

<b>Title of Report:</b>	<b>KPMG - ISA 260+ report to those charged with governance</b>	<b>Item 4</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	28 September 2009	
<b>Forward Plan Ref:</b>	GAC1730	

**Purpose of Report:** For KPMG to report on the outcome of the audit of the financial statements for 2008-09, and on the Use of Resources assessment for 2008-09.

**Recommended Action:** To note this report.

**Reason for decision to be taken:** To comply with the Audit Commission Act 1998 and the International standards on Auditing (260).

**Other options considered:** None

**Key background documentation:**

- Financial statements approved by Governance and Audit: 2008-09
- Use of Resources summary 2007-08 (taken to the March 2009 Governance and Audit committee)
- Use of Resources summary 2008-09 (taken to the March 2009 Governance and Audit committee)
- KPMG audit plan 2008-09

The proposals will also help achieve the following Council Plan Theme:

**CPT13 - Value for Money**

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## Executive Summary

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### 1. Introduction

- 1.1 The following report has been produced by our external auditors, KPMG. KPMG have been appointed by the Audit Commission to audit West Berkshire Council for the period 2007-2012.
- 1.2 The following report is being presented to those charged with governance (the Governance and Audit Committee) and contains KPMG's audit opinion on our financial statements, and the conclusions and scores from their assessment of our Use of Resources.

### 2. Proposals

- 2.1 For the Governance and Audit committee to note this report

### 3. Conclusion

- 3.1 KPMG are statutorily required to present their ISA 260+ report to those charged with governance once they have completed their accounts and use of resources audit work.
- 3.2 KPMG have given West Berkshire Council an unqualified opinion, and have identified no material errors to the financial statements. Any non-material amendments that KPMG have identified have been actioned by accountancy to ensure that the most accurate financial reporting is presented.

## Executive Report

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### 1. Introduction

- 1.1 KPMG are obliged to report the findings of their audit work to those charged with governance, at West Berkshire Council, this is the Governance and Audit Committee.
- 1.2 KPMG report their findings on the accounts in an ISA 260+ report, and they are also reporting their work on the Use of Resources assessment.

### 2. Account audit

- 2.1 The financial statements were approved by the Governance and Audit committee at its June 2009 meeting. KPMG have subsequently performed their audit testing, and have a deadline of the 30.9.2009 to complete this and report back to those charged with governance.
- 2.2 The ISA 260+ report sets out the findings of the accounts audit and how this has been completed by KPMG. The report also includes an unqualified opinion meaning that the accounts are materially correct to the user of the financial statements.

### 3. Use of Resources audit

- 3.1 A paper was presented to the Governance and Audit Committee at its March 2009 meeting outlining the changes to the Use of Resources assessment. Under this harder test, KPMG have scored the Council as a level 3. The result is likely to compare favourably both locally and nationally against other similar Councils.
- 3.2 Within the sub-themes, the Council scored a 3 for managing finances, a 3 for governing the business and a 2 for managing resources.
- 3.3 It is very difficult to compare the scores against previous years as the whole assessment regime has changed. However, the general assumption from the Audit Commission has been that a 4 in 2007-08 would be a 3 in 2008-09, and that the 2008-09 assessment represents a much harder test for Councils.

## Appendices

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Appendix A – KPMG ISA 260+ report

## Consultees

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**Local Stakeholders:** KPMG, Management Board  
**Officers Consulted:** Corporate Board, Joseph Holmes  
**Trade Union:** Not consulted



INFRASTRUCTURE,  
GOVERNMENT AND HEALTHCARE

**Report to those  
charged with  
governance  
2008/09**

**West Berkshire  
Council**

17 September 2009

AUDIT

# Content

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document. External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Greg McIntosh, who is the engagement director to the Authority, telephone 020 7311 6430, email [greg.mcintosh@kpmg.co.uk](mailto:greg.mcintosh@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 236 4000, email [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Investigation Officer, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by e mail to: [complaints@audit-commission.gov.uk](mailto:complaints@audit-commission.gov.uk). Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421

## Section one

**Executive summary****Scope of this report**

The Audit Commission's Code of Audit Practice (the Code) requires us to summarise the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified and we report to those charged with governance (in this case the Governance and Audit Committee at the time they are considering the financial statements. We are also required to comply with International Standard on Auditing (ISA) 260 which sets out our responsibilities for communicating with those charged with governance.

This report meets both these requirements. It summarises the key issues identified during our audit of West Berkshire Council's ('the Authority's') financial statements for the year ended 31 March 2009. In addition, this report summarises our assessment of the Authority's arrangements to secure value for money in its use of resources.

**Summary of findings***Use of Resources*

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and regularly reviewing their adequacy and effectiveness.

We are required to conclude whether the Authority has adequate arrangements in place to ensure effective use of its resources. This assessment draws on the findings from the new use of resources assessment framework introduced by the Audit Commission.

The new use of resources framework assesses local authorities against three themes: managing finances, governing the business and managing resources. The Authority has been assessed overall as performing well against these themes.

Based on this, we have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our findings are detailed in Section two of this report and our proposed conclusion is set out in Appendix 1.

*Financial statements*

The Authority is responsible for having in place effective systems of internal control which ensure the regularity and lawfulness of transactions, to maintain proper accounting records and to prepare financial statements that present fairly its financial position and its expenditure and income. It is also responsible for preparing and publishing an Annual Statement of Governance with its financial statements.

Our findings are detailed in section three and our proposed opinion on the accounts is presented in Appendix 5.

*Status of the audit*

At the date of this report our audit of the financial statements is substantially complete subject to receipt of a signed management representation letter, and have provided a draft version as Appendix 12, and outstanding information in relation to council tax and housing benefits bad debt provisions.

*Declaration of independence and objectivity*

In relation to the audit of West Berkshire Council for the year ending 31 March 2009, we confirm that there were no relationships between KPMG LLP and West Berkshire Council, its directors and senior management and its affiliates that may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 11 in accordance with ISA 260.

*Exercise of other powers*

We have a duty under section 8 of the Audit Commission Act 1998 to consider whether, in the public interest, to report on any matter that comes to our attention in order for it brought to the attention of the public. In addition we have a range of other powers under the 1988 Act. We did not exercise these powers or issue a report in the public interest in 2008/09.

## Section one

# Executive summary (continued)

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### *Certificate*

We are required to certify that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice. If there are any circumstances under which we cannot issue a certificate, then we are required to report them to you and to issue a draft opinion on the financial statements.

At present there are no issues that would cause us to delay the issue of our certificate of completion of the audit.

### *Fees*

Our fee for the audit is £225,000, excluding work in relation to our grant claim audit, which is yet to be completed. This has been contained within the fee agreed with you in our audit plan. We have not performed any non-audit work.

### **Acknowledgements**

We would like to take this opportunity to thank officers and members for their continuing help and co-operation throughout our audit work.

## Section two

## Use of resources

**We are required to conclude whether the Authority has adequate arrangements to ensure effective use of its resources. This assessment draws on the new use of resources assessment framework introduced by the Audit Commission.**

**The new framework assesses local authorities against three themes: managing finances, governing the business and managing resources and the Authority has been assessed as performing well against these themes. Based on this, we concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.**

### Introduction

In our *Annual Audit and Inspection Plan 2008/09* we outlined the work streams which we complete to assess the adequacy of your arrangements which ensure that your resources are deployed effectively. Our conclusion is based on these work streams, our cumulative audit knowledge and any specific local risk work, as detailed below.

### The new use of resources assessment

The Audit Commission introduced a new assessment this year. This assesses how well organisations are delivering value for money and better and providing sustainable outcomes for local people. This new assessment forms part of the Comprehensive Area Assessment (CAA) framework. It defines use of resources in a broader way than previously, embracing the use of natural, physical and human resources. It also places a new emphasis on commissioning services for local people. This is wider than the previous assessment which focused on systems and processes. As a consequence it is not possible to make direct comparisons with the previous year's assessment.

The assessment is based on three Key Lines of Enquiry (KLOEs) themes which cover:

- **Managing finances** - focusing on sound and strategic financial management;
- **Governing the business** - focusing on strategic commissioning and good governance; and.
- **Managing resources** - focusing on the effective management of natural resources, assets and people.

The scoring of the themes ranges from one (performing inadequately) to four (performing exceptionally).

### Findings

We have assessed the Authority as an overall score of level 3 which means the Authority is performing well.

The table below shows our Use of Resources assessment across the three themes.

KLOE	Theme Score
1 – Managing finances	3
2 – Governing the business	3
3 – Managing resources	2

The scores have been quality checked by KPMG's national quality control processes, through a local area based challenge process and nationally by the Audit Commission to ensure consistency in scoring with other auditors and authorities.

Appendix 2 sets out our detailed findings from the use of resources assessment.

### Other work

If we identify specific risks at the Authority which may impact on our value for money conclusion, we are required to perform additional work to meet our responsibilities under the Code.

Our initial risk assessment was included in our *Annual Audit and Inspection Plan 2008/09*. We did not identify any areas in addition to the use of resources assessment that we considered required further review.



## Section two

# Use of resources (continued)

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### Use of resources (value for money) conclusion

We are required to give an annual conclusion on the adequacy of the Authority's arrangements to ensure effective use of its resources. This is the use of resources or value for money (VFM) conclusion

For 2008/09, the KLOEs for the scored use of resources assessment directly map to the criteria for the VFM conclusion. The Audit Commission has specified which of the KLOEs will form the relevant criteria for the VFM conclusion and these are summarised in Appendix 3.

Based on our use of resources assessment [and relevant local risk work set out above], we conclude that the Authority has appropriate arrangements in place to ensure the effective use of its resources. Our proposed conclusion is set out in Appendix 1.

## Section three

**Financial statements**

**The Authority is responsible for having effective systems of internal control to ensure the regularity and lawfulness of transactions, to maintain proper accounting records and to prepare financial statements that present fairly its financial position and its expenditure and income. It is also responsible for preparing and publishing an Annual Statement of Governance with its financial statements.**

**We have noted an improvement in the quality of the accounts and the supporting working papers and a reduction in the level of adjustments, compared to previous years. We have identified no issues in the course of the audit that are considered to be material.**

**We anticipate issuing an unqualified audit opinion by 30 September 2009.**

**Introduction**

Our financial statements work can be split into four phases.

Stage	Tasks	Timing	Completed
Planning	<ul style="list-style-type: none"> <li>Updating our business understanding and risk assessment</li> <li>Assessing the organisational control environment</li> <li>Issuing our accounts audit protocol</li> </ul>	February 2009	✓
Control evaluation	<ul style="list-style-type: none"> <li>Reviewing the accounts production process</li> <li>Evaluating and testing controls over key financial systems</li> <li>Review of internal audit</li> </ul>	March to April 2009	✓
Substantive testing	<ul style="list-style-type: none"> <li>Planning and performing substantive work</li> <li>Evaluating the accounts production and audit process</li> <li>Concluding on critical accounting matters</li> <li>Identifying audit adjustments</li> <li>Reviewing the Annual Governance Statement</li> </ul>	August 2009	✓
Completion	<ul style="list-style-type: none"> <li>Declaring our independence and objectivity</li> <li>Obtaining management representations</li> <li>Reporting matters of governance interest</li> <li>Forming our audit opinion</li> </ul>	September 2009	-

This report focuses on the substantive testing and completion stages, but also includes any additional findings in respect of our control evaluation that were identified in our control evaluation.

**Substantive testing – accounts production and audit process**

As part of our use of resources assessment we assess the Authority's process for preparing the accounts and its support for an efficient audit. We considered these against three criteria:

Element	Commentary
Completeness of draft accounts	We received a complete set of draft accounts on 6 July 2009, ahead of the start of our accounts audit fieldwork
Quality of supporting working papers	We issued and discussed our Accounts Audit Protocol, setting out our working paper requirements for the audit. The quality of working papers provided was good and met the standards specified in the Protocol.
Response to audit queries	Our additional audit queries were resolved in a timely manner. Weekly progress meetings were held to discuss outstanding queries and issues arising.

## Section three

**Financial statements (continued)****Substantive testing – critical accounting matters**

The key accounting issues for the 2008/09 financial statements have now been considered as part of our substantive testing and the outcome of our work is summarised in Appendix 6. The key findings arising are:

- Impairments – Changes in the economic climate over the past year have seen reductions in property values across the country. As a result, you have performed an impairment review of relevant categories of fixed assets in order to ensure their value on the balance sheet is sufficiently prudent. We have reviewed the basis of the Council's impairment review. We have requested management representation in respect of the valuation of the Authority's fixed assets.
- Valuation of Financial Assets – the reduction in the market value of investments has led to losses in financial investments for many local authorities. We have reviewed the Treasury Management policy in place at the Authority and also the valuations of investments held at the balance sheet date, and are satisfied that appropriate arrangements are in place.

**Substantive testing – adjustments to the accounts**

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

There is no net impact on the General Fund as a result of audit adjustments.

Of the audit adjustments we have identified, the most significant in monetary value are as follows:

- Reclassification between Government Debtors and Collection Fund Debtors
- Reclassification between Debtors and Cash for cash received before the year end.

We have provided a summary of significant audit differences in Appendix 5. These will be adjusted in the final version of the financial statements.

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the *Code of Practice on Local Authority Accounting the United Kingdom 2008: A Statement of Recommended Practice* ('SORP'). We understand that the Authority will be addressing these where significant.

We have provided a summary of both the corrected and uncorrected audit differences in Appendix 6.

**Substantive testing – Annual Governance Statement**

We have reviewed the Annual Governance Statement and confirmed that

- it complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE in June 2007; and
- it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

We have made a number of comments in respect of its format and content which the Authority has agreed to amend where significant.

**Completion – declaration of independence and objectivity**

As part of the finalisation process we are required to provide you with representations concerning our independence. In relation to the audit of the financial statements of West Berkshire Council for the year ending 31 March 2009, we confirm that there were no relationships between KPMG LLP and West Berkshire Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 11 in accordance with ISA 260.

**Completion – management representations**

International auditing standards require us to seek representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have included a copy of a suggested representation letter as Appendix 12. We will provide a draft to the Responsible Finance Officer. We require a signed copy of your management representations before we issue our audit opinion.



## Section three

### Financial statements (continued)

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For 2008/09 we are seeking specific assurance that sufficient and appropriate consideration has been given to potential impairments of the assets included in the accounts in light of the current macro economic climate and that, where any such impairment has been identified, it is reflected in the accounts. This includes compliance with the accounting policy for periodic revaluation of assets (under FRS 15), as well as the need for management to undertake a review of assets to determine whether there is any impairment to their value in accordance with FRS 11.

#### **Completion – other matters**

ISA 260 requires us to communicate “audit matters of governance interest that arise from the audit of the financial statements” to you which includes:

- material weaknesses in internal control identified during the audit;
- matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. issues relating to fraud, compliance with laws and regulations, subsequent events etc); and
- other audit matters of governance interest.

There are no others matters which we wish to draw to your attention.

#### **Completion – opinion**

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion by 30 September 2009.

Our proposed opinion on the financial statements is presented in Appendix 4

## Appendices

**Appendix 1: Proposed use of resources conclusion**

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**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**

We are 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 us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice. Having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, we are satisfied that, in all significant respects, West Berkshire Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

**Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Greg McIntosh

**for and on behalf of KPMG LLP**

Chartered Accountants

London

29 September 2009

## Appendices

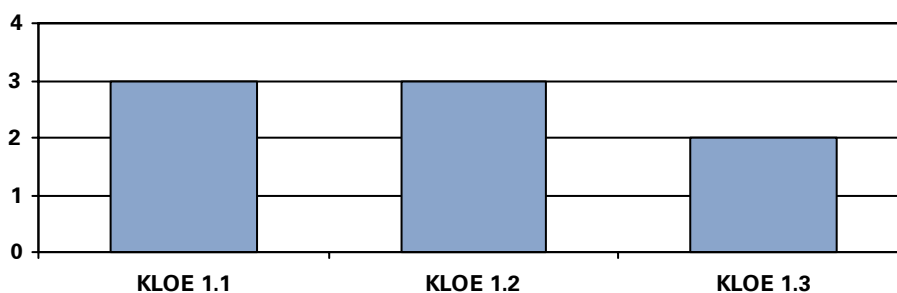
**Appendix 2: Use of resources key findings**

This appendix summarises key messages from the use of resources assessment by theme and recommendations. The recommendations have been included in appendix 7.

**KLOE 1 – Managing finances: overall score 3**

The Council has overall been assessed as ‘performing well’ in managing finances. Further improvements could be made to the annual report cycle to improve the score against sub-KLOE 1.3

The scores by sub KLOE are summarised in the graph below:



As the Authority has scored above level 2 for all criteria, it has met the requirements for the VFM conclusion.

**KLOE 1.1 – Financial planning**

- ✓ The Council has an overall Medium Term Financial Strategy (MTFS) in place, which is updated annually and covers a three year rolling period. The MTFS drives the budget setting process each year and the efficiency savings programme required. The budget is aligned to the Council’s strategic priorities.
- ✓ The MTFS is publically available and sets out the Council’s financial vision for the next three years. Within this is included a risk analysis where key sensitivities, such as inflation, and economic downturn are run through the budget to give a best and worst case scenario. Based on the MTFS analysis, a programme of required savings and efficiencies is generated.
- ✓ There is a Transformation Efficiency Board (TEB) in place, with membership from across the senior management within the Council. The purpose of this group is to provide challenge on financial performance, costs, and efficiency savings generated and as part of this, to challenge the resource allocation within the budget.
- ✓ The TEB meets regularly throughout the year, and service areas are challenged on a rolling cyclical basis. This includes analysis of the level of understanding of costs, realism of efficiency targets (including where these are perceived as too challenging/not challenging enough) and linking through to service performance.
- ✓ For significant changes in service delivery or change in resource allocation, the Council consults with relevant stakeholders. An example of this is the Transformation in Adult Care programme, which is leading to significant changes in service delivery and resource allocation in that service area. There has been significant public and service user consultation and this is all published on the website. Other service specific examples also exist.
- ✓ The Council now has a ‘consultation finder’ on line, which records all consultations undertaken. This can be searched by the public as well as Council staff.

**KLOE 1.2 – Understanding costs and achieving efficiencies**

- ✓ The Council has a value for money strategy, which identifies the high cost areas. A VfM group then has a rolling programme of service reviews to help understand and to reduce costs. Benchmarking is used for comparison to other unitary authorities.
- ✓ As discussed above, the TEB meets regularly and challenges service areas to understand their costs and cost drivers. Changes to service provision are costed on a medium term basis, and required saving levels identified. As well as the Adult Social Care Transformation, a further example is the Waste Contract, where significant work has been undertaken to understand the costs associated with service delivery, whilst ensuring that the strategic aim of being a cleaner, greener borough is maintained.
- ✓ The Council, through the vfm group and the TEB, challenges efficiency savings and how individual directorates are approaching achieving their targets.
- ✓ This has led to a robust process for identifying the medium term savings plan (totalling £9.1m over the next three years) as part of the medium term financial strategy

## Appendices

**Appendix 2: Use of resources key findings****KLOE 1.3 – Financial reporting**

- ✓ Financial reports are produced throughout the year, which are profiled and include year to date performance as well as forecasts. Budget holders have 24/7 access to the system to obtain up to date budget information between finance reports being produced.
- ✓ The Council has reviewed the CPFA Financial Management model and produced an action plan to improve processes as a result. The Council also undertook a month 9 closedown for the first time this year, with the aim of smoothing the year end processes and improving efficiency
- ✓ The accounts are produced and approved in line with statutory deadlines, supported by working papers that are provided on a timely basis. Some amendments were required to the accounts in 2007/08
- ✓ The annual report is produced to a high standard and incorporates the views of local stakeholders
  - To further improve its score against this sub-KLOE, the Council should consider whether an earlier annual report timetable could be established, ensuring that external reporting still meets the high standards and user friendly format, as well as being accessible to all stakeholders (**Recommendation 1**)

**KLOE 2 – Governing the business: overall score 3**

Overall, the Council was assessed as 'performing well' in governing the business.

The scores by sub KLOE are summarised in the graph below:



As the Authority has scored above level 2 for all criteria, it has met the requirements for the VFM conclusion.

**KLOE 2.1 – Commissioning and procurement**

- ✓ Commissioning and procurement are underpinned by the SCS. This was subject to extensive consultation, which included staff, members of the public and Members. Service areas outlined forecast pressures and priorities, and these were adopted as outcomes, as part of the strategy.
- ✓ The Council has worked in partnership with other organisations, and examples include being a key member of the Health and Well Being Partnership (Council, PCT, voluntary organisations, the independent and business sectors). A published strategy and annual plan is in place for this group.
- ✓ A CSCI inspection in October 2008, rated the Council as 'excellent' with regards to commissioning and use of resources. An example of an outcome from this group is the partnership working between the Council and a housing association, which resulted in the opening of a specialist housing project to accommodate adults with mental health needs and includes respite beds to help avoid unnecessary hospital admissions.
- ✓ The Council has a Procurement Strategy in place which aligns with both the Council Plan and the SCS. This and the sustainable procurement policy set out milestones and goals for future years. The Council is part of the Berkshire Procurement and Shared Services Unit (BPSSU). Collaborative exercises have included energy, school meals and social care. CSCI quoted the Council as having an excellent understanding of the local social care market.
- ✓ The Council engages with local suppliers via contact with the Federation of Small Businesses, the Thames Valley Chamber of Commerce and the Institute of Directors. The Council also has an SME concordat. The corporate contract and procurement unit (CCPU) works with the Social Enterprise Berkshire to assist them to develop capacity to enable them more easily to become providers to the Council. The CCPU attends the West Berks BME forum when required to discuss how BME companies can access Council opportunities. The Council hosts a procurement portal where potential suppliers can register their intent to provide services to the Council. They can also register interest and provide electronic quick quotes for work.

## Appendices

**Appendix 2: Use of resources key findings****KLOE 2.1 – Commissioning and procurement (cont)**

- ✓ The CCPU regularly reviews 'off contract' spend and works to actively promote, where appropriate, the benefits of buying through corporate contracts.
- ✓ The Council has undertaken significant investment in Customer Services and ICT. Examples include Q-matic to ensure better customer flow, cross skilling of staff to work towards a single point of contact.

**KLOE 2.2 – Data quality and use of information**

- ✓ The Council has a data quality strategy in place, and performance management is a key outcome in the Council plan for the past two years. An 'Excellent Performance Management Group' (EPMG) is in place, made up of performance officers and managers from each directorate within the Council. The group has the role of looking at the processes which support performance management and reporting, and plays a role in quality assurance framework for PIs.
- ✓ The performance management toolkit has recently been refreshed. PIs are collated and reported through the Council-wide 'Triangle' performance portal. This includes strategic, operational, local and national indicators. Service areas also have specialist databases to meet their needs. Data is proactively shared, challenged and reported within the Council's partnership groups
- ✓ Key Council outcomes are refreshed every year through the corporate plan.
- ✓ A senior management forum on performance management was recently run, focusing exclusively on performance management.
- ✓ Data is collated and reported as a minimum quarterly. Dependant on the data type, this is reported to different tiers within the Council, with strategic performance indicators being reported to the SMT, Corporate Board and the Executive. Performance is RAG rated and exception based reporting allows focus to be concentrated on areas where action is required. Performance reports are designed to meet user needs and contain a mixture of quantitative and qualitative information. There is a culture of challenge and continuous improvement driven by the performance management framework.
- ✓ Within some specific service areas, regular workshops are run for all staff (for example, Adult Social Care) to collate the necessary data for CSCI/CQC as well as target setting. Local processes exist for particular data sets to ensure accuracy (e.g. Adult Social Care data reports are run and checked regularly).
- ✓ There is an Information Security Officer and a major programme to achieve compliance with ISO27001, Government Connect, HMG Security Policy Framework and PCI compliance. Business continuity plans are in place across the Council and is monitored on a quarterly basis at service level. Data held on ICT systems is regularly backed up.

**KLOE 2.3 – Good governance**

- ✓ The Constitution sets out the ethical framework for officers and members. All relevant policies and processes are in place.
- ✓ Personal Development Plans (PDPs) are in place for the Chief Executive and Senior Officers by Members and this is cascaded through the organisation. The leader of the Council undertakes 1:1s with each member, where their PDPs and development needs are discussed. Member development sessions are followed by a feedback forum and any comments are used to develop and improve the programme.
- ✓ Ethical training is provided by the Monitoring Officer to all Members and parish councillors. There are good working relationships between members and officers, via the 'lead member' structure, where members work directly with heads of service in their particular area.
- ✓ All of the established West Berkshire Partnership Sub Partnerships have standard rules of procedure and terms of reference. The relatively new sub partnerships will soon adopt terms of reference and standard rules of procedure. The Council has recently facilitated a review of the West Berkshire Partnership Board and as a result has developed a Partnership Improvement action plan which is working towards delivery. Part of this is providing greater visibility of the work of the sub-partnerships to the Board.
- ✓ The Council has signed a local compact with the voluntary sector which sets out clear roles and responsibilities.
- ✓ There is an effective standards committee in place, which discusses, and necessary investigates any issues brought to its attention. These have been few in number.



## Appendices

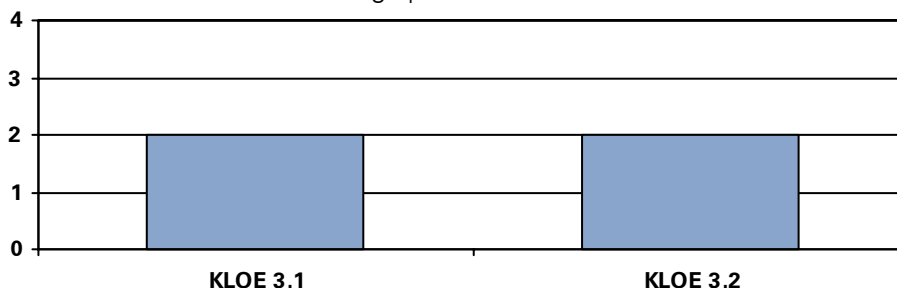
**Appendix 2: Use of resources key findings****KLOE 2.4 – Risk management and internal control**

- ✓ Risk Management is integrated into the business processes of the organisation, and specific risk registers are developed and maintained for projects. Partnership risk registers are also being set up on the Portal (which partners have access to) – for example the Children’s Trust. The Council was assessed as Level 4 against risk management criteria in 2007/08 and controls and standards in this area have been maintained.
- ✓ The Council uses risk management as part of its strategic planning tool kit. Some specific examples include:
  - St Barts School project;
  - Tilehurst Learning Campus; and
  - System Transformation - Community Services.
- ✓ Risk management arrangements are being developed and rolled out across all partnership arrangements, following the significant review undertaken of all partnerships in year.
- ✓ The Council has a Fraud and Corruption policy and strategy in place, and the CIPFA anti-fraud guide has been adopted. A zero tolerance approach is taken to fraud and particularly in the Benefits department, alleged/suspected frauds are always investigated and where appropriate, prosecution is sought.
- ✓ Our work to date has indicated an overall sound system of internal control, supported by a programme of work by Internal Audit throughout the year. Internal and External audit report to the Governance and Audit Committee who challenge and follow up on the data presented to them.

**KLOE 3 – Managing resources: overall score 2**

The Council has been assessed as ‘performing adequately’ in managing resources. To further improve its score against this theme, the Council will need to demonstrate the outcomes being achieved as a result of the sustainability and carbon reduction initiatives currently being initiated. It will also need to show the outcomes and efficiencies generated through asset management.

The scores by sub KLOE are summarised in the graph below:



As the Authority has scored above level 2 for all criteria, it has met the requirements for the VFM conclusion.

**KLOE 3.1 – Use of natural resources**

- ✓ The Council has entered into a partnership agreement with the Carbon Trust to participate in phase 6 of the Local Authority Carbon Management programme. As part of this a management plan of actions to be undertaken over the next five years has been developed. This plan will provide a basis for ongoing carbon management activity within the Council.
- ✓ The Council also launched its ‘Cleaner, greener’ agenda in 2006, and from 2007 this became one of the Council’s strategic priorities. This is reflected in the LSP Greener action plan and also the SCS. The LSP Greener Sub Partnership group exists to address the issue of adapting to Climate Change across the district. This group is comprised of Council Officers, Members and representatives from Vodafone, AWE and the Community furniture Project.
- ✓ The Council has also entered into a partnership with the Berkshire Buckinghamshire and Oxfordshire Wildlife Trust (BBOWT) to deliver the Living Landscape Project.
- ✓ The Council awarded its 25 year Integrated Waste Management Contract, funded under the Government’s Private Finance Initiative, in March 2008. This contract will significantly improve the Council’s level of recycling.
- ✓ The Council has launched its Staff Travel Plan which is designed to reduce the Council’s ‘carbon footprint’ by encouraging staff to cycle and walk to work or to use public transport. In addition, 95% of schools in West Berkshire currently have in place travel plans and it is anticipated that this will reach 100% by 2011 in line with the national target.

## Appendices

**Appendix 2: Use of resources key findings (continued)****KLOE 3.1 – Use of natural resources**

- To improve its score against this sub-KLOE going forward, the Council will need to be able to demonstrate the outcomes and improvements against targets being achieved through the initiatives being launched. **(Recommendation 2)**

**KLOE 3.2 – Strategic asset management**

- ✓ The Asset Management Plan produced by Property Services provides an overview of the corporate estate and its utilisation. The Plan outlines the Council's principle aims and objectives and incorporates input from individual services where appropriate
- ✓ There is a portfolio Member for property. The Council's arrangements for management of all corporate property assets are steered by the Capital and Asset Strategy Group (CASG). This is cross service group of senior officers which meets monthly. Accommodation Strategy decisions are made by the Member's Accommodation Task Group. All of these link directly into the Corporate Board, Management Board and Executive as appropriate..
- ✓ In recent years the Council has continuously reviewed its property assets on a service by service basis. The purpose is to assess buildings suitability for operational service requirements or investment performance. The reviews represent a link between asset management planning and service delivery. This exercise involves the adoption of objective and consistent "asset challenge criteria". This methodology involves significant input from services which is incorporated into the Asset Management Plan.
- ✓ The process of "asset challenge" is intended to identify those properties which are priorities for maintenance and repair, retention or disposal and so assists the capital decision making process and informs the Council's Acquisitions and Disposals Programme. The Council has an annual programme of planned maintenance and has employed dedicated Building Energy Officer to advice on potential energy savings.
- ✓ Local KPI's are reported to Members quarterly. Personal objectives are monitored through the appraisal process. National Property Performance Management Initiative (NaPPMI) stats are reported in AMP annually. The Council is starting to benchmark with other authorities which are members of South Eastern Branch of Association of Chief Estate Surveyors and Property Managers in the Public Sector (SEACES).
- ✓ The council leases property to third sector organisations at low rents and engages in partnership working for specialist housing projects. The PCT shares the council's offices at Avonbank and Northcroft House. The council has a programme for the creation of Children's Centres such as Victoria Park and North Thatcham and is actively involved in discussions to secure a single centralised building for many VCS organisations. The council, in partnership with the PCT, has a strategy for children and young people with disabilities.
- ✓ The Council has a strategic asset document which is being refreshed and highlights ongoing commitment to the use of shared assets and joint commissioning of services. The System Transformation Programme of projects gives an outline of the overarching approach to ensuring that the best use of is made of all resources going forward against a backdrop of increasing demand and rising levels of expectation.
- To further improve its score in this area, the Council needs to ensure that it can demonstrate that assets are being strategically, as well as operationally, managed, both in terms of the Council's own needs, but also those of partners. Clear links to service priorities and the needs of users should be demonstrated and the efficiencies to be achieved through projects such as the 'Timelord' initiative should be measured and analysed.

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**Appendix 3: Use of resources criteria and link to VFM conclusion**

The Audit Commission has specified which of the use of resources KLOEs form the criteria for the VFM conclusion. These criteria are summarised below.

Use of resources KLOE	Relevance to the Authority
<b>Managing finances</b>	
1.1 – Financial planning	✓
1.2 – Understanding costs and achieving efficiencies	✓
1.3 – Financial reporting	✓
<b>Governing the business</b>	
2.1 – Commissioning and procurement	✓
2.2 – Data quality and use of information	✓
2.3 – Good governance	✓
2.4 – Risk management and internal control	✓
<b>Managing resources</b>	
3.1 – Use of natural resources	✓
3.2 – Strategic asset management	✓
3.3 – Workforce planning	N/a – not applicable to single tier authorities in 2009.

## Appendices

# Appendix 4: Proposed audit report

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## Independent auditors' report to the Members of West Berkshire Council

### Opinion on the accounting statements

We have audited the Statement of Accounts of West Berkshire Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The Statement of Accounts comprises 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 and related notes. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to West Berkshire Council, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to West Berkshire Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Berkshire Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Responsible Financial Officer and auditors

The Responsible Financial Officer's responsibilities for preparing the Statement of Accounts in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the Statement of Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Statement of Accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Authority and its income and expenditure for the year;

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

We read other information published with the Statement of Accounts and consider whether it is consistent with the audited Statement of Accounts. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Statement of Accounts. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our 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 Statement of Accounts. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Statement of Accounts and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Statement of Accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Statement of Accounts.

## Appendices

### Appendix 4: Proposed audit report (continued)

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#### Opinion

In our opinion:

- The Statement of Accounts presents fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Greg McIntosh

**for and on behalf of KPMG LLP**

Chartered Accountants

London

29 September 2009

## Appendices

**Appendix 5: Audit differences**

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to the Audit Committee. We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

**Corrected audit differences**

The following table sets out the significant audit differences identified by our audit of West Berkshire Council's financial statements for the year ended 31 March 2009. It is our understanding that these will be adjusted. However, we have not yet received a revised set of financial statements to confirm this.

Income and expenditure	Statement of Movement on GF Balance	Impact			Basis of audit difference
		Assets	Liabilities	Reserves	
		Dr Cash £1,019K Cr Debtors £1,019K			To reclassify the cash balance for cash received before the 31/03/09 but erroneously posted on 01/04/09.
		Dr Collection Fund Debtors £1,423K Cr Other Government Debtors £1,423K			To reclassify NNDR debtors from Government Department Debtors to Collection Fund Debtors
		Dr Collection Fund Debtors £2,857K Cr Other Government Debtors £2,857K			To reclassify Council Tax debtors from Government Department Debtors to Collection Fund Debtors

## Appendices

**Appendix 6: Accounts risk areas**

This appendix summarises the key accounting issues for the 2008/09 financial statements and our final findings following our substantive work.

Issue	Risk and implications	Findings during final audit
<p><b>Issue 1</b></p> <p>Impairment review of fixed assets in light of national movements in property markets.</p>	<p>Property prices in domestic, retail and industrial sectors have suffered a general decrease over the past year. This has resulted in the need for an impairment review of the Authority's asset base. Failure to conduct an adequate impairment review could result in assets being held at an imprudently high value on the balance sheet.</p>	<p>We reviewed the Council's approach to conducting an impairment review, and the resulting impairments that have been calculated against the fixed asset balance. We are seeking management representation that the Council is satisfied that the balances contained in the accounts are a true reflection of the value of land and buildings held.</p>
<p><b>Issue 2</b></p> <p>Valuation of financial assets</p>	<p>The current economic downturn presents an increased risk of loss of investments due to administration and liquidation of counterparties. Investments must be assessed for recoverability and written down is necessary to prevent overstatement of value on the balance sheet.</p>	<p>We considered the Authority's Treasury Management policies during our control evaluation work and found processes to be sufficiently prudent so as to prevent significant loss from the potential administration of counterparties. We have also given attention to the recoverability of investments as part of our substantive testing and do not believe that the accounts require adjustment in this regard.</p>

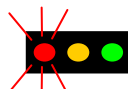
## Appendices

# Appendix 7: Recommendations

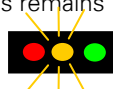
We have given each recommendation a risk rating (as explained below) and agreed what action management will need to take. We will follow up these recommendations next year.

### Priority rating for recommendation

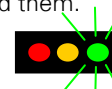
**Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.



**Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.



**Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.



No.	Risk	Issue and recommendation	Management response	Officer and due date
<b>Related Party Transactions</b>				
1	● (two)	<p>Members are not required to complete annual related party disclosure confirmations and are only required to inform Council Officers of any changes since the last related party declaration was completed. Some of these related party disclosures therefore have not been updated or re-confirmed for a significant amount of time.</p> <p>In order to comply with good practice and demonstrated transparency, we recommend that all members complete a related party return on an annual basis.</p>	<p>A revised Third Party Transaction form will be created and sent out to all members (including any co-opted members such as independent members of Standards Committee) on an annual basis after the Council's AGM along with Declaration of Interest returns and reminders sent by the Head of Policy and Communication six months thereafter</p>	<p>David Holling May 2010</p>
<b>Review of Northgate access rights</b>				
2	● (two)	<p>From our work on IT general controls we noted that there is no regular review of Northgate access rights to ensure that all users.</p> <p>We recommend a regular review is undertaken to ensure that access rights are appropriate and leavers' accounts are disabled.</p>	<p>Controls are in place to ensure system access is only provided as appropriate. These controls will be reviewed to ensure that they remain appropriate.</p>	<p>Immediate</p>
<b>Northgate System parameters for passwords</b>				
3	● (two)	<p>Our review of password criteria in Northgate demonstrated that minimum length criteria is not enforced, meaning that basic non-complex passwords can be used.</p> <p>We recommend that password controls are made more robust to reduce the risk of inappropriate or fraudulent access to the system.</p>	<p>This issue will be addressed as part of the review referred to in 2 above</p>	<p>Immediate</p>
<b>Managing Finances – KLOE 1.3</b>				
4	● (two)	<p>To achieve an improved score in relation to KLOE 3.3, the Council will need to consider whether the annual report publication timetable can be brought forward. The Council must also ensure that stakeholder views and quality standards are maintained in respect of all external reporting, and that reports are accessible to all stakeholder groups.</p>	<p>The VfM group is collating action plans to help deliver a level 3 for the 2009/10 financial year. These will be reviewed throughout the year as part of WBC's monitoring of Use of Resources</p>	<p>VfM Group - ongoing</p>



## Appendices

**Appendix 7: Recommendations**

No.	Risk	Issue and recommendation	Management response	Officer and due date
		<b>Managing Resources – KLOE 3.1</b>		
5	● (two)	To achieve an improved score in relation to KLOE 3.1 (sustainability), the Council will need to demonstrate the outcomes and benefits being achieved in relation to the initiatives and projects being rolled out. We note that many of these initiatives are new, and would anticipate that, providing the Council can demonstrate that statutory and local targets in relation to the sustainability agenda and carbon reduction are being achieved, that this score will be improved in future years.	The VfM group is collating action plans to help deliver a level 3 for the 2009/10 financial year. These will be reviewed throughout the year as part of WBC's monitoring of Use of Resources	VfM Group - ongoing
		<b>Managing Resources – KLOE 3.2</b>		
6	● (two)	To further improve its score in this area, the Council should consider how it can demonstrate outcomes and efficiencies being achieved through the strategic and operational management of its assets. This should include not only the consideration of its own priorities, but also those of partners and service users. Current initiatives being rolled out, such as 'Timelord' should be carefully monitored and measured to provide evidence of efficiency, effectiveness and improvement being achieved.	The VfM group is collating action plans to help deliver a level 3 for the 2009/10 financial year. These will be reviewed throughout the year as part of WBC's monitoring of Use of Resources	VfM Group - ongoing

## Appendices

**Appendix 8: Follow up of previous recommendations**

This appendix summarises the progress made to implement the recommendations identified in our previous reports.

Report	Number of recommendations that were:		
	Included in original report	Implemented in year or superseded	Remain outstanding (re-iterated below)
ISA 260 Report 2007/08	7	7	0
<b>Total</b>	<b>7</b>	<b>7</b>	<b>0</b>

## Appendices

**Appendix 9: Audit reports issued**

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A summary of the reports issued in the year to date is set out below.

Report	Date issued
Audit and Inspection Plan 2008/09	May 2008
ISA 260 Memorandum to Those Charged with Governance	September 2009

## Appendices

# Appendix 10: Declaration of independence and objectivity

### Declaration of Independence and Objectivity 2008/09

Auditors appointed by the Audit Commission must comply with the *Code of Audit Practice* (the Code) which states that:

*“Auditors and their staff should exercise their professional judgement and act independently of both the Audit Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body, which does not relate directly to the discharge of auditors’ functions, if it would impair the auditors’ independence or might give rise to a reasonable perception that their independence could be impaired”*

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Audit Commission’s *Annual Letter of Guidance and Standing Guidance* (Audit Commission Guidance) and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* (‘Ethical Standards’).

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Audit Commission Guidance requires appointed auditors to follow the provisions of ISA (UK & I) 260 *Communication of Audit Matters with Those Charged with Governance* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor’s objectivity and independence.
- The related safeguards that are in place.
- The total amount of fees that the auditor and the auditor’s network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor’s professional judgement, the auditor is independent and the auditor’s objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor’s objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Governance and Audit Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Audit Partner and the audit team.

### General procedures to safeguard independence and objectivity

KPMG’s reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm’s required independence. KPMG’s policies and procedures regarding independence matters are detailed in the Ethics and Independence Manual (‘the Manual’). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

## Appendices

**Appendix 10: Declaration of independence and objectivity (cont'd)**

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KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual Ethics and Independence Confirmation. Failure to follow these policies can result in disciplinary action.

**Auditor Declaration**

In relation to the audit of the financial statements of West Berkshire Council for the financial year ending 31 March 2009, we confirm that there were no relationships between KPMG LLP and the West Berkshire Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Audit Commission's requirements in relation to independence and objectivity.

## Appendices

**Appendix 11: Draft management representation letter**

Dear KPMG LLP,

We understand that auditing standards require you to obtain representations from management on certain matters material to your opinion. Accordingly we confirm to the best of our knowledge and belief, having made appropriate enquiries of other members of the Authority, the following representations given to you in connection with your audit of the financial statements for West Berkshire Council for the year ended 31 March 2009.

All the accounting records have been made available to you for the purpose of your audit and the full effect of all the transactions undertaken by West Berkshire Council has been properly reflected and recorded in the accounting records in accordance with agreements, including side agreements, amendments and oral agreements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

We confirm that we have disclosed all material related party transactions relevant to the Authority and that we are not aware of any other such matters required to be disclosed in the financial statements, whether under FRS 8 or other requirements.

We confirm that we are not aware of any actual or potential non-compliance with laws and regulations that would have had a material effect on the ability of the Authority to conduct its business and therefore on the results and financial position to be disclosed in the financial statements for the year ended 31 March 2009.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with the Local Government Statement of Recommended Practice ("SORP") and wider UK accounting standards. We have considered and approved the financial statements.

We confirm that we:

- understand that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatements or omissions of amount or disclosures in financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation;
- are responsible for the design and implementation of internal control to prevent and detect fraud and error;
- have disclosed to you our knowledge of fraud or suspected fraud affecting the Authority involving:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others; and
- have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We confirm that the presentation and disclosure of the fair value measurements of material assets, liabilities and components of equity are in accordance with applicable reporting standards. The amounts disclosed represent our best estimate of fair value of assets and liabilities required to be disclosed by these standards. The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Authority where relevant to the fair value measurements or disclosures.

We confirm that 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 that already disclosed in the financial statements; and
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements.

## Appendices

### **Appendix 11: Draft management representation letter (continued)**

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With reference to the specific issues on which you have requested assurances from Members, we confirm that:

- For 2008/09 we consider that sufficient and appropriate consideration has been given to potential impairments of the assets included in the accounts in light of the current macro economic climate and that, where any such impairment has been identified, it is reflected accordingly in the accounts. This includes compliance with the accounting policy for periodic revaluation of assets (under FRS 15), as well as the need for management to undertake a review of assets to determine whether there is any impairment to their value in accordance with FRS 11.

Finally, no additional significant post balance sheet events have occurred that would require additional adjustment or disclosure in the financial statements, over and above those events already disclosed.

This letter was tabled at the meeting of the Governance and Audit Committee on 28 September 2009.

Yours faithfully

[Name of Executive Director signing letter on behalf of West Berkshire Council]

On behalf of West Berkshire Council

## Appendices

### Appendix 12: Audit Fee

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To make sure that there is openness between us and your Audit Committee about the extent of our fee relationship with you, we have summarised the out-turn against the 2008/09 agreed external audit fee. The total fee agreed for the 2008/09 audit plan was £225,000. The fee charged has not exceeded this level. The estimated fee in respect of the audit of the 2008/09 grant claims is £35,000. Work for these is not yet complete and no fee has currently been raised.



<b>Title of Report:</b>	<b>West Berkshire School Balances 2008/09</b>	<b>Item 5</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	28 September 2009	
<b>Forward Plan Ref:</b>	GAC1911	

**Purpose of Report:** To provide information about West Berkshire school balances.

**Recommended Action:** To note the content of the report.

**Reason for decision to be taken:** N/A

**Other options considered:** None

**Key background documentation:** Report to Schools' Forum 6<sup>th</sup> July 2009 - School Balances 2008/09.

The proposals contained in this report will help to achieve the following Council Plan Priority:

**CPP2 – Raise levels of educational achievement** – improving school performance levels

The proposals will also help achieve the following Council Plan Themes:

**CPT9 - Successful Schools and Learning**

**CPT13 - Value for Money**

#### Portfolio Member Details

<b>Name &amp; Telephone No.:</b>	Councillor Barbara Alexander - Tel (01635) 201320
<b>E-mail Address:</b>	balexander@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	01 July 2009

#### Contact Officer Details

<b>Name:</b>	Ian Pearson
<b>Job Title:</b>	Head of Education Service
<b>Tel. No.:</b>	01635 519729
<b>E-mail Address:</b>	ipearson@westberks.gov.uk

## **Implications**

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<b>Policy:</b>	School funding sits within the "ringfenced" Dedicated Schools' Grant (DSG).
<b>Financial:</b>	School funding is monitored throughout the year, subject to regular audits and is reviewed by the Schools' Forum annually.
<b>Personnel:</b>	N/A
<b>Legal/Procurement:</b>	N/A
<b>Property:</b>	N/A
<b>Risk Management:</b>	N/A
<b>Equalities Impact Assessment:</b>	N/A

## Executive Report

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### 1. Introduction

- 1.1 All Authorities are required to operate a Schools Balance Control mechanism. The West Berkshire scheme deems an excess balance as being greater than 5% of the current year's budget share for secondary schools, 8% for primary, nursery and special schools, or £20,000 whichever is greater. The Authority may deduct from the current year's budget share an amount equal to the excess. However, any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the Authority, and which the Authority is satisfied are properly assigned, will be excluded. Examples include saving for capital projects and "bridging" funding "dips", possibly to maintain a number of classes.

### 2. School Closing Balances as at 31 March 2009

- 2.1 The Audit Commission's School Balances Tool allows council's to benchmark their school balances compared to other councils. At the end of 2007/08 (the latest comparator available) West Berkshire balances totalled 2.6% of planned budgets compared to 6.15% for our statistical neighbours, 6.61% for the South East region and 7.05% for the whole of England, so West Berkshire Schools' level of balances compare favourably, and are not a particular issue.
- 2.2 The overall level of school balances has increased from £2.827m in 2008 to £3.117m in 2009 or 10.3%, summarised by school sector as follows:

	<b>31 March 2008 £'000</b>	<b>31 March 2009 £'000</b>	<b>£'000 Increase / (Decrease)</b>	<b>% Increase/ (Decrease)</b>
Primary	1,736	2,055	319	18.4
Secondary	987	859	(128)	(13.0)
Special	64	165	101	157.8
Nursery	40	38	(2)	(5.0)
<b>Total</b>	<b>2,827</b>	<b>3,117</b>	<b>290</b>	<b>10.3</b>

- 2.3 There are 19 schools (all primary schools) with an excess balance, compared to 16 last year, but the total excess balances have reduced from £471k to £310k.
- 2.4 All schools are required to complete the Balance Control Mechanism form and have it signed off by the governing body by 31 May. This form includes details of how schools with an excess balance plan to use the balance. The explanations were considered by the Schools' Forum on 6th July 2009, and it was decided not to claw back any balances from any school at this time, although release of any additional funding would not be made to these schools until the Forum were satisfied that the school had considered how and when this funding would be spent.
- 2.5 It should be noted that schools are now required to do three year budget planning. By planning ahead there may be good financial reasons for holding back funding in any particular year to cover a shortfall in future years, to prevent going into deficit. For example where pupil numbers are falling there may be a need to reduce staffing costs over time which may involve short term costs in excess of resources

available. Schools should be encouraged to plan ahead in this manner rather than to spend their balances without considering future funding implications.

- 2.6 The Schools' Forum will, in the autumn, be considering the proposed use of each school's excess balance in detail to review whether these are reasonable. This will include considering balances over time.
- 2.7 It should be noted that balances held centrally are the source of loan funding to schools, so provide a useful financial support without using Council funding.

### **3. Conclusion**

- 3.1 West Berkshire schools collectively maintain balances at a level of less than half of that held by statistical neighbours. Where balances are deemed "excess" these are monitored closely by officers and the Schools' Forum.

### **Appendices**

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Appendix A – School Balances and School Budget Summary

### **Consultees**

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**Local Stakeholders:** School Heads and Governors

**Officers Consulted:** Claire White, Andy Tubbs, Roz Haines

**Trade Union:** N/A

## Governance &amp; Audit Committee 2009-09-28 - Reports

School With Excess Balances (Net REVENUE Balance only)	2008/09 Closing Excess Balance		
	Relevant Budget Share 2009/10	Balance Allowable 31/03/2009	Excess Balance 31/03/2009
<b>NURSERY SCHOOLS</b>			
Hungerford Nursery School Centre for Children and Families	296,092	23,687	0
Victoria Park Nursery School	427,685	34,215	0
<b>TOTAL NURSERY SCHOOLS</b>	<b>723,777</b>	<b>57,902</b>	<b>0</b>
<b>PRIMARY SCHOOLS</b>			
Aldermaston Church of England Primary School	522,992	41,839	0
Basildon Church of England Primary School	454,566	36,365	0
Beedon Church of England (Controlled) Primary School	242,973	20,000	7,194
Beenham Primary School	362,124	28,970	0
Birch Copse Primary School	1,208,605	96,688	0
Bradfield Church of England Primary School	542,688	43,415	0
Brightwalton Church of England Aided Primary School	374,793	29,983	1,610
Brimpton Church of England Primary School	257,456	20,596	10,435
Bucklebury Church of England Primary School	439,397	35,152	0
Burghfield St Mary's Church of England Primary School	503,419	40,274	0
Calcot Infant School and Nursery	659,258	52,741	0
Calcot Junior School	673,050	53,844	3,640
Chaddleworth St Andrew's Church of England Primary School	221,037	20,000	3,948
Chieveley Primary School	476,353	38,108	0
Cold Ash St Mark's Church of England Primary School	608,078	48,646	0
Compton Church of England Primary School	460,398	36,832	0
Curridge Primary School	378,827	30,306	0
Downsway Primary School	630,535	50,443	0
Enborne Church of England Primary School	238,243	20,000	38,116
Englefield Church of England Primary School	386,626	30,930	0
Falkland Primary School	1,298,150	103,852	0
Fir Tree Primary School and Nursery	679,253	54,340	56
Francis Baily Primary School	1,692,447	135,396	0
Garland Junior School	708,535	56,683	0
Hampstead Norreys Church of England Primary School	406,192	32,495	40,844
Hermitage Primary School	586,104	46,888	16,469
Hungerford Primary School	1,148,713	91,897	0
The Ilsleys' Primary School	279,699	22,376	6,670
Inkpen Primary School	275,230	22,018	2,009
John Rankin Infant and Nursery School	637,975	51,038	0
John Rankin Junior School	788,755	63,100	0
Kennet Valley Primary School	694,628	55,570	20,545
Kintbury St Mary's Church of England Primary School	474,583	37,967	0
Lambourn Church of England Primary School	658,227	52,658	0
Long Lane Primary School	836,109	66,889	0
Mortimer St John's Church of England School	581,659	46,533	0
Mortimer St Mary's CofE Junior School	734,376	58,750	0
Mrs Bland's Infant School	604,279	48,342	0
Pangbourne Primary School	754,260	60,341	0
Parsons Down Infant and Nursery School	659,877	52,790	0
Parsons Down Junior School	962,614	77,009	0
Purley Church of England Infant School	243,909	20,000	0
Robert Sandilands Primary School and Nursery	698,444	55,876	0
Shaw-cum-Donnington Church of England Primary School	314,056	25,124	2,844
Shefford Church of England Primary School	237,427	20,000	0
Speenhamland Primary School	1,020,825	81,666	0
Springfield Primary School	892,326	71,386	0
Spurcroft Primary School	970,957	77,677	0
St Finian's Catholic Primary School	542,399	43,392	0
St John the Evangelist Church of England Infant and Nursery School	638,546	51,084	0
St Joseph's Catholic Primary School	611,750	48,940	0
St Nicolas Church of England Junior School	759,801	60,784	0
St Paul's Catholic Primary School	891,389	71,311	10,386
Stockcross Church of England School	375,400	30,032	17,689
Streatley Church of England Voluntary Controlled School	397,625	31,810	5,810

## Governance &amp; Audit Committee 2009-09-28 - Reports

School With Excess Balances (Net REVENUE Balance only)	2008/09 Closing Excess Balance		
	Relevant Budget Share 2009/10	Balance Allowable 31/03/2009	Excess Balance 31/03/2009
Sulhamstead and Ufton Nerve Church of England Voluntary Aided Primary School	413,270	33,062	8,012
Thatcham Park Church of England Primary School	969,091	77,527	0
Theale Church of England Primary School	917,876	73,430	0
Welford and Wickham Church of England Primary School	314,227	25,138	0
Westwood Farm Infant School	677,104	54,168	17,168
Westwood Farm Junior School	849,946	67,996	21,259
Whitelands Park Primary School	1,025,571	82,046	0
The Willows Primary School	795,748	63,660	0
The Winchcombe School	1,227,041	98,163	75,045
Woolhampton Church of England Primary School	384,706	30,776	0
Yattendon Church of England Primary School	277,134	22,171	0
<b>TOTAL PRIMARY SCHOOLS</b>	<b>41,549,651</b>	<b>3,329,285</b>	<b>309,752</b>
<b>SECONDARY SCHOOLS</b>			
Denefield School	5,187,720	259,386	0
The Downs School	4,359,964	217,998	0
John O'Gaunt Community Technology College	2,487,214	124,361	0
Kennet School	7,803,151	390,158	0
Little Heath School	7,332,550	366,628	0
Park House School and Sports College	5,676,487	283,824	0
St Bartholomew's School	7,138,516	356,926	0
Theale Green Community School	6,162,985	308,149	0
Trinity School	3,813,877	190,694	0
The Willink School	3,814,774	190,739	0
<b>TOTAL SECONDARY SCHOOLS</b>	<b>53,777,238</b>	<b>2,688,862</b>	<b>0</b>
<b>SPECIAL SCHOOLS</b>			
Brookfields Special School	3,101,204	248,096	0
The Castle School	2,287,343	182,987	0
<b>TOTAL SPECIAL SCHOOLS</b>	<b>5,388,547</b>	<b>431,084</b>	<b>0</b>
<b>TOTAL FOR ALL SCHOOLS</b>	<b>101,439,213</b>	<b>6,507,133</b>	<b>309,752</b>

<b>Title of Report:</b>	<b>Risk Management in ICT</b>	<b>Item 6</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	28 <sup>th</sup> September 2009	
<b>Forward Plan Ref:</b>	GA1910	

**Purpose of Report:** To explain how risks are assessed and managed in ICT and why some Net Risk items remain RED.

**Recommended Action:** To note the contents of the report.

**Reason for decision to be taken:** To ensure ICT related risks in the Council are properly managed.

**Other options considered:** None

**Key background documentation:** None

The proposals will also help achieve the following Council Plan Themes:

- CPT7 - Safer and Stronger Communities**
- CPT14 - Effective People**
- CPT15 - Putting Customers First**
- CPT16 - Excellent Performance Management**

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor David Betts - Tel ((0118) 942 2485
<b>E-mail Address:</b>	dbetts@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	25 <sup>th</sup> August 2009

Contact Officer Details	
<b>Name:</b>	Kevin Griffin
<b>Job Title:</b>	Head of ICT
<b>Tel. No.:</b>	01635 519292
<b>E-mail Address:</b>	KGriffin@westberks.gov.uk

## Implications

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<b>Policy:</b>	None
<b>Financial:</b>	<p>The installation of the resilient Internet Feed will require a capital investment of up to £20k which it is anticipated will be funded from the Corporate Allocation in the current capital programme. A bid will be made to the Capital Strategy Group in the near future to secure this funding.</p> <p>There will be ongoing revenue costs relating to maintenance and line rentals of £26k pa Of this £17k will be met from existing Education Service budgets and a revenue bid is being made as part of the 2010/11 budget process through TEB for the remaining £9k to be added to ICT budgets to full fund these costs.</p>
<b>Personnel:</b>	None
<b>Legal/Procurement:</b>	None
<b>Property:</b>	None
<b>Risk Management:</b>	This report proposes a solution to remove ICT's last current RED risk.
<b>Equalities Impact Assessment:</b>	None



## Executive Summary

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### 1. Introduction

- 1.1 West Berkshire Council is highly dependant for its business continuity on the availability of ICT infrastructure and systems. Any risk to the availability of these items is likely to have a large impact on the Council as a whole.
- 1.2 ICT in common with other service areas assess their operational risks in accordance with the Council's Risk Management Methodology. These risks are reviewed on quarterly basis by the ICT Senior Management Team (SMT).
- 1.3 Following a review of Risk Registers across the whole Council concerns were expressed about the number of RED Net Risks recorded on the ICT Risk Register (9 as at February 2009) bringing it to the attention of Governance and Audit Committee.
- 1.4 ICT has reduced the number of RED Net risks from 9 in February 2009 to 2 by June 2009 with an anticipated further reduction to 1 RED Net risk by December 2009.

### 2. Proposals

- 2.1 Work is underway to encrypt the hard drives of mobile devices such as laptop computers and BlackBerries to reduce the risk of data loss, which when complete will reduce the number of RED Net risks in ICT to 1.
- 2.2 A proposal requiring investment of £20k Capital and annual revenue cost of £26k to provide an additional internet feed for WBC, through the Turnhams Green office, would eliminate ICT's last remaining RED Net risk.

### 3. Conclusion

- 3.1 Given the importance of ICT to WBC's Business Continuity it is recommended that the investment in an extra Internet feed be approved to enable the project to be undertaken.
- 3.2 It is worth noting however that due to the importance of ICT infrastructure and systems on business continuity for the Council there will remain a significant number of risks to monitor in ICT (currently 51) and many of these remain as AMBER Net risk, largely due to the Impact a failure or incident would cause.

## Executive Report

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### 1. Introduction

- 1.1 West Berkshire Council is highly dependant for its business continuity on the availability of ICT infrastructure and systems. Any risk to the availability of these items is likely to have a large impact on the Council as a whole.
- 1.2 ICT in common with other service areas assess their operational risks in accordance with the Council's Risk Management Methodology. These risks are reviewed on quarterly basis by the ICT Senior Management Team (SMT).
- 1.3 Following a review of Risk Registers across the whole Council concerns were expressed about the number of RED Net Risks recorded on the ICT Risk Register bringing it to the attention of Governance and Audit Committee.
- 1.4 This document provides Governance and Audit Committee with an up-to-date view of the risk position in ICT.

### 2. Current Risk Situation and Actions Proposed

- 2.1 Governance and Audit Committee was concerned that the February 2009 ICT Risk Register identified 9 RED Net Risks. A subsequent review of the ICT Risk Register in June, following completion of some of the items on ICT's Risk Action Plan, shows that ICT now has 2 Net RED Risks, these are summarised in the table below.

Risk Item/Cause	Net Risk	Likely Impact/Consequences
Long Term loss of Internet Connection >24 Hours Physical damage to cables from building/street works	8	Non-availability of WBC Web Site, Citrix, email etc.
Loss of Device (e.g.) laptop or BlackBerry Theft, loss or temporary use by unauthorised party	9	Loss or disclosure of personal or sensitive data to unauthorised party.

The detailed risk register from June 2009 is included at Appendix A.

- 2.2 Reasons that there are still RED Net Risks in ICT are as follows:-

- (1) Risks are a product of Likelihood (1-4) x Impact (1-4). Generally we can take actions to reduce likelihood but due to the dependence on ICT for large parts of the Council's business it is often difficult to reduce impact. An example is WBC's dependence on its Internet connection to support our public facing web site, email and remote/mobile workers using Citrix.
- (2) The costs of reducing likelihood and/or impact of ICT related risks can be high.
- (3) Some risk reduction issues are technically difficult to achieve.

It is inevitable therefore that some risks will remain and should be accepted.

### 3. Risk Reduction Action Plans

- 3.1 ICT's Risk Action Plans could eliminate these remaining RED Net risks but to achieve this requires some infrastructure investment. The likely risk situation when this paper is presented on 28<sup>th</sup> September 2009 is identified in the tables below.

<b>Risk Description</b>	<b>Long Term loss of Internet Connection &gt;24 Hours</b>
<b>Risk Position (June 2009)</b>	Net Risk Score 8 RED
<b>Anticipated Risk Position (September 2009)</b>	Net Risk Score 8 RED with option to reduce to 4 AMBER
<b>Action Taken/Proposed to reduce risk</b>	Introduce extra Internet feed to WBC through Turnhams Green Office in Theale anticipated costs circa £20k Capital and £26k per annum revenue. Anticipated completion March 2010 if budgets approved by October 2009.

<b>Risk Description</b>	<b>Loss of Device (e.g.) Laptop or BlackBerry</b>
<b>Risk Position (June 2009)</b>	Net Risk Score 8 RED
<b>Anticipated Risk Position (September 2009)</b>	Net Risk Score 8 RED expected to be reduced to 3 GREEN by December 2009
<b>Action Taken/Proposed to reduce risk</b>	Emereo DriveLock Hard Disk Encryption and Data Leakage Protection solution implemented. BlackBerry Encryption enabled through BlackBerry Enterprise Server.

### 4. Conclusions and Recommendations

- 4.1 By carrying out activities within its Risk Action Plan ICT has reduced the number of Net Red Risks from 9, in February 2009, to 2 in June 2009, with an opportunity for reducing this to none by March 2010, subject to investment in an alternative Internet feed through our Turnhams Green office.
- 4.2 Due to the importance of ICT infrastructure and systems on business continuity for the Council there will always remain a significant number of risks to monitor (currently 51) and many of these are likely to remain as AMBER Net risks, largely due to the Impact an ICT failure or incident would cause.
- 4.3 Particular attention is drawn to the impact of losing our Data Centre in Market Street through an extensive fire or other calamitous event. Whilst WBC would be able to reinstate systems from backups the recovery cycle to resume normal business would be quite protracted. ICT is developing a Disaster Recovery facility in Turnhams Green to improve our ability to recover from the scenarios described.
- 4.4 It is recommended that the proposed capital investment of £20k, and revenue investments of £26k per annum be made to provide an alternative Internet feed to WBC through the Turnhams Green office in order to eliminate the remaining RED Net risk in the ICT Service.

## Appendices

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Appendix A – ICT Risk Register June 2009

### Consultees

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**Local Stakeholders:** ICT SMT, ICT Strategy Board, Corporate Board, Management Board

**Officers Consulted:** Andy Best, Charles Morris, Ian Priestley, Simon Freeman

**Trade Union:** Not consulted

Appendix A

ICT Risk Register June 2009

Service Area	ICT
HOS	Kevin Griffin
Date Last Reviewed	26-Jun-09

No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
<b>1. Networking</b>												
1.1	Internet Connectivity	Internet connectivity short term ≤ 24 hrs	No Internet Access- Corp / Schools etc. westberks.gov.uk & westberks.org unavailable Delayed Email Delivery / Receipt BlackBerry Access Lost No staff / supplier Remote Access No External Data Exchange Some Applications unavailable	3	3	9	Strong SLA with Supplier Highly reliable BT Equipment Continual Monitoring Low bandwidth resilience	2	3	6	Andy Best	CORPORATE
1.2	Internet Connectivity - availability	Internet connectivity long term loss circuit failure, ≥ 24 hrs [router failure isp issue]	No Internet Access- Corp / Schools etc. westberks.gov.uk & westberks.org unavailable Delayed Email Delivery / Receipt BlackBerry Access Lost No staff / supplier Remote Access No External Data Exchange Some Applications unavailable	2	4	8	Strong SLA with Supplier, Highly reliable BT Equipment, Continual Monitoring; Low Bandwidth Resilience	2	4	8	Andy Best	CORPORATE
1.3	Availability of systems	Firewall Failure	No Internet Access- Corp / Schools etc. westberks.gov.uk and westberks.org unavailable Delayed Email Delivery / Receipt No staff / supplier Remote Access No External Data Exchange Some Applications unavailable Libraries & Schools - no access to hosted sy	2	4	8	2 pairs of resilient firewalls Support Agreement / Fast Response Continual Monitoring Tested failover	1	4	4	Andy Best	CORPORATE
1.4	Availability of internet and applications	Internal DNS Failure	No internet Access for most users Some Applications Unavailable	2	2	4	Multiple DNS Servers employed, continual monitoring. Easy to remedy	1	2	2	Andy Best	CORPORATE
1.5	Availability of network services	Malicious attack on systems and network - actual damage (incl malicious software, hacking, DoS etc)	No Internet Access- Corp / Schools etc. westberks.gov.uk and westberks.org unavailable Delayed Email Delivery / Receipt No staff / supplier Remote Access BlackBerry Service unavailable No External Data Exchange Some Applications unavailable Libraries & S	4	4	16	Modern resilient firewall in place Continual Monitoring Application layer Firewall in place TOPS AV in Place. Packet shaper Blucoat Proxy Server	1	4	4	Andy Best	CORPORATE
1.6	Availability of WAN infrastructure	Circuit/Router/Switch failure or configuration error	No 'Downstream' ICT Connectivity - Applications; Email, Internet etc.	2	3	6	Reliable and Resilient hardware. Continual monitoring. Reliable circuits. Replacement equipment. Support Agreements in place. Changes planned and tested	1	3	3	Andy Best	CORPORATE

Appendix A

ICT Risk Register June 2009

Service Area	ICT
HOS	Kevin Griffin
Date Last Reviewed	26-Jun-09

No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
1.7	Availability of LAN infrastructure	Failure of Core LAN Switch/Failure of edge switch	No ICT access to any service, internally or externally	2	4	8	Two Resilient Core Switches Redundant Power Supplies Highly reliable equipment Continual Monitoring Support Agreements / Fast Response : Continual Monitoring Spare Switches Held Regular health checks VLAN Database backed up	1	4	4	Andy Best	CORPORATE
1.8	Availability of Computer Room & Infrastructure Systems	Loss of Computer Room and no access. (Fire / Flood / Damage etc). Loss of Power. Loss of Air conditioning.	Total loss of ICT systems - most likely for weeks	2	4	8	Fire detection Systems Fire Suppression Systems Very Local Fire Service Water Detection system & alarm Physical Access Controls Remote Access for some systems Air Conditioning Maintenance Contract. Regular Air Conditioning Maintenance schedule. Emerge	1	4	4	Andy Best	CORPORATE
1.9	Loss of availability of Citrix systems	software failure, security incident; CSG or AG issues; Complete loss of AD, IBM Blade Centre functionality; hardware failure, configuration error. Hardware SPF	No Access to the Server Infrastructure from the Desktop; No access to key internal line of business applications; No external WBC staff, members access to internal systems or third party access reducing support.	2	4	8	AD & DNS replicated to other DCs. Regular backups; Dual power supplies to blade centres; Key resources have static IP addresses. Resilience Work completed to eliminate SPFs	1	4	4	Andy Best/ Gary Blackall	CORPORATE
1.10	Availability/integrity/confidentiality of data	insufficient or failure of technical security controls, failure of backup procedure,	Loss or compromise of data, reputation, data protection issues	3	3	9	Regular Penetration Testing performed ICT Policy in place (needs updating) Information Security Officer post in place Strong physical security controls Strong electronic security controls	2	3	6	Andy Best	CORPORATE
1.11	Availability/integrity/confidentiality of data on mobile devices, eg laptops, tablets, blackberries, PDAs, memory sticks	Loss of device (theft or otherwise). Inappropriate access by unauthorised third party.	Loss or compromise of data, reputation, data protection issues	3	4	12	Kensington Locks available to all Encrypted Memory Sticks available to all Enforced passwords /policies on some devices Timelord 'build' has improved situation Hard disk encryption project planned	3	3	9	Jackie Woodland	CORPORATE
1.12	E-Mail Availability	Hardware/software fault	failure of access to e-mail	2	3	6	Resilience in all servers. All servers in VMWare and very quick to recover	2	1	2	Andy Best	CORPORATE
1.13	Availability of virtual file/application servers	Hardware failure (Virtual servers)	loss of relevant systems (single server failure)	2	2	4	Regular Backups. Server virtualising will result in quick restore. Actively moving files onto supported operating systems	2	2	4	Andy Best	CORPORATE
1.14	Availability of applications	Failure of Server hardware (Physical server)	Business Application/s Fail potential loss of numerous applications	2	3	6	Regular backups. Maintenance contracts + SLAs	2	2	4	Andy Best	CORPORATE
1.15	Storage Area Network(SAN)	Hardware/software failure	loss of all (most) systems	3	4	12	Multiple paths to storage resources in most cases. Monitoring in place Automatic fail over in place Extensive manual monitoring and maintenance	1	4	4	Andy Best	CORPORATE

Appendix A

ICT Risk Register June 2009												
Service Area		ICT										
HOS		Kevin Griffin										
Date Last Reviewed		26-Jun-09										
No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
<b>2. ICT Telecommunications</b>												
2.1	Availability of BT Network - (External Network Calls)	Total Failure of Network - BT Circuit Failures / BT Exchange Failure	No Incoming/Outgoing Calls No Internal Calls Between Sites	1	4	4	Continual Monitoring Robust SLA with Supplier Reliable Equipment	1	4	4	Karen Reddings	CORPORATE
2.2	Availability of BT Network - (Internal Network Calls)	Partial Failure of Network - Single DPNSS Circuit	No Incoming/Outgoing Calls to Local Site	1	4	4	Continual Monitoring Robust SLA with Supplier Reliable Equipment Hardwired Coaxial Link Cable between Northcroft House and Avonbank House	1	3	3	Karen Reddings	CORPORATE
2.3	Availability of PABX Switches - All Sites	Total Failure of Switch - Hardware/Software	No Incoming/Outgoing Calls No Calls Between Local Sites No Contact Centre ACD Availability - Market Street No Procentre Availability - Market Street No Switchboard Availability - Market Street No Voicemail Availability - Market Street No Call Logging	2	4	8	Dual Processor - Market Street Continual Monitoring Robust SLA with Supplier Reliable Equipment Limited Spares Held. UPS units installed at Northcroft House, Avonbank House, Faraday Road and Newbury Library to add to those at Market Street	2	3	6	Karen Reddings	CORPORATE
2.4	Availability of Local Switches (not ISDX-L)	Power Failure ≤ 1 hr	Delivery Failure Service Outage Consequence will Vary	2	3	6	Appropriate 7h UPS units for Avonbank House, Northcroft House, Faraday Road and Newbury Library in place. UPS units tested annually by sub contractor.	1	3	3	Karen Reddings	CORPORATE
2.5	Availability of Local Switches (not ISDX-L)	Power Failure ≥ 1 hr	No Incoming/Outgoing Calls No Calls Between Local Sites	2	4	8	Appropriate 7h UPS units for Avonbank House, Northcroft House and Faraday Road in place. UPS units tested annually by sub contractor.	1	4	4	Karen Reddings	CORPORATE
2.6	Availability of PABX Room	≥ 24 hr Fire/Flood Accidental Damage Malicious Damage Air Conditioning Failure	Delivery Failure Service Outage Consequence will Vary	2	4	8	HFC227ea Fire Protection Provided Restricted Access to Room Backup Air. Con. Unit Installed Remote Access to Key Systems Available Strict Control of Remote Access to System Modems	1	4	4	Karen Reddings	CORPORATE
2.7	Operability of PABX Room	Total Loss of Electrical Power ≥ 8 hrs	No Incoming/Outgoing Calls No Calls Between Local Sites No Contact Centre ACD Availability No Procentre Availability No Switchboard Availability No Voicemail Availability No Call Logging	2	4	8	Emergency generator installed.	1	4	4	Karen Reddings	CORPORATE
2.8	Availability of Out of Hours Emergency Circuit (01635 42161)	Circuit Failure	Loss of Emergency Out of Hours Service for the General Public	1	4	4	Robust SLA with Supplier	1	4	4	Karen Reddings	CORPORATE
2.9	Availability of HiPath Procentre	Software and/or hardware failure. Network failure	Loss of system functionality Loss of Customer Service/ICT Helpdesks statistics/management information	2	3	6	System provides for automatic fail-over to manual queuing	2	2	4	Karen Reddings	CORPORATE

Appendix A

ICT Risk Register June 2009

Service Area	ICT
HOS	Kevin Griffin
Date Last Reviewed	26-Jun-09

No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
2.10	Mobile Phones - For Use in a Major Emergency	Mobile Network Failure in the Event of a Major Emergency	Loss of Contact	1	4	4	Emergency mobile numbers identified by Carolyn Murison have access.	1	4	4	Karen Reddings	CORPORATE
2.11	VOIP	Failure of VOIP infrastructure/software	VoIP Phone users have no service	2	3	6	One Resilient Core Switches Highly reliable equipment Regular Monitoring Support Agreements / Fast Response : Regular Monitoring	1	3	3	Karen Reddings	CORPORATE
2.12	BlackBerry Services	Loss of BlackBerry Service	BES Failure Supplier Failure	2	3	6	Monitored Virtual Server can be recovered quickly	2	3	6	Karen Reddings	CORPORATE
<b>3. Developing Business applications</b>												
3.1	Day to day support and availability of Business systems	Inability to restore functionality after failure for a key business system. This could be due to availability of staff or skills.	Users unable to carry out key job functions as a result of limited or no functionality.	2	4	8	Key Skills crossover and training. Systems documentation.	2	3	6	Mat Scalpello	CORPORATE
3.2	Day to day support and availability of Business systems	Failure of db server environment due to space or size requirements	Users unable to carry out key job functions as a result of limited or no functionality. Loss of data and/or data corruption.	3	4	12	Daily automated server monitoring process emails and reports on Disk space and Database size for all SQL server and Oracle installations	1	4	4	Mat Scalpello	CORPORATE
3.3	Availability of web facing services.	Website or web facing services are hacked/compromised. Denial of service attack	Availability of services to public and staff. Loss and/or corruption of sensitive data. Key information not available to citizens. Loss of confidence and damage to reputation of Council.	2	4	8	Application firewall in place. Running Web service extensions at a minimum on all web servers. Defensive coding on all internally developed pages. Externally developed pages tested for defensive measures before implementation.	1	4	4	Mat Scalpello	CORPORATE
3.4	Availability of web facing services.	Website down due to server or network failure.	Key information not available to citizens. Citizens unable to use Website services (e.g. paying a fine) Loss of confidence and damage to reputation of Council.	3	2	6	Servers monitored as part of DBA process. Website holding page available (local server failure only)	3	2	6	Mat Scalpello	CORPORATE
3.5	Availability of web facing services.	Intranet down due to server or network failure.	Key information not available to internal staff and schools Staff unable to use applications available from intranet Loss of confidence and damage to reputation of ICT.	3	2	6	Servers monitored as part of DBA process.	3	2	6	Mat Scalpello	CORPORATE



Appendix A

ICT Risk Register June 2009

Service Area	ICT
HOS	Kevin Griffin
Date Last Reviewed	26-Jun-09

No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
3.6	Project management	PMM process not adopted by customers	Projects in by the 'back door'. Software purchased without ICT approval. Skills may not be available to support software and processes Creeping user requirements. Excessive schedule pressure.	3	2	6	Use/acceptance of PMM improving (Strengthened by ICT Strategy Board governance). PMM training part of corporate Learning & Development programme Procurement gateway established Change Awareness process established Change Advisory Board established	1	2	2	Mat Scalpello	CORPORATE
3.7	Availability of externally hosted and/or externally managed systems	Failure of 3rd party/system/connectivity	Examples: EMS Applications Online; Uniservity; Choice Based Letting; Spydus; SIMS Learning Gateway; Newsflash; Committee Management system; Sovereign/Academy;	3	3	9	Where ICT has been involved in the system procurement, the capability of the provider to provide a 24/7 system has been assessed and proactively managed. May be necessary to get Supplier buy on a RACI as part of procurement process.	2	3	6	Mat Scalpello	CORPORATE
3.8	Change Management	Implementation of a Change causes system outage	Users unable to carry out key job functions as a result of limited or no functionality.	3	4	12	Change awareness group implemented. Change advisory board implemented. Robust/Formal test processes introduced	2	3	6	Mat Scalpello	CORPORATE
<b>4. Management / Infrastructure</b>												
<b>ICT CUSTOMER SUPPORT</b>												
4.1	<b>ICT Help Desk Operation (excluding Schools)</b> including logging, updating, tracking, calls relating to incidents and requests from our customers and accessing ICT reference data held in Remedy	Loss of Remedy system	Inability to update/access existing data/workload.  Impact on Service delivery/reputation Loss of key performance data Users satisfaction/reputation impacted	1	2	2	Business Continuity plans in place Service Level Statement in place	1	1	1	Malcolm Nicholas	CORPORATE
4.2	<b>Remote management of systems</b> including remote control of customer workstations to resolve logged incidents and requests	Loss of Remote control software (Landesk/NetOp)	Inability to remote control systems. Inability to view/update inventory data. Impact on Service delivery/reputation. Inability to install software remotely - impact on projects	1	3	3	All former first-fix and "remote(RFL)" calls to become "visits (SVR)" during down time. Alternative temporary management tools to be employed wherever possible - Microsoft Service Level Statement in place	1	3	3	Malcolm Nicholas	CORPORATE
4.4	<b>Client based applications</b>	Hardware Failure	Inability to easily restore systems for user Loss of data incorrectly stored locally	4	2	8	Landesk software inventory in place ICT Policy/Information Security All desktop applications packaged in Landesk for speedy remote deployment Stock of hardware for speedy replacement	4	1	4	Malcolm Nicholas	CORPORATE

Appendix A

ICT Risk Register June 2009

Service Area	ICT
HOS	Kevin Griffin
Date Last Reviewed	26-Jun-09

No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
4.5	Application Packaging	Inability to keep pace with demand for upgrades Procedure too rigid/inflexible No inhouse skills for delivery	Delayed upgrades/projects Frustrated customers High costs	3	3	9	Need to develop inhouse skills. Alternative temporary solutions developed to lessen immediate impact	3	2	6	Malcolm Nicholas	CORPORATE
<b>5. Service Area (generic)</b>												
5.1	Inability to maintain ICT services	Partial/Total Loss of Accommodation for any reason	Office Area Builds Room Computer Room PABX Room/Comms Rm	1	4	4	see "availability of computer room" - Controls Use of remote access where building has had to be vacated, eg bomb scare	1	3	3	Kevin Griffin	CORPORATE
5.2	Availability of ICT services	Partial /Total Loss of Power leading to Data Centre overheating	Non availability of some ICT systems and infrastructure served from Data Centre. Inability of users to use PCs in Market Street	3	4	12	Emergency generator installed UPSs in use in critical areas Standby mobile air-conditioning units in place Remote access facilities available (if Computer Room still operable)	2	3	6	Kevin Griffin	CORPORATE
5.3	Ensuring Relevant legislation is complied with	Software licensing - underlicensing	Fines / Penalties Reputation issues	2	2	4	Microsoft Enterprise Licencing in place and actively monitored Review of Novell licensing carried out and actively monitored Review of Adobe licensing carried out and actively monitored Service area system owners aware of their responsibilities through Se	1	2	2	Kevin Griffin	CORPORATE
5.4	Ensuring Relevant legislation is complied with	Software licensing - overlicensing	Wasteful use of Council funds	2	2	4	Microsoft Enterprise Licencing in place and actively monitored Review of Novell licensing carried out and actively monitored Review of Adobe licensing carried out and actively monitored Service area system owners aware of their responsibilities through Se	1	2	2	Kevin Griffin	CORPORATE
5.5	Ensuring Relevant legislation is complied with	Breach of Copyright	Fines / Penalties Reputation issues	2	2	4	ICT Policy Prevention of individual software installs by users Control of media	1	2	2	Kevin Griffin	CORPORATE
5.6	Maintain availability/integrity/confidentiality of information	Breach of security in relation to data (Data Protection Act) Virus Inability to comply with FoI	Litigation loss of reputation partners stop sharing info -disruption of services Service Delivery Corruption of Data	3	3	9	Regular Penetration Testing performed ICT Policy Information Security Officer post in place Strong physical security controls Strong electronic security controls Firewalls / Anti-Virus Software etc.	2	3	6	Kevin Griffin	CORPORATE

Appendix A

ICT Risk Register June 2009

Service Area	ICT
HOS	Kevin Griffin
Date Last Reviewed	26-Jun-09

No	Service /Description	Risk / Trigger	Consequences	Gross Rating			Controls	Net Rating			Owner	Corporate/Local
				Likeli-hood	Impact	Score		Likeli-hood	Impact	Score		
5.7	Service-wide Capacity to operate/ deliver services - Generic	Total loss of staff	No capacity to meet customer needs. Impact on Service delivery/reputation	1	4	4	Recruit contractors/re-assign management to Help Desk supervision; Maintain Procedural Handbook/Technical Reference data/Systems documentation	1	3	3	Kevin Griffin	CORPORATE
5.8	Service-wide Capacity to operate/ deliver services - Generic	Partial loss of staff	Insufficient capacity to meet customer needs. Impact on Service delivery/reputation	4	2	8	Distribute workload across team/monitor performance/recruit contractors if unable to maintain acceptable service level. Flu Pandemic Scenario Plans in place	4	1	4	Kevin Griffin	CORPORATE
5.9	Communicating with Customers/Colleagues	Loss of some or all means of communication	<b>Email system:</b> Inability to communicate in writing to/from customers. <b>Help Desk Tel Call Queuing System:</b> Inability to queue calls (HD phone "engaged" constantly)	1	4	4	Maintenance agreement in place for relevant systems	1	4	4	Malcolm Nicholas	CORPORATE
5.10	Available of key skills	Too many systems, too many databases, too many languages. Insufficient skills/capacity to support demand Single point of failure	Difficult to maintain a consistent skills base to cover supported systems without having SMEs/single points of failure. Inability to service user requirements	3	3	9	Skills Analysis/Cross Skilling ongoing	2	3	6	Kevin Griffin	LOCAL
5.11	Procurement of ICT hardware/software/services using electronic means	Loss of Agresso for more than 24 hours	Inability to create requisitions/orders  Inability to monitor spend against budget allocation.	1	3	3		1	3	3	Kevin Griffin	CORPORATE
<b>6. Business Continuity / Disaster Planning</b>												
6.1	Maintain BCP plans	Fire / Flood power loss etc	Inability to maintain essential services following a major incident	1	4	4	Corporate and Local BC Plans under development	1	4	4	Jackie Woodland	CORPORATE
<b>7. Businesses / Delivery of Services</b>												
7.1	Maintain Schools Business Continuity	Loss or failure of Schools ICT infrastructure	Loss of income / Reputation	3	2	6	Strong SLA with Suppliers Highly reliable BT Equipment Continual Monitoring Local spares kept for schools based equipment	2	2	4	Rory O' Sullivan	CORPORATE



<b>Title of Report:</b>	<b>Strategic Risk Register</b>	<b>Item 7</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	28 <sup>th</sup> September 2009	
<b>Forward Plan Ref:</b>	GAC1906	

**Purpose of Report:** To update the Committee on the Council's Strategic Risks.

**Recommended Action:** To comment on the work being done to manage the risks to the Council.

**Reason for decision to be taken:** None

**Other options considered:** None

**Key background documentation:** Risk Management Strategy

The proposals contained in this report will help to achieve the following Council Plan Priority:

**X CPP3 – Reduce West Berkshire's carbon footprint** – to reduce CO<sub>2</sub> emissions in West Berkshire and contribute to waste management, green travel, transportation and energy efficiency

The proposals will also help achieve the following Council Plan Theme(s):

- X CPT1 - Better Roads and Transport**
- X CPT2 - Thriving Town Centres**
- X CPT3 - Affordable Housing**
- X CPT4 - High Quality Planning**
- X CPT5 - Cleaner and Greener**
- X CPT7 - Safer and Stronger Communities**
- X CPT9 - Successful Schools and Learning**
- X CPT11 - Protecting Vulnerable People**
- X CPT13 - Value for Money**
- X CPT14 - Effective People**
- X CPT15 - Putting Customers First**
- X CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Improving the governance arrangements of the Council.

Portfolio Member Details	
<b>Name &amp; Telephone No.:</b>	Councillor Anthony Stansfeld 01488 658238
<b>E-mail Address:</b>	astansfeld@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	20 <sup>th</sup> August 2009

Contact Officer Details	
<b>Name:</b>	Charles Morris
<b>Job Title:</b>	Risk & Insurance Manager
<b>Tel. No.:</b>	01635 519310
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### Implications

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<b>Policy:</b>	The strategic risks identified in this report are all related to the delivery of the Council Plan.
<b>Financial:</b>	None
<b>Personnel:</b>	None
<b>Legal/Procurement:</b>	None
<b>Property:</b>	None
<b>Risk Management:</b>	The Strategic Risk register is reviewed on a quarterly basis by Corporate and Management Boards and Governance & Audit committee. This is a key element of the Risk Management Strategy
<b>Equalities Impact Assessment:</b>	None.

## Executive Summary

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### **1. Introduction**

- 1.1. This report sets out the strategic risks facing the Council. Corporate Board have reviewed the register on 21<sup>st</sup> July 2009.

### **2. Proposals**

- 2.1. The Committee are asked to consider the implications / vulnerabilities of the revised Strategic Risk Register and comment. (Appendix A)
- 2.2. The Committee should focus on risks where the net score is red (Action Plan appendix B) and consider whether the proposed actions are adequate.
- 2.3. The Committee are also asked to consider and review those risks where the gross risk is 12 or more and net risk 6 or less. Corporate Board have been asked to give some attention to reviewing controls in place for these risks and obtain assurance that these are working. Control failure on one of these risks would have significant implications for the Council. (Appendix C)

### **3. Conclusion**

- 3.1. The Council's Risk Management framework is robust.

## Executive Report

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### 1. Background

- 1.1. The Council's Risk Management Strategy requires a quarterly review of the Council's Strategic Risk Register (SRR) by Corporate Board. This report provides an updated SRR.
- 1.2. Corporate / Management Boards and Governance & Audit Committee review the SRR on a quarterly basis.

### 2. Strategic Risk Register 2009 / 2010

- 2.1. The SRR for 2009 / 2010 has been revised for quarter 1 and is attached as appendix A.
- 2.2. The SRR had been placed on to the Performance Management Portal and a demonstration given to Corporate Board. However the software suppliers, Triangle, have gone into liquidation. A temporary maintenance contract is in place with SSL. A final decision as to whether to continue with the system will be made through EPMG and IPG once the new 'stable' system has been tested for Q1 performance returns. It was decided that no further work on the SRR on the portal should be done until a firm decision on the use of the PMP module has been made.
- 2.3. The Committee are asked to consider the implications / vulnerabilities of the revised SRR and comment. There are 7 net red risk areas of concern. Appendix B provides an update on the Actions being taken to improve controls and reduce the net risk.
- 2.4. In addition to red net risks there are 6 issues where the gross risks are assessed as 12 or above but with net scores of 6 or less. Corporate Board should give some attention to reviewing controls in place and obtain assurance that these are working. Control failure on one of these risks would have significant implications for the Council. (Appendix C)
- 2.5. The Council applies a standard Risk Appetite to assessing levels of risk. A copy of this is attached at Appendix is attached at Appendix D.

### 3. Future Work

- 3.1. This report will be produced on a quarterly basis in future.
- 3.2. The SRR will be expanded by the end of quarter 2 of 2009 – 2010 financial year to include risks associated with the Council Plan objectives.
- 3.3. Risk management workshops are taking place for the following key projects and these are reviewed on a regular on-going basis. Summary information is included in the Risk Management quarterly reports.
  - The Waste PFI
  - Parkway
  - Market Street Redevelopment
  - Children's Trust



- St Bartholomew's School

3.4. Await outcome of decision on the PMP and if the decision is to continue with the system, use the portal in future for the SRR. Quarterly reviews will continue for Corporate / Management Boards and Governance & Audit Committee.

#### **4. Conclusion**

4.1. The Council's Risk Management framework is robust

##### **Recommendations**

4.2. The Committee review the required controls or actions on the action plans for net red risks. (Appendix B)

4.3. The Committee to review controls on gross risks with scores of 12 or more with net risks of 6 or less. (Appendix C) and seek assurance that these controls are operating satisfactorily.

#### **Appendices**

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Appendix A - Strategic Risk Register

Appendix B - Strategic Action Plan

Appendix C - High Gross Risks 12 and above

Appendix D - Risk Appetite for West Berkshire Council

#### **Consultees**

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**Local Stakeholders:** None

**Officers Consulted:** Ian Priestley / Andy Walker

**Trade Union:** Through Risk Strategy Group

Governance & Audit Committee 2009-09-28 - Reports  
**Strategic Risk Register July 2009**

**Appendix A**

Owner	Corporate Board
Date	21 July 2009

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
<b>1 External Influences</b>												
	<b>Economic</b>											
1.1	Increased unemployment & Benefit Claims Downturn in Economy / Recession Increased demand on Council Services Vulnerability of voluntary organisations	Global Economic conditions Interest Rates	Increased unemployment Increased Nos on benefit Reduced income to the Council Budget Pressure	3	3	9	Economic Development Strategy Sustainable Community Strategy Social Inclusion Strategy Council Plan MTFS Contract management in place	2	3	6	No Change	Head of Policy & Comm + Cllr Anthony Stansfeld
	<b>Social</b>											
1.2	Perceptions / High fear of crime	Reporting of Crime & Disorder issues Rising unemployment	Loss of life damage to property	3	2	6	Effective Community Safety Strategy Effective interagency working Appropriate funding	2	2	4	No Change	Chief Executive + Safer Communities Partnership+ Cllr Graham Pask
1.3	Terrorist Action	Action taken by international / local groups	Significant disruption Fatalities / Injuries Reputation <b>&gt; WBC currently do not have Insurance cover against Terrorist Action</b>	1	4	4	Emergency Plan / Plan tested Interagency working	1	4	4	No Change	Head of Countryside & Env + Cllr Graham Pask / Cllr Hilary Cole
	<b>Environmental</b>											
1.4	Major Environmental Incident	Major disaster in local area Rain Road / Rail / Air crash AWE	Significant disruption Fatalities / Injuries Reputation	2	4	8	Major Incident Plan Multi-agency Working Site Specific Plans	2	3	6	No Change	Head of Countryside & Environment + Cllr Hilary Cole
1.5	Outbreak of disease affecting humans	Spread of Infectious	Disruption to council services Fatalities / Injuries Reputation	1	4	4	Major Incident Plan Business Continuity Management Specific Plans Multi-agency Working	1	3	3	No Change	Head of Countryside & Environment + Cllr Hilary Cole

## Governance &amp; Audit Committee 2009-09-28 - Reports

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
1.6	Flu Pandemic	Spread of flu virus Lack of NHS Vaccines	Significant disruption to Council Services and the Community. Fatalities / Injuries Reputation	3	4	12	Major Incident Plan Business Continuity Management Specific Plans Multi-agency Working Weekly meetings Action Plan updated on a regular basis	2	4	8	↑	Corporate Director for CYP & Head of Countryside & Environment + Cllr Hilary Cole
1.7	Outbreak of disease affecting animals	Spread of infectious animal disease which may be zoonotic.	Disruption to Council Services and the Community Fatalities / Injuries Reputation	2	3	6	Major Incident Plan Specific Animal Disease & welfare Plans Multi-agency Working Vaccinations	1	3	3	No Change	Heads of Countryside & Environment and Planning & Trading Standards + Cllr Hilary Cole.
1.8	Flooding	Building on flood plain Severe Rain Storms Defective Drainage	Significant disruption to Council Services and the Community. Fatalities / Injuries Reputation	2	4	8	Major Incident Plan Multi-agency Working Planning Process Proper drainage in place Specific Plans	2	3	6	No Change	Heads of Countryside & Environment and Highways & Transport. + Cllrs Hilary Cole and David Betts
1.90	Heat wave / Drought	Long Hot Summer Severe Water shortages	Disruption to Council Services and the Community Fatalities of Vulnerable People Reputation	3	4	12	Major Incident Plan Heat wave Plan Multi-agency Working	1	4	4	New	Heads of Countryside & Environment & Older Peoples Service + Cllr Hilary Cole
1.1	Incident at AWE / PSD/Welford / or similar establishment	Security breach Radiation Emergency	Significant disruption Fatalities / Injuries Reputation	1	3	3	Major Incident Plan Site Specific Plans Multi-agency Working	1	3	3	No Change	Head of Countryside & Environment + Cllr Hilary Cole
1.11	Fuel Shortages	Disruption to Supplies	Disruption to Council Services and the Community Reputation	2	2	4	Major Incident Plan Fuel Plan Multi-agency Working	1	2	2	New	Head of Countryside & Environment + Cllr Hilary Cole

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
	<b>Political</b>											
1.12	Intervention by Central Government or Other Regulatory Body	Change of CAA Methodology Statutory obligations not met	Legal challenge Government Intervention Compensation Poor CAA Scores Poor Audit Commission Reports	3	2	6	Community Plan Corporate Plan Effective Performance Management MTFS District Profile Consultation Strategy	2	2	4	No Change	Chief Executive + Cllr Graham Jones
<b>2 Corporate Management</b>												
	<b>Strategy</b>											
2.1	Long Term Planning	Failure to see demographic and other external changes Poor / weak leadership Legislative changes	Ineffective forward planning Inappropriate service delivery Intervention Budget difficulties Poor CPA Scores Poor Audit Commission Reports	1	3	3	Sustainable Community Plan Corporate Plan Effective Performance Management MTFS District Profile Consultation Strategy	1	2	2	No Change	Chief Executive + Cllr Graham Jones
2.2	Change management	Inappropriate pace of change Poor Performance Management	Failure to realise opportunities CPA Intervention Inefficiency Poor reputation Capacity issues Expectations not realised	1	3	3	Effective Programme & project management Corporate Plan Effective performance & risk management	1	2	2	No Change	Chief Executive + Cllr Graham Jones
2.3	Downsizing	Budget pressure	Staff morale Error / fraud risk increases Redundancies	3	3	9	Good Management Processes in Place Robust Audit procedures HR Policies re change	2	2	4	No Change	Chief Executive + Cllr Graham Jones
	<b>Finance</b>											
2.4	Financial Management	Failure to undertake appropriate Financial Planning	Qualification on the accounts Failure to set standards Reputation CAA Unacceptable under / Overspends Section 151 officer / DA Reports	3	2	6	MTFS includes sensitivity analysis Budget monitoring Financial rules of procedure Stronger Governance	1	2	2	No Change	Head of Finance + Cllr Keith Chopping
2.5	Budget pressures emerge in year / Ineffective budget monitoring Budget setting (Revenue)	Overspending Income targets not met Poor budgetary control	Lack of resources impacting on service delivery	3	3	9	MTFS including allowance for contingencies Budget monitoring panel in place Financial rules of procedure Stronger Governance Project Action Plan TEB	3	2	6	No Change	Head of Finance + Cllr Keith Chopping

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
2.6	Tax Base	The tax base is significantly different to forecast New Housing Build slows	Potential impact on Council tax requirements if tax base estimates unreliable	3	3	9	Set a prudent but realistic projection Undertake sensitivity analysis. Regularly monitored at TEB	3	2	6	No Change	Head of Finance + Cllr Keith Chopping
2.7	Capital Programme Implementation	Overspend Reprofiling Affordability	Service Delivery	3	3	9	Capital Budget Financial procurement Governance PMM Contract rules & procedure MTFS	2	2	4	↑	Head of Finance + Cllr Keith Chopping
2.8	Grant Settlement / Funding of Services	The settlement is lower than anticipated due to changes in the methodology: / data / control totals	Lower formula grant resulting in budget pressures Service cuts	4	3	12	Ensure the budget process is flexible enough to deal with changes when actual figures are known. Set a prudent but realistic projection Undertake sensitivity analysis SMR TEB	4	2	8	↑	Head of Finance + Cllr Keith Chopping
2.9	Council Tax	That a different level of Council tax than assumed is set. Or the level of increase is capped by Government	Budget pressure Service Cuts	2	3	6	The level of Council Tax is a member decision. The implications of various levels of Council Tax are demonstrated to Members. Multi year settlements mean that capping levels are notified in advance. Undertaking sensitivity analysis. 5 year provisional settlement assists forward planning	2	3	6	No Change	Head of Finance + Cllr Keith Chopping
2.10	Specific Grants	The value of Specific grants may vary from the assumptions made. Decisions are often made by government late in the day.	Transfer from Specific formula grant can have a significant impact on service levels	4	2	8	Flexible budget process Lobbying in support of grant changes that benefit WBC	3	2	6	No Change	Head of Finance + Cllr Keith Chopping
2.11	Low Inflation / Interest rates	Inflation may rise beyond anticipated rates Interest rates on borrowing may be higher than planned.	Actual pay rises may exceed estimate and cause a budget pressure on investments Cost of financing capital programme could be higher than budgeted	2	2	4	Multi year pay settlements help reduce the uncertainty Prudent rate is used in forecasting Sensitivity analysis used MTFS assumptions re pay	2	2	4	No Change	Head of Finance + Cllr Keith Chopping
2.12	Reduced income from S106 / developer contributions	New legislation and reduced development in area	Reduced level of capital funding	3	3	9	Capital Programme Governance / CB / MB / Executive	3	2	6	No Change	Corp Board + Head of Finance + Cllr Keith Chopping Cllr Alan Law

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
	<b>HR</b>											
2.13	Inability to recruit & retain to key posts	Local labour market Council/s reputation Ineffective recruitment	Increased costs Lack of service continuity Inefficiency Service delivery problems	1	2	2	HR Policies / Management Service Continuity Performance Management Effective HR Adequate Job descriptions Service Continuity Plans Budget provision	1	1	1	No Change	Head of HR + Cllr Anthony Stansfeld
2.14	Death Injury to staff	Lack of appropriate risk assessments / supervision	Fatality / Injury Financial / Insurance claims Theft / Damage Reputation	3	4	12	Risk Assessment Risk Strategy Group	2	4	8	↑	Head of HR + Cllr Anthony Stansfeld
2.15	Significant Strike Action taken by members of staff	Union Action	Service Delivery Reputation	1	3	3	Good HR relations	1	2	2	No Change	Head of HR + Cllr Anthony Stansfeld
2.16	Home / Flexible working	Lack of appropriate risk assessments / supervision	Potential IT and Health & Safety risks associated with inadequate home working provision	1	3	3	New flexible working policies	1	2	2	No Change	Head of HR + Cllr Anthony Stansfeld
2.17	High level of grievances	Policy changes Changes to terms & Conditions Organisational review	Service Delivery Reputation	1	2	2	Good industrial working policy Effective grievance procedure	1	2	2	No Change	Chief Exc + Cllr Graham Jones
	<b>Failure to Manage PR</b>											
2.18	Failure to manage bad difficult news	Poor Service or outcomes resulting in bad reports in the press / media etc	Poor Reputation CPA Low satisfaction	2	1	2	Effective Public / Media relations Communication Resourcing Effective Performance management framework to ensure that we get it right first time	1	1	1	No Change	Head Policy & Comm + Cllr Anthony Stansfeld
2.19	Failure to promote the Council effectively to the local community	Ineffective PR Poor Planning	Lower levels of satisfaction Reputation	1	3	3	Communication Strategy Pro-active management of PR	1	2	2	No Change	Head Policy & Comm + Cllr Anthony Stansfeld
	<b>Data Security</b>											
2.20	Loss/compromise of information	Loss / Theft of ICT equipment containing data; Unauthorised access to ICT equipment; loss/theft of WBC paper documents; Malicious hacking; Inadvertent disclosures; Social engineering; etc	Reputation ; Legal Action/Penalties e.g DPA; Costs incurred by WBC; litigation	4	3	12	IT Security controls: Info Security Officer: moving towards achieving ISO 27001; GCSX Controls	2	3	6	↑	Head of ICT + Cllr David Betts

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No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
<b>3 Corporate Governance</b>												
3.1	Demand Management / Demography Failure to predict changes in service demand / Social Care	Poor information planning & forecasting	Increased or reduced service demand Budget over or under spent	3	4	12	Demographic modelling MTFS Service & Financial controls TEB Service Transformation	2	3	6	No Change	Corp Dir (CS) + Cllr Joe Mooney
3.2	Inappropriate conduct by Staff / Members	Lack of Code of Conduct CRB Check failures	Reputation Legal Action Fatality / Injury	2	2	4	Code of conduct Sound Recruitment & Retention CRB Checks Performance Management	1	1	1	No Change	Chief Executive + Cllr Graham Jones
3.3	Poor / Inappropriate Decisions	Lack of full information for decision making	Legal Challenge Compensation Reputation	2	3	6	Effective Governance arrangements including sound constitution Finance & Governance Group Performance Management	1	2	2	No Change	Head of Legal & Electoral + Cllr Graham Jones
3.4	Poor performance management	Inadequate PM systems Poor Data Quality Poor PI's	Poor decisions	2	2	4	Performance management reporting arrangements + training Institute of Leadership & Management Internal Audit of Data HR Monitoring of appraisals	1	2	2	No Change	Head of Policy & Comm+ Cllr Anthony Stansfeld
3.5	Poor Scrutiny	Lack of resources Lack of Member engagement	Inferior decisions Regulations Poor reputation	2	3	6	Training Work programme Alignment with the Executive work programme Proper regulation Overview Scrutiny Commission	2	2	4	No Change	Head of Policy & Comms + Cllr Anthony Stansfeld
3.6	Ineffective Risk Management	Lack of engagement by managers Lack of resources	Reduced CPA scores Reputation Projects fail	1	2	2	Audit Trails Corporate Board Governance & Audit Committee	1	2	2	No Change	Chief Executive + Cllr Anthony Stansfeld
3.7	Inadequate Business Continuity Management	Poor service planning Lack of BCP	Service delivery fails Impact on performance	2	3	6	Business Continuity Management system monitored on regular basis.	1	3	3	No Change	Chief Executive + Cllr Anthony Stansfeld
<b>Health &amp; Safety</b>												
3.8	Health & Safety	Poor controls in health & safety Lack of Project Management process	Civil Acton Insurance / Financial Reputation Corporate manslaughter	2	3	6	Effective School Service Safety Management System H&S Strategy Risk Strategy Group Quarterly Reports	1	3	3	No Change	Chief Executive + Cllr Anthony Stansfeld

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
3.9	Legionella	Outbreak of Legionella / failure to control situation	Civil Action Insurance / Financial Reputation Corporate manslaughter	3	3	9	Compliance Officer in H&S Team Legionella risk assessments carried out	3	3	9	No Change	Chief Executive + Head of Property + Cllr Anthony Stansfeld
3.10	Asbestos	Failure to manage asbestos Arson	Loss of Life Civil action Enforced action by Fire Authority Insurance Reputation Corp Manslaughter Continuity of services	3	4	12	Asbestos Register	2	4	8	New	Head of Property + Cllr Anthony Stansfeld
3.11	Fire Safety	Failure to manage fire safety	Loss of Life Civil action Enforced action by Fire Authority Insurance Reputation Corp Manslaughter Continuity of services	3	4	12	Contract set up for fire risk assessments Compliance Officer in H&S Team Responsible Person training in place	2	4	8	↑	Chief Executive + HOS Property Services + Cllr Anthony Stansfeld
<b>4 Technology</b>												
4.1	Major Failure of technology	Power failure	Service delivery failures	2	3	6	BCP in place / reviewed regularly ICT Strategy Effective performance management Investment Resources Generator in place for data centre	1	3	3	No Change	Head of ICT + Cllr David Betts
4.2	Major Failure of technology	Hardware / software failure	Service delivery / failures <i>Impact shown may vary depending on which service is affected</i>	3	1	3	BCP in place / reviewed regularly ICT Strategy Effective performance management Investment Resources	2	1	2	No Change	Head of ICT + Cllr David Betts
4.3	Failing to invest in technology	Lack of resources Investing in wrong Technology Failing to invest Government Connect fails	Lost Resources Ineffective service delivery Service failure Lack of compatibility Poor reputation / lack of access to data Timelord Project fails	3	2	6	Service Investment Programme ICT Strategy ICT Strategy Board Timelord project Group	2	2	4	No Change	Head of ICT + Cllr David Betts



No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
4.4	Virus / Hacking Other IT security issues	Attack on Council's computer systems	Service Delivery / Failure Data Protection Reputation	4	3	12	Many best of breed technology solutions in place. Including Network Firewalls / Anti-virus systems desktop server anti virus / spy ware New applications coming on line shortly Information security officer will improve awareness when appointed. Data Encryption will be introduced	2	2	4	↑	Head of ICT + Cllr David Betts
<b>5 Poor Performance</b>												
5.1	Failure to deliver outcomes on Council Plan	Weak performance management	Reputation Potential Intervention Poor CPA Scores Ineffective Service Delivery	3	2	6	Service Planning Performance Management Systems Effective Resource Planning Risk Management Process	2	2	4	No Change	Head of Policy & Comm + Cllr Graham Jones
5.2	Failure to Identify potential weak service delivery areas	Poor Governance Lack of Skills	Waste / Inefficiency	1	3	3	Procurement Strategy Efficient Processes VFM process / TEB	1	3	3	No Change	Corp Dir (Env) + Cllr Anthony Stansfeld
5.3	Poor Comprehensive Area Assessment	New Legislation	Poor Reputation Possible intervention Additional inspections	2	2	4	Effective forward planning Revised forward planning Effective Partnership working	1	1	1	No Change	Chief Executive + Cllr Graham Jones
<b>6 Failure to Deliver / Manage Major Projects</b>												
6.1	Shaw House Phases 2 (Trinity Sports Hall)	failure to complete land assembly	Delay / Overspend Re-scoping of project	3	4	12	Potential site now identified. Pre application discussions underway with Planning. Assets team undertaking negotiation with vendors of land to be acquired and purchases of land being disposed	2	3	6	No Change	Corp Dir (Comm Serv) + Cllr Pamela Bale
6.2	Park Way	Economic viability	Delay / Overspend Reputation Project collapse	2	2	4	Effective project Plan Regular Resource Monitoring	2	2	4	No Change	Chief Exc + Cllr Pamela Bale
6.3	Market St	Economic viability	Delay / Overspend Reputation Project collapse	1	3	3	Effective project Plan Regular Resource Monitoring	1	2	2	↓	Chief Exc + Cllr Emma Webster
6.4	Development of Padworth	Failure to achieve planning Successful JR challenge	Significant financial impact Service delivery	3	4	12	WBC appointed Counsel to oversee JR process	3	4	12	↑	Corp Dir (Env) Cllr Hilary Cole

## Governance &amp; Audit Committee 2009-09-28 - Reports

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
6.7	AWE Redevelopment	Legal management process failure Nature of application	Public disorder Government Intervention	2	3	6	Consultation / robust planning process Regular meetings with AWE	2	2	4	No Change	Head of Planning + Cllr Alan Law
6.8	St Barts School rebuild	Failure to deliver 1. Financial 2. Project Planning 3. Continued Operation of schools	Reputation Political Issues on National and Local basis	3	4	12	Consultation / robust process Detailed feasibility study completed Contractor appointed through SECE Contingency sum Budget monitoring Control of variations Governance of Project	2	3	6	No Change	CD C&YP + Cllr Barbara Alexander Head teacher + St Barts Foundation Trust
6.9	Failure to secure appropriate office accommodation	Lack of accommodation in Newbury Unable to resource financially	Financial difficulties Lack of communication Service continuity	3	3	9	Accommodation Strategy MTFS	2	3	6	No Change	Chief Exc + Cllr Graham Jones
6.10	Kennet Valley Park	Failure to Manage application Failure to recognise implications for infrastructure and service delivery	Lack of appropriate services Congestion / disruption	2	3	6	Effective Planning	2	2	4	No Change	Head of Planning + Cllr Alan Law
<b>7</b>	<b>Failure to Deliver Partnerships</b>											
7.1	Failure in Service Delivery Strategic Partners	Lack of sound governance	Partnership failure Progress limited Service delivery	2	3	6	Health Partnership Working Party Joint strategic Panel Partnership Risk Management	2	2	4	No Change	Corp Dir (CS) + Cllr Joe Mooney
7.2	Underachievement of Local Strategic Partnership (LSP) All sub groups	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	2	3	6	Effective Performance Management Remedial Action Partnership Risk Management	2	2	4	No Change	Corp Dir (CS) + Cllr Joe Mooney + Cllr Graham Jones
7.3	Under achievement of Safer Communities Partnership	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	2	2	4	Effective Strategic Performance Management Remedial Action	1	2	2	No Change	CE + Cllr Graham Pask
7.5	Under achievement of Health & Well being Partnership	Poor Management Unachievable targets	Reduced reward Reduced outcomes in local community Reputation Failure to meet targets Potential Financial Implications	2	3	6	Effective Performance Management Remedial Action	1	2	2	No Change	Corp Dir (CS) + Cllr Joe Mooney

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
7.6	Health Partnership Failure to work in partnership	Formation of Berkshire West PCT	Finance Staffing Issues Service Delivery	2	3	6	Health Partnership Working Party Berkshire Chief Executives West of Berkshire Partnership Board	2	2	4	No Change	Corp Dir (CS) + Cllr Joe Mooney
7.7	Failure of Housing / Env Partnership	Insufficient Action Plan	Service Delivery Reputation Partnership Working	2	2	4	WBC Input WB Partnership Action Plan	1	2	2	No Change	Head of Housing + Cllr Alan Law
7.8	Economic & Transport	Insufficient Action Plan	Service Delivery Reputation Partnership Working	2	3	6	WBC Input WB Partnership Action Plan	2	3	6	No Change	Corp Dir (Env) + Cllr David Betts

**Appendix B**

**Action Plan  
Red Risks**

<b>Owner</b>	Corporate Board
<b>Date</b>	21 July 2009

Risk No	Area of Concern / Risk Scenario	Existing Controls	Key Risks		Required Controls or Action	Update From Responsible Officer	Budget Constraint	Owner
			Gross Risk Score	Net Risk Score				
1.7	Flu Pandemic	Major Incident Plan Business Continuity Management Specific Plans Multi-agency Working Immunisation Weekly meetings Action Plan updated on a regular basis	8	8	Awaiting vaccine	Required controls or Action Updated June 2009		Corporate Director for CYP & Head of Countryside & Environment + Cllr Hilary Cole
2.8	Grant Settlement / Funding of Services	Ensure the budget process is flexible enough to deal with changes when actual figures are known. Set a prudent but realistic projection Undertake sensitivity analysis SMR TEB	12	8	More realistic grant settlement estimates will be used in revising the current MTFS	Required controls or Action Updated June 2009		Head of Finance + Cllr Keith Chopping
2.14	Death Injury to staff	Risk Assessment Risk Strategy Group	12	8	Clients of concern data base Staff protection / working policy service procedures	Required controls or Action Updated June 2009		Head of HR + Cllr Anthony Stansfeld

Risk No	Area of Concern / Risk Scenario	Existing Controls	Gross Risk Score	Net Risk Score	Required Controls or Action	Update From Responsible Officer	Budget Constraint	Owner
3.9	Legionella	Compliance Officer in H&S Team Legionella risk assessments carried out	9	9	Responsible person to carry out all control measures as a result of Legionella risk assessment regime for testing within the required intervals. Responsible Person training in place	Required controls or Action Updated June 2009		Chief Executive + Head of Property + Cllr Anthony Stansfeld
3.10	Failure to manage asbestos	Asbestos Register	12	8	Working with responsible persons to control risk. Responsible Person training to be put in place	Required controls or Action Updated June 2009		Chief Executive + Head of Property + Cllr Anthony Stansfeld
3.11	Failure to manage fire safety	Contract set up for fire risk assessments Compliance Officer in H&S Team Responsible Person training in place	12	8	Identify areas of improvement and the appropriate measures implemented	Required controls or Action Updated June 2009		Chief Executive + HOS Property Services + Cllr Anthony Stansfeld
6.4	Development of Padworth: Failure to achieve planning Successful JR challenge	WBC appointed Counsel to oversee JR process	12	12	Appointed QC and leading legal advisers to oversee the Council's rebuttal of the challenge Internal working group set up to oversee the process and ensure due diligence	Required controls or Action Updated June 2009		Corp Dir (Env) Cllr Hilary Cole

Appendix C

Governance & Audit Committee 2009-09-28 - Reports  
**Red Gross Risks 12 +**  
**Amber Net Risks**

Owner	Corporate Board
Date	21 July 2009

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
<b>1 External Influences</b>												
	<b>Environmental</b>											
1.90	Heat wave / Drought	Long Hot Summer Severe Water shortages	Disruption to Council Services and the Community Fatalities of Vulnerable People Reputation	3	4	12	Major Incident Plan Heat wave Plan Multi-agency Working	1	4	4	New	Heads of Countryside & Environment & Older Peoples Service + Cllr Hilary Cole
<b>2 Corporate Management</b>												
	<b>Finance</b>											
2.20	Loss/compromise of information	Loss / Theft of ICT equipment containing data; Unauthorised access to ICT equipment; loss/theft of WBC paper documents; Malicious hacking; Inadvertent disclosure	Reputation ; Legal Action/Penalties e.g DPA; Costs incurred by WBC; litigation	4	3	12	IT Security controls: Info Security Officer: moving towards achieving ISO 27001; GCSX Controls	2	3	6	↑	Head of ICT + Cllr David Betts
<b>3 Corporate Governance</b>												
3.1	Demand Management / Demography Failure to predict changes in service demand / Social Care	Poor information planning & forecasting	Increased or reduced service demand Budget over or under spent	3	4	12	Demographic modelling MTFS Service & Financial controls TEB Service Transformation	2	3	6	No Change	Corp Dir (CS) + Cllr Joe Mooney
<b>4 Technology</b>												
4.4	Virus / Hacking Other IT security issues	Attack on Council's computer systems	Service Delivery / Failure Data Protection Reputation	4	3	12	Many best of breed technology solutions in place. Including Network Firewalls / Anti-virus systems desktop server anti virus / spy ware New applications coming on line shortly Data Encryption being introduced	2	2	4	↑	Head of ICT + Cllr David Betts

No	Risk	Cause / Trigger	Consequences	Gross Rating			Controls	Net Rating			Change since last review	Owner
				Likely-hood	Impact	Score		Likely-hood	Impact	Score		
<b>6 Failure to Deliver / Manage Major Projects</b>												
6.1	Shaw House Phases 2 (Trinity Sports Hall)	failure to complete land assembly	Delay / Overspend Re-scoping of project	3	4	12	Potential site now identified. Pre application discussions underway with Planning. Assets team undertaking negotiation with vendors of land to be acquired and purchases land being disposed	2	3	6	No Change	Corp Dir (Comm Serv) + Cllr Pamela Bale
6.8	St Barts School rebuild	Failure to deliver 1. Financial 2. Project Planning 3. Continued Operation of schools	Reputation Political Issues on National and Local basis	3	4	12	Consultation / robust process Detailed feasibility study completed Contractor appointed through SECE Contingency sum Budget monitoring Control of variations Governance of Project	2	3	6	No Change	CD C&YP + Cllr Barbara Alexander Head teacher + St Barts Foundation Trust

**Appendix D**

**Risk Appetite for West Berkshire Council**

**IMPACT**

<b>Impact Rating</b>	<b>Financial loss to Council</b>	<b>Personal / Staff or Customers</b>	<b>Assets / Physical / Information</b>	<b>Reputation</b>
<b>4</b>	£1m +	Death	Loss of main building / Loss of main ICT system – eg Email / Payroll / network	Adverse publicity nationally HSE / Fire Authority prosecution
<b>3</b>	£250k - £1m	Major injury / hospitalisation / RIDDOR	Partial loss off main building or total loss of minor building. Temporary loss of major ICT system – up to one week, total loss of minor ICT system	Audit Commission CPA score impacted adversely HSE / Fire Authority enforcement action
<b>2</b>	£50k - £250k	Major financial loss £1,000+ Illness eg stress / minor accident	Partial loss of minor building. Temporary loss of minor ICT system – up to one week. Loss of Major system – up to one day	Ombudsman complaint upheld
<b>1</b>	Less than £50k	Minor Financial loss up to £1,000 / complaint / Grievance	Loss of minor ICT system - up to one day	Adverse publicity locally



## LIKELIHOOD

Likelihood Rating	Incidents	Probability
4	Very Likely – This risk is presently affecting the Council	81% - 100%
3	Likely – This risk is very likely to affect the Council	51 - 80%
2	Possible – This risk is will possibly affect the Council	21% - 50%
1	Unlikely – This risk is unlikely to affect the Council	0 - 20%

## RISK TREATMENT

Risk Level	Risk Score	Escalation	Response
High	8 -16	Leader / Chief Executive & Next available Management Board	Detailed action plan to mitigate the risk by the next available Corporate Board
Medium	4- 6	Chief Executive	Review need for an action plan at next Corporate Board review of the register
Low	1-3	Next Quarterly Review	Monitor at next quarterly review of register



<b>Title of Report:</b>	<b>Internal Audit - Quarter 1 Report of 2009/10</b>	<b>Item 8</b>
<b>Report to be considered by:</b>	Governance and Audit Committee	
<b>Date of Meeting:</b>	28 <sup>th</sup> September	
<b>Forward Plan Ref:</b>	GAC1901	

**Purpose of Report:** To update the Committee on the outcomes of Internal Audit Work for quarter 1

**Recommended Action:** To note the outcomes of the Internal Audit work for quarter 1.

**Reason for decision to be taken:**

**Other options considered:** None

**Key background documentation:** Internal Audit Reports

The proposals will also help achieve the following Council Plan Themes:

- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Improving the governance arrangements of the Council

<b>Portfolio Member Details</b>	
<b>Name &amp; Telephone No.:</b>	Councillor Keith Chopping - (0118) 983 2057
<b>E-mail Address:</b>	kchopping@westberks.gov.uk
<b>Date Portfolio Member agreed report:</b>	7 <sup>th</sup> September 2009
<b>Contact Officer Details</b>	
<b>Name:</b>	Ian Priestley
<b>Job Title:</b>	Assurance Manager
<b>Tel. No.:</b>	01635 519253
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## **Implications**

<b>Policy:</b>	none
<b>Financial:</b>	none
<b>Personnel:</b>	none
<b>Legal/Procurement:</b>	none
<b>Property:</b>	none
<b>Risk Management:</b>	The report outlines areas of the Council where there are weaknesses in the system of internal control
<b>Equalities Impact Assessment:</b>	none

## **Executive Summary**

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### **1. Introduction**

- 1.1 The report outlines the results of the work of Internal Audit over the first quarter of 2009-10.

### **2. Proposals**

- 2.1 Consider results of audits where the opinion is weak or very weak, and note the comments / update provided by the relevant Head of Service
- 2.2 Consider results of follow up audits where progress is felt to be unsatisfactory, and note the comments / update provided by the relevant Head of Service

### **3. Conclusion**

- 3.1 No fundamental weaknesses were identified. One weak audit and one unsatisfactory follow up were reported on.

## Executive Report

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### 1. Introduction

1.1 The purpose of this report is to outline the key issues arising from the work of Internal Audit over the first quarter of 2009-10.

1.2 The report highlights the following:

- (1) any reports finalised in the last quarter where the overall opinion was weak or very weak.
- (2) any follow up work with an unsatisfactory opinion.
- (3) any wider audit issues that may affect Internal Audit or the Council
- (4) the current position re resourcing of internal audit and the implications for completion of the annual audit plan.

1.3 A number of appendices are attached and provide more detail. These are

- (1) A listing of audit work that is presently underway (Appendix A1 and A2)
- (2) A listing of audits completed in the last quarter (ie Final report issued). The overall opinion is given with the number and severity of weaknesses identified. (Appendix B)
- (3) A listing of follow up work that is in progress (Appendix C)
- (4) A listing of follow up work completed in the last quarter, together with an opinion and a note of the number of recommendations that remain outstanding. (Appendix D)

### 2. Reports where the overall opinion was weak/very weak (completed audits/those where there are problems agreeing the findings).

2.1 Appendix B notes one audit that is rated as weak. We have set out the concerns we have raised at the time of the audit with the Head of Service.

2.1.1	<p><b>Ordering / Processing of Payments</b></p> <p><b>Internal Audit opinion – 30/04/09</b></p>
	<p>The key weaknesses identified in the review were corporate issues that apply across the whole Council and are not specifically within the control of either the Head of Finance or the Head of Benefits &amp; Exchequer Services:-</p> <p>a) The Council has a target of processing payments within 30 days of the receipt on invoice. However actual performance in 08-09 was 90%, currently 92% in 09-10. One of the reasons established for this is where the invoice has to be returned to the</p>

	<p>relevant service area because a purchase order has not been raised. (note that the 92% does compare very favourably with other organisations in the public sector and West Berkshire is an approved member of the Government's "prompt payment code")</p> <p>b) As well as impacting on the PI for processing invoices, this issue could lead to ineffective budget management, as costs are not being committed against budgets at the time that goods/services are being requested. We found that no regular monitoring takes place to establish which service areas are failing to raise a purchase order prior to receipt of the invoice in order for remedial action to be taken.</p>

	<p><b>Head of Service update / comments</b></p>
	<p>The Head of Finance will issue a reminder to all Heads of Service of the need to ensure that purchase orders are raised in all cases. Monitoring of services who fail to use purchase orders will be introduced.</p>

**3. Follow up work given an unsatisfactory opinion (copies attached)**

3.1 There was one follow up audit that was given an unsatisfactory opinion in this quarter.

<p>3.1.1</p>	<p><b>Fixed Asset Register</b></p> <p><b>Internal Audit opinion – 15/05/2009</b></p>
	<p>Although the overall opinion of the report was 'well controlled', we gave the follow up an unsatisfactory rating as we were concerned that there was a significant weakness outstanding. This relates to the need to reconcile the asset data held by Property Services with the data recorded on Agresso's Fixed Asset Register.</p> <p>This point has been raised over a number of years when reviewing the fixed asset register (initially identified in the report issued in August 2002). Although some work was carried out last year to identify differences between the data held on both systems, this was not completed. We were informed that this was due to the lack of resources within Property/Accountancy to carry out this task.</p> <p>The Accountancy Manager advised us that someone has recently been appointed to the post of Team Leader – Systems Development. This post holder will be tasked to work in conjunction with Property Services to ensure that the data held within Property can be reconciled to the information on Agresso. He also advised us that the implementation of IFRS -International</p>

	Financial Reporting Standards in 2010/11 raises the importance of robust data being provided by Property Services.
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	<b>Head of Finance update / comments</b>
	The proposed course of action outlined by the Accountancy Manager above will receive priority attention to help resolve the identified weakness.

#### 4. Staffing issues

4.1 Internal Audit now has one vacancy at Senior Auditor level. This post is responsible for leading the FMSiS work, and as the recruitment panel have refused permission to recruit this is having an impact on the delivery of the FMSiS.

4.2 By the end of the first quarter 20% of the audit plan had been completed. With a projection for the year end of 80%.

#### Appendices

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Appendix A1 – Current Audits

Appendix A2 – Issued audits

Appendix B – Completed Audits

Appendix C – Current follow ups

Appendix D – Completed follow ups

#### Consultees

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**Local Stakeholders:** None

**Officers Consulted:** Head of Finance, Corporate Board

**Trade Union:** Not consulted



**Appendix A1**  
**Internal Audit Quarterly Report – List of work commenced**  
**Quarter 1**

Directorate/Service /Audit Title	key risks being covered	Audit Plan/Year (planned report issue date)	Current Position of Work (revised report issue date)
<b>Chief Executive</b>			
<b>Finance</b>			
General ledger	<ul style="list-style-type: none"> <li>To ensure that day to day budget transaction processing is complete and accurate. We will also review the effectiveness of the data uploads from feeder systems onto Agresso.</li> </ul>	2008/9 (end of March 2009)	Report being drafted (August 2009)
National Fraud Initiative	<ul style="list-style-type: none"> <li>Review of data matches highlighted by the Audit Commission's mandatory data matching exercise.</li> </ul>	Ongoing (Audit Commission require results by January 2010)	Investigating matches (January 2010)
<b>Policy &amp; Communication/Legal and Electoral</b>			
Management of the Constitution	<ul style="list-style-type: none"> <li>To ensure that the Council has established a constitution that is in accordance with statutory requirements/good practice and that there are processes in place ensuring the effective management and maintenance of the Constitution in accordance with good practice guidelines (e.g. SOLACE/ Use of Resources).</li> </ul> <p>This will involve reviewing the following areas:-</p>	2009/10 (end of September 2009)	Testing

**Appendix A1**  
**Internal Audit Quarterly Report – List of work commenced**  
**Quarter 1**

	<ul style="list-style-type: none"> <li>a) The Constitution includes all the relevant sections/chapters as required by legislation;</li> <li>b) The content of the individual sections/chapters is reviewed on a regular basis to ensure that the content is still valid/ relevant;</li> <li>c) There is clearly defined responsibility for each section/chapter of the Constitution and overall ownership of the document;</li> <li>d) 'Ad hoc' and routine review changes are appropriately approved and the documents are promptly and accurately updated and published using version control.</li> </ul>		
Members Expenses	<ul style="list-style-type: none"> <li>a) To ensure that the Council has in place effective controls and procedures in order to record and verify Members' expenses claims, to ensure that claims are bonafide and reasonable and that there is a process in place for referral of queries.</li> <li>b) To ensure that the Council's records regarding current Members are up to date and that regular independent checks are undertaken to ensure that payments have been made to current members at the correct rate.</li> <li>c) To ensure that computerised and paper records reconcile and that information is stored in line with legislation and guidance.</li> </ul>	2009/10 (End of November 2009)	Terms of Reference approved / planning
<b>Exchequer &amp; Benefits</b>			
Housing Benefits	<ul style="list-style-type: none"> <li>• To ensure that there is an effective framework in place for the administration of housing benefits which is in accordance with DWP guidance.</li> <li>• To ensure that there are reconciliations between rent rebates recorded on SX3 and payments made, together with a reconciliation between Council Tax Benefit recorded on the Council Tax system compared with the information recorded on the Housing Benefit System.</li> </ul>	2008/9 (end of May 2009)	Report being drafted (August 2009)
Payroll/Travel Expenses	<ul style="list-style-type: none"> <li>• To ensure that payroll/travel and subsistence expenditure incurred is appropriate and accurate.</li> </ul>	2008/9 (end of December)	Report being drafted (August

**Appendix A1  
Internal Audit Quarterly Report – List of work commenced  
Quarter 1**

	<p>In order to assess this we will review the following:-</p> <p>a) Appropriate system parameters have been defined and set up and access to amend these is restricted.</p> <p>b) Processes to validate the accuracy/completeness of data input have been set up (system design/manual processes/exception reports).</p> <p>c) Sample checks to review the accuracy of employees' car status details input/transferred from the old system/original records onto ResourceLink/MyView.</p> <p>d) Sample checks of recent payroll/travel and subsistence transactions to validate the accuracy of data input/parameter amendments.</p> <p>e) The processes and controls for managing the rolling out of the self service facility MyView (electronic processing of expense and travel claims) across the Council.</p>	2009)	2009)
<b>Human Resources</b>			
Absence Management	<ul style="list-style-type: none"> <li>• To ensure that staff absenteeism is recorded/monitored/controlled in accordance with the requirements of the Council's Management of Sickness Absence Policy and procedures.</li> <li>• To ensure that ResourceLink is effectively utilised in recording, monitoring and reporting staff absences.</li> </ul>	2008/9 (end of May 2009)	Report being drafted (August)

**Children & Young People**

School Admissions	<p>a) To ensure that the Council has adequate policies and procedures in place covering all aspects of school admissions and that these comply with legislation and best practice guidance issued by the Department for Children, Schools and Families.</p>	2009/10 (August 2009)	Drafting report
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**Appendix A1**  
**Internal Audit Quarterly Report – List of work commenced**  
**Quarter 1**

	<p>b) To ensure that the Council submit statutory data on a timely basis according to statutory requirements, and the integrity of the source material feeding into the data is sound.</p> <p>c) To assess that school offers are based on the Council's School Admission Policy.</p> <p>d) To ensure that all parents can exercise their statutory right of appeal to school admission decisions and the appeal process complies with the DCSF School Admission Code and is fair, robust and independent.</p>		

**Community Services**

<b>Adult Services</b>			
Assessment of Need /Purchase of Care (Learning Disability/Mental Health)	<ul style="list-style-type: none"> <li>To ensure that the Council has an effective assessment framework in place that is in compliance with Legislation and Department of Health Guidance.</li> <li>To ensure that clients needs are assessed at the required frequency and that this information is recorded accurately and promptly on the Client database (RAISE), and is reflected in the level of care being provided.</li> <li>To ensure that there are standard procedures in place for the selection of providers, and that this takes into account value for money.</li> </ul>	2008/9 (end of February 2009)	<p>Audit put on hold – picked up again April 2009</p> <p>Testing stage (end of August 2009)</p>
Carers Grant	<ul style="list-style-type: none"> <li>To ensure that the Council has a Carers Grant Policy in place in line with legislation/guidance.</li> <li>To ensure that the procedures for administering the grant have been</li> </ul>	2009/10 (end of September 2009)	Testing

**Appendix A1  
Internal Audit Quarterly Report – List of work commenced  
Quarter 1**

	<p>fully documented.</p> <ul style="list-style-type: none"> <li>To ensure that allocation of grant is in accordance with the policy, and that payments of grants are adequately recorded and monitored.</li> </ul>		
<b>Cultural Services</b>			
Shaw House (Advisory review)	<ul style="list-style-type: none"> <li>To ensure that there is an effective framework in place to ensure that the main aims, objectives and business benefits as defined in the grant business case are achieved.</li> <li>To ensure that the budget is effectively managed and income opportunities are maximised.</li> <li>To ensure that effective procedures are in place supporting the day to day processes and key activities of the facility to ensure that there are effectively managed and in accordance with the Council's Contract and Financial Rules of Procedure. We will review the following areas:-</li> </ul>	2008/9 (end of May 2009)	Report being drafted (August 2009)

**Environment**

<b>Highways</b>			
Car Parks	<p>To ensure that:-</p> <ul style="list-style-type: none"> <li>system is operated in accordance with West Berkshire Council's approved policies, standing orders and financial regulations;</li> <li>that all car parks income is collected, counted and banked promptly and in tact;</li> <li>that excess charges notices are appropriately issued and followed up, with any cancellations being supported by adequate and appropriate documentation;</li> </ul>	2007/8 (end of October 2007)	Drafting report Put on hold testing re started in January 2009. (August 2009)

**Appendix A1**  
**Internal Audit Quarterly Report – List of work commenced**  
**Quarter 1**

	<ul style="list-style-type: none"> <li>• that season tickets and parking permits are issued in accordance with West Berkshire Council policies and procedures;</li> <li>• there is an up to date inventory of car park equipment and maintenance is regularly undertaken.</li> </ul>		

<b>Advisory Work / Investigations</b>
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**Appendix A2**  
**Internal Audit Quarterly Report – List of draft reports issued**  
**Quarter 1**

Directorate/Service	Audit Title	Audit Plan/Year (actual report issue date)	(expected finalisation date)
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<b>Chief Executive</b>
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Benefits and Exchequer	Accounts Receivable	2008/9 (May 2009)	August 2009
Benefits and Exchequer	NNDR	2008/9 (July 2009)	August 2009
Benefits and Exchequer	Council Tax	2008/9 (July 2009)	August 2009
Benefits and Exchequer	Payroll	2009/10 (May 2009)	August 2009
Property Services	Commercial Rents	2009/10 (May 2009)	August 2009
Property Services	Building Maintenance	2009/10 (June 2009)	August 2009

<b>Children &amp; Young People</b>
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Education	Child Protection	2008/9 (Dec 2008)	July 2009
Education	Extended Schools	2009/10 (July 2009)	August 2009
Children's Services	Agency Staff	2009/10 (June 2009)	July 2009

<b>Community Services</b>
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Cultural Services	Libraries Purchasing	2008/9 (May 2009)	July 2009

**Appendix B**  
**Internal audit quarterly report - List of completed audits**  
**(1<sup>st</sup> Quarter 2009/10)**

Directorate/Service	Audit Title	Date finalised	Overall Opinion	Agreed Recommendations (no.s per category of weakness and total)				
				Total	Fundamental	Significant	Moderate	Minor
<b>Chief Executive</b>								
Finance	Fixed Asset Register	14/05/2009	Satisfactory	3		1	1	1
ICT	I.T. Security	02/06/2009	N/A - Advisory	15			7	8
Benefits and Exchequer/Finance	Ordering/Processing of Payments (Agresso)	30/04/2009	Weak	14		1	5	8
Human Resources	Recruitment	06/05/2009	Satisfactory	9		1	6	2
Finance	Income collection spot check - Burghfield Library	23/06/2009	N/A -	6 (not categorised)				
Finance	Income collection spot check – Hungerford Library	12/05/2009	N/A -	4 (not categorised)				
Finance	Income collection spot check – Walnut Close Day Centre	02/06/2009	N/A -	3 (not categorised)				
Finance	Income collection spot check – Pangbourne Library	08/07/2009	N/A -	4 (not categorised)				



**Appendix B**  
**Internal audit quarterly report - List of completed audits**  
**(1<sup>st</sup> Quarter 2009/10)**

<u>Directorate/Service</u>	<u>Audit Title</u>	<u>Date finalised</u>	<u>Overall Opinion</u>	<u>Agreed Recommendations (no.s per category of weakness and total)</u>				
				Total	Fundamental	Significant	Moderate	Minor
Finance	Income collection spot check – Hungerford Day Centre		we were unable to reconcile the income as the records were not up to date. We were informed that this was due to the Support Services Officer being off on annual leave for 3 weeks.  We flagged this issue up with service managers, and informed them we would be carrying out a second spot check at a future date to ensure there isn't an ongoing problem.					
<b>Children and Young People</b>								
Education	Home to School Transport	08/04/2009	Satisfactory	5	0	3	2	0
Children's Services	Purchasing of Residential Care	22/04/2009	Satisfactory	5	0	2	3	0
Children's Services	Foster Care (inc Recruitment)	29/06/2009	Satisfactory	10	0	5	4	1
<b>Community Services</b>								
<b>Environment</b>								

**Appendix B**  
**Internal audit quarterly report - List of completed audits**  
**(1<sup>st</sup> Quarter 2009/10)**

<u>Directorate/Service</u>	<u>Audit Title</u>	<u>Date finalised</u>	<u>Overall Opinion</u>	<u>Agreed Recommendations (no.s per category of weakness and total)</u>				
				Total	Fundamental	Significant	Moderate	Minor

\* **Advisory review**

**NOTE**

**The overall opinion is derived from the number/significance of recommendations together with using professional judgement. The Auditor's judgement takes into account the depth of coverage of the review (which could result in more issues being identified) together with the size/complexity of the system being reviewed.**

**Appendix C**  
**Internal Audit Quarterly Report – List of Follow up work commenced**  
**Quarter 1**

Directorate/Service	Audit title
<b>Chief Executive</b>	
Finance	General Ledger
Finance	Central Administration of Petty Cash/Imprest Accounts
Finance	Contract Letting
Benefits and Exchequer	NNDR
Benefits and Exchequer	Housing Benefits
Benefits and Exchequer	Council Tax
ICT	I.T. Asset Management
<b>Children and Young People</b>	
Education	Facilities Grants
<b>Community Services</b>	
Housing and Performance	Social Work Fund Administration
Housing and Performance	Four Corners Gypsy Site
<b>Environment</b>	
Countryside and Environment	Taxi Licensing

