



## AUDIT COMMITTEE

**DATE:** Thursday, 24 January 2019  
**TIME:** 7.30 pm  
**VENUE:** Council Chamber, Council Offices,  
Thorpe Road, Weeley, CO16 9AJ

### MEMBERSHIP:

Councillor Coley (Chairman)	Councillor Hones
Councillor Poonian (Vice Chairman)	Councillor Scott
Councillor Alexander	Councillor Yallop
Councillor Bray	

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Meeting papers can be provided, on request, in large print, in Braille, or on disc, tape, or in other languages.

For further details and general enquiries about this meeting, contact Charlotte Cooper on 01255 686007

DATE OF PUBLICATION: THURSDAY, 17 JANUARY 2019

## AGENDA

### **1 Apologies for Absence and Substitutions**

The Committee is asked to note any apologies for absence and substitutions received from Members.

### **2 Minutes of the Last Meeting (Pages 1 - 6)**

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on 27 September 2018.

### **3 Declarations of Interest**

Councillors are invited to declare any Disclosable Pecuniary Interests or Personal Interest, and the nature of it, in relation to any item on the agenda.

### **4 Questions on Notice pursuant to Council Procedure Rule 37**

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District **and** which falls within the terms of reference of the Committee.

### **5 Report of the Audit and Governance Manager - A.1 - Report on Internal Audit (Pages 7 - 20)**

To provide the Committee with a periodic report on the Internal Audit function for the period September – December 2018.

### **6 Report of the Deputy Chief Executive - A.2 External Audit Report - Certification of Claims and Returns Annual Report 2017/18 (Pages 21 - 32)**

To present the External Auditor's certification of claims and returns annual report 2017/18.

### **7 Report of the Corporate Director (Corporate Services) - A.3 - Table of Outstanding Issues (Pages 33 - 44)**

An update will be given on the progress against outstanding actions identified by the Committee.

### **8 Report of the Deputy Chief Executive - A.4 Corporate Risk Register - January 2019 (Pages 45 - 68)**

To present to the Audit Committee the updated Corporate Risk Register.

**9**     **Report of the Deputy Chief Executive - A.5 Fraud and Corruption Strategy (Pages 69 - 86)**

To present to the Audit Committee an updated Anti-Fraud and Corruption Strategy.

**Date of the Next Scheduled Meeting**

*The next scheduled meeting of the Audit Committee is to be held in the Council Chamber, Council Offices, Thorpe Road, Weeley, CO16 9AJ at 7.30 pm on Thursday, 28 March 2019.*

## **Information for Visitors**

**FIRE EVACUATION PROCEDURE**

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the fire exits in the hall and follow the exit signs out of the building.

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,  
HELD ON THURSDAY, 27TH SEPTEMBER, 2018 AT 7.30 PM  
IN THE COUNCIL CHAMBER, COUNCIL OFFICES, THORPE ROAD, WEELEY,  
CO16 9AJ**

<b>Present:</b>	Councillors Coley (Chairman), Poonian (Vice-Chairman), Alexander, Bray, Scott and Yallop (except item 53)
<b>In Attendance:</b>	Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Craig Clawson (Acting Audit and Governance Manager), Ian Ford (Committee Services Manager) and Martin Klaassen (Senior Governance Officer)(except items 45 – 48)
<b>Also in Attendance</b>	Kevin Suter (Executive Director) and Chris Hewitt (Audit Manager) [both representing Ernst & Young, the Council's External Auditor]

**45. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were no apologies for absence received on this occasion and therefore there were no substitutions.

**46. MINUTES OF THE LAST MEETING**

The minutes of the meeting of the Committee held on 26 July 2018 were approved as a correct record and signed by the Chairman, subject to the third bullet point in Minute 42 being amended to read:-

“Emergency Planning arrangements, in respect of flooding or some other major incident, could result in the Council providing a significant number of alternative residences for a protracted period. This could seriously divert Council Officers from various departments and significantly deplete the financial reserves of the Council in the medium term.

The Council should also be mindful that, in these circumstances, experience shows that the Council will potentially be the target of financial fraud. This would also divert Officers from their normal responsibilities and deplete Council funds.”

**47. DECLARATIONS OF INTEREST**

There were none made at this time though later in the meeting when the Committee considered Agenda Item 9 Councillor Yallop declared a Personal Interest.

**48. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 37**

There were none.

**49. REPORT OF THE AUDIT AND GOVERNANCE MANAGER - A.1 - PERIODIC REPORT ON INTERNAL AUDIT - JULY - AUGUST 2018 AND UPDATED INTERNAL AUDIT CHARTER**

REPORT ON INTERNAL AUDIT FOR JULY TO AUGUST 2018 AND INTERNAL AUDIT PLAN PROGRESS 2018/19

The Council's Acting Audit and Governance Manager (Craig Clawson) provided a periodic report on the Internal Audit function for the period of July to August 2018.

The Acting Audit and Governance Manager informed the Committee five audits had been completed in the period in question of which two had been given Adequate Assurance. Two audits had been rated Substantial Assurance and one audit had been rated Improvement Required. No audits had been rated Significant Improvement Required.

The Committee was informed that the audit completed in the period under review which had received an 'Improvement Required' opinion and which therefore required reporting to Members was:-

*Development Management - Retention of Funds by Third Party Company (Income Management)*

It was reported that the planning portal had recently amended the circumstances relating to payments made by applicants and how they were received by Councils. Those new arrangements allowed the company administering the planning portal to keep the monies paid; take their £20 charge per application and then transfer the funds to the Council in one BACS payment. This created a risk because customer monies were retained by a third party, which if they were to become insolvent the money would be lost and the Council would still have an obligation to honour the application without ever having received the money. There was also an increased risk of fraud from outside of the Council. This was a national issue as the planning portal was used by the majority of district and borough councils across the country.

The Committee was informed that the agreed action was for the service to explore whether the planning portal could revert to the previous process of allowing the payments to be sent directly to the Council and the Council then paid back the commission owed to the planning portal supplier. If this was not an option then it had been recommended that a portal be created 'in-house' in order to allow applications to be processed via the Council's own website.

Members were aware that the Internal Audit function issued satisfaction surveys for each audit completed. In the period under review 100% of the responses received had indicated that the auditee was satisfied with the audit work undertaken.

The Committee was reminded that at its previous meeting there had been two significant issues reported. One related to Payment Card Industry Data Security Standard (PCI DSS) compliance which had been addressed in this report. The second related to a Health and Safety programme of works. That action was not due yet. However, the Fraud and Risk Manager had reported that her team was currently working on creating that programme of works for the Health and Safety Officer to work to and to pro-actively plan ahead.

The Acting Audit and Governance Manager also informed the Committee of the current position in relation to the following continuous or consultative audits:

- (i) Office Transformation Programme;
- (ii) Digital Transformation Programme;

- (iii) Project Management; and
- (iv) PCI DSS.

#### INTERNAL AUDIT CHARTER

The Committee was reminded that the Public Sector Internal Audit Standards required the Council's Internal Audit Charter to be a formal document that: -

- Defined the Internal Audit activity's mission, purpose, authority and responsibility;
- Established the Internal Audit activity's position within the organisation including the nature of the "Chief Audit Executive's" (i.e. the Audit and Governance Manager's) functional reporting relationship with the Board (i.e. the Audit Committee);
- Authorised access to records, personnel and physical properties relevant to the performance of engagements;
- Defined the scope of Internal Audit activities;
- Defined the terms "Board" and "Senior Management" for the purpose of Internal Audit activity;
- Covered the arrangements for appropriate resourcing;
- Defined the role of Internal Audit regarding fraud-related work; and
- Included arrangements for avoiding conflicts of interest if Internal Audit undertook any non-audit activities.

Members were informed that the Internal Audit Charter had been updated to reflect the current working arrangements of the Internal Audit function. The key principles of the Charter remained as they had been as they were the foundations of all Internal Audit activity. However, there had been some changes made where areas had been expanded further in order to explain ways of working and some elements had been removed to provide a leaner audit charter that reflected the current structure of the function.

The aesthetics of the Charter had also been updated to provide a consistent design in line with all other Internal Audit Reports. The amended Internal Audit Charter was set out in Appendix B to the report.

#### EXTERNAL QUALITY ASSESSMENT (EQA) UPDATE

It was reported that there was only one issue outstanding from the EQA undertaken by an approved assessor and previously reported in full to the Committee and this was due to be completed by December 2018. That issue had related to a consistent approach to risk management to be followed by all departments as well as Internal Audit. This was being addressed as part of the Risk Management review within the annual audit plan in order to develop a risk framework that all service areas and Internal Audit could use as a consistent basis for assessing risk.

It was moved by Councillor Scott, seconded by Councillor Alexander and **RESOLVED** that –

- (a) the contents of the periodic report be noted; and
- (b) the amended Internal Audit Charter, as set out as the Appendix to the Report of the Acting Audit and Governance Manager, be approved.

50. **REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE RESOURCES) - A.2 - EXTERNAL AUDIT'S ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2018**

The Committee had before it a report (A.2) which presented the External Auditor's Annual Audit Letter for the year ended 31 March 2018 which primarily summarised the outcomes from various audit activities undertaken during the year.

Members were reminded that the Accounts and Audit Regulations required that:

- (1) *A committee must meet to consider the letter as soon as reasonably practicable;*
- (2) *following consideration of the letter in accordance with paragraph (1) the authority must—(a) publish (which must include publication on the authority's website) the audit letter; and (b) make copies available for purchase by any person on payment of such sum as the authority may reasonably require.*

It was reported that there were a number of different strands of external audit work undertaken during the year such as specific activity in relation to the financial statements and value for money opinion. The outcomes from those activities were reported to the Council separately as they were completed during the year. The Annual Audit Letter was effectively an end of year report for the Council which captured and summarised those outcomes in one document. It was primarily directed to Members but it must also be made available as a public document.

The Committee was informed that the Annual Audit Letter relating to 2017/18 had raised no significant concerns raised. Page 15 of the Audit Letter highlighted the general risks associated with financial resilience / sustainability, which were actively being managed within the Council's long term financial sustainability plan. That action had also been recognised within the Annual Governance Statement and updates would be provided to the Committee over the course of the year, with the first one set out within the Table of Outstanding Issues Report elsewhere on the agenda.

Members were made aware that External Audit had highlighted three issues for consideration in the future which were set out on pages 21 and 22 of the Audit Letter. Those issues were:-

- (1) IFRS9 Financial Instruments;
- (2) IFRS15 Revenue from Contracts with Customers; and
- (3) IFRS16 Leases.

The Committee was advised that responses to those issues would form part of the work that would be undertaken in 2019 to close the Council's accounts and produce the formal Statement of Accounts for 2018/19 by the required statutory deadlines.

Kevin Suter, Executive Director (Ernst & Young) referred to the fact that this was the last Annual Audit Letter that E & Y would be producing before the end of their contract. He thanked the Officers and the Committee for all their help, courteous consideration of E & Y's recommendations plus the Council's positive actions taken in response to those recommendations.



Richard Barrett, Head of Finance, Revenues and Benefits Services, on behalf of the Council, placed on record appreciation of E & Y's work, help and advice. He also paid tribute to the excellent working relationship that the Council had had with E & Y.

Mr Suter informed the Committee that an additional audit fee of £646 had been agreed by the Public Sector Audit Appointments Ltd in relation to the audit of the Comprehensive Income and Expenditure Accounts.

It was moved by Councillor Alexander, seconded by Councillor Bray and **RESOLVED** that the contents of the External Auditor's Annual Audit Letter for the year ended 31 March 2018 be noted.

**51. REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE SERVICES) - A.3 - TABLE OF OUTSTANDING ISSUES**

There was submitted a report by the Council's Deputy Chief Executive (Corporate Services) (A.3) which presented to Members the progress against outstanding actions identified by the Committee.

It was reported that the Table of Outstanding Issues had been reviewed and updated since it was last considered by the Committee at its meeting held on 26 July 2018.

It was further reported that there were no significant issues to bring to the attention of the Committee, with updates provided against individual items, as set out in Appendix A to item A.3 of the Report of the Deputy Chief Executive (Corporate Services), or elsewhere on the agenda where appropriate.

In addition, it was reported that, with respect to actions identified in the latest Annual Governance Statement, there were no significant issues to bring to the attention of the Committee, with updates provided against individual items, as set out in Appendix B to item A.3 of the Report of the Deputy Chief Executive (Corporate Services).

In respect of the legionella issue experienced at the Frinton and Walton Lifestyles, the Committee was advised that the Council was currently engaged in on-going discussions with the Health and Safety Executive.

It was moved by Councillor Scott, seconded by Councillor Yallop and **RESOLVED** that the progress on the outstanding issues be noted.

**52. EXCLUSION OF PRESS AND PUBLIC**

It was moved by Councillor Bray, seconded by Councillor Yallop and:-

**RESOLVED** that under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of Agenda Item 9 on the grounds that it involves the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1 of Schedule 12A, as amended, of the Act.

**53. REPORT OF DEPUTY CHIEF EXECUTIVE - B.1 - RISK BASED VERIFICATION POLICY**

**RESOLVED** that, following the 2018/2019 annual review, the Risk Based Verification Policy as set out in Appendix A attached to the Report B.1 of the Deputy Chief Executive (Corporate Services) be approved.

The meeting was declared closed at 8.10 pm

**Chairman**

## Glossary of Abbreviations and Acronyms

<b>AGS</b>	Annual Governance Statement
<b>CHIS</b>	Covert Human Intelligence Sources
<b>CIES</b>	Comprehensive Income and Expenditure Statement
<b>CIPFA</b>	Chartered Institute of Public Finance and Accountancy
<b>EAG</b>	Essex Audit Group
<b>ERCF</b>	Eastern Region Corporate Fraud
<b>EY</b>	Ernst and Young
<b>FRC</b>	Financial Reporting Council
<b>GF</b>	General Fund
<b>HBMS</b>	Housing Benefit Matching Service
<b>HRA</b>	Housing Revenue Account
<b>IAS</b>	International Accounting Standard
<b>IFRS</b>	International Financial Reporting Standard
<b>ISA</b>	International Standard on Auditing
<b>IUC</b>	Interview Under Caution
<b>LGPS</b>	Local Government Pension Scheme
<b>MIRS</b>	Movement in Reserves Statement
<b>MTFF</b>	Medium Term Financial Forecast
<b>NAFN</b>	National Anti-Fraud Network
<b>NAO</b>	National Audit Office
<b>NFI</b>	National Fraud Initiative
<b>PCAW</b>	Public Concern at Work
<b>PCI</b>	Payment Card Industry
<b>PPE</b>	Property, Plant and Equipment
<b>PSAA</b>	Public Sector Audit Appointments
<b>PSIAS</b>	Public Sector Internal Audit Standards
<b>PSN</b>	Public Services Network
<b>PWC</b>	Price Waterhouse Coopers
<b>RBV</b>	Risk Based Verification
<b>RIPA</b>	Regulation of Investigative Powers Act
<b>SOA</b>	Statement of Accounts
<b>SOLACE</b>	Society of Leaders and Chief Executives
<b>TCWG</b>	Those Charged With Governance
<b>VFM</b>	Value for Money
<b>WGA</b>	Whole of Government Accounts

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## AUDIT COMMITTEE

24 JANUARY 2019

### REPORT OF ACTING AUDIT AND GOVERNANCE MANAGER

#### A.1 PERIODIC REPORT ON INTERNAL AUDIT – SEPTEMBER - DECEMBER 2018 AND UPDATED INTERNAL AUDIT CHARTER

(Report prepared by Craig Clawson)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period September – December 2018.

##### EXECUTIVE SUMMARY

- A total of nine audits have been completed since the previous update in September 2018. A further nine are still in fieldwork phase and a final seven audits have been allocated.
- Four consultative reviews are ongoing; Digital Transformation Programme, Office Transformation Programme, Project Management and PCI DSS Compliance.
- One audit in the period received an overall audit opinion of 'Improvement Required'

##### RECOMMENDATION(S)

(a) The periodic report be considered and noted;

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

Provision of adequate and effective internal audit helps demonstrate the Council's commitment to corporate governance matters.

##### FINANCE, OTHER RESOURCES AND RISK

###### Finance and other resources

The Internal Audit function is operating within the budget set.

###### Risk

Review of the functions of the Council by Internal Audit assists in identifying exposure to risk, and its mitigation.

## LEGAL

The Council has a statutory responsibility to maintain adequate and effective internal audit.

The Accounts and Audit Regulations 2015 make it a statutory requirement that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards and guidance.

## OTHER IMPLICATIONS

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.  
Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

Internal Audit activity assists the Council in maintaining a control environment that mitigates the opportunity for crime.

During the course of internal audit work issues regarding equality and diversity, and health inequalities may be identified and included in internal audit reports.

There is no specific effect on any particular ward.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND

- The Public Sector Internal Audit Standards (PSIAS) require the Acting Audit and Governance Manager to make arrangements for reporting to senior management (Management Board) and to the board (Audit Committee) during the course of the year.
- Reporting arrangements also provide an indication on whether the Head of Internal Audits Annual Assurance Opinion can be provided at the end of the financial year.

### INTERNAL AUDIT PLAN PROGRESS (2018/19)

A total of nine audits have been completed since the previous update in September 2018. A further nine audits are in fieldwork phase and the final seven audits have been allocated to be complete.

Based on the audits completed, days spent on audits currently in fieldwork phase and consultancy days used for service support the percentage of the plan completed is forecast at 62% complete. Targeted percentage complete for this period is between 70-75%.

Staffing issues regarding long term sickness have been a contributing factor to not being on target; however, at this stage it is still anticipated to have completed the necessary audit work to provide an opinion on the overall effectiveness of the organisations

governance, risk management and control framework at end of the financial year.

Eight of the nine audits have received a satisfactory level of assurance, however; one audit (Facilities Management) has received an overall audit opinion of 'Improvement Required'.

As there are a number of audits that are continuous or consultative, it is necessary to provide a summary of progress below;

### ***Office Transformation Programme***

The first phase of transformation at pier avenue is now complete with some areas of the transformation plan being complete before the expected target date. There are mechanisms in place to identify significant issues that may impact on the progress of the plan and key risks are being continuously monitored and updated as the programme progresses.

No major issues have been highlighted to date which may cause a material delay to delivery of the plan.

### ***Digital Transformation Programme***

The Project Initiation Document (PID) has now been updated to reflect the changes to the original specification from when the project began. Some areas of the project have had to change because the expected IT solution is no longer feasible and has had to be adapted in order to deliver the same outcome. The Head of IT and Corporate Resilience has created a program for User Acceptance Testing (UAT) which identifies each key area of the project to be delivered, the service area it relates to, testing required and Head of Service Sign Off. Internal Audit has reviewed the approach and consider it to provide an acceptable level of assurance and accountability for testing all key areas of the programme going forward.

The latest status update has identified that 95% of the budget allocated to Network Re-design has already been used. The Head of IT and Corporate Resilience advised that the additional budget needed is not expected to be material and can be funded through existing service budgets. Changes to the Wifi network installation and network monitoring tools are a contributing factor.

### ***Project Management***

Internal Audit has now recommended, in agreement with the Deputy Chief Executive; a strong governance framework to be implemented for all new projects going forwards. The next step is to present the work paper to Management Team to gain feedback from Senior Management before the changes can be implemented corporately.

Once the governance framework has been agreed by all key stakeholders a formal process will be adopted across the organisation for all new projects.

### ***Payment Card Industry Data Security Standard (PCI DSS)***

The PCI DSS audit review commissioned in September 2018 has now been completed. It has identified that the Council needs to facilitate a number of actions to be compliant in the future. Internal Audit is working with IT and Finance to ensure that all areas are addressed and resolved. Many of the high priority recommendations are due to not receiving a

response from our third party income management supplier (Capita) at the time of the audit.

### **Quality Assurance**

The Internal Audit function issues satisfaction surveys for each audit completed. In the period under review 100% of the responses received indicated that the auditee was satisfied with the audit work undertaken.

### **Resourcing**

At the previous audit committee it was reported that a member of the audit team had begun a period of long term sickness which has continued throughout the period being reported. Although this has had some impact on the delivery of the plan, it is still anticipated that an overall assurance opinion at the end of the financial year can be provided.

Another member of staff is due to go on maternity leave mid-March. The overall position therefore remains under review as additional temporary resource may be required.

### **Outcomes of Internal Audit Work**

The standards require the Acting Audit and Governance Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report five audits have been completed. The Public Sector Internal Audit Standards require the reporting of significant risk exposures and control issues.

<b>Assurance</b>	<b>Colour</b>	<b>Number this Period</b>	<b>Total for 2017/18 Plan</b>	
Substantial		4	6	
Adequate		4	6	
Improvement Required		1	2	
Significant Improvement Required		0	0	
No Opinion		0	0	

For the purpose of the colour coding approach, both the substantial and adequate opinions are shown in green as both are within acceptable tolerances.

Significant Issues arising from audits completed in the period under review receiving an 'Improvement Required' opinion and requiring reporting to Committee are: -

### **Facilities Management (FM)**

The scope of this review was to cover all facilities across the council and ensure that all were compliant with mandatory maintenance including periodic Health and Safety requirements.

The following significant issues and associated actions have been identified, some of which have already been addressed;



1. There is currently no forward plan in place, which sets out how facilities propose to achieve objectives, aims and targets for future work.
  - *A three or five year plan will be created in consultation with Management Team once the Councils Transformation Project is complete. This is due to the current Facilities Management budget being diverted where possible to support the project overall.*
2. Fire Risk Assessments, Fire Drills and Fire Extinguisher Testing is not being undertaken at the Crematorium.

The following actions were agreed at the time of the audit and the Fraud and Risk Manager has reported that the actions have now been completed.

- *Fire Risk Assessments should be undertaken on a periodic basis in line with Health and Safety regulations. Liaise with the Health and Safety Advisor to support a consistent approach for the Council.*
  - *A fire evacuation testing process is to be introduced that adheres to Health and Safety regulations while considering the sensitivity of the services provided to the public. Liaise with Health and Safety to establish an acceptable approach.*
  - *Liaise with Health and Safety to understand the expectations on the service regarding Health and Safety at Work and Risk. Procure the services of a third party to undertake the tests and ensure that it is consistent with other facilities around the council. This should be undertaken on a periodic basis in line with Health and Safety Regulations.*
3. Safety issues identified by all services with facilities management responsibilities are not reported to the officers responsible for Corporate Health and Safety. This is essential to ensure that all H & S issues are identified and reported consistently and accurately.
    - *Liaise with Health and Safety on a periodic basis and identify what information is needed from the Facilities Management function to be used to support the regular Health and Safety reports provided to Management Team*

## **Bank Account**

Although the bank account audit did not receive an 'Improvement Required' opinion overall there was one significant issue identified that requires further attention.

1. When using a council credit card a requisition must be made and subsequently approved. All supporting information must then be retained and provided to Accountancy for reconciliation purposes.

When submitting credit card payment details to Accountancy, there should be accompanying documentation supplied by the department responsible for the transaction to reconcile against bank statements and ensure the correct tax code is applied. The process is not consistently followed across all departments and all supporting documentation was not available at the time of the audit.

Without an independent review of credit card / internet payments there is an

increased risk of goods / services being purchased that are not for official business use. However, substantive testing was undertaken and all transactions tested were explained and deemed to be for official business.

- *The Head of Finance, Revenues & Benefits Services will distribute an email reminding staff of the correct process to follow when submitting credit card payment details and if the lack of supporting documentation continues, their use of the Corporate Credit Card will be withdrawn.*

## **Update on previous significant issues reported**

### ***Development Management***

#### Retention of Funds by Third Party Company (Income Management)

It was previously reported at the September Audit Committee meeting that the planning portal (government backed mechanism for processing online planning applications) had amended the circumstances relating to planning fees paid by applicants and how they are received by Councils. The new arrangements allow the company administering the planning portal to retain the monies paid, take their £20 charge per application and then transfer the funds to the Council in one BACS payment. This creates a risk because customer monies are retained by a third party, if they were to become insolvent the money would be lost and the Council would still have an obligation to honour the application without ever receiving the money.

*'The agreed action was for the service to explore whether the planning portal can revert to the previous process of allowing the payments to be sent directly to the Council and we then pay back the commission owed to the planning portal supplier. If this is not an option then it is recommended that a portal be created in house to allow applications to be processed via our own website.'*

The service have asked the company that administers the Planning Portal to revert to the old model above, however they are not willing to divert from their business model and if they did it would create a lot of additional resource requirement for TDC. As TDC are currently working with a third party supplier as part of our digital transformation work, the Planning Department have asked them to assess whether an in house portal is possible, this is currently in progress.

Heads of Internal Audit across Essex were also asked at the Essex Audit Group, how they are managing this risk within their organisations. Half of the responses suggested they were exploring alternatives but would continue with business as usual if the solution was too resource intensive and the other half were going to continue with the current process.

TDC has no immediate option but to continue with the current process for online applications whilst an in-house solution is explored. It is recognised that there is a risk of continuing with the current Planning Portal Administrator, however; subject to the in-house solution being provided the current process will be kept under ongoing review.

For reporting purposes, the number of significant findings identified with outstanding actions are listed below;

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	0	
Not yet due	6	

**BACKGROUND PAPERS FOR THE DECISION**

Audit Report

**APPENDICES**

Appendix A – 2018/19 Internal Audit Plan Progress Report

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<b>Tendring District Council Internal Audit</b>			
<b>2018/19 Internal Audit Plan Progress Report</b>			
<b>Audit Title</b>	<b>Status January 2019</b>	<b>Audit Type</b>	<b>Audit Opinion</b>
<b>2017/18 Carry Forward</b>			
IT Support	Complete	Full review of IT Support Services. Assess security and data integrity controls and assess performance indicators	<b>Adequate Assurance</b>
<b>Key Systems / Key Financial Risk Areas</b>			
<b>Procurement</b>	<b>Fieldwork</b>	<b>Continuous Auditing Approach. Five days allocated per quarter of the annual plan</b>	<b>To be confirmed</b>
Housing Benefits	Fieldwork	Different Techniques involved. Techniques used; self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	To be confirmed
Business Rates	Fieldwork	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises. Analysis of Legislation changes and pooling arrangements may also be required	To be confirmed
Main Accounting System	Fieldwork	Data Analytics is the main audit technique used within this audit	To be confirmed
Corporate Governance	Complete	Assurance Mapping and Self-Assessments to be used within this audit. Interviews with Senior Management required to ascertain the culture of the organisation	<b>Substantial Assurance</b>
<b>Banking</b>	<b>Complete</b>	<b>Mainly Self-Assessment with some testing required</b>	<b>Adequate Assurance</b>
Council Tax	Fieldwork	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	To be confirmed

<b>Payroll</b>	<b>Complete</b>	<b>Data Analytics is the main audit technique used within this audit</b>	<b>Substantial Assurance</b>
<b>Accounts Payable</b>	<b>Complete</b>	<b>Data Analytics is the main audit technique used within this audit</b>	<b>Substantial Assurance</b>
<b>Treasury Management</b>	<b>Complete</b>	<b>Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used</b>	<b>Substantial Assurance</b>
Housing Rents	Allocated	Root cause analysis / Data Analytics	To be confirmed
<b>Cash Receipting</b>	<b>Complete</b>	<b>Root cause analysis / Data Analytics</b>	<b>Adequate Assurance</b>
Accounts Receivable	Allocated	Data Analytics is the main audit technique used within this audit	To be confirmed
Contract Management	<i>Fieldwork</i>	Review of different contracts across the council assessing how they are managed and identifying where best practice can be shared	To be confirmed
Financial Resilience	Allocated	Balancing the Council's budget and forecasting a medium to long plan is still one of the biggest risks the Council faces	To be confirmed

<b>Other Services / Systems</b>			
Housing Repairs and Maintenance	Allocated	Annual review of individual / multiple elements of HR & M	To be confirmed
Risk Management	Allocated	Required annually under PSIAS and Cipfa guidance	<b>Consultative Review</b>
Corporate Fraud Team	Complete	Deferred from 2017/18. Full review of proposed governance arrangements introduced.	<b>Adequate Assurance</b>
<b>Facilities Management</b>	<b>Complete</b>	<b>Self-Assessment and Quality Control Review</b>	<b>Improvement Required</b>
Insurance	Complete	Self-Assessment Questionnaire Exercise	<b>Substantial Assurance</b>

Inventory / Stock Control	<i>Fieldwork</i>	Common theme across the Council that continues to raise concerns. Audit expected to identify all areas where stock control is required and provide a consistent approach for all areas	To be confirmed
Transformation Programme	<b>Acting Audit and Governance Manager is part of the transformation delivery board</b>	<b>Review of governance arrangements, decision making, cost / benefit analysis and benefit realisation</b>	<b>Consultative Review</b>
Project Management	<b>Design of Project Management Governance Process now complete. To be reported to Management Team for feedback before implementation</b>	<b>Review of different projects across the council assessing how they are managed and identifying where best practice can be shared and guidance provided for future projects</b>	<b>Consultative Review</b>
Leisure Centres	<i>Fieldwork</i>	Self – Assessment Exercise to ensure adequate governance and financial control arrangements are in place	To be confirmed
Housing Allocations – Follow Up	<i>Fieldwork</i>	Full review of Housing Allocations Service	To be confirmed
<b>Land Charges</b>	<b>Complete</b>	<b>Self – Assessment and Audit Testing</b>	<b>Substantial Assurance</b>
Development Management	Complete	Planning Processes from Application process, Income Management Process through to the Appeals Process  Significant issue identified relates to Income Management	<b>Improvement Required</b>
Health & Safety	Allocated	Spot checks, Compliance reviews and Self - Assessments	To be confirmed

Emerging Key Projects	Unallocated	Provision for emerging projects. Considered as a contingency provision to be allocated during year to specific tasks as appropriate	To be confirmed
<b>Computer Audit</b>			
Digital Transformation Programme	Acting Audit and Governance Manager is part of the digital transformation delivery board	IT continues to be one of the biggest risk areas to all organisations. Governance arrangements and project delivery to be within scope	Consultative Review
IT Governance	Allocated	PSIAS expectation that this will be covered each year.	To be confirmed
IT Assets	Complete	Includes detailed testing to ensure that all IT Assets are accounted for. Additional security arrangements required from standard stock control	Adequate Assurance
Business Continuity & Emergency Planning	Complete	Review of current arrangements including how financial capacity is built in to emergency planning and business continuity procedures	Adequate Assurance

**Status Key**

<b>Unallocated</b>	Audit in Audit Plan, but no work undertaken yet
<b>Allocated</b>	Audit is being scoped / has been scoped and awaiting commencement
<b>Fieldwork</b>	Audit in progress
<b>Draft Report</b>	Audit fieldwork complete, but Final Report not yet issued
<b>Completed</b>	Final Report issued and audit results reported to Audit Committee
<b>Deferred</b>	Audit was in Audit Plan, but will now be undertaken in a later year. Deferred audits agreed by Audit Committee
<b>Delayed</b>	Valid request from function being audited for audit to be undertaken later than proposed



## AUDIT COMMITTEE

24 JANUARY 2019

### REPORT OF DEPUTY CHIEF EXECUTIVE

#### A.2 EXTERNAL AUDIT REPORT – CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2017/18

(Report prepared by Richard Barrett)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To present the External Auditor's certification of claims and returns annual report 2017/18.

##### **EXECUTIVE SUMMARY**

- The Housing Benefit Subsidy claim was subject to audit certification by the Council's External Auditor in 2017/18.
- The External Auditor's detailed report is attached. A qualification letter has been issued although there has been only a marginal effect on the subsidy receivable.
- To date no response has been received from the Department for Works and Pensions in response to the External Auditor's qualification letter. Although they have not done so in previous years, the DWP may require the Council to undertake further work or claw back subsidy that has been paid. As there have only been a limited number of relatively minor issues identified this risk is low.

##### **RECOMMENDATIONS**

**That the Committee considers and notes the External Auditor's certification of claims and returns annual report 2017/18.**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### **DELIVERING PRIORITIES**

The aim of continuing to be financially stable and well managed and provide good value for money is directly supported through learning and improving through audit and inspection. This requires proportionate responses to recommendations and opportunities for improvement identified by the External Auditor each year.

##### **FINANCE, OTHER RESOURCES AND RISK**

###### **Finance and other resources**

The breakdown of External Auditors fees is set out on page 9 of the attached report. The total fee can be accommodated within existing budgets.

**Risk**

If proportionate and practical responses to recommendations made by the External Auditor are not fully considered then there is the risk that errors or incorrect claims are made in the future which could have an adverse impact on the Council's reputation and standing in addition to any potential financial loss.

**LEGAL**

There are no direct legal implications associated with this report.

**OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

There are no direct implications.

**PART 3 – SUPPORTING INFORMATION****BACKGROUND AND OUTCOMES FROM THE EXTERNAL AUDITOR'S WORK**

The duty to make arrangements for the certification of relevant claims and returns is delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. These arrangements required the certification of the Housing Benefits subsidy claim during the year. The External Auditor's report setting out the outcome from the audit work they have undertaken is attached.

Only a limited number of amendments were required and there was only a minimal impact on the overall subsidy claimed for the year.

As highlighted within the attached report, a qualification letter has been issued by the External Auditor based on the findings set out in their report, which largely reflects the requirement for them to report identified issues to the DWP, rather than due to the significance of the issues themselves as their impact was minimal compared to the overall amount of subsidy claimed.

**BACKGROUND PAPERS FOR THE DECISION**

None

**ATTACHMENTS**

The External Auditor's Certification of Claims and Returns Annual Report 2017/18

# Certification of claims and returns annual report 2017-18

Tendring District Council

December 2018

Page 23

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y'.

Building a better  
working world



Members of the Audit Committee

10 December 2018

**Tendring District Council**  
Town Hall  
Station Road  
Clacton on Sea  
CO15 1SE

Dear Audit Committee Members

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Tendring District Council's 2017-18 claims.

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them. From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2017-18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you at the Audit Committee on Thursday 24 January 2019.

Yours faithfully

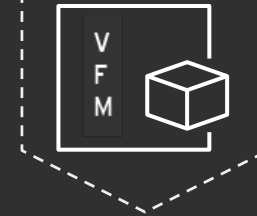
Kevin Suter  
Associate Partner  
For and on behalf of Ernst & Young LLP

# Contents

## 01 Housing benefits subsidy claim



## 02 2017-18 certification fees



This report is made solely to the Audit Committee and management of Tendring District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Tendring District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, and management of Tendring District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

# Housing benefits subsidy claim





## Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£59,485,973
Amended/Not amended	Amended - subsidy reduced by £4
Qualification letter	Yes
Fee - 2017-18	£16,025
Fee - 2016-17	£12,380

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to follow a programme of work specified by DWP. Detailed case testing is carried out on an initial sample of 20 cases per benefit type. More extensive '40+' or extended testing is undertaken if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims.

We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim, as noted above.

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. We include in this report a summary of the main issues we reported in our qualification letter as follows:

### **Cross-cutting issues: Audit trails for sub-populations.**

To undertake the required extended testing, the Council provided reports for the sub populations of all cases within rent allowance in receipt of Rent Allowance State Retirement Pension, Industrial Injury Disability Benefit and Earned income. The Council ran the reports on the 1st April 2018. However, if a claimant was in receipt of any of these three types of income prior to this date but was no longer receiving this type of income, on the day the report was run, then the case would not appear in the sub-population.

The Authority has advised the only way to obtain a complete report for these sub-populations would be to run the income elements report every day and which is not considered feasible. We have therefore not amended for any errors arising from extended testing on these benefits but reported the findings in our Letter.

## Housing benefits subsidy claim

### **Cross-cutting issues: Audit trails for sub-populations.**

In respect of the errors on State Retirement Pension and Earned Income, the errors would only impact on non-passported cases only. Non-passported cases relate to individuals or couples claiming benefit) who do not receive either Income Support, Jobseeker's Allowance Employment and Support Allowance or Pension Credit. Individuals or couples which do receive these benefits are automatically passported onto full Housing Benefit.

However, the Authority's report as at 1st April 2018 does not have the function to filter reports to show either non-passported or passported cases. We have performed extra work to produce two extrapolations based on populations which both include and exclude passported cases to report in the Letter.

### **Non Housing Revenue Account Rent Rebates: Incorrect End Date**

- ▶ Initial testing identified one error, where the Council had processed the incorrect end date to a claim resulting in an overpayment of benefits.
- ▶ Our extended testing identified two further errors which resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayment was not classified as an error for subsidy purposes and has no impact on the claim. The extrapolated impact of the errors result in overpayment of subsidy of £66.

### **Rent Allowances: Incorrect Calculation of earned income**

- ▶ Initial testing identified one error, where the Council had miscalculated the amount of taxation within earned income resulting in an overpayment of benefits.
- ▶ Our extended testing identified one further miscalculation where the Council had not deducted Employee's National Insurance from earned income and four cases which resulted in an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the four underpayments were not classified as errors for subsidy purposes and have no impact on the claim. The extrapolated impact of the two errors resulted in overpayment of subsidy of £1,386 excluding passported cases and £1,349 including passported cases.

### **Rent Allowances: Incorrect Start Date and Incorrect Calculation of State Retirement Pension**

- ▶ Our initial testing found no errors arising from an incorrect start date applied for changes to state retirement pension. However, we have included this matter within previous Qualification Letters and we have an expectation of errors in respect of state retirement pension. Therefore, the Authority undertook additional testing on a sample of 40 cases from a sub-population of state retirement pension cases.
- ▶ Our extended testing identified an overpayment of housing benefit because the Council had not used the correct state retirement figure. The extrapolated impact of the error resulted in overpayment of subsidy of £2,517 excluding passported cases and £1,342 including passported cases.



# Housing benefits subsidy claim

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## **Rent Allowances: System Error: Overpaid Benefit**

- ▶ In August 2016 the Department for Work and Pensions implemented its Payment Deductions Project (PDP), creating an interface for the recovery of Housing Benefit debts from Universal Credit and non-Universal Credit Benefits. In checking the underlying workbook in support of the claim we noted two discrepancies for local authority (LA) error of £498.68 and eligible error of £5,864.44.
- ▶ Our sample testing confirmed that the PDP system appeared to have incorrectly imported all of these prior year overpayments into the 2017/18 Subsidy claim cells. In all cases tested, the Authority had already claimed the overpayments in previous subsidy years ranging from 2013/14 to 2016/17.
- ▶ The Council declined to test all 34 LA and 195 claimant cases considering that it would not be a cost-effective exercise. We can therefore not conclude if the discrepancies are fairly stated and we have reported the matter to the DWP.

## **Rent Allowances: Amendment to Claim**

- ▶ The Council had incorrectly recorded a returned payment through the Bank Automated Clearing System (BACs) within the underlying workbook in support of the claim. As the Council had reviewed all relevant cases we agreed an amendment to the claim, which resulted in a reduction in subsidy of £4.

## **Modified Schemes and Industrial Injury Disability Benefits**

- ▶ We found no errors from the initial testing of modified schemes and extended testing of Industrial Injury Disability Benefits.



02

2017-18 certification fees





# 2017-18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	£16,025	£13,110	£12,380

The indicative scale fee for 2017/18 of £13,110 is based on the final fee charged in 2015/16.

Our final fee for 2017/18 is £16,025, an increase of £2,915 arising from:

- Reporting in the Qualification Letter that the Council could not provide separate non-passported and passported audit trails and the calculation of two additional extrapolation tables for the Letter;
- Investigation, testing and reporting in the Qualification Letter of the duplicate payment system Payments Deductions Project error This involved an extra six cases that were tested compared to 2015/16;
  - Review and documentation of manual adjustments and exceptions to the claim which are listed in the workbook from which the claim is derived. The document of our review covered eight areas covering 52 entries involving an extra sample of five cases compared to 2015/16 ; and
  - Testing of returned Bank Automated Clearing System payments, which resulted in an amendment to the claim, involving testing of an extra sample of five cases compared to 2015/16 .

We have discussed and agreed the overall fee reduction and final fee with the Head of Finance, Revenues and Benefits. The final fee is subject to agreement by Public Sector Auditor Appointments Ltd.

## EY | Assurance | Tax | Transactions | Advisory

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ED None

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## AUDIT COMMITTEE

24 JANUARY 2019

### REPORT OF DEPUTY CHIEF EXECUTIVE

#### A.3 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To present to the Committee the progress on outstanding actions identified by the Committee.

##### EXECUTIVE SUMMARY

- A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress on issues and items that form part of its governance responsibilities.
- **Appendix A** sets out actions previously identified by the Committee along with the latest position / update.
- **Appendix B** sets out updates against the Annual Governance Statement that the Committee agreed at its 26 July 2018 meeting.
- **Appendix C** sets out the Council's response to a property risk review requested by the Audit Committee and undertaken by the Council's insurers.
- To date there are no significant issues arising from any of the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.

##### RECOMMENDATION(S)

**That the Committee notes the progress on the outstanding issues.**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

##### FINANCE, OTHER RESOURCES AND RISK

###### Finance and other resources

There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.

###### Risk

The Table of Outstanding Issues is in itself a response to potential risk exposure with further activity highlighted to address matters raised by the Audit Committee.

## LEGAL

There are no direct legal implications associated with this report.

## OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

This report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

## PART 3 – SUPPORTING INFORMATION

### TABLE OF OUTSTANDING ISSUES

The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee at its 27 September 2018 meeting.

An updated Table of Outstanding Issues is set out in **Appendix A**. One of the outstanding actions relates to the outcome from a recent property risk review with **Appendix C** setting out the associated recommendations and observations along with the action / response by the Council.

An update on actions relating to the Annual Governance Statement is set out separately in **Appendix B**.

#### **Update On Issues Raised**

Any actions identified by the Committee at its last meeting have now been included where appropriate.

Updates on items either appear as separate items elsewhere on the agenda or set out within the Appendix, with work scheduled or remaining in progress on all outstanding items.

### BACKGROUND PAPERS FOR THE DECISION

None

### APPENDICES

**Appendix A** – Table of Outstanding Issues (January 2019) – General.

**Appendix B** - Table of Outstanding Issues (January 2019) - Annual Governance Statement Actions

**Appendix C** – Property Risk Review Outcomes

**AUDIT COMMITTEE - Table of Outstanding Issues (January 2019) - GENERAL**

Governance Area	Activity / Subject	Recommendation / Issue	Lead / Service	Progress /Comments	Status – Target Date
<b>Risk Management</b>	Effective Management of the Council's Property Portfolio	Following the Audit Committee's training session on 23 October 2014, Officers were requested to keep the Committee up to date with the property risk audit that is to be undertaken in partnership with the Council's insurers.	Head of Finance, Revenues and Benefits	Recommendations / observations were received from the Council's insurers earlier in the financial year following the completion of their property risk 'audit'.  Actions identified and the Council's responses are set out in <b>Appendix C</b> of this report.	<b>January 2019</b>
<b>Risk Management</b> Page 35	Review of Risks within Corporate Risk Register	Following the Audit Committee's consideration of the Corporate Risk Register at their 26 July 2018 meeting, they requested officers to explore whether the following should be treated as separate risks within the register given their potential impact in the Council:  1) The delivery of the Waste and Recycling Service given recent events elsewhere in the country and the failure of large contractors nationally.  2) The delivery of the Planning Service as loss of key staff could contribute towards the failure to comply with legislative requirements.  3) Emergency Planning arrangements, in respect of flooding or some other	Relevant Director	The associated review has now been completed with the outcome set out within the Corporate Risk Register Report elsewhere on the agenda.	<b>January 2019</b>

major incident, could result in the Council providing a significant number of alternative residences for a protracted period. This could seriously divert Council Officers from various departments and significantly deplete the financial reserves of the Council in the medium term.

The Council should also be mindful that, in these circumstances, experience shows that the Council will potentially be the target of financial fraud. This would also divert Officers from their normal responsibilities and deplete Council funds.



**AUDIT COMMITTEE - Table of Outstanding Issues (January 2019) – ANNUAL GOVERNANCE STATEMENT ACTIONS**

Governance Issue	Action	Current Position / Update
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p> <p>The Council adopted a new ten year approach to budgeting in 2017, aimed at maximising savings opportunities whilst delivering growth in underlying income to deliver a balanced budget over a ten year forecast.</p> <p>The plan depends upon the use of a reserve specifically established to support the long term financial plan which is estimated to provide up to £3.7 million of funding over the plan period.</p> <p>Risks exist to the plan should income generation schemes not materialise while using non-recurrent reserves to addressing budget gaps is not sustainable should austerity continue.</p>	<p>Continue to develop the long term forecast with a focus on:</p> <ul style="list-style-type: none"> <li>• Ensuring the robustness of assumptions used in financial planning/forecasting.</li> <li>• Prioritising resources whilst maintaining services wherever possible.</li> <li>• Develop a new way of reporting progress against the new long term forecast including an assessment of risk.</li> <li>• Delivery a balanced budget in 2019/20 in-line with the forecast.</li> </ul>	<p>A revised approach to reporting the progress against the new long term forecast has been developed with the reports presented to Cabinet on 14 September 2018 and 9 November 2018.</p> <p>The report brings together a number of strands of financial information in to one place are being reported to Management Team and Members on a regular basis. Detailed estimates and a comprehensive outturn position will continue to be reported to Members in February and May respectively.</p> <p>The long term financial plan remains based on a robust approach with no optimism bias built in and includes an assessment of risk that covers each line of the forecast.</p> <p>The detailed estimates for 2019/20 based on the revised approach adopted were considered by Cabinet on 18 January 2019 for recommending onto Full Council in February 2019</p>
<p><b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p><b>Developing the entity's capacity, including the capacity of its leadership and the individuals within it</b></p> <p>Council continuing to demonstrate Value for</p>	<p>To develop a robust project management approach to governance arrangements and reporting against the expected benefits / outcomes of the Council's use of resources.</p> <p>To enhance the business planning process to ensure mandates are</p>	<p>This action remains under development in consultation with the Acting Audit and Governance Manager. It is proposed to roll out a revised business planning / project management approach during 2019/20, which is slightly later than originally planned.</p>

<p>Money in the use of its resources and delivery of major projects, for example, Garden Communities and Jaywick Sands.</p>	<p>achieved for initial scoping and developing business cases for deployment and profiling of resources.</p> <p>This will include a review of the Cabinet Report template and issue refreshed guidance on ensuring equalities implications and alternative options are fully incorporated through early considerations.</p> <p>Progress against associated projects to be reported via the Council's performance management framework</p>	
<p><b>Developing the entity's capacity, including the capacity of its leadership and the individuals within it</b></p> <p><i>(Continue the Delivery of the Transforming the Way We Work Project)</i></p> <p>There are four main strands to this project with work already underway:</p> <ul style="list-style-type: none"> <li>• Digital</li> <li>• Customer Service/channel shift</li> <li>• Office Accommodation</li> <li>• People</li> </ul>	<p>Continue to deliver against the project aims and objectives with regular reporting via the Council's performance management framework, including the establishment of Project Boards.</p>	<p>Delivery Boards are in operation and cover the major projects currently underway in the Council. Membership of the boards includes senior management along with the Acting Audit and Governance Manager.</p> <p>Updates against the key projects will continue to be reported via the Council's existing performance management framework.</p>
<p><b>Developing the entity's capacity, including the capacity of its leadership and the individuals within it</b></p>	<p>Embed and develop the new Committee Structure during 2018/19.</p>	<p>The new structure is fully operational and a number of meetings (including task and finish groups) have been held this year. This approach will continue to evolve over time with the aim of enhancing and strengthening</p>

<p>The Council's Committee Structure is reducing to two Overview and Scrutiny Committees focusing on external and internal arrangements</p>		<p>this important function of the Council so it is fully embedded by the time the district wide elections are held in May next year.</p>
<p><b>Managing risks and performance through robust internal control and strong public financial management</b></p> <p>Robust information security arrangements, including the implementation of GDPR</p>	<p>To implement and embed the new requirements introduced via the new responsibilities placed on the Council by the General Data Protection Requirements.</p>	<p>An audit approach was taken to identify the various areas of the Council where the new GDPR arrangements would have an impact with a full compliance gap analysis undertaken. An action plan was developed which is being monitored by the Council's Governance and Policy Group.</p>
<p><b>Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>Outcomes from Peer Review</p>	<p>To develop an action plan for implementation in response to outcomes from the recent review including effective reporting of progress against each action identified.</p>	<p>An action plan has been developed which was approved by Cabinet at its 18 May 2018 meeting. Further updates will be presented to Cabinet over the course of the year, the latest being considered by them at their 9 November 2018 meeting.</p>

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## PROPERTY RISK REVIEW OUTCOMES

Risk Area / Observations / Recommendations	TDC Response
<p><b>1. Fire Safety within Residential Properties</b></p> <p>The insurer highlighted a number of points including:</p> <ul style="list-style-type: none"> <li>• Recognition that work had been undertaken within the Council to verify good fire safety standards are in place.</li> <li>• Fire Evacuation (flats) - Currently a 'stay-put' policy is in place, however there are plans to review this, as supported by the insurers, and needs to be considered for each property. Communal areas have fire detection and alarm systems so any policy needs to avoid potential confusion and delays in evacuation.</li> <li>• Compartmentation - It is understood that the integrity of compartmentation was reviewed by the Council following the Lakanal House fire in London in 2009. It is recommended that compartmentation is checked on a regular basis.</li> <li>• Integrated Window Systems/Spandrels - A review of these systems should be undertaken to identify any buildings at risk, to ensure that the construction/installation fixings/insulation type is known, and to verify their integrity and to prevent panels falling prematurely.</li> <li>• Guidance to Tenants - Tenants should be provided with guidance on which precautions can be taken to reduce the risk of fire spreading between flats, such as open windows, housekeeping, storage on balconies, keeping all fire doors shut etc.</li> <li>• Waste Chutes - If not already in place, there needs to be a mechanism where waste chutes (including hoppers and dampers) are</li> </ul>	<p><b><i>In respect of the stay put policy</i></b> - The fire evacuation policy was reviewed reflecting the various properties held within the Council's housing stock. A 'stay-put' policy remains in place as it is the most reasonable and practical response in the unlikely event of a fire within a block of flats (tallest block within the housing stock is 4 storeys)</p> <p><i>The policy will remain under on-going review and will reflect future changes in related guidance.</i></p> <p><b><i>In respect of compartmentation</i></b> - Reviews are undertaken during a change of tenants as part of void work and any remedial works carried out. Fire inspections are being carried out on a monthly basis in Sheltered Accommodation. In flats they are carried out on the basis of tenancy turnover and the extent of any damage caused, i.e. in areas of high damage the inspections are carried out on a more frequent basis.</p> <p><b><i>In respect of Integrated Window Systems</i></b> - All windows are compliant with current Building Regulations. Windows in communal areas and stairwells are renewed and upgraded as part of ongoing window replacement works that in turn supports the important compartmentation requirement.</p> <p><i>Window replacement forms a significant component of the major repair and refurbishment works that are carried out each year within the Council's general housing stock.</i></p> <p><b><i>In respect of guidance to tenants</i></b> - New tenants are issued with a Fire Safety leaflet and periodic updates are sent via the Tenant's newsletter.</p> <p><b><i>In respect of Waste Chutes</i></b> - Where waste chutes are still in operation any faults would be picked up as part of the routine block inspections which is already in place.</p>

<p>inspected and maintained on a regular basis.</p> <ul style="list-style-type: none"> <li>• Electrical Maintenance – Consider frequency of electrical tests/inspections within residential flats.</li> <li>• Attention was drawn to general guidance relating to rendered insulated buildings, and if applicable to the Council, actions to undertake should include: <ol style="list-style-type: none"> <li>1) Check the original construction documentation to confirm if fire breaks were installed, the positioning etc. Were any inspections undertaken to confirm that these were in fact installed as proposed?</li> <li>2) If no construction information is available then sample checks (such as core holes drilled) to verify the insulation material used and location of fire breaks.</li> <li>3) Implement a range of regular building condition surveys for the render, to enable damage to render to be repaired promptly therefore reinstating a fire protective covering over the insulation</li> <li>4) Develop a fire fighting strategy for this type of building, following discussions with the local fire authority.</li> <li>5) Review the evacuation policy for rendered/insulated buildings</li> </ol> </li> </ul>	<p><b><i>In respect of electrical maintenance – In compliance with relevant guidance, the fixed electrical inspections to flats are carried out every 10 years, communal areas every 5 years and an annual inspection of emergency light fittings.</i></b></p> <p><b><i>In respect of rendered insulated buildings - The only insulated render system still in place within the housing stock is the Swisslab system applied to a limited number of properties - Percy King estate, Churchill Court and Grove Avenue.</i></b></p> <p><i>This comprises of a slab insulation mechanically fixed to the structural frame without a cavity and with a polymer render finish with spar chipping dash. Following review of the manufacturer’s literature, it is understood that it has good fire resistance and as mentioned above there is no cavity which supports the prevention of a rapid spread of fire.</i></p> <p><i>These blocks are regularly inspected by the estate officers.</i></p> <p><i>It is important to highlight that the tallest block of flats within the housing stock is only 4 storeys and it is not considered necessary to implement alternative policies over and above those that apply to the wider estate as mentioned above e.g. evacuation policy.</i></p>
<p><b>2. Northbourne Depot – Gas Cylinders</b></p> <p>To reduce the risk of gas cylinders toppling and causing injury or damage, all gas cylinders should be kept secured within gas cages, with separate clearly defined areas for full/empty cylinders. In addition, Fuel gases (eg LPG) should be stored away from oxidising gases such as oxygen.</p>	<p><i>The relevant service has created a suitable caged area as required, which will be subject to usual checks and reviews as part of the Council’s wider risk, health and safety processes.</i></p>
<p><b>3. Unoccupied Properties</b></p> <p>Some unoccupied properties are subject to an annual inspection. As unoccupied properties frequently attract unwanted attention, the inspection frequency should be increased. We recommend that all</p>	<p><i>Where appropriate to do so, unoccupied properties would be subject to weekly / proportionate checks taking into account the level of associated risk.</i></p>

<p>unoccupied buildings are inspected thoroughly both internally and externally at least weekly and a record maintained of such inspections. Any defects in security and maintenance should be rectified immediately and accumulations of combustible materials should also be removed during these inspections.</p> <p>It was noted that there remains some storage within the Westleigh Property, this should be removed promptly.</p>	<p><i>All remaining storage has now been removed from Westleigh House prior to its demolition.</i></p>
<p><b>4. Clacton Leisure Centre</b> Kitchen extraction ducts - frequency of the cleaning undertaken and cleaning is completed along its entire length.</p> <p>Sauna – relevant guidance to be reviewed to ensure that the maintenance/management procedures meet the necessary standards to ensure fire safety.</p>	<p><i>The kitchen facilities are within a ‘commercial unit’ that is leased to a third party. The maintenance of the facilities is the responsibility of the lessee.</i></p> <p><i>The extraction ducts are checked yearly. The current tenant does not fry food on the premises so not considered to be a high risk.</i></p> <p><i>The sauna is currently in use and there is a maintenance agreement in place with an external contractor and it is serviced and maintained monthly. A list of tasks required to be carried out with reference to relevant guidance is undertaken.</i></p>

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## AUDIT COMMITTEE

24 January 2019

### REPORT OF DEPUTY CHIEF EXECUTIVE

#### A.4 CORPORATE RISK UPDATE

(Report prepared by Clare Lewis)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To present to the Audit Committee the updated Corporate Risk Register.

##### EXECUTIVE SUMMARY

- The Corporate Risk Register is regularly updated and presented to the Audit Committee every 6 months. Was last updated in July 2018.
- The following table summarises the position at the end of the period under review with updated information provided within the register where necessary:

Item	Number
New Risks Identified	0
Risks Removed	0
Risk Score Amended	1
Risks Under Review	0
Risks Amended	0

##### RECOMMENDATION(S)

That the Audit Committee notes the updates provided to the current Corporate Risk Register.

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

Risk assessment, monitoring and control forms the central tool for managing the strategic risks that may prevent the Council from achieving the corporate priorities as identified in the Corporate Plan and associated corporate goals.

##### FINANCE, OTHER RESOURCES AND RISK

###### Finance and other resources

The risk management approach can be delivered within existing budgets.

###### Risk

The subject of risk and its management by the Council is set out in the main body of this report.

## LEGAL

There are no specific legal implications.

## OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no other direct implications.

## PART 3 – SUPPORTING INFORMATION

### BACKGROUND

The Corporate Risk Register was last presented to the Committee in July 2018.

The Terms of Reference for the Audit Committee include a responsibility to provide independent assurance of the adequacy of the risk management framework and the associated control environment. The Corporate Risk Register is therefore brought to the Committee at six monthly intervals to enable the Committee to fulfil its role.

### CURRENT POSITION

#### Corporate Risk Management Framework

Although no changes have been identified as being required at this time, the framework is included at **Appendix A** for information only.

#### Corporate Risk Register

Since the Corporate Risk Register was reported to the Audit Committee in July 2018, no new risks have been identified – this will continue to be reviewed throughout the year, and changes will be reported to the committee in the next meeting in July 2019.

For completeness, the following table sets out all amendments to the Risk Register since it was last considered by the Committee.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	<b>2a – Coastal Defence</b> – Due to the outcome of inspections the inherent risk has been increased – however this remains under review.
Risk under review	None

Risks Amended	None
---------------	------

The following table sets out the recommendations identified from a recent Internal Audit review along with the current position against each action:

Agreed Action	Current Position
Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Corporate Fraud and Risk Manager.	Management Team are currently working with the Fraud and Risk Manager to effectively promote the importance of operational risk management within the Council. The Corporate Fraud and Risk Manager attends Management Team meetings on a quarterly basis and provides monthly updates.
One to one meetings will continue to take place between Senior Managers and the Corporate Fraud and Risk Manager to identify and record key operational risks within their service areas. Support to be provided by Internal Audit if required	One to one meetings have now concluded and feedback received. A deadline has been set for Heads of Service to finalise their departmental risk assessments to conclude this action.  Once concluded any required changes to the corporate risk register will be made.
Once all departmental risk registers are implemented, the Corporate Fraud and Risk Manager is to embed a quality control process for monitoring business risks and verifying the recorded mitigating controls. This should involve process walkthrough's, reviews of supporting documentation and assessments of target dates / resources required to implement controls	Following on from the comments above, a quality control process will be implemented once departmental risk registers have been finalised.

At its meeting on 26 July 2018 the committee requested that officers review a number of risks to explore whether they should be treated as separate risks within the register given their potential impact on the Council. This review has been completed with the outcomes set out below against each of the issues raised as follows.

Issue Raised	Outcome from Review
The delivery of the Waste and Recycling Service given recent events elsewhere in the country and the failure of large contractors nationally.	The contractor is considered to be a stable contractor and there are no issues relating to their financial performance. A 7 year extension to the existing contract has recently been negotiated.  Item 9b of the corporate risk register addresses the associated general business continuity risk without itemising specific contractual areas.
The delivery of the Planning Service as loss of key staff could contribute towards	Entry 4a on the risk register specifically relates to loss of key staff; whilst in

<p>the failure to comply with legislative requirements</p>	<p>Planning the existing margin is slight, efforts are in place that over the next three years through the grow your own programme will significantly reduce this risk in planning.</p> <p>It is not proposed to include a separate item on the corporate risk register over and above the item 4a mentioned above.</p>
<p>Emergency Planning arrangements, in respect of flooding or some other major incident, could result in the Council providing a significant number of alternative residences for a protracted period. This could seriously divert Council Officers from various departments and significantly deplete the financial reserves of the Council in the medium term.</p> <p>The Council should also be mindful that, in these circumstances, experience shows that the Council will potentially be the target of financial fraud. This would also divert Officers from their normal responsibilities and deplete Council funds.</p>	<p>It is recognised that should the impact occur it would be significant but the likelihood based on previous years, and the counter measures already in place such as insurance teams as well as our own housing teams being familiar with the existing client base, and having access to a wealth of client data, means vulnerability to fraud on the scale of Grenfell is remote and does not need specific entry on the register.</p> <p>Emergency planning under entry 9a will form part of existing plans for specifically rehousing existing clients; whilst entry 3d addresses fraud and corruption risk.</p>

<b>BACKGROUND PAPERS FOR THE DECISION</b>
None

<b>APPENDICES</b>
<p><b>Appendix A</b> – Risk Management Framework  <b>Appendix B</b> – Corporate Risk Register</p>

*Tendring*  
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# **RISK MANAGEMENT FRAMEWORK**

**July 2018**

**CORPORATE SERVICES**



## 1. INTRODUCTION

Risk management is an essential element of good governance. CIPFA / Solace in their “Delivering Good Governance in Local Government” guidance note (2012) identify as a core principle of good governance that authorities “**take informed and transparent decisions which are subject to effective scrutiny and managing risk**”.

Risk management is not about being risk averse, it is about being risk aware. For the Council to make the most of its opportunities and to achieve its objectives, the Council will be exposed to risk. By being risk aware and understanding its risk appetite, the Council will be better able to take advantage of opportunities and mitigate threats.

To secure maximum benefit for Tendring District Council, the risk management framework must be integrated with departmental planning. Risk registers must be regularly reviewed and must be meaningful, consistent and current.

This framework is to ensure that the Council has a robust yet proportionate approach to risk management.

## 2. THE NEED FOR RISK MANAGEMENT

Risks are uncertainties that matter and may impact on the delivery of the Council's objectives and services. Risk exposure to the Council arises from the functions and activities it undertakes. Risk exposure will also arise as the Council increases its partnership and multiagency work – whilst control of risks in such instances may be outside of the Council's direct control, the risk exposure needs to be taken into account within the risk management process.

Risk management is the systematic method of identifying, assessing, prioritising, controlling, monitoring, reviewing and communicating risks associated with any activity, function or process in a way that enables the Council to minimise the threats it is exposed to and to maximise the opportunities for achievement of its objectives.

The Council acknowledges that risk management plays a key role in better informed decision making and in assisting in the support and delivery of key objectives, projects and services. It aids in creating an environment that: -

- Maximises opportunities
- Minimises threats
- Adds value

## 3. THE MANAGEMENT OF RISK

Risk exposure occurs at all levels within the Council. Therefore the Council's approach to risk is that it must be addressed on an integrated basis with everyone having roles and responsibilities for its management.

Risks are managed by evaluating the inherent and residual risks applicable, scored to provide a risk rating, which are then assessed taking account of the Council's risk tolerance / appetite.

Risks are captured, and managed at two levels: -

### **Corporate Risks**

Corporate risks are those risks that potentially impact on the delivery of the Council's goals and objectives. They may include issues that have the potential to fundamentally affect service delivery or provision.

Corporate risks will be controlled in the Corporate Risk Register, owned by Management Team.

### Operational Risks

Operational risks are those that potentially impact on the routine service delivery of the Council.

Operational risks are recorded in registers maintained by each department of the Council, and embedded in the departmental planning process. Each register is owned by the relevant Corporate Director / Head of Department.

## 4. RISK MANAGEMENT ROLES AND RESPONSIBILITIES

<b>Audit Committee</b>	Provides independent assurance of the adequacy of the risk management framework and the associated control environment	Receives reports on risk management at least twice each year
<b>Management Team</b>	The maintenance and review of the Corporate Risk Register	Receives updated Corporate Risk Register on a regular basis
<b>Corporate Directors / Heads of Department / Senior Managers</b>	Provide updates on any Corporate Risk where identified as Action Owner	Provide update monthly to Corporate Services
	The maintenance and review of Departmental Risk Registers	Provide update monthly to Corporate Services
<b>Audit and Governance Manager (Governance Role)</b>	Maintenance of the Corporate Risk Register taking into account updates from Management Team, Corporate Directors / Head of Department / Senior Managers	Submit Corporate Risk Register to Management Team on a regular basis
	Support Departments in the continued development and maintenance of Departmental Risk Registers ensuring content is consistent with this framework Review and update of Risk Management Framework	As required  As required
<b>Audit and Governance Manager (Internal Audit Role)</b>	Maintenance of Internal Audit Universe and Audit Plans, and the undertaking of audits taking account of risks within Corporate and Departmental Risk Registers	Ongoing
	Audits of Risk Management process at Corporate and Departmental level	Annually
	Reporting on any significant risk exposures for consideration of inclusion in the appropriate Risk Register, identified from the work of Internal Audit.	As required
<b>All Employees</b>	Taking of reasonable steps to manage risk effectively in their roles	Ongoing

## 5. RISK REGISTERS

Risk registers are working documents that support senior management in the running of the Council.

Risk Registers will use a standard format, and record:

- A reference number for the risk
- Risk details
- Inherent risk scores and rating
- Identified controls in place to mitigate each risk
- Warning indicators
- Action owner
- Target / Review Date
- Residual risk scores and rating
- An indicator of direction of travel of each risk

The Corporate Risk Register will be structured to highlight high level corporate risk themes, with each containing detail of the identified corporate risks within that theme.

Whilst using the standard format, Departments can order risks to suit their own needs. Departments must though consider in preparing Departmental Risk Registers the exposure to risk across all of their functions, and the requirements of this framework. Registers must include all risks that would materially affect the operation of each department's activities.

The Council's Risk Registers take account of two forms of risk: -

**Inherent Risk** This is the level of risk that is **present before the application of any controls**. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

**Residual Risk** This is the level of risk **remaining after application of controls**. The Residual Risk Rating is calculated on the same basis as for inherent risk, but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

Risks must be scored taking into account the scoring elements detailed in this framework, to provide a consistent approach across the Council.

Having identified each risk, and taking account of the extent of exposure to the Council, consideration should be given as appropriate to the level of exposure whether that risk should be:

**Treated** Procedures and controls in place or added that enable that risk to be mitigated to an acceptable level.

**Tolerated** It is not cost effective, or feasible, to address the risk, therefore the risk is accepted. This may not be acceptable where the risk is scored as High.

**Transferred** The risk is transferred to another body, eg by obtaining insurance cover. It will not be possible to transfer all types of risk.

**Terminated** Cease doing the activity that creates the risk exposure. Often this will not be possible.

Within the Council's Risk Registers it is expected that most risks identified will either be Treated or Tolerated.



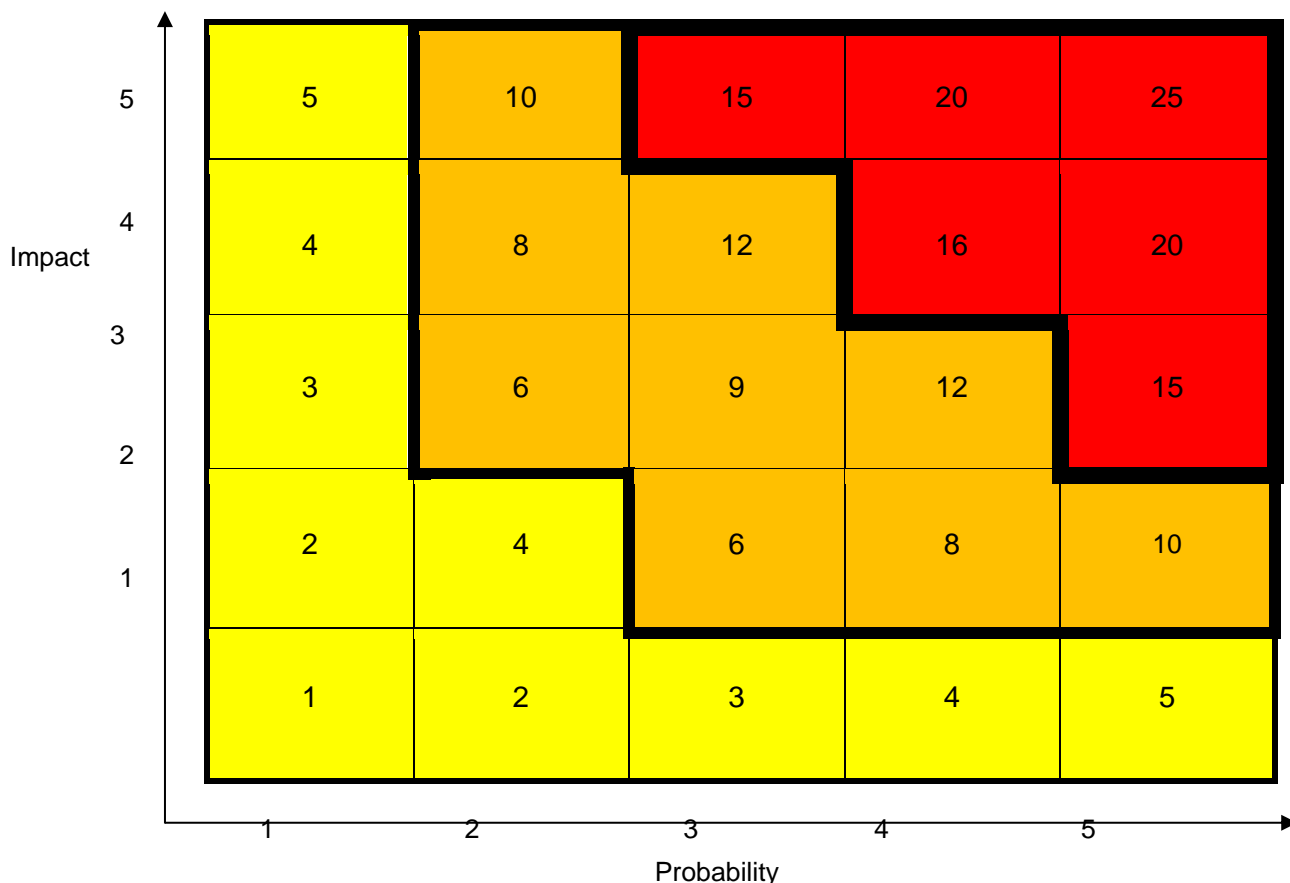
## 6. RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	<b>Critical</b>	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	<b>Major</b>	Loss above 250K but below £1m	Effective service delivery is severely disrupted in one or more areas	Multiple serious injuries requiring professional medical treatment	Reputation damage occurs with key partners.
3	<b>Sizeable</b>	Loss above £25K below £250K	Effective service delivery is disrupted in specific areas of the Council.	Injury to an individual(s) requiring professional medical treatment	Reputation damage is localised and/or relatively minor for the Council as a whole
2	<b>Moderate</b>	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	<b>Minor</b>	Loss of up to £5K	Minor disruption to effective service delivery i.e. Staff in unplanned absence for up to one week	No treatment required	Reputation damage only on personal level

## 7. RISK RATING ELEMENTS - PROBABILITY

Timescale → ↓ Probability	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Over 80%	5	4	3	2	1
65%-80%	4	4	3	2	1
50 – 64%	3	3	3	2	1
30 – 49%	2	2	2	2	1
Less than 30%	1	1	1	1	1

## 8. RISK MATRIX



**Impact x Probability = Overall Risk Rating**

20

**High Risk (Rating of 15 -25)**

Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan should be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.

Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.

Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered within the Corporate Risk Register.

12

**Medium Risk (Rating of 6 – 12)**

Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level, or is increasing over time. However where the options for mitigation would not provide value for money, the risk may be tolerated.

4

**Low Risk (Rating of 1 – 5)**

No action required to mitigate these risks.

## 9. RISK REGISTER FORMAT

### Corporate Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk Supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
1	Failure to deliver key services												
1a	Failure to effectively manage assets	5	3	15	Bringing the management of assets together within a dedicated team rather than devolved across the organisation. Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy	Loss of developments or transactions	Andy White	Summer 15	3	2	6		2 & 3

### Departmental Risk Register (Example of format)

Risk No	Risk Details	Inherent Risk			Controls We control the risk by:	Warning Indicators	Action Owner	Target Date	Residual Risk			Contribution to / Secondary Risk Supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Residual Risk Rating		
FP1	Accountancy - Accounts not approved by statutory deadline	5	2	10	Detailed timetable drawn up, regular/weekly meetings of Accountancy staff to monitor progress. liaison with External Auditor Controls adequate with normal staffing levels.	Significant adverse issues emerging from work of external audit	Richard Bull	No outstanding actions	2	2	4		

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# Corporate Risk Register January 2019

*Tendring*  
*District Council*



## INTRODUCTION

The management of Risk is a key element to any organisation in order to protect its resources (human & physical), finances and reputation. By undertaking regular, stringent and structured analysis of the risks faced by the organisation senior managers are able to take strategic decisions to mitigate against such risks whilst still being able to take the necessary decisions for a progressive council.

This document explains the methodology used to analyse and identify the risks which are considered to be of a sufficient level to be monitored corporately. The process of identifying risks is a linear examination at service, departmental and subsequently corporate level. It is only by undertaking a thorough and detailed risk assessment that this can be achieved.

Each risk is assessed for the likelihood of the risk occurring, as well as the potential impact of such an occurrence. The combination of these two factors gives an initial risk rating. Each risk is then 'managed' by the implementation of control measures. It is then re-assessed to give a residual risk rating.

Only risks which would have a significant corporate-level impact upon the ability of the Council to undertake its normal service delivery, finances, safety, or reputation are reported at this level.

## DEFINITIONS

**Risk:** A risk is an event or action which may adversely affect the Council. It can arise from the possibility of not realising opportunities as well as from a threat materialising. Risk management is embedded across the organisation and forms part of each directorate's everyday function. They follow the format '[x...] leading to [y...] resulting in [z]'. Please note that as we increase our partnership and multi-agency work, risks become increasingly complex as controls may become out of our direct control.

**Inherent risk:** This is the level of risk that is present before controls have been applied. Measured by evaluating the impact and probability of the risk to calculate an Inherent Risk Rating.

**Residual risk:** This is the level of risk remaining after application of controls. The Residual Risk Rating is calculated on the same basis as for inherent risk, but factoring in any changes in impact and probability arising from the controls in place to mitigate the inherent risk.

**Control:** Controls are a key mechanism for managing risk and are put in place to provide reasonable assurance. Examples of controls can include policies and procedures adopted, progression of ongoing actions, or implementation of recommendations resulting from internal audits.

**Warning indicators:** These are the mechanisms or issues that will highlight that the risk is not being mitigated by the controls identified, or to the extent expected. These can be internal or external to the organisation.

## RISK RATING CATEGORIES

### **High Risks (Rating of 15-25)**

- Risks at this level will be considered to be above the Council's risk tolerance level. These risks require immediate attention and, as a high priority, a plan needs to be put together to provide sufficient mitigation resulting in a lower rating for the residual risk, wherever possible.
- Management Team should regularly review any risks in the Corporate Risk Register where the mitigated level remains above the risk tolerance level.
- Where a risk in a Departmental Risk Register scores at this level, consideration will be given to any corporate impact, and whether there is a need for the risk to be considered in the Corporate Risk Register.

### **Medium Risks (Rating of 6-12)**

- Controls should be put in place to mitigate the risk, wherever possible, especially where the risk is close to the risk tolerance level, or is increasing over time. However where the options for mitigation would not provide value for money, the risk may be tolerated.

### **Low Risks (Rating of 1-5)**

No action required to mitigate these risks.



CORPORATE RISK REGISTER – January 2019


Risk No	Risk Details	Inherent Risk			Controls We Control the risk by:	Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk supported	
		Impact 1-5	Probability 1-5	Inherent Risk Rating					Impact 1-5	Probability 1-5	Inherent Risk Rating		
1	Failure to deliver key services												
1a	Failure to effectively manage assets	3	3	9	<p>Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy</p> <p>Adopted by full council in May 2017 new office practice completed</p> <p>NOTE - The transformation project has its own separate risk assessment which is being managed by the Transformation Project Team and therefore not need to form part of this document.</p>	Loss of developments or transactions	Andy White	Ongoing	2	2	4	↓	2 & 3
Page 60	Catastrophic IT network failure	5	3	15	<p>Cisco -based corporate network replacement works completed in 2014. Significant Transformation network investment being undertaken during 2018/19 including; re-design, renewed cabling, existing equipment re-use, significant shift to WiFi working/ flexibility, additional resilience, further removal of single points of failure. Investment in remote working capabilities and over 360 staff using laptops facilitates staff working from alternate locations(s) should a significant issue occur.</p> <p>Resilience built into other IT Investment Strategies including 'mirrored' data storage at Town Hall and Barnes House and enhanced data backup.</p> <p>The agreed Digital Transformation programme will see the Council migrate 80% of its IT applications onto the Microsoft Azure platform 2018-2020 resulting in significantly increased resilience and 'disaster recovery' capability.</p> <p>The new network support and maintenance contract with Intergence Systems Ltd from August 2018 alongside their greatly enhanced network monitoring/ reporting proposals will give greater network visibility and instils confidence moving forwards.</p>	Greatly enhanced 24/7 Network visibility, monitoring, reporting and alarms	John Higgins	Ongoing	5	1	5	↓	2 & 3



Risk No	Risk Details	Inherent Risk			Controls		Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating	We Control the risk by:					Impact 1-5	Probability 1-5	Inherent Risk Rating	
1c	<p><b>Ineffective communication / management of information</b> Failure to adopt, implement and foster effective communication and information systems with an adverse impact on the ability to deliver services or relationship with key stakeholders.</p>	5	3	15	<p>Tendring District Council has robust Information Governance policies and practices based upon shared Essex-wide 'best practice' Information Governance policies. We undertake quarterly information governance monitoring through our Information Governance Policy Unit (strategic) and the Information Security Management Group (operational). Our processes are annually audited to ensure they remain fit for purpose.</p> <p>The IDOX Electronic Document Records Management System (digital storage/ retrieval of paper records) has been rolled out to all services with the exception of Revenues and Benefits who have a specialist system (IDOC). Northgate Public Services have identified that IDOC will be discontinued so the Revenues and Benefits service will move onto the IDOX system during 2018/19.</p> <p>The Council achieved compliance with the European General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018 on 25/05/18 after an intensive work programme of external audit, training and compliance work. Continued vigilance with regard to Information Governance resources and training and budget is required to minimise the risk of an information breach or failure to comply with legislation</p>	<p>Annual IT staff survey, Communications Group and Departmental IT Champions</p> <p>Monitoring/ investigation of each security breach report</p>	John Higgins	Ongoing	5	2	10	↓	2 & 3
1d	<p><b>Ineffective Cyber Security Physical and Application (software) Based Protection Management</b> Failure to adopt, implement and deliver effective Cyber Security protective arrangements leading to a catastrophic or significant IT cyber security breach or loss of personal, sensitive or vulnerable persons' data or inability to/ adverse impact upon provide IT services and applications supporting Council services.</p>	5	4	20	<p>Tendring District Council has robust Cyber Security physical devices (Firewalls), network segregation and malware protective software applications operational 24/7 to protect the Council from the daily occurrences of external Cyber attack. External specialist contractors are used to manage/ maintain our external Firewall protections.</p> <p>In recognition of the need to raise staff awareness/ vigilance and cyber security knowledge the Council was the first in Essex to roll-out cyber security training to staff and to members in partnership with the Essex Police Cyber Crime Unit. Training videos are also available for staff and members to complete.</p> <p>Our Public services Network (PSN) connectivity to central government is independently security tested via an 'IT Health Check' as a key element of our annual PSN audit process providing details of Critical, High, Medium and Low risk cyber security weaknesses.</p> <p>Our final data defence is that of robust daily backup and physical storage of this backed up data for use in a significant or cyber breach situation</p>	<p>Best of 'breed' malware detection application(s) warnings.</p> <p>External monitoring 24/7</p> <p>Annual PSN Cyber Security IT Health Check testing/ report by National Cyber security Centre (NCSC) registered independent contractor</p>	John Higgins	Ongoing	5	3	15	↓	2 & 3

Risk No	Risk Details	Inherent Risk			Controls		Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating	We Control the risk by:					Impact 1-5	Probability 1-5	Inherent Risk Rating	
2	<b>Failure to deliver key projects</b>												
2a	<b>Coastal Defence</b> The Council has a coastline of 60km and maintains the sea defence structures along 18.5km of this frontage. These defences protect the towns of Harwich, Dovercourt, Walton on the Naze, Frinton on Sea, Holland on Sea, Clacton and Brightlingsea. Unforeseen expenditure may be required on sea defences; which if left to deteriorate could cause catastrophic cliff failure and impact safety of residents/visitors nearby. The East Coast of the UK is vulnerable to a phenomenon called a North Sea Tidal Surge.	5	3	15	Carrying out annual inspections of coast protection structures and responding swiftly to public reporting of faults. An annual maintenance programme for the coastal frontage is set each year with an appropriate budget to cover the works. Each year sections of the sea defences are improved as part of a rolling programme of special maintenance schemes funded from the Council's Revenue Budgets. Works undertaken range from day to day maintenance of promenades and seawalls to schemes costing millions of pounds. Larger capital schemes attracting grant in aid are produced to comply with Defra guidelines and their High Level Targets for coast protection.	Outcome of inspections and work generated from those inspections. Still under review	Damian Williams	Annually	5	1	5	↑	3
2c	<b>Community Leadership Projects</b> Potential for impact to the reputation of the Council and impact on Communities, through failure to deliver key projects with partners.	4	3	12	Clearly defined ToR agreed between partners & TDC. Action plans agreed as appropriate for each project and reviewed on a regular basis.	Action plan not delivered (regular monitoring and feedback to CL&P Committee. Portfolio Holder and external boards)	Karen Neath / Anastasia Simpson / John Fox	Annually	4	2	8	↓	3
2d	<b>Building Council Homes</b> Continuing uncertainty over Business plan capacity due government lack of clarity	4	2	8	Council has been identified as one of the Councils which can bid for an increase in borrowing headroom but still uncertainty over sale of high value assets. Business Plan is being updated, using known assumptions to test viability models around different build rates.	Under Review	Paul Price	Annually	2	2	4	↓	-
2f	<b>Ineffective delivery of Transforming Tending project</b> Failure to provide effective change management and the coordination of corporate resources with an adverse impact on organisational focus and delivery	5	3	15	Through the provision of effective organisational leadership through culture, change management, vision, values, communication and encouraging innovation and empowering staff.	To be reviewed once project proposal agreed by Members	Management Team (Martyn Knappett)	Monthly once project live	3	1	3	↓	3
2h	<b>Essex Family / Family Solutions</b> A TDC appointed Family Support Worker working within Tending Family Solutions Team. Risks of the project include potential breaches of data protection, Council reputation and professional liability (working with vulnerable families)	5	3	15	Matrix management arrangements in place between TDC and ECC with clear workload management. The TDC FSW will be subject to the same control environment as other team members within Family Solutions. TDC has increased management capacity to oversee the FSW position.  Essex Family Solutions team has expanded so reduces the residual risk.	Family complaints / non disengagement from statutory providers.	Anastasia Simpson	Ongoing	5	1	5	↓	3 & 6

Risk No	Risk Details	Inherent Risk			Controls		Warning Indicators	Action Owner	Target / Review Date	Residual Risk			Contribution to / Secondary Risk supported
		Impact 1-5	Probability 1-5	Inherent Risk Rating	We Control the risk by:					Impact 1-5	Probability 1-5	Inherent Risk Rating	
2i	<b>Garden Communities</b> The project fails to come to fruition due to land control / Local Plan issues	3	4	12	Breakpoints exist which enable termination of the project if a scenario develops which provides unacceptable commercial viability	Landowner agreements not reached by time of Local Plan Pre Submission Draft Scheme not included in Local Plan Pre Submission Draft	Martyn Knappett	Ongoing	1	1	1	↓	7
<b>3 Reputational damage</b>													
3a	<b>Member Conduct</b>	4	3	12	Regular reports to Standards Committee and discussions with Group Leaders	Number of Complaints increasing	Management Team (Lisa Hastings)	Monthly	4	1	4	↓	-
3b	<b>Failure to comply with legislative requirements</b> Risk of judicial reviews or injunctions being sought against the Council, causing delay in service delivery and financial loss to defend actions.	4	4	16	Ensuring that communication between the Directors and Service Managers with the Legal Team is kept up to date with regards to priorities and project planning. Regular discussions to be held between Services. Head of Governance and Legal Services to be kept informed of new developments through Management Team and Cabinet agendas.	Pre-action protocol letters being received for potential judicial review claims	Lisa Hastings	Ongoing	2	1	2	↓	-
3c	<b>Health and Safety</b> Failure to have effective health and safety processes in place exposing public and staff to increased risk of injury or illness	5	4	20	Identifying an officer with overall responsibility for ensuring that effective health and safety processes in place	Incident reports Inspection results	Richard Barrett	Ongoing	5	2	10	↓	-
3d	<b>Fraud and Corruption</b> Failure to deliver effective counter fraud activities	3	5	15	Established Fraud and Compliance Team undertaking counter fraud role Internal Audit Team providing advice / recommendations to improve control environment and mitigate exposure to fraud risks Rules and procedures as laid down in the Constitution	Frauds identified Procedures not being followed	Richard Barrett	Ongoing	2	5	10	↓	5, 8
<b>4 Ineffective workforce management and planning</b>													
4a	<b>Loss of Key Staff</b> Loss of key staff either through service changes or natural turnover impacting on delivery and /or reputational risk e.g. managing elections	4	3	12	Effective HR Processes in place (being developed) to identify early signs of workforce issues (including age profile) and processes in place for recruitment of right skills. Skills focus and flexible approach across Council. "Grow your own staff"	Staff turnover rates / inability to recruit	Management Team (Anastasia Simpson)	Monthly	4	3	12	↔	1,2,6,7 & 8
4b	<b>Lack of capacity to deliver core services</b>	4	3	12	Identification of areas of key person dependency, skills and competency matching and corporate approach to the delivery of key services and projects through secondments / cross service working.	Staff turnover rates / inability to recruit	Management Team (Anastasia Simpson)	Monthly	4	3	12	↔	3 & 5

5	Failure to deliver a balanced and sustainable budget												
5a	<b>Financial Strategy</b> The impact of achieving a balanced budget in an ever-tightening financial environment on service delivery objectives.	5	4	20	<ul style="list-style-type: none"> <li>• Long Term Financial Plan updated on an ongoing basis.</li> <li>• Financial Strategy / Forecast Preparation including identifying and capturing significant risks such as changes to government funding, and the identification of savings which will require some challenging decisions.</li> <li>• Robust and timely Budget Monitoring Processes.</li> <li>• Engagement with key stakeholders, members and senior management as early as possible.</li> <li>• Responding to and implementing recommendations and advice issued by the Council's External Auditor.</li> <li>• Material savings options to be individually risk assessed</li> </ul> <p><i>If the event that the long term approach does not deliver the intended outcomes then the Council can revert to the more traditional / short term approach to setting the budget.</i></p>	<p>Adverse financial forecasts within the long term financial sustainability plan</p> <p>Timing of decisions relating to savings not in line with the long term forecast.</p> <p>Adverse issues identified via the Corporate Budget Monitoring Process.</p> <p>Lack of actions / monitoring in response to recommendations and advice issued by the External Auditor.</p>	Richard Barrett	Ongoing	5	3	15		1, 2, 3, 4 & 8

6 Ineffective management of information													
6a	Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking	4	5	20	IT Health check (simulated vulnerability attacks) and resolution/ mitigation regime achieving compliance with central government National Security Cyber Centre (NCSC) security guidelines audited annually. Multi-firewall network segregation implemented with role-based access to systems necessary for work. Security is further strengthened through Citrix access control and segregation of Citrix managed access to different areas. Governance procedures/ policies/ responsibilities comments including quarterly review of all reported security breaches. All officer mobile devices (laptops, tablet and phones) are encrypted with complex passwords and are managed using Microsoft Mobile device Management (MDM) to further protect data. A corporate IT Service re-structure is estimated to be completed August 2017 with increased focus and training on cyber security. Recent purchase of enhancement module for corporate anti-malware software focussing on early detection/ isolation of Ransomware infection. Ongoing campaign to educate staff and members as to malware attacks e.g. phishing risks.	Security Incident report & ongoing staff awareness.	John Higgins	Ongoing	5	2	10	↓	3
6c	Disconnection from PSN Network Failure to achieve PSN recertification resulting in disconnection from PSN services, e.g. DWP, IER etc. and urgent alternative arrangements to continue providing statutory service	5	4	20	This risk constitutes an annual cycle of IT security Health Check using a registered consultant, remediation/ resolution of any security issues identified then completion and submission of compliance documentation to central government national Cyber Security Centre (NCSC) for PSN recertification. Note: The Council remains at risk from any new CESG rules and ongoing further Whitehall hardening of security regulations on an ongoing basis. This can only be remediated through monitoring latest available guidance and/ or responding to NCSC challenges during the annual PSN process itself. Annual process currently awaiting further response from NCSC following their challenge/ acceptance of our latest IT Health Check submission.	PSN/ CESG communications, outcome of IT Health checks, monitoring/ discussion with IT Support partner(s).	John Higgins	On-going on an annual cycle and currently under review	5	1	5	↓	1, 2 & 3
6d	Virus / Malware Malicious code entering the TDC network and performing actions without consent	5	4	20	All TDC servers, desktops and laptops include Anti-Virus and Malware protection and are updated/ patched with latest software revisions. Standard users are further protected as admin rights are required to run executable and standard users do not have this level of access. All internet traffic is routed through our firewall and proxy server, both providing a further level of agreed security. All emails are routed through our email filtering system providing extra agreed security. User education - Staff are aware of what to do if they notice any suspicious activity which could be related to viruses/malware. Regular agreed backups are taken so that restores can take place if required.	Virus / malware production alerts. Users reporting unusual / suspicious activity. Monitoring programs alerting of suspicious activity	John Higgins	Ongoing	5	1	5	↓	1, 2 & 3
7 Failure to adopt a sound Local Plan													
7a	Local Plan Failure to achieve a positive result from the Examination in Public into the Local Plan submitted in October 2017.	4	4	12	Officers worked closely with the other North Essex Authorities, other partners and have taken advice as necessary to submit a robust Local Plan to prepare for the examination in public.	Negative advice from external advisors or lack of agreement with partner authorities. .	Catherine Bicknell, Gary Guiver	Various	4	3	12	↓	3, 5 & 8

8	Failure of income streams to meet Council's financial requirements and obligations to other bodies												
8a	Failure to collect levels of income required from Council Tax in order to fund the Council's financial requirements.	5	4	20	Regular budget monitoring including reports to Cabinet by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	Income below profile	Richard Barrett	Monthly	5	2	10	↓	5
8b	Failure to collect income required from Non Domestic Rates in order to meet the shares between the Government, Essex County Council, Essex Fire Authority and Tendring District Council	5	4	20	Regular budget monitoring including reports to Cabinet by tracking payments against budgetary profile. Monitored monthly in the TDC Performance Report.	Income below profile	Richard Barrett	Monthly	5	2	10	↓	5
9	Failure in emergency and Business Continuity Planning												
Page 66	<b>Ineffective Emergency Planning</b> The Council fails to effectively respond to an emergency and the community is adversely effected	4	3	12	Continue to develop and regularly test the Council's Emergency Plan including working with necessary partner organisation. Emergency Planning now falls under the responsibility of The Head of IT and Resilience and following a Corporate IT Service re-structure, resources have increased by 0.5fte in Emergency Planning adding additional resilience and commencing succession planning.	Extreme weather / disaster	John Higgins	Ongoing	3	2	6	↓	3
9b	<b>Ineffective Business Continuity Planning</b> The Council fails to effectively respond to an emergency / adverse event with an adverse impact on the delivery of services	5	3	15	Development and testing of Business Continuity plans.	Loss of infrastructure/staff	John Higgins	Ongoing	3	2	6	↓	1, 2 & 3

## APPENDIX – METHODOLOGY FOR CALCULATING RISK

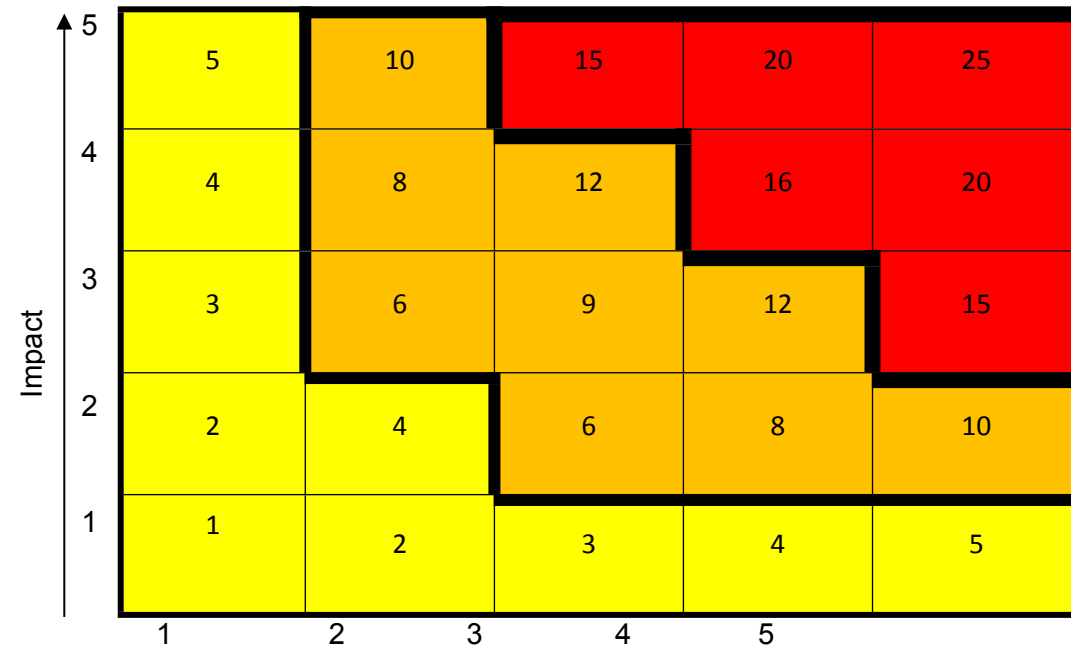
### RISK RATING ELEMENTS - IMPACT

Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
5	<b>Critical</b>	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	Reputation damage is severe and widespread i.e. Regulatory body intervention
4	<b>Major</b>	Loss above 250K but below £1m	Effective service delivery is severely disrupted in one or more areas	Multiple serious injuries requiring professional medical treatment	Reputation damage occurs with key partners.
3	<b>Sizeable</b>	Loss above £25K below £250K	Effective service delivery is disrupted in specific areas of the Council.	Injury to an individual(s) requiring professional medical treatment	Reputation damage is localised and/or relatively minor for the Council as a whole
2	<b>Moderate</b>	Loss above £5K below £25K	Delays in effective service delivery	Minor injury - no professional medical treatment	Slight reputation damage
1	<b>Minor</b>	Loss of up to £5K	Minor disruption to effective service delivery i.e. Staff in unplanned absence for up to one week	No treatment required	Reputation damage only on personal level

**RISK RATING ELEMENTS - PROBABILITY**

Timescale	Up to 6 months	To 12 months	To 24 months	To 60 months	60+ months
Probability					
Over 80%	5	4	3	2	1
65%-80%	4	4	3	2	1
50 – 64%	3	3	3	2	1
30 – 49%	2	2	2	2	1
Under 30%	1	1	1	1	1

**RISK CALCULATION MATRIX**



Probability

**Impact x Probability = Overall Risk Rating**



## AUDIT COMMITTEE

24 JANUARY 2019

### REPORT OF DEPUTY CHIEF EXECUTIVE

#### A.5 ANTI-FRAUD AND CORRUPTION STRATEGY

(Report prepared by Clare Lewis)

#### PART 1 – KEY INFORMATION

##### PURPOSE OF THE REPORT

To present to the Audit Committee an updated Anti-Fraud and Corruption Strategy.

##### EXECUTIVE SUMMARY

- The Council's Fraud and Corruption Strategy was last updated in 2012.
- Following various changes, including the recent establishment of a dedicated Corporate Fraud Team within the Council, significant changes to the existing strategy have been required.
- The Committee considered an updated Anti-Fraud and Corruption Strategy at its 26 July 2018 meeting for consultation.
- The updated strategy incorporated the various elements of Cipfa's code of practice on managing the risk of fraud and corruption which was adopted by the Committee at its 22 March 2018 meeting.
- An amended strategy is attached as **Appendix A** which reflects a number of amendments emerging as part of the consultation process.

##### RECOMMENDATION(S)

**That the Audit Committee approves the amended Anti-Fraud and Corruption Strategy set out in Appendix A.**

#### PART 2 – IMPLICATIONS OF THE DECISION

##### DELIVERING PRIORITIES

As a public body Tendring District Council is both required and expected to demonstrate a commitment to a fraud and corruption policy. Consequently, the council expects all individuals and organisations associated with it to act with integrity and that all Members and employees will demonstrate their commitment to the content in this policy.

The Council strives to maintain a robust response to fraudulent activity directed towards it which in turn protects the financial position of the Council that supports the delivery of the Council's priorities and objectives.

## **FINANCE, OTHER RESOURCES AND RISK**

### **Finance and other resources**

Detecting and investigating potential fraud acts as a deterrent which protects public money. Also successful investigations and sanctions identify overpayments that are required to be repaid, which otherwise would fall as a potential cost to the Council.

There are no other direct financial implications associated with the Strategy. Any actions emerging from the Strategy that have a financial implication will be considered within the Council's wider financial framework and decision making processes.

### **Risk**

The Councils' approach to fraud is based on fairness and consistency and through the application of the Strategy the aim is to ensure that this can be demonstrated and therefore reducing the risk of challenge, damage to the Council's reputation and unsuccessful sanctions such as prosecutions.

Failure to take part in data matching exercises could also result in an adverse impact on the Council's reputation and may lead to increased external inspection / audit at additional cost.

## **LEGAL**

Information is set out within the Strategy in terms of the various legal issues, legislation and regulations associated with the Strategy.

## **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

The Strategy aims to deliver fairness, transparency and consistency to all customers and stakeholders.

## **PART 3 – SUPPORTING INFORMATION**

### **BACKGROUND AND CURRENT POSITION**

To date the Council has operated a Fraud and Corruption Strategy (including a Benefit Security Strategy and Prosecution Policy) which was last considered by the Committee in 2012.

Due to the various changes to the administration of Housing Benefit along with the establishment of a dedicated Corporate Fraud Team last year, it was necessary to review and update the strategy.

At its meeting on 22 March 2018, the Committee adopted CIPFA's code of practice on managing the risk of fraud and corruption.

At its 26 July 2018 meeting the Committee agreed an updated strategy for consultation, that brought together various aspects of Cipfa's code within one document and also included an action plan that sets out a number of points to be addressed.

As its foundation, the Anti-Fraud and Corruption Strategy sets out the Council's

commitments along with the following key areas:

- Purpose, Commitment and Procedure
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment
- Roles and Responsibilities
- Prevention
- Detection and Investigation;
- Resources Invested in Counter Fraud and Corruption

The consultation process has now been concluded with a number of changes made to the strategy, with an amended / updated version set out in **Appendix A**. Amendments made since the Committee considered the strategy in July 2018 are highlighted in grey / italic font. For completeness, any sections being removed have been retained for the purpose of reporting the final version back to the Committee, with the font being struck through and in a grey / italic font.

As previously discussed the strategy refers to a separate Sanction / Prosecution Policy for council tax and financial support schemes. This remains under review and subject to the approval of the updated Anti-Fraud and Corruption Strategy and will be reported back to the Committee at a later meeting.

The strategy will be subject to an annual review process including, progress against identified actions and will therefore be included on the ongoing work programme of the Committee in 2019/20 and beyond. It is acknowledged that through its application, the Strategy will evolve to reflect the various strands of work being developed within the Council, which will be included in future updates presented to the Committee.

#### **BACKGROUND PAPERS FOR THE DECISION**

None

#### **APPENDICES**

**Attached** – Anti-Fraud and Corruption Strategy

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*Tendring*  
*District Council*



## **Anti-Fraud and Corruption Strategy**

**Updated January 2019 following  
Consultation**

The basic elements of this Strategy deal with :-

- Purpose, Commitment and Procedure
- Legislation and General Governance
- Definitions
- Standards, Expectations and Commitment
- Roles and Responsibilities
- Prevention
- Detection and Investigation;
- Resources Invested in Counter Fraud and Corruption
- Summary

These elements are covered in detail in the remainder of this document and end with a summary statement.

When combined, these elements are intended to provide resilience against any attempted fraud and corruption activity.

### **Purpose, Commitment and Procedures**

Tendring District Council is committed to :-

- take all necessary action to ~~encourage prevention of~~ fraud and corruption;
- make facilities available to aid detection of fraud and corruption;
- ensure prompt investigation and action.

The Council has adopted CIPFA's code of practice on managing the risk of fraud and corruption. (Audit Committee 22 March 2018), which this Strategy encompasses, including setting out the overall framework within which the Council will respond to fraud and corruption.

Therefore these commitments will be demonstrated through the Council's operation of an effective Anti-Fraud and Corruption strategy. This Strategy will be subject to an annual review which will be presented to the Council's Management Team and Audit Committee.

By *adopting* this strategy and via its annual review of the policy, the Council's Management Team:

- Acknowledges the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users;
- Acknowledges the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.

By adopting this strategy and via its annual review of the policy, the Council's Audit Committee:

- Acknowledges its responsibility for ensuring the effective management of fraud and corruption risks.
- Acknowledges the specific goal of ensuring and maintaining the Council's resilience to fraud and corruption

The Council expects Members and employees to set appropriate high standards through compliance with legal requirements, procedures, *code of conduct* and general good practice. *Members will be expected to comply with the most up to date Principles Associated with Public Life.*

The Council will expect all suppliers, contractors and other service providers (whether individuals or organisations) with which it deals to act at all times with integrity and financial probity. To support this, the Council has Financial Procedure Rules, Procurement Procedure Rules plus a Procurement Strategy.

## Legislation and General Governance

All relevant officers are expected to comply with appropriate legislation, codes of practice and corporate policies when executing duties in relation to fraud.

It is imperative that the following codes, legislation and policies are adhered to as part of all anti-fraud related activities undertaken within the Council:

- Human Rights Act 2000
- Local Government Finance Act 1992
- The Council Tax Reduction Scheme (Detection of Fraud and Enforcement)(England) Regulations 2013
- Welfare Reform Act 2012
- Police and Criminal Evidence Act 1984
- Criminal Procedure and Investigations Act 1996
- Regulation of Investigatory Powers Act 2000
- Council's Health and Safety Policy
- *Equality Act 2010*
- *General Data Protection Regulations (GDPR) 2018*
- *Bribery Act 2010*

This is not an exhaustive list and therefore all officers should act in accordance with any appropriate legislation, corporate/departmental policies and codes of practice that are relevant to the anti-fraud activity being undertaken.

## Definitions

### Fraud

The term "Fraud" is commonly used to describe a wide range of dishonest behaviour such as deception, forgery, false presentation, theft, embezzlement, bribery and concealment of a material fact.

Fraud can be perpetrated by persons outside of the Authority as well as internally. Tendring District Council defines fraud as a dishonest action designed to facilitate gain *or loss* (personal or for another) at the expensive of the Council and its residents.

### Corruption

Corruption is defined as "dishonest or fraudulent conduct by those in power" this is typically seen to involve bribery.

The Council looks to prevent, detect and investigate all aspects of possible corruption within its business.

### Risk

The term "risk", in the context of this Strategy, is identified as an action or inaction that could cause financial or reputation risk to the council.

The council promotes a positive ethos towards the identification of risk management across the council supported by the council's internal audit team.

## Standards Expectations and Commitment

Tendring District Council expects its officers and councillors *commit* and abide by the 7 principles of public life, these apply to anyone who works as a public office holder. *This includes people who are elected or appointed to public office, whether this is locally or nationally. These standards were first set out by Lord Nolan in 1995 and form part of the ministerial code.* Although these principles are set out within the Council's Constitution, they are included within this strategy for completeness.

### Selflessness

Holders of public office should act solely in terms of the public interest.

### Integrity

Holders of the public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### Accountability

Holders of the public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.



### Openness

Holders of the public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

### Honesty

Holders of the public office should be truthful.

### Leadership

Holders of the public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## **Roles and Responsibilities**

### Councillors and Elected Members

The roles and responsibilities are clearly defined for councillors in part six of the Council's Constitution entitled Members Code of Conduct ~~—the latest version was adopted by the Council~~. Members are expected to lead by example at all times maintaining the highest standards of probity, honesty and integrity and accountability in their actions. *Adherence to Members code of conduct is overseen by the standards committee.*  
~~Principles of Public Life are also promoted through the Committee on Standards of Public Life which is an independent public body who advises government on ethical standards across the whole of public life in the UK.~~

### Employees

The expectation for employee's behaviour is set within the Council's Staff handbook and within other associated policies'. The Council supports the official Code of Conduct for Local Government Employees.

The policy states that - The public is entitled to demand of a Local Government employee of any grade the highest standard of integrity, ability and commitment to the ethics of public service and the interest of all members of the community.

Council employees are seen to be the first line of defence against fraud and corruption. Employees are expected to conduct themselves in ways which are beyond reproach, above suspicion and be fully accountable.

Managers must be prepared to establish and maintain systems of internal control, ensuring that the Council's resources are properly applied and focused in the right areas for which they were intended. Advice may be sought from Internal Audit on potential control issues. If an employee believes that they need to raise a concern and are unable to do so with their manager they should use an alternative route to raise their concerns, it is suggested that they contact one of the following in the first instance:-

Chief Executive / *Management Team*  
Head of Department  
Head of People, Performance & Projects

Monitoring Officer  
Section 151 Officer  
Head of Internal Audit

The Head of Internal Audit would normally be the first point of contact in accordance with Financial Procedure Rules. In certain circumstances, however it might be appropriate for the Police to be advised at the same time as Internal Audit ~~is notified~~ and the Monitoring Officer *is advised*.

Matters can also be raised through *Public Concern at Work* (Website [www.pcaw.org.uk](http://www.pcaw.org.uk)).

This is a registered charity whose services are free and strictly confidential. They can also be contacted on 020 7404 6609.

The Council has Procurement Procedure Rules, and Financial Procedure Rules to ensure that all employees who deal with financial matters do so in a controlled, proper and transparent way that accords with best practice. These documents are reviewed periodically to ensure they remain up to date.

The Council uses systems and procedures that incorporate internal controls. These controls include separation of duties, independent checks and authorisation restrictions to ensure that errors as well as impropriety are prevented. Financial Regulations require that all Heads of Department maintain systems and controls to a standard acceptable to the Chief Finance Officer.

Employees identified as having committed fraud against the Council will be subject to disciplinary action, civil action or criminal prosecution (or all of the afore mentioned) where deemed appropriate.

Employees are responsible for their own conduct and behaviour and are expected to assist and comply with an investigation. Failure to do so may be considered a breach of trust.

#### Internal Audit

The Council's internal audit team operate in accordance with the Public Sector Internal Audit Standards under section 4 of the Local Government and Housing Act 1989. Internal audit undertakes an annual programme of work, which is reported to the Audit Committee on a quarterly basis. Whilst it is not the primary function of the internal audit team to detect fraud, the internal audit actively must evaluate the potential for the occurrence of fraud and how the organisation manages the risk of fraud.

#### External Audit

External audit review the Council's effectiveness at identifying the risk of fraud within the organisation and preventing and detecting fraud within the organisation.

#### Corporate Fraud and Risk Team

The Council has established a dedicated Corporate Fraud Team who focus on providing a comprehensive anti-fraud service available to all service areas. The team will utilise all available methods to detect and investigate fraud and corruption within the Authority. This includes the use of data matching and intelligence led investigations where possible. The Fraud and Risk Manager is responsible for assessing the authority's counter fraud arrangements in consultation with the Head of Finance, Revenues and Benefits and Head of People, Performance and Projects.

#### Public Sector Partners

The Council will continue to work with other authorities to provide positive data matching results and ensure fraud and error is identified and corrected at the earliest opportunity

#### National Fraud Initiative (NFI)

The Cabinet Office took over responsibility for the NFI data matching process from the Audit Commission in 2015. This is an independent public body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high quality local and national services for the public. The NFI looks into a broad range of fraud risks faced by the public sector. The NFI has been embedded in the statutory external audit process for audited and inspected bodies since 1998 and is currently run every two years. Additional data matches/\*exercises are available if required.

The National Fraud Initiative compares different sets of data such as payroll and benefit records, against other records held by the same, or another organisation, identifying errors in data recorded and potentially highlighting potentially fraudulent claims and payments. Any potential discrepancies identified have a full investigation carried out if felt appropriate. The use of data for NFI purposes continues to be controlled to ensure compliance with data protection and human rights legislation.

The Fraud and Risk Manager is the Council's key contact and ensures that any NFI activity within the Council has the required action taken.

#### The National Anti-Fraud Network (NAFN)

Through NAFN the Council acquires data legally from a wide range of information providers in response to allegations of fraud and on-going investigations. NAFN will play a key role in ensuring the Council has effective lines of enquiry to ensure the Council maintains a robust intelligence gathering framework. *The councils privacy notices advise customers how we will share their data.*

#### Contractors

The Council expects all contractors it has dealings with to act with complete honesty and integrity in all dealings with the Council, its service users and residents. The Council expects the employees of contractors to report any suspicions or knowledge they may have in relation to fraud and/or corruption against the Council. We will seek the strongest available sanctions against contractors that commit fraud against the Council or who commit fraud against public funds. *This expectation should be clearly stated in any contract.*

*Where a sub-contractor is used, it is the primary contractor's responsibility to ensure that the sub-contractor understands and adheres to the expectations set out above.*

#### Helpline for Employees

Whistle-blowers are protected by the Public Interest Disclosure Act 1998. All calls from employees are therefore treated confidentially. The Council has a whistleblowing policy and has a helpline for employees to bring attention to anything happening in the workplace that might be illegal, improper or unethical. The Council encourages employees to use the helpline to disclose any concerns in order that they can be dealt with. Any allegations will be fully investigated and, if substantiated, appropriate action will be taken in accordance with this policy. *The council also has its own fraud hotline which can be used by staff and members of the public.* [fraud@tendringdc.gov.uk](mailto:fraud@tendringdc.gov.uk)

#### Audit Committee

The remit of the Council's Audit Committee is set out in associated terms of Reference within the Council's Constitution and includes requirements to consider and monitor this strategy. They are also required to review the Council's risk management arrangements and seek assurances that action is being taken. They must also consider risk related issues and consider and monitor the strategy, plan and performance of the Council's Internal Audit Service. In addition the Committee is required to consider the strategy and plans of the Council's External Auditor.

## Risk Register

The Council has a corporate risk register in order to identify, record, review and revise and manage key business risks. All risks have been evaluated and prioritised. The Council will ensure that fraud risks are routinely considered as part of its risk management arrangements.

### The Risks of Fraud and Corruption

The Council acknowledges that there are many risks from fraud and corruption but has identified the following significant items:

- Reduced income from Council Tax/ Local Council Tax Support Scheme
- Reduced availability of social housing in respect of tenancy related matters
- Reduced income from business rates
- Misappropriation / misuse of grant income
- Uncompetitive pricing / reduced value for money from procurement activities
- *Procurement*
- *Cyber Security Fraud*

The Council will evaluate on an on-going basis the harm to its aims and objectives and service users that different fraud risks can cause.

*Upon accepting office, following election, Members are required to comply with members' code of conduct which includes expected behaviours and declaration of interests. Interests are also expected to be declared during their time in office, should a change occur.*

## **Prevention**

One major preventative measure against fraud and corruption is to take appropriate steps when employing new staff to establish, as far as is possible, their previous history in terms of their propriety, integrity and honesty.

The Council makes all appropriate enquiries in respect of all staff regardless of whether they are permanent, temporary or on fixed-term contracts.

All employees are bound by the Local Government Code of Conduct and local code of conduct as set out in the Staff Handbook (various paragraphs) and other relevant policies and are subject without exclusion to the Council's Disciplinary Procedures. Employees must disclose any pecuniary interest in contracts or similar matters and must on no account accept any fees or rewards in respect of their employment by the Council other than their proper remuneration. Other matters such as secondary employment or the receipt of gifts and hospitality (in accordance with the Code of Conduct) must be properly registered.

*Expectations concerning conduct are brought to the attention of Members on election to the Council, including rules relating to the declaration and registration of potential areas of conflict between a Member's Council duties and his or her personal or professional lives.*

Section 151 of the Local Government Act 1972 places a statutory responsibility on the Chief Finance Officer to ensure that proper arrangements are made for the administration of the Council's financial affairs.

The Council has adopted Procurement Procedure Rules, *as well as using the councils Standard Financial Terms and Conditions to ensure proper contract management is carried out as well as complying with* Financial Procedure Rules to ensure that all employees who deal with financial matters do so in a controlled, proper and transparent way that accords with best practice. These documents are reviewed periodically to ensure they remain up to date.

The Council uses systems and procedures that incorporate internal controls. These controls include separation of duties, independent checks and authorisation restrictions to ensure that errors as well as impropriety are prevented. Financial Regulations require that all Heads of Department maintain systems and controls to a standard acceptable to the Chief Finance Officer.

Risk assessments, covering fraud and other issues affecting the whole range of Council activities, is undertaken by Internal Audit who then carry out independent reviews to monitor the adequacy and effectiveness of internal controls and governance arrangements ensuring that there is appropriate departmental compliance.

It is evident, nationally, that an increasingly wide variety of frauds are being perpetrated. The larger frauds may involve the creation of multiple identities and false addresses, and involve different agencies. It is therefore becoming increasingly necessary to liaise with those other agencies, exchanging information, where possible and appropriate, to help prevent and detect such fraud. The Council is committed to ensuring that arrangements exist, and they are developed, to encourage the exchange of information with other agencies including:-

- other local authorities;
- government departments;
- police forces;
- The Cabinet Office including NFI - Data matching exercises;
- the National Anti-Fraud Network [NAFN];
- Essex Audit Group [EAG];
- Eastern Region Corporate Fraud (ERCF)
- Housing Benefit Matching Service [HBMS] run by the DWP

### **Detection and Investigation**

Preventative systems, particularly internal controls within the Council have been designed to provide indications of fraudulent activity, and equally importantly, to deter potential fraudsters.

The responsibility to prevent and detect fraud and corruption lies with Management Team, Heads of Department, managers and all other employees of the Council *as well as members of the public*. Alert employees or members of the public are frequently the first to spot indications of fraud and corruption and prompt action by them enables effective detection to

occur and appropriate action to be taken. The Council has a dedicated fraud hotline and email for all fraud related matters which could affect the Council and an on line reporting form. Details are [fraud.hotline@tendringdc.gov.uk](mailto:fraud.hotline@tendringdc.gov.uk) Tel 0800 169 7004

A significant proportion of fraud is discovered by chance or as a result of a "tip-off". Advice on this issue for employees and their managers can be obtained from the Head of Finance, Revenue and Benefits.

Financial Procedure Rules require all Heads of Department to report all suspected fraud or similar irregularity to the Head of Internal Audit. Correct reporting is essential to the Council's anti-fraud strategy to ensure:-

- consistent treatment of fraud and corruption;
- proper investigation by an independent unit (Internal Audit / Fraud and Risk Manager);
- prompt implementation of appropriate investigative activity;
- optimum protection of the Council's interests.

Under associated legislation, Tendring is required to participate in National Fraud Initiatives [NFI] run by the Cabinet Office. Data will be provided by the Council and will be used for cross-system and cross-authority electronic data matching for the prevention and detection of fraud. Similar data exchanges are also required for housing benefit matching exercises run by the DWP.

The nature and extent of the allegations will determine the level and type of investigation that is undertaken. Internal Audit will work with management and other relevant agencies to ensure that allegations are properly, fairly and thoroughly investigated and subsequently reported upon. Where appropriate, maximum recoveries of any losses will be made by the Council.

Where the outcome of an investigation indicates misconduct on the part of an employee, the official disciplinary procedure will be invoked. In proven cases of misconduct this may lead to the dismissal of an employee and if appropriate the involvement of the Police.

If appropriate to do so, the Council may consider sanctions against customers, including prosecution, where it has been identified that fraud has been committed against the Council. The Council will maintain a separate sanction / prosecution policy relating to Council Tax and financial support schemes (e.g. Local Council Tax Support Scheme) with separate policies for other Council services being considered where necessary.

#### **Publication of Anti- Fraud and Corruption Activities of the Council**

The Council will at least annually report on the anti-fraud and corruption work that it has undertaken during the year along with publicising this Strategy.

This aims to set out the Council's intentions in terms of any identified fraud and corruption committed against it, along with acting as a deterrent to those considering such actions against the Council.

The Council's processes aim to be resilient to the threats of fraud and corruption and are designed to deter and detect such actions if committed against the Council.

## Resources Invested in Counter Fraud and Corruption

Given the Council's commitment to counter fraud and corruption as set out within this Strategy the following resources are deployed which are proportionate to the level of assessed risk:

### ***Dedicated Fraud Team***

As highlighted earlier in this Strategy, the Council has established a dedicated team whose focus is to provide a comprehensive anti-fraud service within the Council, who are also available to provide support to all departments. The Council has committed an on-going annual revenue budget in excess of £170k to support the work of this dedicated team.

### ***Training***

The Council recognises the importance of training and the response of employees throughout the Council in ensuring that its fraud and corruption strategy remains a continuing success.

In this respect the Council encourages training and regular development for all employees.

Effective investigation of fraud and corruption requires staff that are properly trained and regularly updated in all aspects of investigative work. Provision will be made for this and the training of Internal Audit staff will be geared towards achievement of that objective. Fraud Investigation Staff are now required to be professionally trained in all aspects of Corporate Fraud. General staff training will also incorporate appropriate references to the need for staff to be alert and vigilant in their day to day activities.

### ***Internal Audit Days***

The Internal Audit team include within their annual plan, fraud related work such as the assessment of fraud prevention controls and therefore in effect, a number of audit days are included within their overall annual work programme.

## **Summary**

A sophisticated network of systems and procedures is in place to assist with the prevention and detection of fraud and corruption. The Council is determined that these arrangements will be kept up to date, with regard to future developments in preventative and detection techniques, to limit fraudulent or corrupt activity that it may suffer.

To help achieve this objective the Council maintains a continuous review of all associated arrangements through its Management Team, Procurement and Financial Procedure Rules, Officer and Member Codes of Conduct and internal and external audit arrangements.

Financial Procedure Rules require all Heads of Department to keep their departmental procedures under continuous review, reporting any newly identified risks referring proposed changes in procedures to the Section 151 Officer.

This strategy and its effectiveness will be monitored by Internal Audit, as part of their ongoing activities and any issues that arise will be reported to the Council's Section 151 Officer, Management and the Audit Committee as appropriate.

Performance against this Strategy and its effectiveness will be included as part of the annual review process which will be reported to Management Team and the Audit Committee accordingly.

In addition, where actions have been identified to contribute to the performance and effectiveness of this Strategy, these will be included as an Appendix and included as part of the annual review process. Appendix A sets out the current actions identified as part of developing this Strategy.

### **References**

Whistleblowing Policy - <http://intranet/Interact/Pages/Content/Document.aspx?id=2148>

Officer Code of Conduct - <http://intranet/Interact/Pages/Content/Document.aspx?id=7977>

Staff Handbook - <http://intranet/Interact/Pages/Content/Document.aspx?id=2162>

Constitution Members Code of Conduct -

<http://intranet/interact/Pages/Content/Document.aspx?id=3155>



## Anti-Fraud and Corruption Strategy Action Plan – 2018/19

Action	Responsible Officer	Update
<p>Review the consideration of fraud risks as part of the Council's general risk management arrangements.</p> <p>Explore the establishment of a separate Fraud and Corruption risk register for inclusion in future revisions to the Fraud and Corruption Strategy.</p>	<p>Fraud and Risk Manager</p>	<p>This action remains on-going and will be reflected as part of the next annual review process.</p>
<p>Evaluate the harm that different fraud risks can cause in the context of Council objectives and service users.</p>	<p>Fraud and Risk Manager</p>	
<p>Review the Council's Procurement Rules to ensure that the anti-fraud and corruption requirements placed upon contractors and those providing services to the Council are robust enough</p>	<p>Fraud and Risk Manager</p>	<p>This will be considered as part of the review of the Council's Procurement Rules planned in 2019/20 and will include reference to sub-contractors as well as the primary contractor.</p>
<p>General anti-fraud and corruption training to be provided to officers along with raising awareness of the Strategy within the Council and the commitments and expectations contained within it.</p>	<p>Fraud and Risk Manager</p>	<p>Training documentation is currently being developed with the aim of providing training during 2019/20.</p>

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