

## Public Document Pack

# Audit Committee

Wednesday, 22nd September,  
2010

at 6.00 pm

Committee Room 1 - Civic Centre

This meeting is open to the public

### **Members**

Councillor Ball (Chair)  
Councillor Bogle (Vice-Chair)  
Councillor Daunt  
Councillor Fuller  
Councillor Sollitt  
Councillor Letts  
Councillor Wells

### **Contacts**

Democratic Support Officer:-  
Judy Cordell  
Tel. 023 8083 2766  
Email: [judy.cordell@southampton.gov.uk](mailto:judy.cordell@southampton.gov.uk)

Head of Service:-  
Rob Carr  
Acting Executive Director of Resources  
Tel. 023 8083 4370  
Email: [Rob.carr@southampton.gov.uk](mailto:Rob.carr@southampton.gov.uk)

# PUBLIC INFORMATION

## **Role of the Audit Committee**

The Committee has responsibility for:-

- providing an independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment including (but not limited to) the reliability of the financial reporting process and the statement of internal control;
- satisfying and providing assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies; and
- specifically, the oversight of, and provision of assurance to the Standards and Governance Committee on, the following functions:-
  - ensuring that Council assets are safeguarded;
  - maintaining proper accounting records;
  - ensuring the independence, objectivity and effectiveness of internal and external audit;
  - the arrangements made for co-operation between internal and external audit and other review bodies;
  - considering the reports of internal and external audit and other review and inspection bodies;
  - the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and non-financial risks (including measures to protect against, detect and respond to fraud).

## **Southampton City Council's Six Priorities**

- Providing good value, high quality services
- Getting the City working
- Investing in education and training
- Keeping people safe
- Keeping the City clean and green
- Looking after people

## **Public Representations**

At the discretion of the Chair, members of the public may address the meeting about any report on the agenda for the meeting in which they have a relevant interest.

**Smoking policy** – the Council operates a no-smoking policy in all civic buildings.

**Mobile Telephones** – please turn off your mobile telephone whilst in the meeting.

**Fire Procedure** – in the event of a fire or other emergency a continuous alarm will sound and you will be advised by Council officers what action to take.

**Access** – access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

## **Dates of Meetings: Municipal Year 2010/11**

<b>2010</b>	<b>2011</b>
Wed 23 June	Thurs 17 March
Wed 22 Sept	
Tues 7 Dec	

## CONDUCT OF MEETING

### **Terms of Reference**

The terms of reference of the Audit Committee are contained in Article 8 and Part 3 (Schedule 2) of the Council's Constitution.

### **Business to be discussed**

Only those items listed on the attached agenda may be considered at this meeting.

### **Rules of Procedure**

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

### **Quorum**

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

### **Disclosure of Interests**

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "personal" or "prejudicial" interests they may have in relation to matters for consideration on this Agenda.

### **Personal Interests**

A Member must regard himself or herself as having a personal interest in any matter

- (i) if the matter relates to an interest in the Member's register of interests; or
- (ii) if a decision upon a matter might reasonably be regarded as affecting to a greater extent than other Council Tax payers, ratepayers and inhabitants of the District, the wellbeing or financial position of himself or herself, a relative or a friend or:-
  - (a) any employment or business carried on by such person;
  - (b) any person who employs or has appointed such a person, any firm in which such a person is a partner, or any company of which such a person is a director;
  - (c) any corporate body in which such a person has a beneficial interest in a class of securities exceeding the nominal value of £5,000; or
  - (d) any body listed in Article 14(a) to (e) in which such a person holds a position of general control or management.

A Member must disclose a personal interest.

Continued/.....

## **Prejudicial Interests**

Having identified a personal interest, a Member must consider whether a member of the public with knowledge of the relevant facts would reasonably think that the interest was so significant and particular that it could prejudice that Member's judgement of the public interest. If that is the case, the interest must be regarded as "prejudicial" and the Member must disclose the interest and withdraw from the meeting room during discussion on the item.

It should be noted that a prejudicial interest may apply to part or the whole of an item.

Where there are a series of inter-related financial or resource matters, with a limited resource available, under consideration a prejudicial interest in one matter relating to that resource may lead to a member being excluded from considering the other matters relating to that same limited resource.

There are some limited exceptions.

Note: Members are encouraged to seek advice from the Monitoring Officer or his staff in Democratic Services if they have any problems or concerns in relation to the above.

## **Principles of Decision Making**

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

## AGENDA

Agendas and papers are now available via Southampton Online at  
[www.southampton.gov.uk/council/meeting-papers](http://www.southampton.gov.uk/council/meeting-papers)

### **1 APOLOGIES AND CHANGES IN MEMBERSHIP (IF ANY)**

To note any changes in membership of the Committee made in accordance with Council Procedure Rule 4.3.

### **2 DECLARATIONS OF INTEREST**

In accordance with the Local Government Act 2000, and the Council's Code of Conduct adopted on 16<sup>th</sup> May 2007, Members to declare any personal or prejudicial interests in any matter included on the agenda for this meeting.

NOTE: Members are required, where applicable, to complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer prior to the commencement of this meeting.

### **3 MINUTES OF THE PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

To approve and sign as a correct record the Minutes of the meeting held on 23<sup>rd</sup> June 2010, and to deal with any matters arising, attached.

### **4 STATEMENT FROM THE CHAIR**

### **5 AUDIT COMMISSION: AUDIT AND INSPECTION PLAN PROGRESS REPORT**

Report of the Chief Internal Auditor concerning an update on progress against the Audit and Inspection Plans, together with reports issued, attached.

### **6 STRATEGIC RISK REGISTER**

Report of the Executive Director of Resources (Acting) detailing the Strategic Risk Register for comment and consideration, attached.

### **7 TRIENNIAL REVIEW OF SELF INSURANCE FUND**

Report of the Executive Director of Resources (Acting) detailing the review of the Self Insurance Fund, attached.

### **8 AUDIT COMMISSION: ANNUAL GOVERNANCE REPORT 2009/10**

Report of the Chief Internal Auditor requesting that the Committee notes the Audit

Commission's draft Annual Governance report for 2009/10, attached.

**9 EXCLUSION OF THE PRESS AND PUBLIC - CONFIDENTIAL PAPERS INCLUDED IN THE FOLLOWING ITEM**

To move that in accordance with the Council's Constitution, specifically the Access to Information procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the confidential appendix 2 to item no 10.

Confidential appendix 2 contains information deemed to be exempt from general publication based on Categories 2 and 7 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The information contained therein is exempt as it relates to ongoing investigations and is likely to reveal the identities of individuals. Having applied the public interest test it is not appropriate to disclose this information. The interests of any parties involved in these investigations could be jeopardised by the release of the information.

**10 INTERNAL AUDIT: STATUS OF WORK AUGUST 2010**

Report of the Chief Internal Auditor requesting that the Committee notes the Internal Audit Status of Work report for the period ending 10<sup>th</sup> August 2010, attached.

NOTE: There is a confidential appendix that is not for general publication.

Tuesday, 14 September 2010

SOLICITOR TO THE COUNCIL

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AUDIT COMMITTEE  
MINUTES OF THE MEETING HELD ON 23 JUNE 2010

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Present:

Councillors Ball, Bogle, Daunt, Sollitt, Wells and Parnell

Apologies

Councillors Fuller and Letts

Also in attendance:

Mike Bowers, Audit Commission

Kate Handy, District Audit

1. **APOLOGIES AND CHANGES IN MEMBERSHIP**

Apologies were received from Councillor Fuller. The Panel noted that in accordance with the provisions of Procedure Rules 4.3 and 4.4 Councillor Parnell replaced Councillor Fuller, for the purposes of this meeting.

2. **APPOINTMENT OF VICE-CHAIR**

**RESOLVED** that Councillor Bogle be appointed as Vice-Chair for the 2010/11 Municipal Year.

3. **MINUTES OF THE PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

**RESOLVED** that the minutes of the meeting held on 18<sup>th</sup> March 2010 be approved and signed as a correct record. (Copy of the minutes circulated with the agenda and appended to the signed minutes).

4. **STATEMENT FROM THE CHAIR**

The Chair stated that Carolyn Williamson was leaving the Council and thanked her for all her hard work and that she had made an immense difference to the Committee.

5. **CHAIR'S ANNUAL REPORT ON AUDIT COMMITTEE 2009/10**

The Committee received and noted the report of the Chair of the Audit Committee 2009/10 detailing the Chair's Annual report. (Copy of the report circulated with the agenda and appended to the signed minutes).

6. **STATEMENT OF ACCOUNTS 2009/10**

The Committee considered the report of the Executive Director of Resources seeking the Committee's approval of the Statement of Accounts 2009/10. (Copy of the report circulated with the agenda and appended to the signed minutes).

**RESOLVED** that the Committee recommend to the Standards and Governance Committee that the 2009/10 Statement of Accounts be approved.

7. **AUDIT COMMISSION: AUDIT AND INSPECTION PLAN PROGRESS REPORT**

The Committee received and noted the report of the Chief Internal Auditor updating the Committee on the progress of the Audit and Inspection Plan and the Audit Opinion Plan. (Copy of the report circulated with the agenda and appended to the signed minutes).

8. **REVIEW OF EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT**

The Committee received and noted the report of the Chief Internal Auditor detailing the effectiveness of the system of internal audit. (Copy of the report circulated with the agenda and appended to the signed minutes).

9. **CHIEF INTERNAL AUDITOR'S ANNUAL REPORT AND OPINION 2009/10**

The Committee received and noted the report of the Chief Internal Auditor detailing the Chief Internal Auditor's Annual Report and Opinion for 2009/10. (Copy of the report circulated with the agenda and appended to the signed minutes).

10. **ANNUAL GOVERNANCE STATEMENT 2009-10**

The Committee considered the report of the Executive Director of Resources requesting that the Committee review and approves the draft Annual Governance Statement and recommends its acceptance to the Standards and Governance Committee prior to signing. (Copy of the report circulated with the agenda and appended to the signed minutes).

**RESOLVED** that the draft Annual Governance Statement 2009-10 be approved and recommended to the Standards and Governance Committee for approval.

11. **RISK MANAGEMENT ACTION PLAN AND REVIEW OF STRATEGY**

The Committee considered the report of the Executive Director of Resources requesting that the Committee notes and approves the Risk Management Action Plan for 2010/11 and notes the Risk Management Action Plan 2009-10: Status Report . (Copy of the report circulated with the agenda and appended to the signed minutes).

**RESOLVED**

- (i) that the Risk Management Action Plan for 2010-11 be approved;
- (ii) that the Committee note the Risk Management Action Plan 2009-10: Status Report.



12. **AUDIT COMMISSION: ANNUAL AUDIT FEE 2010/11**

The Committee received and noted the Chief Internal Auditor's report detailing the content of the Audit Commission's Annual audit fee letters for 2010/11. (Copy of the report circulated with the agenda and appended to the signed minutes).

13. **INTERNAL AUDIT STATUS OF WORK**

The Committee received and noted the report of the Chief Internal Auditor providing a written status report to the Audit Committee for the period ending 20<sup>th</sup> May 2010. (Copy of the report circulated with the agenda and appended to the signed minutes).

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# Agenda Item 5

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE		
<b>SUBJECT:</b>	AUDIT COMMISSION: AUDIT AND INSPECTION PROGRESS REPORT		
<b>DATE OF DECISION:</b>	22 SEPTEMBER 2010		
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR		
<b>AUTHOR:</b>	Name:	Neil Pitman	Tel: 023 8083 4616
	E-mail:	Neil.pitman@southampton.gov.uk	

## STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

## SUMMARY

The audit and inspection plan is based on the Audit Commission's risk-based approach to audit planning as set out in the Code of Audit Practice

An update on progress against the Plan(s) is attached as Appendix 1 to this report.

## RECOMMENDATIONS:

- (i) That the Audit Committee notes the Audit Commission's report as attached.

## REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee's Terms of Reference require it to be satisfied and provide assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the external auditors. Specifically, the Committee has responsibility for oversight of the reports of external audit.

## CONSULTATION

2. The reports, as attached, have been discussed and agreed with the appropriate officers.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. None

## DETAIL

4. The Audit Commission's Progress report – September 2010 is attached for consideration in Appendix 1.

The external auditor will be in attendance at the Committee meeting to answer any questions.

## FINANCIAL/RESOURCE IMPLICATIONS

### Capital

5. None

### Revenue

6. None

**Property**

7. None

**Other**

8. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

9. The duties and powers of auditors appointed by the Audit Commission are set out in the Local Government Act 1999.

**Other Legal Implications:**

10. None

**POLICY FRAMEWORK IMPLICATIONS**

11. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Audit Commission: Progress report – September 2010
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**Documents In Members’ Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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**Background documents available for inspection at:** Internal Audit Office, North Block Basement, Civic Centre

E-mail: [Neil.pitman@southampton.gov.uk](mailto:Neil.pitman@southampton.gov.uk)

**FORWARD PLAN No:**

n/a

**KEY DECISION?**

n/a

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**WARDS/COMMUNITIES AFFECTED:**

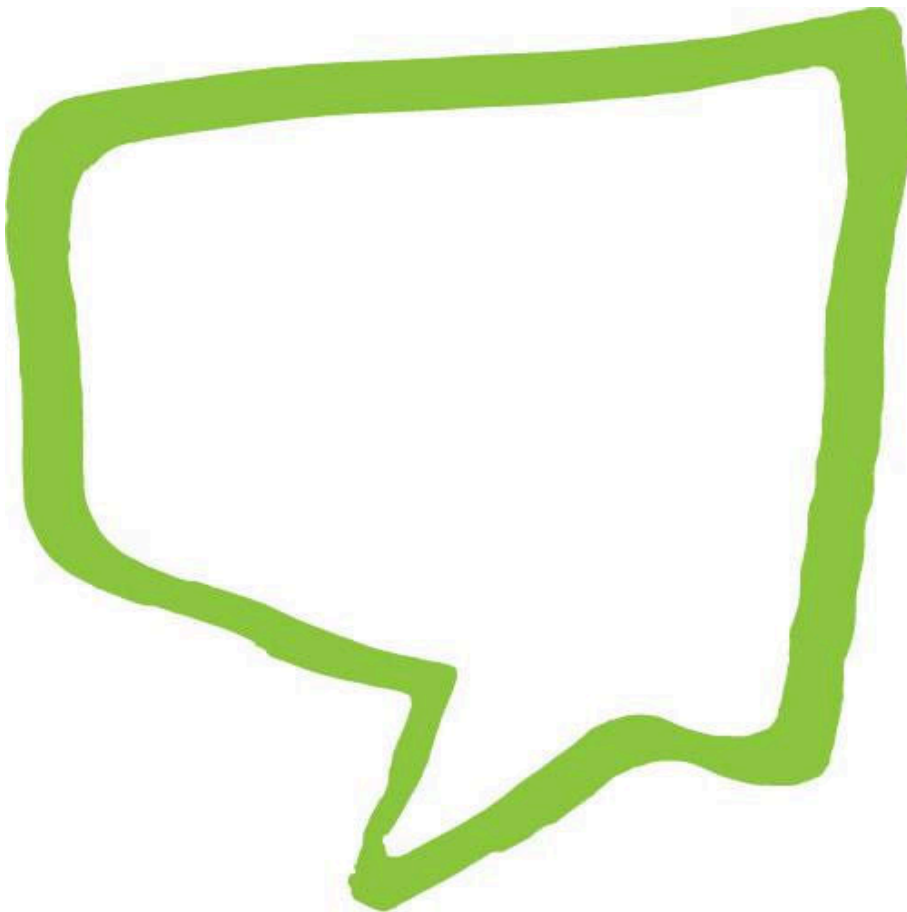
n/a

# Progress --- Report

Southampton City Council

Audit 2009/10 & 2010/11

September 2010



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# Contents

<b>Progress with 2009/10 audit and assessment</b>	<b>3</b>
<b>Progress with 2010/11 audit and assessment</b>	<b>6</b>

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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.
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# Progress with 2009/10 audit and assessment

Report	AC key contact	Authority contact	Expected report	Reported to Audit Committee	Comment
Audit plan 2009/10	Kate Handy	Audit Committee	March 2009	24 June 2009	The initial fee letter for 2009/10 was agreed with officers in April 2009 and presented to the Audit Committee at its 24 June 2009 meeting. A detailed opinion plan was discussed at the 23 June 2010 meeting of the Audit Committee.
Area Assessment Plan	Linda Krywald	Audit Committee	March 2009	24 June 2009	The letter setting out the approach and fee for the Organisational Assessment (OA) and Area Assessment (AA) was agreed with officers in April 2009 and reported to the Audit Committee at its meeting on 24 June 2009. The OA and AA reports were published in December 2009 and a briefing session for members took place on 20 January 2010.

## Progress with 2009/10 audit and assessment

Report	AC key contact	Authority contact	Expected report	Reported to Audit Committee	Comment
<b>Financial statements</b>					
Interim audit memorandum (if appropriate)	Mike Bowers	Carolyn Williamson	June 2010	N/A	The pre statements audit has been completed. The issues arising have been discussed with key officers. There is however nothing that we need to bring to the attention of the Audit Committee.
Annual Governance Report (ISA260)	Kate Handy	Standards and Governance Committee	September 2010	September 2010	This is on the agenda for the September meeting of the Audit Committee
Accounts opinion	Kate Handy	Standards and Governance Committee	September 2010	September 2010	This report is on the agenda for the September meeting of the Audit Committee
Final Accounts memorandum (If appropriate)	Mike Bowers	Rob Carr	October 2010		
<b>Use of Resources</b>					
Use of Resources	Kate Handy	Brad Roynon	September 2010	N/A	Following the announcement of the abolition of CAA we will not be issuing scores for Use of Resources. We have used the work we have completed to enable us to arrive at our value for money conclusion. Any significant findings from our work will be reported in the Annual Audit Letter.
Building Schools for the Future - overview	Jane Burns	Clive Webster	N/A	N/A	The government has withdrawn support for the programme.



## Progress with 2009/10 audit and assessment

Report	AC key contact	Authority contact	Expected report	Reported to Audit Committee	Comment
Highways maintenance	Tim Thomas Gordon Westley	Nick Johnson	Updates as necessary	25 January 2010	The report was presented at the January 2010 meeting of the Audit Committee.
<b>Use of Resources (continued)</b>					
Data Quality Spot checks (if necessary)	Mike Bowers	Joy Wilmot-Palmer	N/A	N/A	The DQ spot checks have been completed and have been used to inform our UoR work and the 2009/10 value for money conclusion. There are no issues that we need to bring to the Audit Committee's attention.
<b>Certification of grant claims and returns</b>					
Annual report	Mike Bowers	Carolyn Williamson	March 2010	18 March 2010	The report was presented to the Audit Committee on 18 March 2010.
<b>Inspection</b>					
Short Notice Inspection (Pilot) –Local authority strategic housing services	Julie Watts	Nick Murphy	June 2009	25 January 2010	The report was presented at the January 2010 Audit Committee.

# Progress with 2010/11 audit and assessment

Report	AC key contact	Authority contact	Expected report	Reported to Audit Committee	Comment
Audit plan 2010/11	Kate Handy	Audit Committee	June 2010	June 2010	The initial fee letter for 2010/11 was presented at the June 2010 meeting  A more detailed opinion plan will be prepared and discussed with officers when the audit for 2009/10 has been completed.
Comprehensive Area Assessment Plan	Lind Krywald	Audit Committee	June 2010	June 2010	Our work on CAA has been halted following the government's decision to abolish CAA. We have therefore withdrawn this plan.

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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## Copies of this report

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212 Fax: 0844 798 2945 Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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# Agenda Item 6

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE		
<b>SUBJECT:</b>	STRATEGIC RISK REGISTER		
<b>DATE OF DECISION:</b>	22 SEPTEMBER 2010		
<b>REPORT OF:</b>	ROB CARR – EXECUTIVE DIRECTOR OF RESOURCES (ACTING)		
<b>AUTHOR:</b>	Name:	Peter Rogers	Tel: 023 8083 2835
	E-mail:	peter.rogers@southampton.gov.uk	

## STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

## SUMMARY

The Strategic Risk Register and associated Risk Management Action Plans (“RMAPs”) are intended to capture the key strategic risks that may prevent or have a significant adverse affect on the achievement of the Council’s key objectives.

Both the Strategic and individual Directorate Risk Registers are subject to a periodic review to ensure that they are aligned with key priorities and objectives and reflect the key risks to be managed.

## RECOMMENDATIONS:

The Audit Committee is asked to:-

- (i) Review the Strategic Risk Register and associated RMAPs (Appendices 1/2) and be satisfied that the document adequately reflects the key strategic risks facing the Council.
- (ii) Note the Summary of Directorate Risk Registers (Appendix 3)

## REASONS FOR REPORT RECOMMENDATIONS

1. The report is presented to the Audit Committee in its capacity as the member body with responsibility for providing independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment.
2. The Audit Committee is also responsible for providing assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.

## CONSULTATION

3. The Strategic Risk Register has been developed in consultation with PCoT (Resources Board) who are responsible for co-ordinating risk management activities through the management of all key business risks and ensuring that risks are appropriately ‘owned’ and managed in accordance with good

practice and the Council's approach to corporate governance

4. The Strategic Risk Register was also formally review by COMT on 31<sup>st</sup> August 2010. COMT previously agreed that the Strategic Risk Register should be reviewed on a quarterly basis alternately by PCoT.

#### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. No alternative options have been considered.

#### **DETAIL**

6. The risk registers are a central component in respect of the Council's overall approach to managing risk and are the most effective means of sharing risk information. Each identified risk has an associated RMAP which identifies the risk owner together with the actions required to ensure that the risk is at a level acceptable to the organisation.
7. As the risks are of a strategic nature it is not anticipated that they will change significantly from year to year as they are based around the organisational values and priority themes of the council. The content of the associated 'Management Action Plans', including the risk scores, actions to manage risk etc are however expected to change to reflect the current circumstances.
8. Directorate Risk Registers are reviewed and updated post completion of the annual business planning process to ensure that the risks are aligned with key priorities as appropriate. Thereafter, the respective Directorate Management Teams are required to review and update their risk registers, via CorVu, on a quarterly basis.
9. The Strategic Risk Register was reviewed and updated by PCoT to reflect the end of financial year position and subsequently reviewed by COMT on 31<sup>st</sup> August 2010 to reflect the current position.
10. The purpose of the periodic review process is to provide opportunity to identify any new or emerging risks, to review progress in respect of agreed actions and to seek assurance that key risks are being managed appropriately.

#### **FINANCIAL/RESOURCE IMPLICATIONS**

##### **Capital**

11. None

##### **Revenue**

12. None

##### **Property**

13. No specific property implications have been identified in this report.

##### **Other**

14. None

#### **LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

- 15. The Audit Commission Act 1998 and the Accounts and Audit Regulations 2003 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

**Other Legal Implications:**

- 16. None

**POLICY FRAMEWORK IMPLICATIONS**

- 17. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Strategic Risk Register and associated Risk Management Action Plans (part 1)
2.	Strategic Risk Register and associated Risk Management Action Plans (part 2)
3.	Summary of Directorate Risk Registers

**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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**Background documents available for inspection at:** Internal Audit Office, North Block Basement, Civic Centre

E-mail: [peter.rogers@southampton.gov.uk](mailto:peter.rogers@southampton.gov.uk)

**FORWARD PLAN No:** N/A

**KEY DECISION?**

N/A

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**WARDS/COMMUNITIES AFFECTED:**

NOT APPLICABLE

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## STRATEGIC RISK REGISTER - SEPTEMBER 2010

Risk No	Directorate	Risk Category	Risk Description	Current Risk Score	Likelihood	Impact	Risk Status
1	Chief Executives	Customer/Citizen	The Council fails to identify and respond to the need for organisational change taking into account external and internal factors and fails to effectively drive organisational direction.	D2	Low	Critical	Open
2	Chief Executives	Political	The potential for frequency of changes in the political makeup of the Council present constraints in making medium / long term strategic decisions.	C3	Significant	Significant	Open
3	Chief Executives	Political	Members are not provided with sufficient, relevant, accurate, reliable and robust information upon which to base strategic decisions.	E3	Very Low	Significant	Open
4	Resources	Economic	The Council fails to take into account the likely workforce, industrial relations and skills retention issues that may arise as a result in reductions in public expenditure and as a consequence management and/or staff skills are inadequate to support and deliver agreed levels of services and/or there is a breach or failure to meet the requirements of new or existing legislation.	C2	Significant	Critical	Open
5	Chief Executives	Professional/Managerial	The Council does not have the management capacity to effectively co-ordinate and support delivery of a range of key strategic or transformational projects which are set out in the Council's Medium Term Service and Financial Plan, Corporate Improvement and other key documents.	C3	Significant	Significant	Open
6	Neighbourhoods	Customer/Citizen	A major incident or event occurs that significantly impairs the Council's ability to function or provide a service to customers.	B3	High	Significant	Open
7	Chief Executives	Partnership/Contractual	Key partnerships or key contracts may breakdown and/or fail to deliver service objectives.	D3	Low	Significant	Open
8	Chief Executives	Competitive	Failure to focus on delivering service improvements and 'value for money' and not meeting our targets or those identified by external assessors.	D3	Low	Significant	Open
9	Chief Executives	Economic	Major city and city centre infrastructure developments or economic development plans and initiatives are adversely affected by economic, environmental or market conditions and/or are not delivered in accordance with stakeholder expectation.	B2	High	Critical	Open
10	Chief Executives	Legislative	The physical assets that the council is responsible for are not effectively managed or controlled	B2	High	Critical	Open
11	Environment	Environmental	Insufficient progress on securing the capital investment required (within the Council and City) to develop and implement a comprehensive adaptation and action plan for managing and monitoring major weather and climate vulnerabilities - including the development of infrastructure such as flood defences, surface water drainage renewal and green infrastructure.	C3	Significant	Significant	Open
12	Environment	Environmental	Insufficient progress on the Council's delivery plans for the Carbon Reduction Commitment to reduce CO2 levels sufficiently to avoid severe financial penalties from Central Government. Risk of potential loss of reputation for poor performance in our 'Use of Resources' assessment and LAA designated target (reference our CAA organisational judgement).	C3	Significant	Significant	Open

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## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
<b>Chief Executives Directorate</b>										
Risk Number : 001 Risk Owner : Brad Roynon Last Review Date: Next Review date:										
Initial Risk Score: D2 Likelihood: Low Impact: Critical Current Risk Score: D2 Likelihood: Low Impact: Critical										
Target Risk Score: E2 Likelihood: Very Low Impact: Critical										
Risk Category - Customer/Citizen										
Deliver outcomes and strive for continuous improvement	The Council fails to identify and respond to the need for organisational change taking into account external and internal factors and fails to effectively drive organisational direction.	Corporate Plan in place which provides the strategic framework within which the council will change and adapt to meet the significant financial, economic and demographic challenges that the next 3 years will bring (2010-2013)	Directorate Staff Survey held annually across the organisation, quarterly team brief feedback system in place and revised cross organisational "your views count" scheme operational.	2010 Staff Survey is underway and due to go live on 28th Aug 2010	Sarah Dennis	G		8/8/2010	30/9/2010	Open
	The Council's key priorities and values are reviewed periodically to ensure that they adequately reflect the strategic direction and priorities of the organisation.		Demographic, residential or socio-economic trends - information is collected through a variety of sources including Census data, Office for National Statistics and population data from HCC (later to be reviewed)	Review of population data provided by HCC planned.	Joy Wilmot-Palmer	G		4/4/2010	30/9/2010	Open
			A range of corporate and city wide transformational projects are in place	Project Management Control Environment (PM Connect) has now been implemented (wef 01/04/2010) and COM1 has asked for it to be reviewed after the first six months of operation.	Robert Carr	G	Projects delivered on time, on budget and to the required standard or quality	8/8/2010	30/9/2010	Open
Risk Number : 002 Risk Owner : Mark Heath Last Review Date: Next Review date:										
Initial Risk Score: C3 Likelihood: Significant Impact: Significant Current Risk Score: C3 Likelihood: Significant Impact: Significant										
Target Risk Score: D3 Likelihood: Low Impact: Significant										
Risk Category - Political										
Deliver outcomes and strive for continuous improvement	The potential for frequency of changes in the political makeup of the Council present constraints in making medium / long term strategic decisions.	Members briefed on detailed arrangements in relation to LGPIH Act and electoral cycle, to facilitate possible decisions on revised electoral cycles and arrangements which could be implemented in 2011.	Report to Members on details and options available.	Report to Special Council meeting on 15th September 2010	Mark Heath	G	Meeting the statutory deadline for lawful decision	21/6/2010	30/5/2011	Open
Risk Number : 003 Risk Owner : Brad Roynon Last Review Date: Next Review date:										
Initial Risk Score: D3 Likelihood: Low Impact: Significant Current Risk Score: E3 Likelihood: Very Low Impact: Significant										
Target Risk Score: E3 Likelihood: Significant Impact: Significant										
Risk Category - Political										
Work with integrity, openness and honesty	Members are not provided with sufficient, relevant, accurate, reliable and robust information upon which to base strategic decisions.	Council constitution and corporate governance standards in place – includes report templates, report author training, delegated decision notices, enhanced Forward Plan and other aspects of openness, accountability and transparency, both required by legislation and	Review of the Forward Plan and officer training sessions to be instigated to respond to feedback from the Overview and Scrutiny Committee.		Joy Wilmot-Palmer	G		28/6/2010	30/9/2010	Open

Appendix 2

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
		<p>unique to the Council. Group Leader briefings</p> <p>Cross party Member briefings as appropriate for all strategic issues.</p> <p>Employee competency statements in place and assessments against required competencies is a key part of staff annual appraisal process.</p> <p>Training provided for Cabinet members and members of scrutiny panel covering the decision making process and other core competencies.</p>	<p>Annual assessment of the arrangements that the Council has for ensuring the quality of data and performance information undertaken by the Audit Commission and reported on within the Annual Audit and Inspection Letter.</p>	<p>Progress the agreed action plan arising from the Audit Commission review.</p>	Joy Wilmot-Palmer	G	No adverse comment from the external auditors.	7/4/2010	30/9/2010	Open
<p><b>Risk Number : 005 Risk Owner : Brad Roynon Last Review Date: Next Review date:</b></p>										
<p><b>Initial Risk Score: C3 Likelihood: Significant Impact: Significant Current Risk Score: C3 Likelihood: Significant Impact: Significant</b></p>										
<p><b>Target Risk Score: D4 Likelihood: Low Impact: Marginal</b></p>										
<p><b>Risk Category - Professional/Managerial Portfolio - Leaders</b></p>										
<p>Deliver outcomes and strive for continuous improvement</p>	<p>The Council does not have the management capacity to effectively co-ordinate and support delivery of a range of key strategic or transformational projects which are set out in the Council's Medium Term Service and Financial Plan, Corporate Plan and other key documents.</p>	<p>Strategic and major capital projects included in the Corporate Plan 2010-13</p> <p>Annual Strategic Planning by COMT to approve key Strategic and Transformational projects, Progress is monitored through the Council's Performance Management System (CorVu).</p> <p>Capital and Major Project Boards have been set up within each Directorate and meet regularly.</p> <p>Corporate Business Planning process used to inform and identify capacity and skills to deliver key strategic, transformational and other major projects.</p>	<p>PM Connect implemented on 1st April 2010. All directorates have Capital Boards and each Board has revised terms of reference.</p>	<p>The major items identified in the "Capita Programme and Major Projects Audit" report have been addressed but some detailed work remains to be completed around the detailed reporting structure.</p>	Robert Carr	G	Projects delivered on time, on budget and to the required standard or quality	1/8/2010	30/9/2010	Open
			<p>Communication, implementation and demonstrable compliance with the new project management arrangements (PM Connect)</p>	<p>The first year of PM Connect training has been completed through the 2009/10 Management Academy, and the following years training is due to commence in October 2010.</p> <p>All projects, including Transformational Projects will be run through PM Connect, with monthly highlight reports available on SharePoint.</p>	Robert Carr	G		13/8/2010	30/9/2010	Open
<p><b>Risk Number : 007 Risk Owner : Brad Roynon Last Review Date: Next Review date:</b></p>										
<p><b>Initial Risk Score: D3 Likelihood: Low Impact: Significant Current Risk Score: D3 Likelihood: Low Impact: Significant</b></p>										
<p><b>Target Risk Score: D4 Likelihood: Low Impact: Marginal</b></p>										
<p><b>Risk Category - Partnership/Contractual Portfolio - Leaders</b></p>										
Deliver	Key partnerships or key	Partnership Code and	Key Statutory and non statutory	Review and assess output and identify	Mark Heath	G	Robust and consistent	7/4/2010	31/1/2011	Open

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
outcomes and strive for continuous improvement	contracts may breakdown and/or fail to deliver service objectives.	Toolkit in place and part of Council's Constitution. Southampton Partnership Co-ordinator in post. Core Partnerships critical to delivering the Council's agenda identified. Range of meetings with partners to monitor mutually agreed objectives. Contract Procedure Rules updated in 2008 and part of Council Constitution. Quarterly performance monitoring in place for all statutory targets, designated targets and national PIs. Progress report to the SP Delivery Board, Sector Partnerships, Cabinet and Scrutiny for all areas where the Council is the lead partner. Range of framework agreements in place across a number of areas which enable services to take advantage of existing contracts/agreements with suppliers thereby allowing contracts to be placed promptly and avoid the need to instigate a procurement exercise. Service / Divisional Business Continuity Planning process requires a commentary on whether a supplier has a "BCP" in place.	partnerships are required to undertake a self assessment using the Partnership Code and Toolkit .	/ communicate any learning outcomes as necessary			governance arrangements are in place for all key partnerships and new partnership working arrangements			
			Contract Procedure Rules developed and issued in May 2008 and form part of the council's constitution. Exercise undertaken to communicate the new arrangements which are available to all via the intranet. An approach has been agreed with the Emergency Planning and Business Continuity Manager on the definition of a key supplier and the actions to be taken with those key suppliers. <b>Next Review date:</b>	The Contract Procurement Rules have been sent to all Level 1 and 2's, publicised in the weekly bulletin, and covered in the day on commissioning held as part of the Year 3 2 Management Academy programme.	John Spiers	G		8/1/2011	30/9/2010	Open
					John Spiers	G	That key suppliers/contractors have robust BCP arrangements in place	13/8/2010	30/9/2010	Open
<b>Risk Number : 008 Risk Owner : Brad Roydon Last Review date:</b>										
<b>Initial Risk Score: D3 Likelihood: Low Impact: Significant Current Risk Score: D3 Likelihood: Low Impact: Significant</b>										
<b>Target Risk Score: E3 Likelihood: Very Low Impact: Significant</b>										
<b>Risk Category - Competitive Portfolio - Leaders</b>										
Deliver outcomes and strive for continuous improvement	Failure to focus on delivering service improvements and 'value for money' and not meeting our targets or those identified by external	Council's key priorities and objectives published on the intranet and used as a 'golden thread' in respect of all service planning	Agreed targets and commitments in the Corporate Improvement Plan which are used as the basis of the Council's quarterly corporate performance monitoring arrangements. Associated	Greater focus on achieving sustained results/outcomes within the development of business metrics.	Joy Wilmot-Palmer	G		7/4/2010	30/9/2010	Open

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
	assessors.	documents. Corporate Plan - agreed targets and commitments performance monitoring in place and revenue budgets for each Portfolio included within the document. Budget - financial monitoring in place and managers trained across the council Annual efficiency targets included in service and financial planning and Business Planning guidance Annual VFM self assessment completed Good Annual Governance & Audit and Inspection Letters obtained Corporate business planning process requires individual service areas to specifically identify how they relate to or support delivery of the Council's key priorities and objectives.	revenue budgets for each Portfolio also included within the document.							
<b>Risk Number : 009 Risk Owner : Dawn Baxendale Last Review Date: Next Review date:</b>										
<b>Initial Risk Score: C3 Likelihood: Significant Impact: Significant Current Risk Score: B2 Likelihood: High Impact: Critical</b>										
<b>Target Risk Score: D3 Likelihood: Low Impact: Significant</b>										
<b>Risk Category - Economic Portfolio - Leaders</b>										
Getting the City Working	Major city and city centre infrastructure development plans and initiatives are adversely affected by economic, environmental or market conditions and/or are not delivered in accordance with stakeholder expectation.	Controls in place to monitor progress against project plan for all development and capital projects, Work to review impact of global recession on major projects is completed and action maintained with development sector. Additional staffing resources recruited to City Dev. & Economy to increase time on major project delivery to drive forward at fastest pace possible. Regular briefings	Work closely with Communications and local media to manage stakeholder expectation. Work closely with the private sector developers and other stakeholders to understand and react appropriately to the changing economic climate. Ensure all funding opportunities for projects via government grants etc are identified, exploited or maximised. The council works closely with the private sector developers. Registered Social Landlord's etc to identify any new opportunities for city major development. Members are briefed on the status of	The perception is that the majority of stories in the local press are supportive. Communications Plan is in place. Press releases issued pro-actively. A pipeline of major developments is maintained, with steering and/or working groups monitoring progress and reacting to economic conditions. Funding opportunities are identified, exploited and maximised. A pipeline of major developments is maintained.	Dawn Baxendale  Dawn Baxendale  Dawn Baxendale  Dawn Baxendale	G  G  G  G		7/4/2010  7/4/2010  7/4/2010  7/4/2010	8/4/2011  6/4/2011  6/4/2011  6/4/2011	Open  Open  Open  Open
<b>Regular briefings undertaken</b>										

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
		for key members of administration undertaken	projects and are advised at the earliest opportunity if significant proposed developments are likely to be deferred, delayed or not proceeded with. Review all new or proposed development plans to assess the deliverability taking into account the current economic climate.	Major Development Briefing meetings. Quarterly progress reported through Corvu and Cabinet Member briefings.  Business Plan reviewed at half-year point and any revisions agreed with Cabinet Member.	Baxendale  Dawn Baxendale	G		7/4/2010	6/4/2011	Open
<b>Risk Number : 010 Risk Owner : Brad Roynon Last Review Date: Next Review date:</b> <b>Current Risk Score: B2 Likelihood: High Impact: Critical</b>										
<b>Initial Risk Score: B2 Likelihood: High Impact: Critical</b> <b>Target Risk Score: D3 Likelihood: Low Impact: Significant</b>										
<b>Risk Category - Legislative Portfolio - Leaders</b>										
Deliver outcomes and strive for continuous improvement	The physical assets that the council is responsible for are not effectively managed or controlled	Corporate Asset Management Plan in place. Accommodation Strategy approved and in place. Strategic issues are considered by the Policy Co-ordinators Team and the Southampton Property Group with cross directorate membership. Repairs and Maintenance - Revenue and Capital Programme in place. Property Safety Steering Group that meets weekly to develop and implement a strategic approach to ensuring the Council meets all its health and safety obligations.	Undertake Service Building Review  Deliver Accommodation Strategy Ensure that all staff with responsibility for property understand their health and safety obligations and have appropriate resources and training to be able to undertake this role Identify individuals with specific health and safety responsibilities for each asset, i.e. 'responsible people' and 'duty holders' and ensure that all H&S items have a corresponding 'owner' for every asset. Review and agree current Service Level Agreements ensuring that Health and Safety obligations are clearly set out. For schools, the Fair Funding SLA should set out responsibilities of the Headteacher (for construction and maintenance activities) where they have 'opted in' and also 'opted out'.		John Spiers  John Spiers PCOT  John Spiers  John Spiers	G  G  G  G		14/1/2010  14/1/2010 7/9/2010  7/9/2010  8/9/2010	31/3/2011  31/3/2011 1/4/2011  1/4/2011  1/4/2011	Open  Open Open  Open  Open
<b>Environment Directorate</b> <b>Risk Number : 011 Risk Owner : Lorraine Brown Last Review Date: Next Review date:</b> <b>Current Risk Score: C3 Likelihood: Significant Impact: Significant</b>										
<b>Initial Risk Score: C3 Likelihood: Significant Impact: Significant</b> <b>Target Risk Score: D3 Likelihood: Low Impact: Significant</b>										
<b>Risk Category - Environmental Portfolio - Environment &amp; Transport</b>										
Keeping the city clean and green / Getting the city working.	Insufficient progress on securing the capital investment required (within the Council and City) to develop and implement a comprehensive adaptation and action plan for managing and monitoring major weather and climate vulnerabilities - including the development of infrastructure such as flood defences to ensure a green	A Green Spaces Strategy has been adopted by the Council.  Funding secured for a surface water drainage study.  Cross Council Flood Risk Management Board meets every two months to tackle	Strategic Flood Risk Assessment commissioned.  A green infrastructure strategy for adapting to climate change vulnerabilities	SFRA2 completed and feeding into City Centre Masterplan process. Working with Environment Agency to determine appropriate planning standards to be included in a flood risk. Adaptation measures included in LDF Core Strategy – ensure regular review to keep policy and guidance up to date.	Paul Nichols  Paul Nichols	A  G	National Indicators 188 and 189  National Indicator 188	9/9/2010  9/9/2010	31/12/2010  31/12/2010	Open  Open

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
	defences, surface water drainage renewal and green infrastructure.	flood risk issues, including the Environment Agency, to set priorities for work and provide an evidence base for funding proposals.	is being developed as part of EU GRABS project. A Green Infrastructure study has been commissioned by PUSH. Capita are project managing the Surface Water Management Study. Well attended stakeholder meeting held. 1st milestone completed. Coastal Defence strategy to be developed.	A Project Initiation Document has now been completed, to implement the surface water drainage study and a consultant's brief prepared. City Centre Coastal Defence Strategy underway and due for completion in September 2012. £290k of funding has been awarded by the Environment Agency to meet consultancy fees, with additional resources provided to support in house Project Management. Seeking Government funding for implementation of evidence base. The Coastal, Flood Erosion Risk Strategy funding has been approved for completion in 2012	Mick Bishop  Paul Nichols	A  G	National Indicator 188  National Indicator 189	23/7/2010  9/9/2010	9/6/2012  31/12/2010	Open  Open
			Deliver agree actions for managing and monitoring weather and climate change vulnerabilities (including development of infrastructure such as flood defences surface water drainage renewal and green infrastructure	The Coastal, Flood Erosion Risk Strategy funding has been approved for completion in 2012	Paul Nichols	A	National Indicator 188	9/9/2010	31/12/2010	Open
<b>Risk Number : 012 Risk Owner : Lorraine Brown Last Review Date: Next Review date:</b>										
<b>Initial Risk Score: C3 Likelihood: Significant Impact: Significant Current Risk Score: C3 Likelihood: Significant Impact: Significant</b>										
<b>Target Risk Score: D3 Likelihood: Low Impact: Significant</b>										
<b>Risk Category - Environmental Portfolio - Environment &amp; Transport</b>										
Keeping the City Clean and Green / Getting the City Working	Insufficient progress on the Council's delivery plans for the Carbon Reduction Commitment to reduce CO2 levels sufficiently to avoid severe financial penalties from Central Government. Risk of potential loss of reputation.	Established Combined Heat and Power ("CHP") scheme in place. CHP in place for Council buildings and other key sites. Energy Board established, drawing together key partners within the City to collect data and undertake actions to reduce CO2. An energy review across all residential homes has been undertaken and reports provided to all home managers. Energy Manager in place.	1GHs, Civic and Marlands connected in line with SCC admin buildings rationalisation programme. Contract for Sea City yet to be signed and cooling for admin buildings under review. Gantry and Woolston mixed use development CHP schemes secured and development in progress. Secure increased PCT/NHS contribution to reducing energy consumption within the City. Carbon reduction stretch target achieved. Cross Council group meets to address energy and water use in housing. Cross Council group has been established to provide high quality data on CO2 emissions to avoid CRC fines and to identify priority CO2 reduction projects. Currently engaging with key partners on energy issues.	Carbon map of the City is being prepared. NI186 target is being met. An event in November will seek to widen membership of the Energy Partnership and to establish a mentoring arrangement between SMEs and larger organisations with established energy saving practices in place. A number of CO2 reduction initiatives, through the Salix funding programme, have been implemented in partnership with the Carbon Trust.	Paul Nichols  Paul Nichols	A  G		9/9/2010  9/9/2010	31/12/2010  31/12/2010	Open  Open
			Engaging partners to take up opportunity of free electrical car recharge installations across the city through the PFI Street Lighting		Paul Nichols	G	National Indicator 186	9/9/2010	31/12/2010	Open



## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
			Monitoring of energy reduction projects through LAA targets NI 185 and NI 186	contract and the national Plugged in Places scheme CRC Policy and Action Plan adopted. Need to deliver action plan measures across all service areas. Briefings to PCoT, COMT and Members. Need to ensure sufficient funding to maintain feasibility projects for energy reduction. Develop a new Use of Transport Action Plan to reduce fossil fuel consumption across the Council.	Paul Nichols	A	Carbon Reduction Commitment ("CRC") and National Indicator 185	9/9/2010	31/12/2010	Open
<b>Neighbourhoods Directorate</b>										
Risk Number : 006 Risk Owner : Nick Murphy Last Review Date: Next Review date:										
Initial Risk Score: D3 Likelihood: Low Impact: Significant Current Risk Score: B3 Likelihood: High Impact: Significant										
Target Risk Score: D4 Likelihood: Low Impact: Marginal										
Risk Category - Customer/Citizen Portfolio - Leaders										
Deliver outcomes and strive for continuous improvement	A major incident or event occurs that significantly impairs the Council's ability to function or provide a service to customers.	Business Continuity Plans - Directorate and Divisional Plans in place in all service areas in line with corporate template. Plans reviewed on a quarterly basis by Directorate Management Teams. BCPs fully reviewed (and tested in part) every two years or as appropriate. Capita compliance to corporate standard requirements and signed MoU in place. SCC Major Incident Plan, incorporating and range of specific emergency response plans in place to address identified issues and/or respond to legal or statutory requirement i.e. Flu Pandemic Plan, Oil and Chemical Pollution Plan, SolonSafe Z' Berth Plan and Flood Plan. Communication with hard to reach groups, vulnerable people, faith groups and those groups where English is not their first language, established through translation and interpretation service networks as detailed within <a href="#">Emergency Response Plan</a> .	IT Disaster Recovery Plan has been developed covering the key council IT systems  The IT Disaster Recovery plan will be tested annually for the critical systems identified in the SSP contract. System owners will be responsible for verifying that their data has been recovered as they expected Emergency Planning unit have developed a revised directorate and divisional BCP which is now more aligned to new BS25999. Agreed quarterly review of contacts and annual exercises to be undertaken. PCoT (Resources Board) to confirm to the Emergency Planning and Business that BCPs in their areas are in place, tested on a periodic basis and/or to plan testing in consultation with the EP&BC Manager to ensure consistency and support. Lead officer(s) to be identified. A range of specific emergency response plans have been developed to address identified issues and/or respond to legal	A DR plan in place that covers the key IT systems and annual DR testing is complete  All data restored successfully on all identified critical systems and verified by the system owners.	Sarah Dennis  Sarah Dennis  Jon Dyer-Slade  Robert Carr  Jon Dyer-Slade	A  G  G  A  G	To meet Capita contractual requirement  To meet Capita contractual requirement  Upgrade response to consistent corporate standard  Business Continuity Plans are robust, tested and effective  Emergency plans are robust and effective within and between responding agencies. Public	8/1/2011  8/1/2011  5/8/2010  15/2/2010  5/8/2010	30/9/2010  30/9/2010  30/9/2010  30/9/2010  30/9/2010	Open  Open  Open  Open  Open

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
		the Major Incident Plan, Emergency Response Team in place. Weekly Response Team rota published. Quarterly information bulletin produced.	or statutory requirement i.e. Flu Pandemic Plan, Flood Plan, Oil and Chemical Pollution Plan, SotonSafe Z' Berth Plan etc. Emergency response plans are reviewed on a periodic basis with 'testing' targeted on the high risk areas	required. Emergency response plans are reviewed on a periodic basis with 'testing' targeted on the high risk areas. Planning & Business Continuity Workplan	Jon Dyer-Slade	G	awareness by promotional events, information leaflets and non restricted plans available on website etc. Civil Contingencies Act 2004, H & IOW LRF and Divisional Business Plan Compliant - Plans reviewable 2-3 yearly	5/8/2010	30/9/2010	Open
<b>Resources Directorate</b>										
Risk Number : 004 Risk Owner : Rob Carr Last Review Date: 31 August 2010 Next Review date: 22 September 2010										
Initial Risk Score: C2 Likelihood: Significant Impact: Critical Current Risk Score: C2 Likelihood: Significant Impact: Critical										
Target Risk Score: E3 Likelihood: Very Low Impact: Significant										
<b>Risk Category - Economic Portfolio - Resources &amp; Workforce Planning</b>										
Invest in employees	The Council fails to take into account the likely workforce, industrial relation and skills retention issues that may arise as a result of reductions in public expenditure and as a consequence management and/or staff skills are inadequate to support and deliver the agreed levels of service and/or there is a breach or failure to meet the requirements of new or existing legislation.	EFQM 'Excellence Model' adopted on a corporate basis Progress against the Workforce Strategy is monitored Council is an iip Organisation Workforce planning, including identification and consideration of new or emerging employee legislation forms part of the annual business planning process Key legislative or policy changes are communicated via briefings, Senior Manager Conferences, weekly bulletin as appropriate Corporate Standards section on the intranet Management Academy training in place All employees have minimum of 3 days learning per year which is monitored via appraisal process / Annual appraisal for each employee which includes a positive declaration that a competency statement in	The Workforce Strategy is to be updated to ensure it is up to date and relevant - April 2011.		Sarah Dennis	G	Able to retain and attract high quality individuals to key posts	9/9/2010	31/3/2011	Open
			Full iip re-accreditation inspection to take place in January 2011 Review of service business plans to identify workforce planning support requirements New key legislative / policy changes and their impacts on workforce to be briefed as appropriate Annual review to ensure that all (Corporate Standards) guidance is up to date and that all appropriate issues are included		Sarah Dennis	G	Able to retain and attract high quality individuals to key posts	9/9/2010	31/1/2011	Open
					Sarah Dennis	G		9/9/2010	31/3/2011	Open
					Sarah Dennis	G		9/9/2010	31/3/2011	Open
					Sarah Dennis	G	No breaches of corporate standards or adverse comment from the external auditors	9/9/2010	31/3/2011	Open

## Strategic Risk Register

Key Priority / Objective	Description of Risk Event	Action/controls already in place	Required Action/controls	Update of Required Management Action Controls	Responsibility for Action	Status	Critical Success Factors and KPI's	Date last update	Date of next review	Risk Status
		<p>place for the role. Appraisal includes a review against the required competencies</p> <p>Staff engagement and union consultation takes place for all major changes impacting on the workforce.</p>	<p>Ensure Corporate Standards Training for new Level 1 and Level 2 managers included as part of the induction programme. Provide Corporate Standards Training for Level 1 and Level 2 managers with periodic refresher training. Introduction of NET Consent by December 2010.</p> <p>Annual appraisal process to be reviewed.</p>		Sarah Dennis	G	No breaches of corporate standards or adverse comment from the external auditors	9/9/2010	31/3/2011	Open
					Sarah Dennis	G		9/9/2010	31/12/2010	Open

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## Summary - Directorate Risk Registers - September 2010

	Directorate	Risk Description	Risk Score (RAG)	Likelihood	Impact
1	Children's Services & Learning	Failure to meet ambitious targets in relation to headline LAA targets for service outcomes and other key service performance, e.g. raising standards in GCSE, Key Stage 2 results or arrangements for Children in Care, or closing the gap in ECM outcomes between priority neighbourhoods and other parts of the city, and associated risks to future performance and LAA reward grant.	A3	Very High	Significant
2	Neighbourhoods	Failure to satisfy our residents and tenants aspirations for future service delivery / standards across the city.	A3	Very High	Significant
3	Environment	The deteriorating financial situation and current investment levels result in an inability to maintain key infrastructure within the city, to a minimum statutory standards, (including the condition and SAFETY of the road and footway infrastructure and services).	B2	High	Critical
4	Environment	Risk that government funding may be cut more severely than anticipated and further unexpected or unplanned financial impact on services in 2011/12 and beyond, due to the overall local and national economic situation	B2	High	Critical
5	Neighbourhoods	Failure to secure funding due to the reduction of external funding opportunities and government grants.	B2	High	Critical
6	Children's Services & Learning	Failure to secure intended outcomes from key strategic products and activities (e.g. OfSTED CAA Grade, Budget Savings targets etc.), through management capacity being overwhelmed by competing strategic priorities within the Council / Directorate.	B3	High	Significant
7	Neighbourhoods	Partnership opportunities and benefits not being fully realised with Private sector companies and/or voluntary organisations.	B3	High	Significant
8	Neighbourhoods	Consequences of implementing agreed saving targets and other efficiencies due to industrial action and poor employee relations having impact on service delivery.	B3	High	Significant
9	Children's Services & Learning	Loss of a major service or service facility (e.g. failure to deliver any significant planned service, either directly or through contracted third parties where this would require significant business contingency arrangements).	C2	Significant	Critical
10	Children's Services & Learning	Managing the capacity of current infrastructure to cope with the surge of Primary school places - e.g. another 400 reception places needed within 5 years, and the impact of this on other council services.	C2	Significant	Critical
11	Environment	Service disruption and loss of productivity due to service restructures, new partnership organisation and office relocations (e.g. Highways Service Partnership, Accommodation Strategy Action Plan and City Depot projects)	C2	Significant	Critical
12	Health & Adult Social Care	That the transformation of Social Care services through the Putting People First programme fails to realise the required fundamental change in how Adult Social Care within the City is commissioned, provided and delivered.	C2	Significant	Critical

13	<b>Chief Executives</b>	The value of the communication team is not understood by the organisation thus resulting in a lack of investment, support and appropriate professional communication activity with service users, thus reducing satisfaction with council services	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
14	<b>Chief Executives</b>	Failing to gain support for the activities which enhance the council's reputation and increase satisfaction levels for the council as a whole, particularly at a time of highly challenging public finances	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
15	<b>Children's Services &amp; Learning</b>	A major Child Protection failure	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
16	<b>Children's Services &amp; Learning</b>	Significant loss of confidence in the management of the service in the eyes of key partners in schools and other agencies	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
17	<b>Children's Services &amp; Learning</b>	Loss of staff and/or performance during transition and implementation of 2010 Directorate restructure leading to loss of key expertise or decline in performance in some service areas.	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
18	<b>Children's Services &amp; Learning</b>	Major failure in relation to the delivery of the Capital Programme, as a consequence of overspend and/or late delivery in relation to capital projects in schools and other children's services settings	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
19	<b>Children's Services &amp; Learning</b>	It is proving both difficult and costly to provide appropriate provision for rising numbers of children and young people with complex needs, particularly in relation to challenging behaviour among some older young people.	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
20	<b>Environment</b>	Risk of significant financial penalties if the council does not meet its carbon reduction targets as well as potential loss of reputation for poor performance in our Use of Resources assessment and LAA designated target (re: CAA judgement). Caused by: insufficient progress made on adaptation and mitigation of climate change and meeting energy efficiency and Carbon Reduction Commitment targets.	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
21	<b>Environment</b>	Ineffective communications would impact on the Council's reputation resulting in poor customer care and perception of value for money services	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
22	<b>Environment</b>	Lack of integration between Directorate and Corporate planning of resources could result in disruption to Directorate Business Plans and ability to deliver on priorities (need to adequately plan staff and finance resources to deliver on Corporate Strategic requirements).	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
23	<b>Environment</b>	Failure of partnerships to deliver the service required - resulting in both financial and reputational risks	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
24	<b>Neighbourhoods</b>	Failure to deliver commitments, achieve performance targets or demonstrate performance due to insufficient resources.	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
25	<b>Neighbourhoods</b>	Agreed saving targets and other efficiencies not being realised.	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
26	<b>Neighbourhoods</b>	A major incident or event occurs that significantly impairs the Council's / Directorate's ability to function or provide a service to customers.	<b>C3</b>	<b>Significant</b>	<b>Significant</b>
27	<b>Resources</b>	The Property Strategy Action Plan, and in particular the service building review, is not implemented in a timely and effective manner, resulting in a failure to meet the Council's business objectives	<b>C3</b>	<b>Significant</b>	<b>Significant</b>

28	Resources	The joint business planning approach with the PCT is ineffective resulting in a lack of support for the Joint Commissioning Board and Director	C3	Significant	Significant
29	Children's Services & Learning	Ensuring effective ongoing relationship between SCC and schools over ongoing issues relating to the transfer of support services to SSP to help prevent; failure of support services, damage to organisational reputation and/or poor service outcomes	C4	Significant	Marginal
30	Neighbourhoods	Failure to meet our critical health and safety obligations to our staff, customers and residents of the city.	D1	Low	Catastrophic
31	Neighbourhoods	Partnership opportunities and benefits not being fully realised with Capita and internal departments.	D2	Low	Critical
32	Neighbourhoods	Partnership opportunities and benefits not being fully realised with cross organisational partnership working	D2	Low	Critical
33	Resources	Arrangements are insufficiently robust to identify/reduce the risk of fraud in the light of the current economic climate	D2	Low	Critical
34	Environment	Risk to effective delivery of the Highways and Transport Capital Programme in the run up to the delivery of the Highways Service Partnership (including failure of the HSP to deliver on time)	D3	Low	Significant
35	Health & Adult Social Care	Not following key information management procedures for personal data or not using secure forms of data sharing and transmission leads to a breach in security standards.	D3	Low	Significant
36	Health & Adult Social Care	Changes to Independent Living Fund rules will result in cost pressures to the Council for clients who are funded and are assessed with significant / critical needs.	D3	Low	Significant
37	Neighbourhoods	Failure to engage sufficiently with our residents and communities.	D3	Low	Significant
38	Health & Adult Social Care	A major health epidemic or pandemic necessitates a change in the way that services are delivered so that statutory duties can be maintained.	D4	Low	Marginal
39	Health & Adult Social Care	Government Initiatives such as Valuing People and Free Personal Care if implemented, may lead to inadequate provision of financial support to purchase and provide adequate services.	D5	Low	Negligible
40	Environment	Risk of prosecution, corporate manslaughter or Health and Safety Executive investigation through failure to ensure effective management and compliance with all Health and Safety requirements particularly in areas of manual labour and management of our responsibilities for partners/ contractors.	E3	Very Low	Significant
41	Resources	The Information Management Strategy Action Plan is not implemented in a timely and effective manner, resulting in a failure to meet the Council's business objectives	E4	Very Low	Marginal

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# Agenda Item 7

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE			
<b>SUBJECT:</b>	TRIENNIAL REVIEW OF SELF INSURANCE FUND			
<b>DATE OF DECISION:</b>	22 SEPTEMBER 2010			
<b>REPORT OF:</b>	ROB CARR – EXECUTIVE DIRECTOR OF RESOURCES (ACTING)			
<b>AUTHOR:</b>	Name:	Peter Rogers	Tel:	023 8083 2835
	E-mail:	<a href="mailto:peter.rogers@southampton.gov.uk">peter.rogers@southampton.gov.uk</a>		

## STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

## SUMMARY

In common with most large organisations' the Council self insures a proportion of risk via an excess or deductible that applies in respect of each and every insurance claim. Claims that fall within the excess are met from an internal self insurance fund which comprises contributions from services areas as part of their annual insurance recharge.

The self insurance fund is subject to independent external review every three years in line with good practice. The purpose of the review is to consider, at a particular point in time, whether adequate funds are available to meet current and future liabilities.

## RECOMMENDATIONS:

The Audit Committee is asked to:-

- (i) Note the content of the summary paper (Appendix 1) and the subsequent action taken.

## REASONS FOR REPORT RECOMMENDATIONS

1. This report is presented to the Audit Committee in their capacity as the member body with responsibility for providing independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment.
2. The Audit Committee is also responsible for providing assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.
3. The effective management of the self insurance fund is a key component of the Council's risk financing strategy.

## CONSULTATION

4. The key findings were discussed with the Cabinet Member for Resources and Workforce Planning.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. The potential estimated surplus provided opportunity for a range of options to be considered subject to various caveats detailed in the full report and recognising the inherent uncertainty associated with insurance together with the aim of, wherever possible, minimising year on year fluctuations in insurance recharges to service areas.

### **DETAIL**

6. The review of the self insurance fund was undertaken by Marsh Risk Consulting, a specialist actuarial consultancy, who are part of Marsh Limited (the Council's appointed risk and insurance advisors).
7. The final report was issued by Marsh on 9<sup>th</sup> August 2010. Appendix 1 is a summary paper setting out the Scope, Background, Key Findings and Comment.
8. The key findings were discussed with the Cabinet Members for Resources and Workforce Planning. The recommendation to Council will be that the insurance fund contribution for 2011-12 will be reduced by £500,000 and this will be reflected in the budget to be considered in February. The recharges for 2012-13 and 2013-14 will also remain at this reduced contribution level. The position of the fund will then be reviewed following the outcome of the next triennial fund review.
9. The agreed actions reflect comments in the full report whereby it was "recommended that Southampton City Council maintain an additional buffer amount in the fund, over and above the total outstanding liability, to allow for unexpected events, worse than anticipated deterioration in the current reserves and higher than anticipated future losses (both in frequency and cost). The extent of such a buffer depends on Southampton City Council's attitude to risk".
10. The position of the self insurance fund position will continue to be reviewed by the Risk and Assurance Manager on a monthly basis. If, at any point, it becomes evident that a shortfall of funds could potentially occur then the matter would be referred immediately to the Executive Director of Resources. In practice, however, any significant deterioration in the fund position is likely to occur over a period of time and would therefore provide opportunity for appropriate action to be identified.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

11. None

### **Revenue**

12. None

### **Property**

13. No specific property implications have been identified in this report.

### **Other**

14. None

## LEGAL IMPLICATIONS

### Statutory power to undertake proposals in the report:

15. The Audit Commission Act 1998 and the Accounts and Audit Regulations 2003 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

### Other Legal Implications:

16. None

## POLICY FRAMEWORK IMPLICATIONS

17. None

## SUPPORTING DOCUMENTATION

### Appendices

1.	Southampton City Council – Fund Evaluation Summary Paper
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### Documents In Members' Rooms

1.	None
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### Background Documents

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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**Background documents available for inspection at:** Internal Audit, Risk and Assurance Office, North Block Basement, Civic Centre

E-mail: [peter.rogers@southampton.gov.uk](mailto:peter.rogers@southampton.gov.uk)

**FORWARD PLAN No:** N/A

**KEY DECISION?**

N/A

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**WARDS/COMMUNITIES AFFECTED:**

NOT APPLICABLE

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# Southampton City Council - Fund Evaluation

## Scope

This paper summarises the analysis and results of the evaluation into the adequacy of the existing funding provisions for the historical self-insured retention as at 31<sup>st</sup> March 2010 by the Risk Consulting Practice of Marsh. The purpose of the evaluation was to provide an ultimate forecast of retained claims for the years 1997/98 to 2009/10 as well as a forecast for the current 2010/11 policy period. The analysis covered:

- Employers' Liability (EL)
- Public Liability (PL)
- Property Damage (PD)
- Computer and Contents (C & C)

## Background

In common with most large organisations, the Council self-insures a proportion of risk with all liability and property claims settled below £125k and £40k respectively being met from an internal insurance fund (the "Fund"). The Fund comprises contributions from all Directorates which are reviewed annually and are based on factors such as exposure (i.e. employee numbers, nature of operations, asset values), claims experience, outstanding liabilities and other external factors that may impact on future claims experience (i.e. case law, changes in legislation).

For each and every claim received the Council's insurers allocate a 'reserve' which is an estimate of the potential cost of the claim. Each individual claim reserve figure is reviewed periodically as and when further information becomes available regarding the merits of the claimant's case for example, extent of injury, value of loss etc. Liability claims represent the vast majority of the total outstanding claims reserve figure and such claims will only be paid where it is deemed that the Council has been negligent and is legally liable to pay compensation.

The Fund position is therefore fluid as claims are repudiated or settled, the reserves on individual claims amended and new claims received on an ongoing basis.

The review provides a 'snapshot' as to whether the Fund balance as at 31<sup>st</sup> March 2010 would be adequate to cover all known claims and any future claims (i.e. those that have been 'incurred but not reported') with an incident date occurring on or before 31<sup>st</sup> March 2010. The review forecasts the ultimate cost of all claims over the period, less the claims paid to date to identify the required reserve for claims outstanding – this figure is then compared to the Fund balance.

## **Key Findings**

The Fund balance as at 31<sup>st</sup> March 2010 was £6.08m. Based on the claims data supplied provided by the Council, methods, assumptions, limitations and caveats set out in the full report the ultimate estimated value of outstanding liabilities for 1997/98 to 2009/10 is £4.33m. The expected value of claims compared with the Fund balance figure therefore provides a potential estimated surplus of £2.48m. The potential surplus is a best estimate.

This compares with the position at the last fund audit in 2007 where there was an estimated surplus of £904,000 (this covered period 31<sup>st</sup> March 1992 to 31<sup>st</sup> March 2007).

It is important to note that analysis of asbestos related exposure or claims is outside the scope of this exercise due to the complex nature of the analysis required. The figures also exclude any allowance or analysis of claims with an incident date of prior to 1<sup>st</sup> April 1992. Prior to this date claims were met in full by insurers i.e. there was no excess on claims and therefore no requirement for an internal insurance Fund. The local authority insurance market changed considerably in 1992 following the demise of Municipal Mutual Insurance who had previously insured the vast majority of local authorities.

Although complex statistical modelling processes have been used, insurance is inherently uncertain therefore no estimation model will be perfect. The report has however been carried out in accordance with generally accepted actuarial techniques.

## **Comment**

The purpose of the Fund is to ensure that adequate funds are available to meet both current and future insurance liabilities. The funding strategy seeks to smooth the cost of risk to the Council and individual service areas and, wherever possible to minimise year on year fluctuations in costs.

It is not possible to consistently maintain the optimum level of funding at all times due to the fluid nature of the Fund and the inherent element of uncertainty associated with insurance.

The report confirms that the position of the Fund has a potential surplus of £2.48m, an increase from the £0.904m surplus in 2007 although this figure is subject to the assumptions and limitations outlined in the full report.

The review was based on a 'snapshot' of the position as at 31<sup>st</sup> March 2010 therefore any potential surplus or deficit is hypothetical as the Fund operates on an ongoing basis rather than by operating by individual policy year. This is in line with good practice.

# Agenda Item 8

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE		
<b>SUBJECT:</b>	AUDIT COMMISSION: ANNUAL GOVERNANCE REPORT 2009/10		
<b>DATE OF DECISION:</b>	22 SEPTEMBER 2010		
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR		
<b>AUTHOR:</b>	Name:	Neil Pitman	Tel: 023 8083 4616
	E-mail:	Neil.pitman@southampton.gov.uk	

## STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

## SUMMARY

The Annual Governance Report summarises the findings from the 2009/10 audit which is substantially complete. It includes the messages arising from the audit of the Council's financial statements and the results of the work undertaken to assess how well the Council uses and manages their resources to deliver value for money.

## RECOMMENDATIONS:

- (i) That the Audit Committee notes the Audit Commission's reports as attached.

## REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee's Terms of Reference require it to be satisfied and provide assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the external auditors. Specifically, the Committee has responsibility for oversight of the reports of external audit.

## CONSULTATION

2. The reports, as attached, have been discussed and agreed with the appropriate officers.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. None

## DETAIL

4. The following Audit Commission reports are attached for consideration in the appendix:
  - Annual Governance Report 2009/10
  - Supplementary Papers

The external auditor will be in attendance at the Committee meeting to answer any questions.

## FINANCIAL/RESOURCE IMPLICATIONS

**Capital**

5. None

**Revenue**

6. None

**Property**

7. None

**Other**

8. None

**LEGAL IMPLICATIONS**

**Statutory power to undertake proposals in the report:**

9. The duties and powers of auditors appointed by the Audit Commission are set out in the Local Government Act 1999.

**Other Legal Implications:**

10. None

**POLICY FRAMEWORK IMPLICATIONS**

11. None



**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Audit Commission: DRAFT Annual Governance Report 2009/10
2.	Supplementary Papers

**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the  
Access to Information  
Procedure Rules / Schedule  
12A allowing document to be  
Exempt/Confidential (if  
applicable)

1.	None	
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**Background documents available for inspection at:** Internal Audit Office, North Block  
Basement, Civic Centre

E-mail: [Neil.pitman@southampton.gov.uk](mailto:Neil.pitman@southampton.gov.uk)

**FORWARD PLAN No:**

n/a

**KEY DECISION?**

n/a

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**WARDS/COMMUNITIES AFFECTED: N/A**

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# Annual Governance Report

Southampton City Council  
September 2010



Audit 2009/10

# Outline structure of this report

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- What we do and why?
- Key messages
- What did we find at Southampton City Council?
  - Financial Statements
  - Value for Money
- Recommendations
- What does the Council need to do?

Supplements 1-6

# What we do and why?

---

- **Financial statements' opinion**
  - The Authority's financial statements and annual governance statement are important means by which the Authority accounts for its stewardship of public funds. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.
- **Value for money conclusion**
  - I am required to decide whether the Authority put in place satisfactory corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money conclusion. I have based my conclusion on my work on the scored use of resources judgement.

# Key messages

---

## Financial statements

- Unqualified audit opinion?

(\*Subject to peer review in respect of HRA heating charges)

**Yes\***

- Free from material error?

**Yes\***

- Adequate internal control environment?

(\*\* Except in respect of HRA heating charges)

**Yes\*\***

## Value for money

- Adequate arrangements?

**Yes**

# What does the Council need to do?

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- Consider the matters raised in the report before approving the financial statements.
- Take note of the adjustments to the financial statements which are set out in this report (Supplement 2).
- Be aware of the audit work that has still to be completed prior to the audit opinion being given (Supplement 3)
- Approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Supplement 4).
- Agree your responses to the proposed action plan (Supplement 6).

# What did we find at Southampton City Council?

---

## Financial statements - summary

- We expect to issue an unqualified opinion on the financial statements on or before the 30 September 2010 (see Supplement 1).
  - We identified a number of amendments which have been made (see Supplement 2).
  - Supplement 3 summarises the work that we need to complete before the audit opinion can be given.
  - We identified some important weaknesses in internal control and will explain them later in this presentation.
-



# What did we find at Southampton City Council?

Financial Statements – What key risks did we plan to review?

Risks in the opinion plan:

- Whether the Council has correctly applied IFRIC 12 (service concessions) to its PFI and similar contracts
- Whether the Council has correctly applied the new accounting requirements for local taxation
- Whether the Council has complied with the new disclosure requirements for senior employees pay and benefits
- Whether appropriate provisions and contingent liabilities have been disclosed for equal pay claims and redundancies
- Whether the Council has correctly dealt with the issues we raised last year

AND

- Other issues arising during the audit

# IFRIC12 (Service concessions) PFIs and similar contracts

---

The Council has identified which of its contractual and other arrangements are affected by this new reporting standard and correctly applied the standard in its accounts.

## But

- The analysis of Schools PFI unitary payments has been amended to more accurately reflect the composition of these payments and changes to the internal rate of return (see supplement 2 – item 2 in table 1 and item 2 in table 2)
- An additional disclosure of future obligations for the Street Lighting PFI that is in operation from 1 April 2010 has been added in order to comply with the requirements of the SoRP (see supplement 2 - item 3 in table 2)
- Analysis of BUPA Care Homes unitary payments in 2009/10 corrected to reflect the composition of the payments that were made (see supplement 2 – item 4 in table 2)

# Accounting for local taxation

---

- The Council complied with the new accounting requirements and restated prior year comparatives.
- Officers have amended the previously approved statements to correct previous years; Council Tax summons and liability costs, and NNDR arrears (see supplement 2 – item 5 in table 1)

# Senior employees pay and benefits

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Senior employees pay and benefits have been disclosed in line with the requirements of the Statement of Recommended Practice (SoRP)

# Provisions and contingent liabilities

---

## Equal pay claims - (before the opinion is given)

- Provision will need to be made in respect of the ‘equal pay claims’;
- We have agreed the accounting entries to be made but not the amount.

## Redundancies

- We are satisfied that the Council has correctly accounted for redundancies during 2009/10.

# Review of 2008/09 audit issues

---

The Council has ensured that the five errors we reported last year have not been repeated.

# Other issues arising during the audit

---

- There were no new risks that we became aware of during the audit;
- Supplement 2 summarises all of the non-trivial adjustments to the prime statements and the notes to the core financial statements, that have been agreed with officers;
- Supplement 3 summarises the work that we still need to complete before the opinion on the financial statements can be given; and
- There were a number of minor disclosure amendments that have been agreed with your officers.

# Important weaknesses in internal control

## Heating charges (Tenants and Leaseholders) 1

Electors have raised concerns over the accuracy of the Council's records of electricity meters which are used to recharge tenants for heating charges.

'Energy costs' and 'Tenant charges for services and facilities' are material entries in the Housing Revenue Account

Testing has shown:

- An error and a significant number of uncertainties in the Council's records of electricity meters which are used to recharge tenants;
- The maximum error/uncertainty is £765,500;
- Inadequate controls over changes to the record of electricity meters;
- Poor management of electricity meter surveys; and
- The same may apply to gas meters.



# Important weaknesses in internal control

## Heating charges (Tenants and Leaseholders) 2

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### Next steps:

- Members should agree to adjust the error and uncertainties in the financial statements that I have identified but that management has declined to amend, or set out the reasons for not doing so in the letter of representation;
  - Awaiting the outcome of a peer review before giving the opinion;
  - DA to respond to the elector before the audit can be closed;
  - DA to consider any other reporting requirements; and
  - Improvements must be made by the Council in 2010/11 and any errors corrected.
-

# What did we find at Southampton City Council – value for money conclusion?



- Proper arrangements in place for each VFM criterion;
- The criterion are set out in Supplement 5;
- Reliance has been placed on our Use of Resources assessment and local risk work;
- I will give an **unqualified** VFM conclusion for the year ended 31 March 2010.

# Recommendations

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## **Record of electricity meters in dwellings:**

- R1 Review the record of electricity meters and implement a more effective database and system of controls.
- R2 Confirm the designation of electricity meters; and
- R3 establish the extent of the errors in meter records and whether it is possible to assess the impact on past charges to tenants and leaseholders.

## **Record of gas meters in dwellings:**

- R4 Review the record of gas meters to determine if there are similar weaknesses in these records and how improvements can be made.

# Audit Fee 2009/10 & Independence

- I can confirm that the audit has been delivered within my initial estimates.
- I will separately invoice the fee for dealing with correspondence with electors – totalling £18,250 at the end of August 2010.
- I can confirm that that I have carried out the audit in accordance with the Audit Commission’s policies on integrity, objectivity and independence

	Actual (£)	Plan (£)
Accounts	239,060	239,060
vfm	84,640	84,640
WGA	1,800	1,800
<b>Audit Total</b>	<b>325,500</b>	<b>325,500</b>

# What does the Council need to do ?

---

- Consider the matters raised in the report before approving the financial statements.
- Take note of the adjustments to the financial statements which are set out in this report (Supplement 2).
- Note the additional audit work that will need to be completed prior to the audit opinion being given (Supplement 3).
- Approve the letter of representation on behalf of the Authority before I issue my opinion and conclusion (Supplement 4).
- Agree your responses to the proposed action plan (Supplement 6).

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# Supplementary Papers

To accompany the presentation of the Annual  
Governance Report

Southampton Council

Audit 2009/10

Date

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# Contents

<b>Supplement 1 – Independent auditor’s report to the Members of Southampton Council</b>	<b>3</b>
<b>Supplement 2 – Adjusted amendments to the accounts</b>	<b>6</b>
<b>Supplement 3 – Outstanding work that has still to be completed</b>	<b>11</b>
<b>Supplement 4 – Draft letter of representation</b>	<b>12</b>
<b>Supplement 5 – Value for money criteria</b>	<b>16</b>
<b>Supplement 6 – Action plan</b>	<b>17</b>

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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.
-



# Supplement 1 – Independent auditor’s report to the Members of Southampton Council

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## Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of Southampton City Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the Statement of Movement on the Housing Revenue Account, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Southampton City Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

## Respective responsibilities of the Interim Director of Resources and auditor

The Interim Director of Resources’ responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice is set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

## Supplement 1 – Independent auditor’s report to the Members of Southampton Council

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### Opinion

In my opinion the Authority’s accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

### Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

#### Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

#### Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Supplement 1 – Independent auditor’s report to the Members of Southampton Council

### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, and the supporting guidance, I am satisfied that, in all significant respects, Southampton City Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

### Certificate

The audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of matters that have been brought to my attention by local authority electors. I am satisfied that these matters do not have a material effect on the on the financial statements.

K. L. Handy  
Officer of the Audit Commission

Collins House,  
Bishopstoke Road,  
Eastleigh,  
Hampshire. SO50 6AD

Date     September 2010

# Supplement 2 – Adjusted amendments to the accounts

I identified the following misstatements during my audit and managers have made the necessary adjustments. I bring them to your attention to assist you in fulfilling your governance responsibilities.

**Table 1 Adjusted amendments to prime statements**

Adjusted misstatements	Nature of adjustment	I&E Account, SMGFB, HRA, SMHRAB or Collection fund		Balance sheet	
		Dr £000s	Cr £000s	Dr £000s	Cr £000s
1) Provisions	<p>Provision added for equal pay claims. The potential settlement figure was not available until after the draft accounts were prepared..</p> <p>Dr I&amp;E Account Cr Provisions</p> <p>Dr Capital Adjustment Account Cr SMGFB</p>	TBA	TBA	TBA	TBA
2) I&E Account, SMGFB & Balance Sheet	<p>The analysis of unitary payment re PFI Schools has been amended to more accurately reflect the composition of the payments and changes to the internal rate of return used.</p> <ul style="list-style-type: none"> <li>• Net charge to I&amp;E</li> <li>• SMGFB net credit</li> </ul>	106	106		

## Supplement 2 – Adjusted amendments to the accounts

		I&E Account, SMGFB, HRA, SMHRAB or Collection fund		Balance sheet	
	<ul style="list-style-type: none"> <li>• Change to short term finance creditors</li> <li>• Change in long term finance creditors</li> <li>• Revaluation reserve</li> <li>• Capital Adjustment Account</li> </ul>			127	711
				838	254
3) I&E Account	<p>Removal of capital grants and contributions not specific to a service from LA Housing service income to comply with the SoRP: Dr LA Housing (HRA)</p> <p>Cr Capital grants not relating to specific services</p>	2,048	2,048		
4) Housing Revenue Account (HRA)	<p>Amended the proportion of FRS17 pension costs allocated to the HRA, because it had been overstated.</p> <p>Dr HRA supervision &amp; maintenance</p> <p>Cr HRA I&amp;E Account: - Pensions interest costs and expected return on assets</p>	257	912		
5) Collection fund	<p>The correction of previous years; Ctax summons and liability costs, and NNDR arrears.</p> <p>Dr Increase debtors</p> <p>Cr General fund balance</p> <p>Cr Collection fund balance</p>			1,649	61
					1,588

**Table 2 Adjustments to the explanatory foreword, Accounting policies and the notes to the core statements**

Adjusted misstatements	Nature of adjustment	Adjustment to note - £000s
1) Explanatory foreword - general fund capital summary (disclosure)	Amendment to the note to reflect that general fund capital spend in 2009/10 totalled £54.5m rather than the total capital spend of £98.8m	44,300
2) Note 3 - Future obligations re Schools PFI	<p>Correction of the analysis of future Schools PFI obligations between liabilities, interest and service charges in each future financial year. This is to more accurately reflect the composition of these future payments and changes to the internal rate of return.</p> <p>Note 3 has been restated and in total the changes amount to:</p> <ul style="list-style-type: none"> <li>- Liability</li> <li>- Interest</li> <li>- Service charges</li> </ul>	<p>+584</p> <p>+18,717</p> <p>- 19,301</p>
3) Note 3 - Future obligations for Street Lighting PFI	<p>Additional disclosure of future obligations in respect of the Street lighting PFI that came into effect from 1 April 2010 in order to comply with the SoRP.</p> <p>These obligations are analysed by year over the headings of liabilities, interest and service charges. In total they amount to:</p> <ul style="list-style-type: none"> <li>- Liability</li> <li>- Interest</li> <li>- Service charges</li> </ul>	<p>+25,819</p> <p>+42,452</p> <p>+34,513</p>
4) Note 3 - Payments made in 2009/10 re BUPA Care Homes	Correction of the analysis of payments made in 2009/10 to reflect the actual composition of the payments made:	

## Supplement 2 – Adjusted amendments to the accounts

Adjusted misstatements	Nature of adjustment	Adjustment to note - £000s
	- Liability - Service charges	-2,278 +2,278
5) Investment properties - note 8	A note has been added to the core statements to provide an analysis of the investment properties impairment and income disclosed in the Income and Expenditure Account. - Income - Expenditure net of impairments	+6,694 +8,841
6) Members allowances - note 9	Corrected the allowances disclosed to reflect the level of payments made and SoRP disclosure requirements: 2009/10 2008/09	-96 -73
6) Note to the Statement of Movement in HRA Balance (SMHRAB)	Amended the proportion of FRS17 pension costs allocated to the HRA, because it had been overstated.  Reduce net charges for retirement benefits in accordance with FRS17  Reduce employers contribution and pensions payable direct to pensioners  NB: 2008/9 comparatives will also be changed	-1,566  -911
7) HRA pensions - note 12 to the HRA	Reduction in pension costs disclosed to reflect the correct proportion that is chargeable to the HRA.  -Current service costs - Past service costs -Interest cost -Expected return on assets	-640 -13 -1624 +712

## Supplement 2 – Adjusted amendments to the accounts

Adjusted misstatements	Nature of adjustment	Adjustment to note - £000s
	<p>-Movement on the pension reserve</p> <p>-Charge to the HRA</p> <p>NB:2008/09 comparatives will also be changed</p>	<p>+654</p> <p>-911</p>
<p>8) Post balance sheet events (PBSE) -note 34</p>	<p>Additional PBSEs have been entered in respect of :</p> <ul style="list-style-type: none"> <li>- the change in the basis for estimation of future liabilities pension liabilities, to the 'Consumer Price Index' rather than the 'Retail Price Index' from 2010/11. The change results in a reduction in liabilities of between 8% - 10% of the liability</li> <li>- The awarding of the Highways PPP contract with an estimated total cost over 10 years of £100m</li> <li>- The awarding of the contract for Leisure Services with an estimated total over 15 years of £15m</li> <li>- Cancellation of the Building Schools for the Future programme</li> </ul> <p>The capital cost disclosed in the PBSE in relation to Street Lighting PFI has been amended from £28.5m to £25.8m.</p>	<p>-66,000 to -83,000</p> <p>+100,000</p> <p>+15,000</p> <p>N/A</p> <p>-2,700</p>



# Supplement 3 – Outstanding work that has still to be completed

---

Our work in relation to the Council's financial statements is complete except for the areas noted below in table 3. This work will be completed in advance of the Audit Committee meeting on 22 September 2010, and will be finished before the opinion is issued.

---

**Table 3**

<b>Area to test</b>
I&E Account
PFI, PPP & Long term contracts
Provisions
Contingent liabilities
Financial instruments
Group accounts
Peer review in respect of HRA heating charges

---

# Supplement 4 – Draft letter of representation

Kate Handy  
Audit Commission  
Collins House  
Bishopstoke Road  
Eastleigh  
SO50 6AD

September 2010

## **Southampton City Council - Audit for the year ended 31 March 2010**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of officers and members of Southampton City Council the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

### **Compliance with the statutory authorities**

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which gives a true and fair view of the financial position and financial performance of the Council and for making accurate representations to you.

### **Uncorrected misstatements**

I confirm that I believe that the effects of the uncorrected financial statements are not material to the financial statements. These misstatements have been discussed with those charged with governance within the Council and the reasons for not correcting these items are as follows.

I can confirm that following a sample check (61 records) of the data associated with the metering of electricity, the Council has identified one definite error and a number of cases (17) that require further investigation to confirm their designation out of the sample population.

It is my view based on the sample check that this does not represent a material error within the accounts; the actual error rate (1 meter out of the sample of 61) is 1.6%, there is an 'uncertainty' around the designation of 17 meters – 27.9% - with the information for the remaining meters included with the sample, which account for 70.5% of the sample, found to be correct.

The materiality level for the Housing Revenue Account is £1.1M. Through extrapolating the results of the sample data, I am content that the error and uncertainties found would not equate to a sum which would breach the £1.1M materiality level.

## Supplement 4 – Draft letter of representation

I am also confident that it is statistically unlikely that the 17 meters around which there is an uncertainty would all be incorrectly designated.

At this stage it is not possible to make any amendments to the financial statements until significant further work is undertaken to verify the integrity of the data. It would also not be appropriate to amend the accounts based on extrapolating the sample results.

I can confirm that the results of this work and any subsequent impact on the charges to tenants and leaseholders will be reported fully to all appropriate stakeholders.

### Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council, Cabinet and other Committee meetings, have been made available to you.

### Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

### Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. For these assumptions, I confirm:

- the appropriateness of the measurement method;

- the basis used by management is reasonable and is consistent with the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- if subsequent events require adjustment to the fair value measurement they have been made.

### Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

### Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in notes 25 to 28 of the financial statements we have no lines of credit arrangements.

### Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

### Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

### Post balance sheet events

Since the date of approval of the financial statements by the Standards and Governance Committee, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

### Signed on behalf of Southampton City Council

I confirm that this letter has been discussed and agreed by the Standards and Governance Committee on 23 September 2010.

## Supplement 4 – Draft letter of representation

Signed:

Name: Mr. R Carr

Position: Interim Executive Director of Resources

Date: September 2010

---

# Supplement 5 – Value for money criteria

<b>KLOE</b>	<b>Met</b>
<b>Managing finances</b>	
Planning for financial health	<b>Yes</b>
Understanding costs and achieving efficiencies	<b>Yes</b>
Financial reporting	<b>Yes</b>
<b>Governing the business</b>	
Commissioning and procurement	<b>Yes</b>
Use of information	<b>Yes</b>
Good governance	<b>Yes</b>
Risk management and internal control	<b>Yes</b>
<b>Managing resources</b>	
Natural resources	<b>N/A</b>
Strategic asset management	<b>Yes</b>
Workforce	<b>Yes</b>

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## Supplement 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	<b>Annual Governance Report 2009/10 - Recommendations</b>					
	<b>Record of electricity meters in dwellings</b>					
	R1 Review the record of electricity meters and implement a more effective database and system of controls.	3				
	R2 Confirm the designation of electricity meters	3				
	R3 Establish the extent of the errors in meter records and whether it is possible to assess the impact on past charges to tenants and leaseholders	3				
	<b>Record of gas meters in dwellings</b>					
	R4 Review the record of gas meters to determine if there are similar	3				

Supplement 6 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	weaknesses in these records and how improvements can be made.					



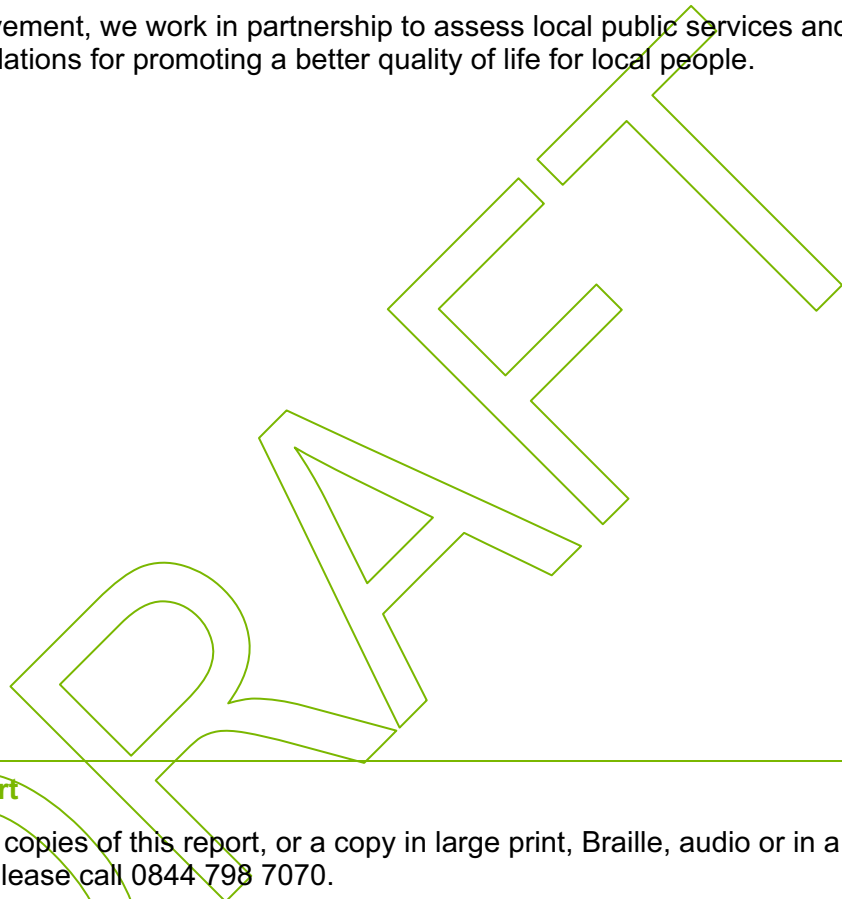
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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.



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# Agenda Item 10

<b>DECISION-MAKER:</b>	AUDIT COMMITTEE		
<b>SUBJECT:</b>	INTERNAL AUDIT: STATUS OF WORK AUGUST 2010		
<b>DATE OF DECISION:</b>	22 SEPTEMBER 2010		
<b>REPORT OF:</b>	CHIEF INTERNAL AUDITOR		
<b>AUTHOR:</b>	Name:	Neil Pitman	Tel: 023 8083 4616
	E-mail:	Neil.pitman@southampton.gov.uk	

## STATEMENT OF CONFIDENTIALITY

Confidential Appendix 2 attached to this report is exempt from publication under Categories 2 and 7 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The information contained therein is exempt as it relates to ongoing investigations and is likely to reveal the identities of individuals. Having applied the public interest test it is not appropriate to disclose this information. The interests of any parties involved in these investigations could be jeopardised by the release of the information.

## SUMMARY

Under the Accounts and Audit (Amendment) (England) Regulations 2006, the Council is responsible for:

- ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
- maintaining an adequate and effective system of Internal Audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices.

In accordance with proper internal audit practices and the Internal Audit Strategy, the Chief Internal Auditor is required to provide a written status report to the Audit Committee, summarising:

- progress in implementing the audit plan;
- internal audit reviews in progress;
- audit opinion on all internal audit reviews completed since the last report and executive summaries of published reports where critical weaknesses or unacceptable levels of risk were identified;
- the status of 'live' reports, i.e. those where internal audit work is completed and actions are planned to improve the framework of governance, risk management and management control; and
- internal audit reviews closed since the last report.

The appendix summarises the activities of internal audit for the period ending 10th August 2010.

## **RECOMMENDATIONS:**

- (i) That the Audit Committee notes the Internal Audit Status of Work report for the period ending 10th August 2010 as attached.

## **REASONS FOR REPORT RECOMMENDATIONS**

1. In accordance with proper internal audit practices and the Internal Audit Strategy, the Audit Committee is required to receive the Chief Internal Auditor's status report.

## **CONSULTATION**

2. The Status of Work report for the period ending 10<sup>th</sup> August 2010 has been received by the Chief Officers' Management Team.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. None

## **DETAIL**

4. The status report for the period ending 10<sup>th</sup> August 2010 is attached for consideration in the appendix.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

5. None

### **Revenue**

6. None

### **Property**

7. None

### **Other**

8. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

9. The Accounts and Audit (Amendment) (England) Regulations 2006 require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

### **Other Legal Implications:**

10. None

## **POLICY FRAMEWORK IMPLICATIONS**

11. None

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	Internal Audit: Status of Work Report period ending 10 <sup>th</sup> August 2010
2.	Internal Audit: Status of Work Report period ending 10 <sup>th</sup> August 2010 – Confidential Addendum

**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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**Background documents available for inspection at:** Internal Audit Office, North Block Basement, Civic Centre

E-mail: [Neil.pitman@southampton.gov.uk](mailto:Neil.pitman@southampton.gov.uk)

**FORWARD PLAN No:**

**KEY DECISION?**

n/a	
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**WARDS/COMMUNITIES AFFECTED:** n/a

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SUBJECT:	<b>Internal Audit: Status of Work</b>
MEETING:	<b>Audit Committee</b>
DATE OF MEETING:	<b>22 September 2010</b>
REPORT OF:	<b>Chief Internal Auditor</b>
REPORT DATE:	<b>August 2010</b>

<b>1 Opinion definitions</b>
------------------------------

<b>Opinion</b>	<b>Framework of governance, risk management and management control</b>
Substantial assurance <b>[G]</b>	A sound framework in place that is operating effectively. Some immaterial evidence of inconsistent application.
Adequate Assurance <b>[A1]</b>	Basically a sound framework in place but with repeated evidence of inconsistent application.
Limited assurance <b>[A2]</b>	Critical weakness(es) identified within the framework or significant evidence of inconsistent application.
No assurance <b>[R]</b>	Fundamental weaknesses have been identified or the framework is ineffective or absent.
Closed <b>[X]</b>	Management has confirmed that all identified framework weaknesses have been appropriately addressed.

**2 Status of 'live' reports:**

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2009	May 2009	Aug 2009	Dec 2009	Mar 2010	Jun 2010	Sep 2010		
Fleet Transport	08/04/08	Executive Director of Environment	Environment	G	G	G	G	G	G	X	11 (0)	0
Licensing	16/04/08	Chief Executive	Legal and Democratic Services	G	G	G	G	G	G	X	13 (3)	0
Across Schools Thematic Reviews – Security	16/06/08	Executive Director Children's Services and Learning	Children's Services and Learning	A	G	G	G	G	G	G	8 (4)	1 (0)
Affordable Housing	14/08/08	Executive Director of Neighbourhoods	Neighbourhoods	G	G	G	G	G	G	X	12 (4)	0
Woodmill	26/03/09	Executive Director of Neighbourhoods, Executive Director of Resources	Neighbourhoods and Resources		R	A	G	G	G	X	9 (8)	0
Computer Installations & Operating Systems	14/05/09	Executive Director of Resources	Resources			A	A2	A2	G	X	20 (6)	0
IS Security Management	14/05/09	Executive Director of Resources	Resources			A	G	G	G	X	13 (3)	0



Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2009	May 2009	Aug 2009	Dec 2009	Mar 2010	Jun 2010	Sep 2010		
Registration Services	16/06/09	Executive Director of Environment	Environment			G	G	G	G	X	6 (0)	0
Development Control	19/06/09	Executive Director of Environment	Environment			G	G	G	G	X	1 (1)	0
Debtors	30/06/09	Executive Director of Resources	Resources			G	G	G	G	X	5 (1)	0
Open Spaces and Street Cleansing	01/07/09	Executive Director of Neighbourhoods	Neighbourhoods			A	G	G	G	X	9 (2)	0
School PFI Contract Management	03/07/09	Executive Director, Children Services and Learning	Children Services and Learning			A	A1	A1	A1	G	8 (1)	1 (0)
Contract Management	07/07/09	Executive Director of Resources	Resources			A	G	G	G	X	9 (1)	0
Emergency Home Closures	28/07/09	Director of Health and Community Care	Communities Health and Care			A	G	G	G	X	5 (1)	0
CCTV Services	05/01/10	Executive Director of Neighbourhoods	Neighbourhoods				G	G	G	G	11 (2)	3 (0)
Procurement Follow Up	08/02/10	Executive Director of Resources	Resources					G	G	G	3 (2)	1 (1)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2009	May 2009	Aug 2009	Dec 2009	Mar 2010	Jun 2010	Sep 2010		
Accommodation Strategy and Flexible Working	08/02/10	Executive Director of Resources	Resources					<b>G</b>	<b>G</b>	<b>X</b>	6 (1)	0
Adult Learning and Disability	25/02/10	Executive Director of Health and Adult Social Care	Health and Adult Social Care						<b>G</b>	<b>G</b>	2 (0)	2 (0)
Payroll	23/03/10	Executive Director of Resources	Resources						<b>G</b>	<b>G</b>	3 (2)	2 (1)
Creditors	31/03/10	Executive Director of Resources	Resources						<b>G</b>	<b>G</b>	5 (0)	2 (0)
Housing Rents Collection and Debt Management	08/04/10	Executive Director of Neighbourhoods	Neighbourhoods						<b>G</b>	<b>G</b>	8 (1)	1 (0)
Decent Homes	11/05/10	Executive Director of Neighbourhoods	Neighbourhoods						<b>A1</b>	<b>G</b>	7 (1)	6 (0)
Corporate Governance Framework	12/05/10	Solicitor to the Council	Chief Executives						<b>G</b>	<b>G</b>	3 (0)	1 (0)
Pupil Referral Unit	10/06/10	Executive Director, Children Services and Learning	Children Services and Learning							<b>R→A1</b>	24 (18)	6 (4)
Risk Management	15/06/10	Executive Director of Resources	Resources							<b>G</b>	3 (0)	3 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2009	May 2009	Aug 2009	Dec 2009	Mar 2010	Jun 2010	Sep 2010		
Abandoned Vehicles	22/06/10	Executive Director, Environment	Environment							<b>G</b>	5 (0)	0
Fuel Management and Fleet Workshop	13/07/10	Executive Director, Environment Executive Director, Neighbourhoods	Environment Neighbourhoods							<b>A2→G</b>	14 (6)	3 (1)
Children's Trust Arrangements for the Delivery of the Children's and Young Peoples Plan	20/07/10	Executive Director, Children Services and Learning	Children Services and Learning							<b>G</b>	2 (0)	2 (0)
4Social Care Work	26/07/10	Executive Director, Children Services and Learning	Children Services and Learning							<b>A2</b>	6(6)	6 (6)
Data Management – Children Services	05/08/10	Executive Director, Children Services and Learning	Children Services and Learning							<b>A1</b>	12 (9)	12 (9)
Safeguarding – Contact Scheme	13/08/10	Executive Director, Children Services and Learning	Children Services and Learning							<b>R→A1</b>	34 (28)	8 (6)

**3 Executive summaries of new reports published where critical weaknesses or unacceptable levels of risk were identified:**

**Audit title: Data Management – Children’s Services (05/08/10)**

**Original published audit opinion:** Adequate Assurance [A1]

**Current audit opinion:** Adequate Assurance [A1]

**Executive summary:**

Performance indicators are regularly reported and scrutinised at Children's Services and Learning Management Team meetings. In addition, quarterly monitoring is undertaken by the Corporate Policy Team on directorates completing the appropriate fields within CorVu.

Currently no formal (recorded) monitoring is undertaken of compliance with statutory and non-statutory return deadlines. Informal monitoring is undertaken through staff one-to-ones, team meetings and against the Team's Business Plan.

The definitions/methodology for local and national indicators are not always consistent which can cause confusion as to how the local definition should be calculated and may result in inconsistent reporting. This is partly due to the methodology for local indicators not being documented and relying on the experience, assumptions and judgement of the Data Analyst to calculate them.

Due to the relative size of the Children's Data Team there is currently limited formalised arrangements/capacity in place for members of the team to shadow/cover colleagues. This can put additional pressure on the team in case of staff shortage because they do not have the specialist/detailed knowledge of the other indicators.

Data quality issues exist within PARIS in relation to the assessment dates and a number of them require amendment by the Data Analyst before the performance of the related indicator can be undertaken. In addition, there are a number of reports that do not use automated reporting from the various feeder systems.

**Management actions and update:**

An appropriate action plan has been compiled to mitigate identified risks

**Audit title: Fuel Management and Fleet Workshop (12/07/10)**

**Original published audit opinion:** Limited assurance [A2]

**Current audit opinion:** Substantial assurance [G]

**Executive summary:**

Following receipt of an anonymous letter regarding working practices within the Fleet Transport Workshop, an internal audit review was commissioned by the Head of Waste and Fleet Transport to investigate reported allegations.

Due to the generic nature of the allegations received the audit review sought to assess the effectiveness of the activities and controls implicated in the correspondence designed to mitigate the following risks:

- Unauthorised access of fuel from the fuel pump;
- Private work within the workshop
- Unauthorised use of stock from the workshop store

**Unauthorised access of fuel from the fuel pump**

The fuel management system records details of fuel transactions accessed from the pump. Fuel is administered through a dual control requiring the application of a fuel key (unique to each vehicle) and the vehicles odometer reading. A tolerance is currently permissible in respect of the odometer reading, of 999 miles enabling a substantial variance and potential impact on the vehicle consumption and efficiency stats.

Enhanced controls were further required with regard the allocation and access to approximately 100 fuel key fobs used for equipment that did not have an odometer and as such was not subject to the dual controls as was the case with the vehicles. The fuel monitoring report / system does not provide an easy method for individual cost centres to monitor fuel drawn to highlight excessive or misuse

**Private work within the workshop**

Workshop fitters are currently permitted to undertake private work outside of their shift hours to work on vehicles belonging to friends and family.

There is a number of significant legal, health and safety and insurance issues with regard current arrangements that place both the Council and the individual at risk.

### **Use of spare parts from workshop stores**

Workshop stores can be accessed by the fitters out of hours. All stock requisitioned out of hours should be recorded on a sequentially numbered Store Issue Note and entered onto the system by the Store Manager the next working day.

Stock takes are undertaken annually (around October) with significant variances appropriately investigated. The 2009 stock take identified a deficit of £2,997.79 on a stock value of £85,944.25.

Many of the stock items contributing to the deficit include generic items that could be used in any vehicle i.e. oil, anti freeze, bulbs etc. There is a risk that weaknesses in stock control and security may contribute to the identified shortfalls.

### **Management actions and update since last report:**

Odometer tolerance levels have been reduced to a more appropriate level

Administrative procedures put in place for the return of fuel fobs

Neighbourhood Wardens have been contacted to ensure procedures are in place to enable management of fuel uptake

Managers made aware of how to access the Jigsaw system to produce monthly reports on fuel uptake

Process reviewed by which the cost of fuel is drawn and recharged

Dates and times entered onto all job cards to enable clear management trail

A reconciliation is now undertaken to ensure fuel issued is appropriately recharged in respect of the fob retained within the transport office

In light of legal, health and safety and insurance risks all private work has been stopped

Stock controls have been enhanced to ensure:

- Spoilt issue notes are retained to provide a complete management trail
- Issue notes are appropriately filed and retained
- Secure arrangements have been put in place for generic items whereby stock takes identified significant variances

**High priority actions overdue:**

Contact each business area asking them to verify who holds their fuel master fobs (31/07/10).

N.B. Business areas have been contacted, however a number of responses remain outstanding

**4 Internal Audit Performance**

Internal Audit has been assessed as fully compliant with the CIPFA Code of Practice by the Audit Commission in their triennial review of the service in 2009.

Results from a survey conduct earlier this year demonstrate that management are largely satisfied with the internal audit service and its ability to contribute to the Council's control environment and assist in achieving its objectives.

<b>Survey Question</b>	<b>Response - Good, Very Good or Excellent</b>
How do you rate the service provided by Internal Audit	83.3%
<b>Survey Question</b>	<b>Response - Yes</b>
The internal audit service makes an effective contribution to the Council's control environment?	89.1%
Internal audit is of value and assists the Council in achieving its objectives?	91.5%

**5 Planning and Resourcing**

The Internal audit team is operating with a 12.5% shortfall (1 fte) against the current establishment. We are currently advertising to fill this vacancy (closing date 13 August 010)

**6 Rolling work programme**

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
<b><u>2009/10 Audit Plan</u></b>					
Annual governance statement	✓	✓	✓	✓	10/05/09
Hampshire Camera Partnership	✓	✓	✓	✓	07/06/09
Youth Services	✓	✓	✓	✓	28/07/09
Supporting People	✓	✓	✓	✓	05/08/09
Solent Sea Rescue	✓	✓	✓	✓	24/08/09
School Catering Services	✓	✓	✓	✓	17/09/09
School Grant funding	✓	✓	✓	✓	29/09/09
Building Control	✓	✓	✓	✓	12/10/09
Treasury Management	✓	✓	✓	✓	12/11/09
Affordable Housing Development	✓	✓	✓	✓	13/11/09



Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Transport Services Income Investigation	n/a	✓	✓	✓	14/11/09
Council tax	✓	✓	✓	✓	17/11/09
Debtors	✓	✓	✓	✓	20/11/09
Housing and Council Tax Benefit administration – 09/10	✓	✓	✓	✓	01/12/09
NNDR	✓	✓	✓	✓	08/12/09
CCTV	✓	✓	✓	✓	04/01/10
Compliance with Health and Safety Legislation	✓	✓	✓	✓	07/01/10
Workforce Strategy	✓	✓	✓	✓	07/01/10
Woodlands Community School	✓	✓	✓	✓	31/01/10
Integrated Transport and the Local Transport Strategy	✓	✓	✓	✓	08/02/10
Accommodation Strategy and Flexible Working	✓	✓	✓	✓	08/02/10
Procurement	✓	✓	✓	✓	08/02/10

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Land and property management	✓	✓	✓	✓	25/02/10
Highways Network Management	✓	✓	✓	✓	25/02/10
Adult and Learning Disability	✓	✓	✓	✓	25/02/10
Main Accounting System	✓	✓	✓	✓	26/02/10
Payroll	✓	✓	✓	✓	23/03/10
Creditors	✓	✓	✓	✓	31/03/10
European Funding	✓	✓	✓	✓	31/03/10
Housing rent collection and debt management	✓	✓	✓	✓	08/04/10
Highways Resources Management	✓	✓	✓	✓	20/04/10
Decent Homes and Estates	✓	✓	✓	✓	11/05/10
Corporate Governance Framework	✓	✓	✓	✓	12/05/10
Financial Management	✓	✓	✓	✓	19/05/10

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Housing Needs	✓	✓	✓	✓	04/06/10
Risk Management	✓	✓	✓	✓	15/06/10
Children's Trust arrangements for the delivery of the children's plan	✓	✓	✓	✓	20/07/10
Corporate Business Continuity Planning	✓	✓	✓	✓	27/07/10
Data Management – Children Services	✓	✓	✓	✓	05/08/10
Contract Management Follow up	✓	✓	✓	✓	09/08/10
Network Management	✓	✓	✓	✓	
Application Software Management	✓	✓	✓	✓	
IT Solutions Development	✓	✓	✓	✓	
Fraud thematic – CRB's/qualifications	✓	✓	✓	✓	
Commissioning Plan for Health and Wellbeing	✓	✓	✓	✓	
Across School thematic review	✓	✓	✓	✓	

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Financial Management Standards in Schools	28 of 28 complete				

FMSiS Analysis				
Schools Assessed (2009-10)	Pass	Conditional (to Pass)	Not Achieved	Comments
28	7	20	1	<p>Review of Holy Family Junior school FMSiS self-assessment (February 10) highlighted significant gaps in evidence to support attainment of the key standards. A schedule of issues arising was subsequently provided to the school highlighting areas where it was deemed the Standard had not been met.</p> <p>Holy Family Junior School submitted a revised self-assessment on 18 May 2010; this is currently being reviewed.</p>

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
<b><u>2010/11 Audit Plan</u></b>					
Annual Governance Statement	✓	✓	✓	✓	19/05/10
Hampshire Camera Partnership	✓	✓	✓	✓	24/05/10
Abandoned Vehicles	✓	✓	✓	✓	22/06/10
Bereavement Services	✓	✓	✓	✓	03/08/10
Solent Sea Rescue	✓	✓	✓	✓	09/08/10
Safeguarding – Contact Scheme	✓	✓	✓	✓	13/08/10
Expenses Management	✓	✓	✓	✓	
General School Review – Holybrook Junior	✓	✓	✓	✓	
Sports and Recreation partnership	✓	✓			
Thornhill Plus You	✓	✓			

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Payroll	✓	✓			
National Fraud Initiative	n/a	✓			
European Funding	n/a	✓			
Main Accounting System	✓	✓			
NNDR	✓				
VAT Accounting	✓				
Section 106 agreements	✓				
General School review – St Marks	✓				
Housing and Council Tax Benefit Administration	✓				
Creditors	✓				
Financial Management Standards in Schools	3 of 22 complete				

FMSiS Analysis				
Schools Assessed (2010-11)	Pass	Conditional	Not Achieved	Comments
3		3		-

**7 Status of 'Live' External Audit**

Audit title	Report date	Audit Sponsor	Directorate	Original actions	Actions outstanding
				(of which are 'high' priority)	
Opinion Interim Report	June 08	Executive Director of Resources	Resources	5 (2)	1 (1)
Final Accounts memo	Dec 08	Executive Director of Resources	Resources	5 (1)	1 (0)
Use of Resources	March 09	Executive Director of Resources	Resources	7 (4)	1 (1)

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
<b>Opinion Interim Report (Jun 08)</b>							
Social Services Income							
6	Identify the cause of the failure of the social care billing, and implement changes to the system to ensure that this does not continue into future years.	3	Penny Furness - Smith	Agreed	Significant resources are still being employed to manage the current billing situation. A major project to develop a new charging policy and billing system to be introduced for 2009/10 is now underway.	Apr-09	New charging policy has been introduced from April 2009, work is continuing on implementing an upgrade of Paris so that the system side of billing can be improved. This is expected to happen in the autumn 2010.
<b>Final Account Memo (Dec 08)</b>							
Registration of assets with the Land Registry							
-	The registration of ownership of Land & Buildings with the Land Registry should be continued until completed.	2	John Spiers	Yes	This work is undertaken by Legal Services who have taken on a temporary contract solicitor to undertake the work. The contract will continue as there is still a lot of work to do. The resources portfolio work is now well underway.	Ongoing	Ongoing



Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
<b>Use of Resources (Mar 09)</b>							
Internal Control							
-	Ensure that the revised non-residential social care billing policy and the replacement income billing module are implemented.	3	Penny Furness - Smith	Yes	The new policy and charging module are in the process of being delivered per the specific action plan resulting from the PWC review.	Dec-09	New charging policy has been introduced from April 2009, work is continuing on implementing an upgrade of Paris so that the system side of billing can be improved. This is expected to happen in the autumn 2010.

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