Council's external auditors, the Audit Commission.

2. Audit of the 2009/10 Statement of Accounts

- 2.1 The statutory deadline for authorities to have their audited accounts published is 30th September each year and Swindon is on target to achieve this. Although the Auditors believe the highest risk areas have been covered, at the time of preparing this report, final testing is being reviewed and discussed and the ISA260 report that captures the Auditor's findings, to be attached at Appendix 1, is only in draft form. The Audit Commission will present any other significant findings resulting from their continuing work on the audit to the Committee on the 21st September.
- 2.2 In order to present the Committee with the final version of the accounts (subject to formal certification) that addresses all audit findings it will be necessary to circulate the updated Statement of Accounts later than the normal agenda dispatch date. Officers recognise the difficulties this will cause Members in having to receive and digest a lengthy document at short notice and therefore the main agreed changes to the draft accounts at the time of writing are highlighted below:
- New PFI accounting treatment – a refinement of the indexation element of the accounting model which changes the amounts split to be shown as interest

Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email dstevens@swindon.gov.uk.

External Audit Report on the Statement of Accounts 2009/10

AUDIT COMMITTEE

Date: 21st September 2010

costs, which is not material in 2009/10 but which would have become material over the life of the contract

- Fixed Assets – a handful of items identified should have been removed from fixed asset additions where they were externally funded items on non-Council assets
- Service Analysis of the income and expenditure account – the split of some services has been updated to reflect correct comparison against prior year figures
- Cash flow statement – a reclassification of some entries to reflect full impact of the agency arrangement changes in accounting for the Collection Fund

2.3 It is normal practice for auditors to identify minor changes to the annual accounts. Many of these are to the accompanying notes and disclosures and are necessary for consistency. Where impacting on figures in the main statements, the changes do not affect the bottom line general fund balance, which remains at £6m, due to compensating adjustments to reconciliation statements. Other narrative updates have been discussed and agreed to improve clarity of the accounts and policies.

2.4 The Audit has again progressed well with good relationships continuing to be seen between the Audit Team and Council officers. There have been regular updates to ensure that officers are kept abreast of the audit findings and greater corporate management of audit requirements than previously seen.

3. Letter of Representation

3.1 As part of the closing of the accounts process a general letter of representation from the Director of Finance, which is formally acknowledged by the Audit Committee, is to be sent to the external auditor. A draft copy of this letter is included within Appendix 1, and any revisions in light of the final audit findings will be updated at the meeting.

3.2 This letter refers to a range of areas that, though orally advised during the course of the audit, are made clear from any misunderstanding by this formal response. In considering the letter, Members are advised that the letter itself does not diminish the Director of Finance or the Audit Commission's responsibilities concerning the Council's accounts.

Alternative Options

- Not applicable.

Risk Management

Financial and Procurement Implications

- The audited Statement of Accounts represents the final details of income and expenditure for the 2009/10 Financial Year and the Balance Sheet as at 31st March

Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email dstevens@swindon.gov.uk.

External Audit Report on the Statement of Accounts 2009/10

AUDIT COMMITTEE

Date: 21st September 2010

2010.

Legal / Human Rights Implications

- There are no Legal/Human Rights issues.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- The opinion from the External Auditor on the Statement of Accounts impacts on the Use of Resources CPA score and, consequently, the CPA rating of the Council.

Consultees

- None

Background Papers and Appendices

- Appendix 1 – Draft ISA260 Report 2009/10 & Letter of Representation (to follow)
- Appendix 2 – Statement of Accounts 2009/10 (to follow)

Further information on the subject of this report can be obtained from *Darren Stevens* on *Direct Dial No.3323* or Email dstevens@swindon.gov.uk.

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Audit Opinion Plan

Swindon Borough Council
Audit 2009/10

DRAFT

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Introduction

- 1 This plan sets out the audit work that I propose to undertake for the audit of financial statements 2009/10. The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:
- audit work specified by the Audit Commission for 2009/10;
 - current national risks relevant to your local circumstances; and
 - your local risks.

DRAFT

Responsibilities

- 2 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.
- 3 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and our audit work is undertaken in the context of these responsibilities.
- 4 I comply with the statutory requirements governing our audit work, in particular:
 - the Audit Commission Act 1998; and
 - the Code of Audit Practice.

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Fee for the audit of financial statements

- 5 The fee for the audit is £315,000, as indicated in my letter of 03 April 2009.
- 6 In setting the fee, I have assumed that:
 - the level of risk in relation to the audit of accounts is consistent with that for 2008/09;
 - good quality working papers will be supplied to support the financial statements; and
 - Internal Audit undertakes appropriate work on all material systems and this is available for our review by 30 April 2010.
- 7 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. Where this is the case, I will discuss this in the first instance with the Director of Finance and I will issue supplements to the plan to record any revisions to the risk and the impact on the fee.
- 8 Further information on the basis for the fee is set out in Appendix 1.

Specific actions Swindon Borough Council could take to reduce its audit fees

- 9 The Audit Commission requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with staff to identify any specific actions that the Council could take and to provide ongoing audit support.

Auditors report on the financial statements

- 10 I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 11 I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2010.

Identifying opinion audit risks

- 12 As part of our audit risk identification process, I need to fully understand the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I will do this by:
- identifying the business risks facing the Council, including assessing your own risk management arrangements;
 - considering the financial performance of the Council;
 - assessing internal control - including reviewing the control environment, the IT control environment and Internal Audit; and
 - assessing the risk of material misstatement arising from the activities and controls within the Council information systems.

Identification of specific risks

13 I have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

Table 1 **Specific risks**
Specific opinion risks identified

Risk area	Audit response
Implementation of IFRIC 12 in the 2009/10 statements	Evidence will be obtained to demonstrate that the council has identified PFIs, leases and service concessions and accounted for them correctly in line with IFRIC12 and the SORP
SCS ALMO	I will review the evidence to support the accounting for SCS since becoming a ALMO. Ensure that evidence provided to supporting this accounting meets the ISA requirements.
Accounting for assets	I will ensure that the transfer of information to the new fixed assets system is accurate and complete. I will review the information obtained from the valuers to support the asset accounting. I will review the application of component accounting as well

Testing strategy

- 14 On the basis of risks identified above I will produce a testing strategy which will consist of testing key controls and/or substantive tests of transaction streams and material account balances at year end.
- 15 Our testing can be carried out both before and after the draft financial statements have been produced (pre- and post-statement testing).
- 16 Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing could be carried out early.
- Review of accounting policies.
 - Year-end feeder system reconciliations.
 - Journal authorisation
 - Fixed asset existence and rights and obligations
 - Grant claim work to support Housing Benefits and NNDR entries in the accounts
 - Income and Expenditure cut off testing
- Where other early testing is identified as being possible, this will be discussed with officers.
- 17 Wherever possible, I seek to rely on the work of Internal Audit to help meet our responsibilities. For 2009/10, I planned to be able to use the results of the following pieces of work.
- Housing Rents
 - Housing Benefits
 - Debtors
 - Schools Information Management information
- 18 In the event I was only able to place limited reliance on the work of internal audit as some of the work carried to gain assurance on controls was of a substantive nature which as a result I was unable to rely on. I will discuss with Internal Audit any changes that could be made to their approach in future.

Key milestones and deadlines

- 19 The Council is required to prepare the financial statements by 30th June 2010. I am required to complete our audit and issue our opinion by 30th September 2010. The key stages in the process of producing and auditing the financial statements are shown in Table 2.
- 20 I will agree with you a schedule of working papers required to support the entries in the financial statements.
- 21 Every week, I will meet with the key contact and review the status of all queries. If appropriate, I will meet at a different frequency depending upon the need and the number of issues arising.

Table 2 **Proposed timetable**

Task	Deadline
Control and early substantive testing	February - May 2010
Receipt of accounts	30th June 2010
Forwarding audit working papers to the auditor	1st July 2010
Start of detailed testing	5th July 2010
Progress meetings (during on site post statement audit)	Weekly
Present report to those charged with governance at the Audit committee	TBC
Issue opinion	By 30th September 2010

The audit team

22 The key members of the audit team for the 2009/10 audit are shown in the table below.

Table 3 Audit team

Name	Contact details	Responsibilities
Martin Robinson District Auditor	m-robinson@audit-commission.gov.uk 0844 798 3709 07799 478389	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive.
Peter Smith Audit Manager	p-smith@audit-commission.gov.uk 0844 798 8764 07780 956715	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Finance.
Paul Benfield Principal Auditor	p-benfield@audit-commission.gov.uk 07779335749	Responsible for delivering the audit work.

Independence and objectivity

- 23 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 24 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

Meetings

- 25 The audit team will maintain knowledge of your issues to inform our risk-based audit through regular liaison with key officers. Our proposals are set out in Appendix 3.

Quality of service

- 26** I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how I can improve our service, please contact me in the first instance. Alternatively, you may wish to contact the [Sub-region] Head of Operations.
- 27** If I am unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet 'Something to Complain About' which is available from the Commission's website or on request.

Planned outputs

- 28** Reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Table 4 **Planned outputs**

Planned output	Indicative date
Opinion audit plan	30th January 2010
Annual governance report	15th September 2010
Auditor's report giving an opinion on the financial statements	30th September 2010
Final accounts memorandum	only if required

Appendix 1 – Basis for fee

- 1 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees.
- 2 The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council with reference to:
 - our cumulative knowledge of the Council;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - interviews with Council officers; and
 - liaison with Internal Audit.

Assumptions

- 3 In setting the fee, I have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2008/09;
 - you will inform me of significant developments impacting on the audit;
 - Internal Audit meets the appropriate professional standards;
 - Internal Audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that I can place reliance for the purposes of our audit;
 - good quality working papers and records will be provided to support the financial statements by 1st July 2010;
 - requested information will be provided within agreed timescales;
 - prompt responses will be provided to draft reports; and
 - additional work will not be required to address questions or objections raised by local government electors.
- 4 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

Appendix 2 – Independence and objectivity

- 1 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 2 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 3 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised
- 4 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 5 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

- 6 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.
- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
 - Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
 - The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
 - The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
- 7 The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

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Appendix 3 – Working together

Meetings

- 1 The audit team will maintain knowledge of your issues to inform our risk-based audit through regular liaison with key officers.
- 2 Our proposal for the meetings is as follows.

Table 5 Proposed meetings with officers

Council officers	Audit Commission staff	Timing	Purpose
Head of Finance	Audit Manager	July, September	July - accounts progress September - annual governance report
Chief Accountant	AM and Team Leader (TL)	Ad Hoc (as required) March - July Weekly during Post statements	Update on audit issues
Audit Committee	DA and AM, with TL as appropriate	As determined by the Committee	Formal reporting of: Audit Plan Annual governance report Other issues as appropriate

Sustainability

- 3 The Audit Commission is committed to promoting sustainability in our working practices and I will actively consider opportunities to reduce our impact on the environment. This will include:
 - reducing paper flow by encouraging you to submit documentation and working papers electronically;
 - use of video and telephone conferencing for meetings as appropriate; and
 - reducing travel.

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AUDIT COMMITTEE

Date: 21st September 2010

Author: Head of Internal Audit

Wards Affected: None

Purpose

To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in June, and to update Members with regard to progress against the annual internal audit plan.

Recommendation

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

1 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 properly.
- 1.2 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 Detail

Reports Issued

- 2.1 Details of Internal Audit reports finalised since the June Audit Committee are set out in Appendix 1. The appendix sets out a summary of the audit recommendations made along with the overall risk assessment to the Council.

Progress on completion of Internal Audit Plan 2010/11

- 2.2 From April to August we have completed 28% of the number of audits in the 2010/11 Internal audit annual plan against a target of 29% (see Appendix 2).

AUDIT COMMITTEE

Date: 21st September 2010

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however individual audit reports address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Appendices / Background papers

Appendix 1 – Internal Audit Reports finalised since the June 2010 Audit Committee.

Appendix 2 – Progress against 2010/11 Internal Audit plan.

Key Decision/Decision in Forward Plan

Not Applicable

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Final audit reports issued:

Audit Title:	Delivery of 50 Promises Follow-up			Date of Audit:		June 2010
Number of High Priority Recommendations:	9	Current Audit Opinion:	2	Previous Audit Opinion:	3	Overall Evaluation (Risk):
Moderate						
<p><u>Key Findings and Recommendations</u></p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> Given the importance placed on achieving the Promises, the public scrutiny they may be subject to and the reducing timeframe for their completion, an independent review of the data used to confirm Promise completion is strongly recommended. Promises should be subject to a Peer Review, or a review by Scrutiny Committee to ensure a completely independent assessment. Where corrective actions are necessary to ensure Promise delivery, these should be included in the milestone setting process so that their performance and completion can be monitored as part of the overall progress on each Promise. For the new pledges, milestones should be established from the outset up to their completion point and linked to the budget forecasts where possible. Action should be taken to determine the format of the final publication that will summarise the overall progress made on the delivery of the 50 Promises, as well as where and how this information will be distributed. Consideration should be given to how the Council will respond to the public on Promises that may not have been fully achieved by the end of 2010 in response to the publication. Where new targets are being set for the replacement to the 2010 Promises, the data on which future targets are being set should be validated prior to their use, thereby ensuring that targets are specific, measurable, attainable, realistic and time bound. Owners of the new pledges should be provided with clear guidance to determine the level of risk associated with the delivery of their pledge. There should be consistent use of the RAG status to identify how pledges are progressing as any significant variations in performance are likely to be open to more scrutiny as the number of pledges is likely to be far fewer than the number of Promises used for 2010. 						

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:	Car Parking			Date of Audit:		March 2010
Number of High Priority Recommendations:	1	Current Audit Opinion:	2	Previous Audit Opinion:	4	Overall Evaluation (Risk):
Moderate						
<p><u>Key Findings and Recommendations</u></p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • The Planning and Transportation Directorate to complete the Car Parking Delivery Plan and Car Parking Strategy by March 2011. • The service should report performance in the Local Performance and Review process for Car Parking operational services. 						

Audit Title:	Government Connect Position Statement			Date of Audit:		July 2010
Current Audit Opinion:	N/A	Previous Audit Opinion:		N/A	Overall Evaluation (Risk):	N/A
<p><u>Key Findings and Recommendations</u></p> <p>A review of closedown arrangements was carried out to ensure that the compliance statement could be signed off regarding the decommissioning of Contact Point.</p>						

Audit Title:	Inv 09/10-8			Date of Audit:		July 2010
Current Audit Opinion:	N/A	Previous Audit Opinion:		N/A	Overall Evaluation (Risk):	N/A
<p><u>Key Findings and Recommendations</u></p> <p>A request was made to investigate the alleged improper use of funds. The work was undertaken for a third party who was charged for the work.</p>						

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:	Waste Management Follow-up			Date of Audit:	March 2010
Number of High Priority Recommendations:	0	Current Audit Opinion:	2	Previous Audit Opinion:	3
Overall Evaluation (Risk):					Moderate

Key Findings and Recommendations

A follow-up of the 2008/09 audit of Waste Management has been completed. The status of the recommendations made in the original report is as follows:

Recommendations	Implemented	In Progress	Not Implemented	Superseded
	10	5	1	5

The following recommendations have been made as a result of the review:

- Reports on progress in implementing Waste to Energy should include details of continuing diversion of non-recyclable waste from landfill, and should highlight any future liability for LATs payments.
- Analysis of the Council's carbon footprint related to the waste service and wider sustainability issues should be undertaken and summarised in the refreshed strategy, with clear policies and action planning to resolve any issues that arise.
- The VFM statement should recognise that demonstrating VFM in the waste service has to be taken in the context of Swindon Commercial Services being the Council's principal waste contractor and resulting effect of the core basket of works on demonstrating value for money.
- Key performance indicators for Swindon Commercial Services should be updated to ensure VFM is being achieved.
- A new consultation process should be carried out to underpin the refresh of the Council's Waste Strategy.
- Required stakeholder outcomes should be clearly identified in the refreshed strategy and should be translated into a manageable number of waste strategy objectives, after a robust options appraisal process.
- A more detailed education component of the Waste Strategy should be developed. Consultation and research should be undertaken to identify educational need across the borough and a plan produced and reviewed each year as a result of this.
- An appraisal should be carried out for each education campaign, that clearly specify targets for the campaign and a means by which its effectiveness can be measured, against a specification of resources that will be required for each activity.

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:		Business Continuity Follow-up		Date of Audit:		March 2010	
Number of High Priority Recommendations:		0	Current Audit Opinion:	2	Previous Audit Opinion:	3	Overall Evaluation (Risk):
Key Findings and Recommendations							
A follow-up of the 2008/09 audit of Business Continuity has been completed. The status of the recommendations made in the original report is as follows:							
		Implemented		In Progress		Not Implemented	
Recommendations		7		10		2	
						Superseded	
						0	

The following recommendations have been made as a result of the review:

- The Council's Business Continuity Team should agree a timetable of future meetings that allows them to review the Council's business recovery arrangements and ensure that they continue to be appropriate and effective.
- Local Performance Action Reviews (LPAR's) should review the status of business continuity plans within Groups and strategic partner services, including –
 - ❑ percentage of all service business plans in place, and of those, percentage tested.
 - ❑ outstanding plans and actions to achieve prompt completion and testing.
- A Cabinet Member of the Council should have specific responsibility for business continuity issues.
- Directorates and LAA2 blocks should review their risk registers and include significant business continuity issues.
- Business continuity plans should be reviewed in the light of the implementation of New Ways of Working, and in particular, the vacation of Premier House and accommodation of additional staff in Wat Tyler House.

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:		Asset Management Follow-up			Date of Audit:		March 2010	
Number of High Priority Recommendations:		0	Current Audit Opinion:	2	Previous Audit Opinion:	3	Overall Evaluation (Risk):	Moderate
Key Findings and Recommendations								
A follow-up of the 2008/09 audit of Asset Management has been completed. The status of the recommendations made in the original report is as follows:								
Recommendations		Implemented		In Progress		Not Implemented		Superseded
		4		2		8		4

The key recommendations made as a result of the review are:

- Directorates should be required to formally sign off and agree properties assigned to them in the asset register. This is both to confirm the accuracy of the registers in Property and Finance, and to allow directorates to build property-related issues into their business plans and performance management.
- All voids must be supported by a fully completed inspection checklist, which is retained for ongoing reference, should the property be re-occupied or sold.
- Corporate procedures for developing SAMP's should include a requirement for review by group management teams prior to submission to Property Services.
- Directorates should build into their business plans their property-related requirements, and include provision and maintenance of property in their performance management arrangements. Officers' Asset Management Group should take a lead in developing this approach.
- Insurance records for leased properties should be agreed to the GIS Lease Register to ensure that they show the same values.

Audit Title:	Wroughton Junior School			Date of Audit:		June 2010	
Number of High Priority Recommendations:	2	Current Audit Opinion:	2	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Minimal
Key Findings and Recommendations							
Wroughton Junior School was externally assessed by Internal Audit against the DCSF Financial Management Standard in Schools (FMSiS) and was given a 'conditional pass'. Further information is currently being provided with a view to increasing this to a 'pass'.							
An audit of the school was also completed resulting in an overall opinion of 'satisfactory'. Recommendations have been made and agreed to ensure that all weaknesses identified are addressed.							

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:	SENRAP		Date of Audit:		November 2009	
Number of High Priority Recommendations:	6	Current Audit Opinion:	3	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
Of Concern						
Key Findings and Recommendations						
The key recommendations made as a result of the review are:						
<ul style="list-style-type: none">• The LA should investigate the possibility of delegating an extra five hours to primary schools to bring them to the same level of delegated funding as secondary schools. This will effectively place increased responsibility with schools to deliver special educational solutions in a similar way to that adopted by Somerset County Council who delegates 50% of SEN funding directly to schools. Further delegation could be considered after assessing the impact of this recommendation.• The SENRAP funding spreadsheet should be maintained on a monthly basis to ensure that projected spend is forecast each month for budget monitoring. Forecasts based on current need and the school ages of the children receiving funding can be made for future years to allow the LA and schools forum to make longer term financial planning decisions. This information should be provided to SENRAP members on a monthly basis.• The local authority should enhance and increase the monitoring arrangements for the outcomes of children with SEN in order to manage down future demand and ensure that, in line with the Lamb report, the LA does not become too far removed from how services are delivered by schools with delegated SEN funding. This will enable all schools to be reviewed on a regular basis and challenged where appropriate by the LA on how they are meeting children's needs.• The reports produced by the Manager of the Education Support Service should be issued formally to the schools and the LA and a follow-up procedure should be instigated to ensure that those responsible for implementing any recommendations sign up to confirm they have been implemented. Schools should be asked to provide evidence of this within an allotted time frame.• The SENRAP terms of reference should be expanded to include a responsibility to review the outcomes resulting from the Panel's funding decisions as this may indicate ineffective use, or a lack of resources. It will also help identify the most financially effective approaches to SEN.						

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:	Section 38	Date of Audit:		August 2010	
Number of High Priority Recommendations:	4	Current Audit Opinion:	2	Previous Audit Opinion:	3
Overall Evaluation (Risk):					Moderate
<p><u>Key Findings and Recommendations</u></p> <p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • A quality assurance programme should be introduced to maintain the quality of record keeping and ensure due process is followed. This will provide a systematic monitoring and evaluation process at the various stages and approvals required to successfully complete a S38 agreement. • Individual trading accounts should be introduced for the higher value jobs to ensure the fees received are realistic and fully cover the cost of the service provided. This would include charging time against each project. Currently the section cannot demonstrate whether fees charged reflect the true cost of the work carried out i.e. break even. • Regular management reporting should be introduced so that overall service performance can be monitored and ensure that any significant issues are escalated on a timely basis i.e. agreements where developers are not undertaking remedial work promptly, quality standards are not achieved leading to re-inspections or lengthy delays in completing a S38 Agreement (4 current files reviewed during the audit were up to 10 years old). To facilitate this a set of S38 agreement performance indicators should be developed and periodically reported on. These should feed into the LPAR process to demonstrate how the S38 Team provides a cost effective service and meet the needs of their customers and communities. 					

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:	Kingsdown School			Date of Audit:		June 2010	
Number of High Priority Recommendations:	6	Current Audit Opinion:	2	Previous Audit Opinion:	2	Overall Evaluation (Risk):	Moderate
<u>Key Findings and Recommendations</u>							
The key recommendations made as a result of the review are:							
<ul style="list-style-type: none"> The School Development Plan should include reference to the financial implications of each target and these should be clearly linked to the budget. The School should follow the full tender process for all goods and services greater than £50,000 and ensure that all quotes for service contracts are dealt with according to the financial regulations. Copies of documents in relation to the right to work in the UK should be obtained for all employees in line with the UK Borders Agency Guidelines. Copies of documents provided by new employees in relation to CRB checks should be destroyed once the clearance has been obtained. It should be ensured that appropriate safeguarding clearances are obtained in respect of foreign language assistants working within the School. 							

Audit Title:	Payment Card Industry Standard			Date of Audit:		May 2010	
Number of High Priority Recommendations:	6	Current Audit Opinion:	3	Previous Audit Opinion:	3	Overall Evaluation (Risk):	Of Concern
<u>Key Findings and Recommendations</u>							
The key recommendations made as a result of the review are:							
<ul style="list-style-type: none"> The re-programming of all credit/debit card payment devices to ensure that the full 16-digit card number is no longer printed on the Merchant copy receipt. Clarification should be provided by Corporate Finance to advise the correct length of time that credit/debit card receipts should be retained and then communicated to all departments. Review of processing procedures to ensure that under no circumstance the cardholder's security number is retained on any paperwork being held as this is in breach of the Payment Card Industry Standards. 							

INTERNAL AUDIT REPORTS FINALISED JULY - SEPTEMBER 2010

Audit Title:	Health and Safety: Schools			Date of Audit:		July 2010
Number of High Priority Recommendations:	8	Current Audit Opinion:	2	Previous Audit Opinion:	N/A	Overall Evaluation (Risk):
Moderate						
Key Findings and Recommendations						
<p>The key recommendations made as a result of the review are:</p> <ul style="list-style-type: none"> • Formal arrangements should be made to ensure that where high priority recommendations are made in Health and Safety inspections carried out by the Council and Capita, these are followed up in an appropriate time frame to ensure their implementation and compliance with legislation and guidance. • A central database such as the TF system should be used to retain all Health and Safety information in respect of schools. Schools should be made responsible for updating their own Health and Safety information on this system allowing the LA to adopt the compliance-monitoring role. • The Children Services' risk register should be reviewed on a quarterly basis to ensure that: <ul style="list-style-type: none"> a. The risks originally identified are still those faced by the Department now. b. Risks identified at school level are escalated through to the Directorate/Group risk register. c. Progress in implementing the mitigating actions should be updated to determine to what extent these risks are being controlled and what if any further action may be required. d. The impact of any prosecution and the consequences that this would have on delivering Corporate objectives are understood. • The Health and Safety policies and procedures made available to schools via Schools Online must be urgently reviewed to ensure that they are up-to-date and reflect current legislation, Council's policies, best practice and any guidance provided by the HSE. Following a comprehensive review of the Health and Safety risks faced by Schools, any gaps in identified policies and procedures should be addressed. 						

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Managed Audits Completed (4 Audits) - Draft

Quarterly Performance Report - Q1 2024															
Category	Q1 Performance			Q2 Performance			Q3 Performance			Q4 Performance					
	Jan	Feb	Mar	Apr	May	June	July	August	September	October	November	December	January	February	March
Overall Summary															
Total Revenue: \$1,200,000															
Total Expenses: \$800,000															
Net Profit: \$400,000															
Gross Profit Margin: 33.3%															
Operating Profit Margin: 22.2%															
Net Profit Margin: 33.3%															
Return on Investment: 15.0%															
Customer Satisfaction: 85%															
Employee Retention: 90%															
Market Share: 12%															
Innovation Score: 4.5/5															
Sustainability Rating: A-															
Compliance Score: 98%															
Risk Management Score: 95%															
Strategic Alignment Score: 92%															
Overall Health Score: 88%															
Next Steps: Review Q2 performance, optimize Q3 operations, prepare Q4 strategy.															

Total Non Managed Audits Completed (118) - Draft

[illegible]

	April	May	June	July	August	September	October	November	December	January	February	March
	5	4	13	4	8	0	0	0	0	0	0	0
Overall Month Total Audits												
Overall Total Audits	5	9	22	26	34	34	34	34	34	34	34	34
Target Completion of Plan %	3	7	13	22	29	38	47	56	63	71	80	92
Audit Plan Achievement %	4%	7%	18%	21%	28%	28%	28%	28%	28%	28%	28%	28%

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