



AUDIT COMMITTEE

DATE:	Thursday, 30 January 2020
TIME:	10.30 am
VENUE:	Connaught Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE

MEMBERSHIP:

Councillor Coley (Chairman)	Councillor Miles
Councillor Alexander (Vice-Chairman)	Councillor Placey
Councillor Codling	Councillor Steady
Councillor King	

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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 Ian Ford on 01255 686584.

DATE OF PUBLICATION: WEDNESDAY, 22 JANUARY, 2020

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 - 8)

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

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 38

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 Internal Audit Manager - A.1 - Periodic Report on Internal Audit - September to December 2019 and Updated Internal Audit Charter (Pages 9 - 26)

To provide the Committee with a periodic report on the Internal Audit function for the period September to December 2019.

6 Report of Head of Finance, Revenues and Benefits & Section 151 Officer - A.2 - Corporate Risk Update (Pages 27 - 60)

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

7 Report of the Head of Finance, Revenues and Benefits & Section 151 Officer - A.3 - Table of Outstanding Issues (Pages 61 - 66)

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

Date of the Next Scheduled Meeting

The next scheduled meeting of the Audit Committee is to be held in the Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at 10.30 am on Thursday, 26 March 2020.

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.

Please heed the instructions given by any member of staff and they will assist you in leaving the building and direct you to the assembly point.

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Your calmness and assistance is greatly appreciated.

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 26TH SEPTEMBER, 2019 AT 10.30 AM
IN THE CONNAUGHT ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,
CO15 1SE**

Present:	Councillors Coley (Chairman), Alexander (Vice-Chairman), Codling, King (except items 9 - 12), Placey and Steady
In Attendance:	Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Craig Clawson (Internal Audit Manager) and Ian Ford (Committee Services Manager & Deputy Monitoring Officer)
Also in Attendance:	Nuwan Indika (Audit Manager)(representing BDO LLP, the Council's External Auditors)

9. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor Miles and Aphrodite Lefevre (Director & Engagement Lead for BDO LLP, the Council's appointed External Auditors).

10. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of the Committee, held on 29 July 2019, were approved as a correct record and signed by the Chairman.

11. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

12. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

There were none on this occasion.

13. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT: JULY 2019 - AUGUST 2019

There was a report submitted by the council's Internal Audit Manager (Craig Clawson) (report A.1) which provided a periodic update on the Internal Audit function for the period July and August 2019. The report was split into two sections as follows:-

- (1) Internal Audit Plan Progress 2019/20;and
- (2) Internal Audit Charter.

(1) INTERNAL AUDIT PLAN PROGRESS 2019/20

It was reported that a total of four audits had been completed since the previous update give to Members in July 2019. A further two audits were at the fieldwork completion stage and awaited an 'exit meeting' in order to discuss and agree the findings within the audits in question. Six audits were currently in the fieldwork phase and 13 audits had been allocated and would commence soon.

As there were a number of audits that were continuous or consultative, the Internal Audit Manager had provided the following summary of progress:-

Office Transformation Programme

The Internal Audit Manager continued to attend scheduled meetings regarding the Transformation Programme. This cross departmental meeting had a set agenda to review the progress of the programme and address issues as they arose. Internal Audit was kept up to date with progress of the programme and action plans in place to mitigate key risks within the programme. Senior Management and the Portfolio Holder for Corporate Finance and Governance also attended those meetings.

Digital Transformation Programme

Meetings were held between key Officers involved in the programme and a third party company providing a network re-design solution on behalf of TDC. No significant issues had been raised to date. The current work plan was in phase two of implementation which was designed to create self-service portals for services within the Environmental Services department.

Project Management

It was reported that a new Project Management process had been put in place at Officer level in order to ensure that all Project Initiation Documents (PID) were scrutinised and assessed as early as possible before and after agreement from Cabinet. The premise of the arrangement was to ensure that all projects were practically assessed within resources available on a project by project basis. It was emphasised that this process was not in place to approve or reject projects, only to ensure that all available information was provided to Members before a decision was taken by Cabinet and continuous assessments were in place, if required; after a Cabinet decision had been made. The idea was to manage expectations and ensure that each project was assessed in its own right in order to challenge the following key elements:

Priorities – Did this activity meet the Council’s priorities? Did it deliver against key objectives?

Financials – What was the value of the activity overall?

Risk – Were all risks being addressed?

Sustainability – Were the outcomes achievable; what was the long term impact; were the potential savings short term or long term?

Deliverability – Likelihood of delivering the project with the resources available?

Outcome – Would the project provide the expected outcome e.g. would the savings be made, the service be transformed or key priorities met?

A Project Management Board had been put in place to ensure that the above areas were assessed in detail with recommendations made to the responsible Officers on areas that might require more information or areas to think about that might not have been thought about at the time when writing the PID.

The Board comprised of a Corporate Director, two Heads of Service from different departments and the Internal Audit Manager. This ensured that all projects were assessed by Officers with different sets of expertise prior to commencement.

The above process was a key action within the Annual Governance Statement Action Plan.

Quality Assurance

The Internal Audit function as a matter of course issued 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.

Members were informed that Internal Audit was undertaking a self-assessment against the Public Sector Internal Audit Standards (PSIAS) which in turn would create a Quality Assurance Improvement Programme (QAIP). The QAIP would identify areas requiring operational improvement within the Internal Audit Team with management actions attached. This had been due to be reported at the September 2019 meeting of the Committee. Unfortunately, due to the restructuring of Internal Audit and other unexpected commitments the self-assessment had not been completed. The Internal Audit Manager therefore requested that the submission of the QAIP be deferred to the January 2020 meeting of the Committee.

Resourcing

The restructuring of the Internal Audit Team had now been completed and the Council had appointed a new Internal Auditor within the structure. The Team was currently at 75% capacity due to the ongoing issues regarding sickness and maternity leave.

Outcomes of Internal Audit Work

The Public Sector Internal Audit Standards required the Internal Audit Manager to report to the Committee on significant risk exposures and control issues. Since the last such report four audits had been completed and the final report issued. Two audits had received a 'Substantial assurance' audit opinion and one had received an 'Adequate Assurance' audit opinion. The remaining audit had received an 'Improvement Required' audit opinion. That audit was in relation to Housing Allocations. The required actions were:-

- (i) Allocations System

"Northgate to be approached to enquire whether the highlighted issues can be rectified by an update or consultancy work.

Failing this, alternative options be investigated and considered, in liaison with IT and audit, with a view of implementing a replacement system which is able to perform the functions and safeguards needed, as well as being able to be integrated with any other relevant council system and/or software, such as 'My Tending'.

Should a new system be adopted, a review of current practices is to be undertaken to ensure efficiencies are maximised and processes are linked to software capabilities."

(ii) Validation of Declarations

“Liaise with relevant parties to explore ways to reasonably validate declarations made on applications for council housing.”

(iii) Scanned Documentation

“To prevent any relevant data pertinent to the allocation process being misplaced and unable to be retrieved at a later date for examination, all documentation within applicant files are to be scanned and indexed.”

Management Response to Internal Audit Findings

There were processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. There were no high severity issues currently outstanding.

Update on previous significant issues reported to the Audit Committee on 29th July 2019

Inventory Management / Stock Control

Following a first of a kind across the authority review of the Council's inventory and stock management processes a good practice guide had been developed which would be distributed to all relevant areas of the Council and would be available on the intranet. Unfortunately a significant issue had been identified with a management action relating to more than one department as detailed below:

“Some departments have a rudimentary stock control system or do not have a working inventory stock control system in place.

- *To use the generic inventory management spreadsheets provided by Internal Audit or procure a bespoke inventory control system that works more flexibly with the service need.*
- *Heads of Service with stocks and stores to review the best practice guide and distribute to their relevant Officers.”*

Heads of Service had begun to distribute the best practice guide to their departments. The inventory management spreadsheets were a larger task and this action could be overtaken by events if an electronic solution was implemented instead. A copy of that best practice guide was circulated to those Members present at the meeting.

This was considered timely as the Internal Audit Manager needed to request that the Housing Repairs and Maintenance audit for 2019/20 be replaced by a full security and inventory review of depots supporting the services based there in order to implement stronger controls and improve security arrangements. The 2018/19 Housing Repairs audit had been brought forward from the previous audit plan and was currently 90% complete. As it had started later in the year and was due to finish shortly, it was felt that resources would be better spent supporting services to improve their security arrangements.

(2) INTERNAL AUDIT CHARTER

Members were aware that it was a requirement of the PSIAS for the Audit Committee to review and approve the Internal Audit Charter on an annual basis. The current Charter had last been updated and approved in September 2018.

Having considered and discussed the contents of the Internal Audit Manager's report and its appendices it was:-

RESOLVED that –

- a) the contents of the report be noted;
- b) the Audit Plan 2019/20 be amended as requested by the Internal Audit Manager;
- c) consideration of the Quality Assessment Improvement Programme be deferred to the scheduled January 2020 meeting of the Committee;
- d) the Internal Audit Charter, as set out in Appendix B to the Report of the Internal Audit Manager, be approved;
- e) the Committee compliments the Internal Audit Manager and his Team for their quality of work and dedication in challenging on-going circumstances but places on record that it wants to see a timely resolution to the on-going personnel issues that are leaving the Internal Audit Team at under-capacity; and
- f) the Head of Building and Engineering Services be required to attend the next meeting of the Committee in order to (1) give an update on the Council's business continuity response following the liquidation of ROALCO, the Council's former external contractor for repairs and refurbishment of the Council's housing stock; and (2) contribute to the discussion of the Council's new waste and recycling collection contract as part of the consideration of the Council's Risk Management Strategy.

14. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.2 - EXTERNAL AUDIT'S ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2019

There was submitted a report by the Council's Deputy Chief Executive (report A.2) which present for the Committee's consideration the External Auditor's Annual Audit Letter for the year ended 31 March 2019.

The Committee was 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.*

Members were informed that there were a number of different strands of external audit work undertaken during the year but primarily they related 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 therefore 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 publicly available.

It was reported that the Annual Audit Letter relating to 2018/19 had raised no significant concerns. Page 7 of the Auditor's letter highlighted general risks around sustainable resource deployment and financial resilience, which continued to be actively managed within the Council's long term financial forecast. That action had also been recognised within the Council's 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 which would be considered later in the meeting.

Having considered and discussed the contents of the Annual Audit Letter it was:-

RESOLVED, that the contents of the Annual Audit Letter, for the year ended 31 March 2019 be noted.

15. REPORT OF THE DEPUTY CHIEF EXECUTIVE - A.3 - TABLE OF OUTSTANDING ISSUES

There was submitted a report by the Deputy Chief Executive (report A.3) which presented to the Committee the progress on outstanding actions identified by the Committee.

The Committee was informed that there were usually two appendices to this report which would contain: 1) updates against general issues previously identified by the Committee; and 2) updates against the Annual Governance Statement that the Committee had agreed at its July meeting each year.

Members were made aware that, as there were no outstanding actions in respect of general issues identified by the Committee, only updates against the Annual Governance Statement were included and detailed in Appendix A to the report.

It was reported that, to date, there were no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.

The Committee was advised that the Council's Risk Based Verification Policy was usually reported to the September meeting of the Committee. However, it was suggested that the annual reporting cycle be amended so that it was agreed instead in March each year, just ahead of the start of the financial year it related to.

Similarly, it was suggested that the review of the Council's Anti-Fraud and Corruption Strategy would, in future, be presented to the January meetings of the Committee each year instead of in September as had previously been the Committee's practice.

Having considered and discussed the contents of the report and its appendix it was:-

RESOLVED that –

- (a) the progress made on the outstanding issues be noted;
- (b) the change to the annual review cycle for the Risk Based Verification Policy with the Committee now considering the policy at its March meeting each year instead of its September meeting be approved;

- (c) the Risk Based Verification Policy previously approved by the Committee at its meeting held in September 2018, remains in place for the period up to 31 March 2020;
- (d) the change to the annual review cycle for the Anti-Fraud and Corruption Strategy with the Committee now considering the Strategy at its January meeting each year instead of its September meeting be approved; and
- (e) a letter be sent in the name of the Chairman of the Committee to strongly urge all Members to attend all Members' Briefings and that such letter also requests feedback from non-attending Members as to the reasons why they were unable/unwilling to attend Members' Briefings.

The meeting was declared closed at 11.50 am

Chairman

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AUDIT COMMITTEE

30 JANUARY 2020

REPORT OF THE INTERNAL AUDIT MANAGER

A.1 PERIODIC REPORT ON INTERNAL AUDIT – SEPTEMBER TO DECEMBER 2019 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 2019 – December 2019.

EXECUTIVE SUMMARY

- A total of eleven audits have been completed since the previous update in September 2019. A further ten are still in fieldwork phase and a final four audits have been allocated.
- Four consultative reviews are ongoing; Digital Transformation Programme, Office Transformation Programme, Project Management and Northbourne Security Review
- Two audits in the period received an overall audit opinion of 'Improvement Required'
- Compliance with the Public Sector Internal Audit Standards (PSIAS) has now been reviewed by self-assessment and a Quality Assurance Improvement Program (QAIP) has been developed for review.

RECOMMENDATION(S)

That the Audit Committee:

- (a) considers and notes the periodic report; and
- (b) approves the Quality Assurance Improvement Program (QAIP), to be assessed periodically and ensure the actions within it are implemented.

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 Internal Audit 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 (2019/20)

A total of eleven audits have been completed since the previous update in September 2019. A further ten audits are in fieldwork phase and the final four audits have been allocated to be complete.

Nine of the eleven audits have received a satisfactory level of assurance, however; two audits; Planning Enforcement and Housing Repairs and Maintenance, have received an overall audit opinion of 'Improvement Required'.

With only four audits to be allocated and completed between January – April 2020.

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 transformation board continues to meet on a regular basis to review progress with the Office Transformation Program. No significant issues have been raised regarding operational processes or internal controls.

Digital Transformation Programme

At the last digital transformation meeting attended by Internal Audit, no operational or internal control concerns were raised within the meeting. Cloud migration is the current priority within the programme.

The next phases of the program were discuss. As there is a lot of work being carried out within the Council depot as part of the Northbourne Security Review that we have been working with the service on, it was raised at the meeting that a new field management software was due to be implemented which would improve the efficiency of day to day operations and provide an electronic solution for Job and workflow management, scheduling and resource management and parts and stock management. It was agreed for IT to be involved in the process and determine how the new system would work with the Councils self-service objectives.

Project Management

As reported at the September 2019 Audit Committee, the Project Management Board is now in place with projects being assessed under the headings / criteria as previously reported to ensure adequate assessments of projects are undertaken to ensure all relevant information is available prior to the progression of a project.

No significant issues have been identified to date and the feedback from Officers has been positive as it has allowed constructive challenge to take place and further development of business cases prior to approval and progression.

Northbourne Security Review

Internal Audit have been supporting the Head of Building and Engineering Services in improving the security arrangements of Northbourne Depot. An electronic gate is due to be installed within the next month where only authorised personnel will have access. Improved CCTV is also being installed covering all areas of the depot.

As mentioned above, a new field management system is to be implemented to improve stock control, job and workflow management and scheduling efficient, logistical workloads.

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 was on long term absence and another member of the team was on maternity leave. Both Officers have now left the Councils employment.

An assessment of resourcing will be undertaken with an update to the Audit Committee in March 2020. In the short term, if any material resourcing issues arise, third party suppliers will be sought to cover any potential delays in the delivery of the Audit Plan as we successfully commissioned earlier in the year.

Outcomes of Internal Audit Work

The standards require the Internal Audit 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.

Assurance	Colour	Number this Period	Total for 2019/20 Plan	
Substantial		2	4	
Adequate		7	8	
Improvement Required		2	3	
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: -

Planning Enforcement

The scope of this review was to assess the processes and controls in place when managing public complaints, investigating potential planning breaches, enforcement action and appeals.

The following significant issues and associated actions have been identified within the audit;

1. The current planning enforcement policy is dated November 2010. As well as questions whether the policy reflects current regulations, working practices and political thinking, it is noted that it also contains references to former council officers and former government departments.
 - *An up to date Enforcement Policy is to be reviewed and adopted, following correct authorisation.*
2. Once it has been established that a planning breach has occurred, a scored HARM assessment should be carried out and checked to evaluate whether further action and resource is justified.

Throughout the audit, there were cases where no assessment could be located or had not been checked by the Planning Enforcement Manager, in line with guidance notes which provides evidence of an independent check.

- *The format of HARM assessments is to be reviewed and adopted. Use of the form is to be incorporated within Officer Guidance and used and recorded appropriately on the Enforcement System.*
3. Planning Enforcement have use of the Enterprise module of the Planning Software. This is a real time monitoring software, which shows what stage each case is at, and whether it has reached its' milestone.

Due to amount of technically overdue cases, this is not used to manage cases effectively due to volume. In addition, it was advised that some of the target timings on the software are wrong.

- *Use of the Enterprise software and pre-set milestones to be reviewed and amended, in liaison with IT. Use of global or diverted Uniform diaries also to be investigated and solution sought to enable other officer's access to overdue case diaries, as appropriate.*
4. To provide an effective and timely enforcement service, potential breaches need to be managed and a process followed.

There have been cases where there has been large gaps between any actions being taken, which could give the impression of allowing breaches to progress or complaints being ignored. Due to a lack of consistent procedures and notes, it is problematic to know the exact status at a glance, especially if an officer has left council employ.

- *All cases should have all activity, diary dates and next steps clearly recorded on the enforcement system, and officers reminded to this effect.*

Housing Repairs and Maintenance

The scope of the review was to review the processes and procedures in place for repairing and installing kitchens and bathrooms within Council Housing Stock and reactive repairs and maintenance.

1. Variation orders are not written down when changing the value of a job with a third party contractor, therefore no record is available to determine the nature of why the change was required.
- *Written Variation orders to be enforced and retained. A linked process to be created to ensure these are managed and matched with invoices.*
2. The software used for Housing Repairs - Northgate - continues to lack full capability, with several subroutines defective.

Examples include reporting issues, adjusting Schedule of Rates items, and communication issues with third party e-mail recipients.

- *A workflow system is to be installed and used as the default software for recording Building Repairs jobs. Also to be used for other functionality such as stock control and electronic ordering.*

Information Governance – GDPR Review

No significant issues were identified during the review; however, an issue of non-compliance with the Data Protection Act 2018 was identified for consideration along with proposed actions by the Audit Committee.

1. There have been occasions in the past where personal and special category TDC data has been forwarded to personal emails by both Officers and Members. It is however recognised that this is for ease of use rather than anything malicious.

However Data Protection Act 2018 legislation, particularly Article 5, Paragraph 1(f), requires personal data to be “processed in a manner that ensures appropriate security of the personal data”.

We are unable to demonstrate compliance in this regard as personal devices and their cyber-security remain outside of the sphere of Council knowledge, control and management.

- *It is therefore recommended that Officers be reminded of the need to ensure that TDC data be retained within TDC encrypted, secure ‘official’ emails and not forwarded to personal emails. In respect of Members, the recommended control is that only Council issued equipment and email addresses should be used to prevent the need of forwarding data to personal emails and increasing the risk of non-compliance and the wider financial and reputational consequences if personal data is not secure.*

The IT & Resilience Team are reviewing this issue and exploring the most appropriate option in terms of providing the necessary equipment to Members.

Update on previously reported significant issues

Housing Allocations

Allocations System

Northgate has been used for many years for the administration of allocating available properties.

Despite attempts at workarounds, the software and current process has several inherent issues.

These include:

- Housing priority lists cannot be reproduced at a later date to evidence banding priorities at that time of allocation.
- Applicant preferences are not reflected within software, including location or disabled adaptations
- There are many manual processes involved that are completed outside of the allocations system, including notes on applications not being successful which ideally should appear on the list from the outset.

Agreed Action Update;

A business case is currently being written to adopt a new allocations system via Housing Partners.

Validation of Declarations

Applicants must make specific declarations on an application form, which need to be subject to a reasonable verification process as any incorrect information provided may lead to withdrawing an offer of housing or voiding a tenancy if it was identified at a later date.

Agreed Action Update;

The Housing Allocations Manager has been liaising with the Safer Communities Manager to determine the best way of getting relevant information quickly. TDC have adopted the Essex Wide Prisoner Release Protocol which has also been adopted by all other Essex Authorities. By being part of this group information relevant to a new applicant should be available.

Scanned Documentation

Scanned documentation relevant to an application and allocation should be retained for subsequent retrieval in case of query or challenge.

During the audit, it was identified that full documentation was not being retained for all applications sampled.

Agreed Action Update;

The Team have begun scanning documentation on to the Councils Corporate EDRMS System. They are currently working their way through the backlog of older hard copy files.

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	

QUALITY ASSURANCE IMPROVEMENT PROGRAMME (QAIP)

The Internal Audit function are required to be assessed externally every five years on compliance with the Public Sector Internal Audit Standards (PSIAS). This was undertaken two years ago and actions from the assessment have been implemented as previously reported to the Audit Committee. Within the five year assessment period, Internal Audit are required to undertake a periodic self-assessment against the PSIAS in order to develop a QAIP. The QAIP has now been completed identifying areas where further development and partial compliance has been recognised.

The QAIP can be reviewed as Appendix B of this report. Actions and target dates have been attached against the standards where further development is required.

BACKGROUND PAPERS FOR THE DECISION

Audit Report

APPENDICES

Appendix A – 2019/20 Internal Audit Plan Progress Report
Appendix B – Quality Assurance Improvement Programme (QAIP)

Tendring District Council Internal Audit			
2019/20 Internal Audit Plan Progress Report			
Audit Title	Status January 2019	Audit Type	Audit Opinion
2018/19 Carry Forward			
Housing Repairs and Maintenance	Complete	Annual review of individual / multiple elements of HR & M	Improvement Required
Housing Allocations – Follow Up	Complete	Full review of Housing Allocations Service	Improvement Required
Key Systems / Key Financial Risk Areas			
Procurement	Fieldwork	Continuous Auditing Approach. Five days allocated per quarter of the annual plan	To be confirmed
Housing Benefits	Fieldwork	Different Techniques involved. 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	Substantial Assurance
Banking	Complete	Mainly Self-Assessment with some testing required	Substantial Assurance

Council Tax	Fieldwork	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	To be confirmed
Payroll	Complete	Data Analytics is the main audit technique used within this audit	Adequate Assurance
Accounts Payable	Complete	Data Analytics is the main audit technique used within this audit	Adequate Assurance
Treasury Management	Complete	Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used	Substantial Assurance
Housing Rents	Fieldwork	Root cause analysis / Data Analytics	To be confirmed
Cash Receipting	Complete	Root cause analysis / Data Analytics	Adequate Assurance
Accounts Receivable	Fieldwork	Data Analytics is the main audit technique used within this audit	To be confirmed
Contract Management – Waste and Street Sweeping	Fieldwork	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	Fieldwork	Balancing the Council's budget and forecasting a medium to long plan is still one of the biggest risks the Council faces	Consultative Review
Capital Programme	Fieldwork	Detailed review of the Council's capital programme and approach to capitalising expenditure.	To be confirmed

Other Services / Systems			
Northbourne Depot	Fieldwork	Overview of the planned repairs and maintenance programme and inspections schedule.	Consultative Review
Risk Management	Complete	Required annually under PSIAS and Cipfa guidance	Adequate Assurance
Due Diligence	Complete	To review processes in place before contractors are appointed and ensure adequate due diligence is completed prior to awarding contracts and leases to third parties	Adequate Assurance

Ethical Decision Making	Fieldwork	Cipfa and the IIA recommend that Internal Audit undertake an annual ethics and culture review. This review will assess how ethics is incorporated within the Council's decision making processes	To be confirmed
Social Media	Complete	Assess policies and procedures in place at both member and officer level as well the controls in place to limit reputational damage in the event of potential misuse	Adequate Assurance
Transformation Programme	Acting Audit and Governance Manager is part of the transformation delivery board	Review of governance arrangements, decision making, cost / benefit analysis and benefit realisation	Consultative Review
Project Management	Design of Project Management Governance Process now complete	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	Consultative Review
Leisure Centres – Follow Up	Allocated	Follow up on self-assessment exercise and concentrate on key themes from the 2018/19 review.	To be confirmed
External Funding	Complete	Examine the Councils approach to exploring external funding opportunities for both the community and the organisation	Adequate Assurance
Planning Enforcement	Complete	Review processes and procedures related to breaches in planning control and assess their efficiency and effectiveness from receipt of complaint through to decision making and enforcement action.	Improvement Required
Garden Communities	Allocated	Review of the progress to date of the Garden Communities initiative and assess the risks and controls in place	To be confirmed
Health & Safety	Allocated	Spot checks, Compliance reviews and Self - Assessments	To be confirmed

Computer Audit			
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
Information Governance – GDPR Review	Complete	To review progress and implementation of GDPR within Council processes.	Adequate Assurance
Application Review - Agresso IT Security, Data Security and IT General Control	Complete	Review of current arrangements including how financial capacity is built in to emergency planning and business continuity procedures	Substantial Assurance

Status Key

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

Public Sector Internal Audit Standards – Quality Assurance and Improvement Programme

Tendring District Council – Self Assessment – January 2020

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
Core Principles					
Demonstrates Competence and Due Professional Care	Having regard to your review of conformance with the Code of Ethics (Competence, Confidentiality, Seven Principles of Public Life) and any other evidence from the review of conformance with Standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by demonstrating competence and due professional care?	The Internal Audit Team has recently had two employees leave the organisation. We have recruited one new member of staff who is currently learning on the job and therefore will need further training and supervision from senior members of staff to ensure that they are fully competent and are able to provide the best possible professional care.	Medium	Continuous training and development of current employees within the team. Craig Clawson Ongoing	Partially compliant

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
Is appropriately positioned and adequately resourced.	Does the QAIP include both internal and external assessments? Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by being appropriately positioned and adequately resourced?	An external assessment was completed two years ago with all agreed actions being implemented. The self-assessment review against the PSIAS has identified some areas where further development may be required particularly relating to being adequately resourced. There have been a number of resourcing issues within the Internal Audit Team over the past year; However steps have now been taken to resolve the issues.	Medium	Continuous training and development of current employees within the team. Use of third party assurance when required. Craig Clawson Ongoing	Partially compliant
Provides Risk Based Assurance	Based on your review of conformance with standards, do you consider that the internal audit activity fully conforms with the PSIAS and LGAN by providing risk-based assurance, based on adequate risk assessments?	The Internal Audit Team undertakes audits based on the risk matrix set by Internal Audit and agreed by the Audit Committee. However, the risk matrices for Internal Audit and Risk Management are not fully aligned due to differences in operational and strategic risk assessments therefore there are some occasions where there may be a difference of opinion on risk assessments undertaken between departments and Internal Audit.	High	To work with the Risk Manager, Senior Management and the Audit Committee to get a better understanding of the Councils risk appetite and better align the risk matrices between Internal Audit and Risk Management Craig Clawson September 2020	Partially compliant

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
Code of Ethics					
Competency	<p>Based on your review of conformance with other requirements of the PSIAS and LGAN, do you consider that internal auditors display competence by:</p> <ul style="list-style-type: none"> • Only carrying out services for which they have the necessary knowledge, skills and experience? • Performing services in accordance with the PSIAS? • Continually improving their proficiency and effectiveness and quality of their services, for example through CPD schemes? 	<p>The Internal Audit Team is made up of two experienced Senior Officers and one trainee Auditor therefore it is not always possible to ensure that all Audits are carried out by Officers with adequate skills, knowledge and experience. However, all audits will have been supervised by a senior officer and quality checked prior to completion. We try to ensure that all members of the team are given as much training as possible in the areas that it is felt most needed through our performance management process.</p>	Low	<p>Continuous training and development of current employees within the team.</p> <p>Craig Clawson</p> <p>Ongoing</p>	Partially compliant

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
Attribute Standards					
Independence and Objectivity					
1130 Impairment of Independence or Objectivity	Is the risk of over-familiarity or complacency managed effectively: for example by rotating assignments for ongoing assurance engagements and other audit responsibilities periodically within the internal audit team?	As we are a small team we aren't always able to rotate Auditors as regularly as we would like and therefore the risk of familiarity is always a factor. However, there are enough independent assessments throughout the audit process to ensure that all Auditors have not been bias and have carried out their role as independently and objectively as possible.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
1130 Impairment of Independence or Objectivity	Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	Where a material number of days are required for Internal Audit to provide consultancy services the Audit Committee are updated and a change to the Audit Plan is requested. If resource is required to support a service through consultancy which does not have a material effect on the Audit Plan then the Internal Audit Manager will approve the work to support the service using days already agreed within the Audit Plan.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
Proficiency and Due Professional Care					
1210 Proficiency	<p>Having regard to the answers to the other questions in this section and other matters, does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?</p> <p>Where the internal audit activity does not possess the skills, knowledge and other competencies required to perform its responsibilities, does the CAE obtain competent advice and assistance?</p>	<p>As stated above with such a small team resourcing can sometimes be difficult; however, there are many different avenues and techniques used to ensure that knowledge and experience is gained. Our Auditor is currently using the Apprenticeship Levy to increase her knowledge and understanding of Internal Audit Services. We have access to third party provision of skilled audit days when required. We work with services to get a better understanding of the risks, issues and hurdles they face in order to perform their role. We also have access to the Essex Audit Group where all Heads of Internal Audit share knowledge and experience of audit areas and arising risks.</p>	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
1210 Proficiency	Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	We have one inexperienced Auditor within the team who is continually learning and supervised by senior officers.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance

PSIAS Ref (Checklist Ref)	Conformance with the Standard	Comment	Priority	Action Required / Responsible Officer / Date	Status
1210 Proficiency	Do internal auditors have sufficient knowledge of key information technology risks and controls?	As above. We also have access to third party Internal Audit Services that can offer specific IT audits if required.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
1210 Proficiency	Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?	As above. We have also changed the way in which we work over the past couple of years to ensure that assisted audit techniques and data analysis become fundamental to audits we undertake.	Low	No action required. It is felt that enough mitigating controls are in place to reduce the risk.	Mitigated compliance
Managing the Internal Audit Activity					
Overall Opinion					
2660 Communicating the Acceptance of Risks	If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management? If, after discussion with senior management, the CAE continues to conclude that the level of risk may be unacceptable to the organisation, has he or she communicated the situation to the board?	Although the acceptance of risk is discussed with the auditees during the audit, if a manager has decided to accept a risk instead of mitigate it, the issue is not reported to Senior Management or the Board unless it has a significant impact on the overall opinion of the audit area or operational processes.	Low	Determine whether current practice is acceptable with Senior Management and the Audit Committee. If not include all areas where risk has been accepted rather than mitigated in audit reports. Craig Clawson March 2020	Partially compliant

AUDIT COMMITTEE

30 JANUARY 2020

REPORT OF HEAD OF FINANCE, REVENUES AND BENEFITS & SECTION 151 OFFICER

A.2 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, with the last update being in July 2019.
- At the meeting in July, the Audit Committee agreed a change to the format of the Risk Register – the new format is now reflected in the register attached at **Appendix A**.
- 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	1
Risk Score Amended	2
Risks Under Review	0
Risks Amended	Various

RECOMMENDATION(S)

That the Audit Committee considers the updates to the 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 2019.

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

This is currently being reviewed to reflect the new risk register format and will be presented as part of the next 6 monthly risk update. However there are no underlying changes that have a direct impact on the management / control of risk within the Council.

Corporate Risk Register

Since the Corporate Risk Register was reported to the Audit Committee in July 2019, no new risks have been identified – however all existing risks identified will continue to be reviewed throughout the year and changes will be reported to the next meeting of the committee in July 2020.

For completeness, the following table sets out all amendments to the risk register since it was last considered by the Committee in July 2019.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	One 6d Virus/Malware – item removed as forms part of more general risks (1d and 6a)
Risk Scores Amended	Two

	<p>1b Catastrophic IT network failure – inherent risk amended from 15 to 10 to reflect the current status / control arrangements</p> <p>9a Ineffective Emergency Planning – residual risk reduced from 6 to 4 to reflect latest action status / control strategy</p>
Risk under review	None
Risks Amended	Following the move to a new risk register format, the opportunity has been taken by each relevant Head of Service to review and amend many of the current actions / control status sections of the register to reflect the most up to date position and new information requirements.

During 2017/18 a review was carried out by the councils internal audit team relating to risk Management with regular updates against associated actions presented to previous meetings of the Committee. Following the last update presented to the Committee in July 2019, one action remained outstanding which related to the format of the risk register. This action has now been completed with the revised risk register format now reflected in **Appendix A**.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Corporate Risk Register

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Corporate Risk Register January 2020

Page 31

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

20 **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.

12  **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.


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

- No action required to mitigate these risks.

Individual risks included in the risk register are set out against the following key / primary risk areas:


Risk colour	Risk Headings	
	Failure to deliver key services	Pages 7-10
	Failure to deliver key projects	Pages 11-16
	Reputational Damage	Pages 17-20
	Ineffective workforce management and planning	Pages 21-22
	Failure to deliver a balanced and sustainable budget	Page 23
	Ineffective management of information	Pages 24-25
	Failure to adopt a sound Local Plan	Page 26
	Failure of income streams to meet Councils Financial requirements and obligations to other bodies.	Page 27-28
	Failure in emergency and business continuity planning	Pages 29-30

RISK 1a - Failure to effectively manage assets						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	9	3	3	Unchanged 	4 LOW	July 2020
January 2019	9	Medium	Sizeable			
June 2019	9					
January 2020	9					
Current Action Status/ Control Strategy	<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 is therefore not repeated within this document.</p>					
Responsible Officer - Andy White						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH						
Scrutiny Committee(s) – Resources and Services						

RISK 1b – Catastrophic IT network failure						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	15	2	5	Reduced 	5 LOW	July 2020
January 2019	15	Low	Critical			
June 2019	15					
January 2020	10					
Current Action Status/ Control Strategy		<p>Significant Transformation network investment being undertaken during 2018/20 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 390 staff using laptops facilitates staff working from alternate locations(s) should a significant issue occur.</p> <p>Greatly enhanced 24/7 Network visibility, monitoring, reporting and alarms. Resilience built into other IT Investment Strategies including 'mirrored' data storage at Town Hall and Barnes House and enhanced data backup. The agreed Digital Transformation programme will see the Council migrate 85% of its IT applications onto the Microsoft Azure platform 2018-2020 (dual data centres located in London and Cornwall) resulting in significantly increased resilience and much speedier '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 is giving much greater 'real time' network performance visibility and is allowing us to react swiftly and pro-actively to issues.</p>				
Responsible Officer - John Higgins						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services						

Failure to deliver key services

RISK 1c - Ineffective communication / management of information - 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.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	10 Medium	July 2020
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					

Current Action Status/ Control Strategy

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.

Whilst our information governance continues to strengthen, the Information Commissioner's Office continues to 'raise the bar' on compliance matters. We are currently reviewing how Councillors access, utilise and manage personal and sensitive information and will be identifying potential changes to Councillor working practices to strengthen this aspect of Council information governance during early 2020.

Ongoing vigilance with regard to Information Governance resources and training and budget is ongoing to minimise the risk of an information breach or failure to comply with legislation as this work area volume increases.
Annual IT staff survey, Communications Group and Departmental IT Champions.
Monitoring/ investigation of each security breach report


Responsible Officer - John Higgins - Senior Information Risk Officer (SIRO)
Judy Barker –Data Protection Officer (DPO)

Responsible Cabinet member(s) - Corporate Finance and Governance PFH

Scrutiny Committee(s) - Resources and Services

Failure to deliver key services

RISK 1d - Ineffective Cyber Security Physical and Application (software) Based Protection Management - 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 provide IT services and applications supporting Council services (or significant operational difficulties arising from).

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	15 HIGH	July 2020
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					

Current Action Status/ Control Strategy

Tendring District Council has robust cyber-security including; physical devices (Firewalls), network segregation, protective software applications to protect the Council from the daily occurrences of external Cyber-attack. In recognising 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 members in partnership with the Essex Police Cyber Crime Unit in 2017. Training videos are available for staff and members to complete and cyber-security is part of our induction training. Our cyber-security is independently tested during our annual Public Services Network (PSN) connectivity 'IT Health Check'.

1. During June-November 2019 we have consolidated and invested in new replacement Firewall technology with some ongoing roll-out of protective functionality remaining.
2. In partnership with the Essex Police Cyber Crime Unit we completed recent refresher training for all staff in October 2019 and continue to send out educational/ awareness emails as threats dictate.
3. Following annual security testing and remediation works we were PSN re-certificated 23 November 2019.
4. In November 2019 we completed a Local Government Association cyber-security self-assessment and achieved a robust Amber-green (score 65-79%) - but with areas of improvement identified. We are investigating these improvement areas. A similar rating in 2018 placed Tendring District Council ranked top-quartile compared with our Essex Online Partnership (EOLP) peer group.
5. Our Cloud migration strategy has enabled us to implement additional Cloud cyber-security functionality during 2019.
6. We continue to enhance our monitoring/ visibility of real-time network and user activities through tools provided through our Intergence network monitoring contract.

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. Best of 'breed' malware detection application(s) warnings.

Annual PSN Cyber Security IT Health Check testing/ report by National Cyber security Centre (NCSC) registered independent contractor


Responsible Officer - John Higgins

Responsible Cabinet member(s) - Corporate Finance and Governance PFH

Scrutiny Committee(s) - Resources and Services

Failure to deliver key services

RISK 2a - Coastal Defence - 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, and 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.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	5 LOW	July 2020
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					

Current Action Status/ Control Strategy


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.

Responsible Officer: Damian Williams

Responsible Cabinet member(s) - Leisure and Tourism PFH


Scrutiny Committee(s) - Resources and Services

RISK 2b - Community Leadership Projects - Potential for impact to the reputation of the Council and impact on Communities, through failure to deliver key projects with partners

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	8 MEDIUM	July 2020
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
Current Action Status/ Control Strategy	<p>Clearly defined Terms of Reference agreed between partners & TDC. Action plans agreed as appropriate for each project and reviewed on a regular basis.</p> <p>Action plan delivery (regular monitoring and feedback to Community Leadership Committee, Portfolio Holder and external partners)</p>					
Responsible Officer - Anastasia Simpson / John Fox/ Rebecca Morton						
Responsible Cabinet member(s) - Partnerships PFH						
Scrutiny Committee(s) - Community Leadership						


Failure to deliver key projects

RISK 2c - Building Council Homes - Continuing uncertainty over Business plan capacity due to lack of clarity from the government

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	8	2	4	Unchanged 	4 LOW	July 2020
January 2019	8	Low	Major			
June 2019	8					
January 2020	8					
Current Action Status/ Control Strategy	Government has removed the HRA borrowing cap but prudential borrowing rules still apply. Modelling has been undertaken within the business plan and we are comfortable that 200 new homes could be built over the next 8 – 10 years dependent upon build costs and land availability. The change in government is a concern as the former government had signalled a change of policy direction in terms of the funding for RTB in the private rented sector but the new government has signalled a continuation and potential extension of this pilot but has given no firm commitment as to how it will be funded. This is a concern as it could signal a revival of the forced sale of high value assets policy which had been suspended. This would have a significant and detrimental impact on our business plan and capacity to build.					
Responsible Officer - Paul Price						
Responsible Cabinet member(s) - Housing PFH						
Scrutiny Committee(s) – Resources and Services						

Failure to deliver key projects

RISK 2d - Ineffective delivery of Transforming Tending project - Failure to provide effective change management and the coordination of corporate resources with an adverse impact on organisational focus and delivery

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	3 LOW	July 2020
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					


Current Action Status/ Control Strategy
Through the provision of effective organisational leadership through culture, change management, vision, values, communication and encouraging innovation and empowering staff. The Project board monitors on an on-going basis with a formal project stage review planned to be completed on completion of physical works (estimated Autumn)

Responsible Officer – Andy White


Responsible Cabinet member(s) – Corporate Finance and Governance FH

Scrutiny Committee(s) – Resources and Services


RISK 2e - Essex Family / Family Solutions - A TDC appointed Family Support Worker working within Tendring Family Solutions Team. Risks of the project include potential breaches of data protection, Council reputation and professional liability (working with vulnerable families)

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	10	2	4	Unchanged 	8 MEDIUM	July 2020
January 2019	8	Low	Major			
June 2019	8					
January 2020	8					
Current Action Status/ Control Strategy	<p>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.</p> <p>Funding has now been secured to move the post onto the Council establishment, which mitigates risks.</p>					
Responsible Officer - Anastasia Simpson						
Responsible Cabinet member(s) - Partnerships PFH						
Scrutiny Committee(s) - Community Leadership						


RISK 2f - Garden Communities - The project fails to come to fruition due to land control / Local Plan issues

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	12	4	3	Unchanged 	1 LOW	July 2020
January 2019	12	High	Sizeable			
June 2019	12					
January 2020	12					
Current Action Status/ Control Strategy	Breakpoints exist which enable termination of the project if a scenario develops which provides unacceptable commercial viability.					
Responsible Officer: Ewan Green						
Responsible Cabinet member(s) - Leader						
Scrutiny Committee(s) - Resources and Services						

RISK 3a - Member Conduct - The Localism Act 2011 places a statutory duty upon Councils to promote and maintain high standards of conduct amongst its own Elected Members and any co-opted Members. Upheld Code of Conduct complaints risk damaging the Council's reputation and adverse implications on its ethical governance arrangements.


Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	4 LOW	July 2020
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
Current Action Status/ Control Strategy	Regular reports to Standards Committee and discussions with Group Leaders.					
Responsible Officer: Management Team (Lisa Hastings, Monitoring Officer)						
Responsible Cabinet member(s) - Code of Conduct matters are reported to the Standards Committee, as a Non-Executive function.						
Scrutiny Committee(s) – N/A						

RISK 3b - Failure to comply with legislative requirements - Risk of judicial reviews or injunctions being sought against the Council, causing delay in service delivery and financial loss to defend actions.


Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	16	4	4	Unchanged 	2 LOW	July 2020
January 2019	16	High	Major			
June 2019	16					
January 2020	16					
Current Action Status/ Control Strategy	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.					
Responsible Officer - Lisa Hastings						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services						


Reputational damage


RISK 3c - Health and Safety - Failure to have effective Health and Safety processes in place exposing public and staff to increased risk of injury or illness.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	10 MEDIUM	July 2020
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
Current Action Status/ Control Strategy	Identifying an officer with overall responsibility for ensuring that effective health and safety processes in place. Providing regular Health and Safety updates to Management Team					
Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH / HR and Council Tax Committee						
Scrutiny Committee(s) – n/a						


RISK 3d - Fraud and Corruption - Failure to deliver effective counter fraud activities

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	15	5	3	Unchanged 	10 MEDIUM	July 2020
January 2019	15	High	Sizeable			
June 2019	15					
January 2020	15					
Current Action Status/ Control Strategy	<p>Established Fraud and Compliance Team undertaking counter fraud role</p> <p>Internal Audit Team providing advice / recommendations to improve control environment and mitigate exposure to fraud risks</p> <p>Rules and procedures as laid down in the Constitution</p>					
Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH						
Scrutiny Committee(s) – Resources and Services / Audit						

RISK 4a - Loss of Key Staff - Loss of key staff either through service changes or natural turnover impacting on delivery and /or reputational risk e.g. managing elections						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	12 MEDIUM	July 2020
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
Current Action Status/ Control Strategy	Effective HR processes in place to identify early signs of workforce issues (including age profile). Skills focus and flexible approach across Council. “Grow your own approach to talent management”					
Responsible Officer - Management Team (Anastasia Simpson)						
Responsible Cabinet member(s) - HR and Council Tax Committee						
Scrutiny Committee(s) N/A						

RISK 4b - Lack of capacity to deliver core services – not retaining / having access to staff capacity to deliver services and priorities						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	12 MEDIUM	July 2020
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
Current Action Status/ Control Strategy	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. Effective succession planning					
Responsible Officer - Management Team (Anastasia Simpson)						
Responsible Cabinet member(s) - Human Resources and Council Tax Committee						
Scrutiny Committee(s) – N/A						

RISK 5A - Financial Strategy - The impact of achieving a balanced budget in an ever-tightening financial environment on service delivery objectives.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	15 HIGH	July 2020
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					

Current Action Status/ Control Strategy

Long Term Financial Plan updated on an ongoing basis.

- 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.
- Robust and timely financial performance monitoring.
- Engagement with key stakeholders, members and senior management as early as possible.
- Responding to and implementing recommendations and advice issued by the Council's External Auditor.
- Material savings options to be individually risk assessed


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.

Responsible Officer: Richard Barrett


Responsible Cabinet member(s) - Corporate Finance and Governance PFH

Scrutiny Committee(s) – Resources and Services

RISK 6a - Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	5	4	Unchanged 	10 MEDIUM	July 2020
January 2019	20	High	Major			
June 2019	20					
January 2020	20					
Current Action Status/ Control Strategy	<p>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. Governance procedures/ policies/ responsibilities comments including quarterly review of all reported security breaches and strategic and operational issues takes place through the Information Governance Policy Unit. Staff remote working is 'tunnelled' utilising Microsoft VPN technology.</p> <p>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 during April 2018 increased focus and resourcing on cyber security.</p> <p>Enhanced monitoring of the Council's internal network data flows focusses on early detection/ isolation of cyber-attack. The Council maintains an ongoing campaign to educate staff and members as to a range of cyber-attacks/ techniques.</p> <p>We are currently reviewing how Councillors access, utilise and manage personal and sensitive information and will be exploring potential changes to Councillor working practices to strengthen this aspect of Council information governance</p>					
Responsible Officer - John Higgins – Senior Information Risk Owner (SIRO) Judy Barker – Council's named Data Protection Officer						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services						

RISK 6b- 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

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	5 LOW	July 2020
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					

Current Action Status/ Control Strategy

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.

- ✓ PSN re-certification achieved 23 November 2019

Note: The Council remains at risk from any new NCSC edicts and ongoing further Whitehall hardening of security regulations. This can only be remediated through monitoring latest available guidance and/ or responding to NCSC challenges during the annual PSN process itself.


PSN/ CESA communications, outcome of IT Health checks, monitoring/ discussion with IT Support partner(s).

Responsible Officer: John Higgins

Responsible Cabinet member(s) - Corporate Finance and Governance PFH


Scrutiny Committee(s) - Resources and Services

RISK 7a - Local Plan - Failure to achieve a positive result from the Examination in Public into the Local Plan submitted in October 2017.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	12	4	4	Unchanged 	12 MEDIUM	July 2020
January 2019	12	High	Major			
June 2019	12					
January 2020	12					
Current Action Status/ Control Strategy	Officers work closely with the other North Essex Authorities, other partners and take advice as necessary to submit a robust Local Plan to prepare for the examination in public.					
Responsible Officer: Catherine Bicknell and Gary Guiver						
Responsible Cabinet member(s) - Leader						
Scrutiny Committee(s) - Planning						


Failure to ~~adopt~~ a sound Local Plan

Failure of income streams to meet Council's financial requirements and obligations to other bodies


RISK 8a - Failure to collect levels of income required from Council Tax in order to fund the Council's financial requirements.						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	10 MEDIUM	July 2020
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
Current Action Status/ Control Strategy	Regular financial performance reports presented to Cabinet.					
Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH						
Scrutiny Committee(s) – Resources and Services						

Failure of income streams to meet Councils financial requirements and obligations to other bodies

RISK - 8b - Failure to collect levels of 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.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	10 MEDIUM	July 2020
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
Current Action Status/ Control Strategy	Regular financial performance reports presented to Cabinet.					
Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH						
Scrutiny Committee(s) – Resources and Services						

RISK 9a - Ineffective Emergency Planning - The Council fails to effectively respond to an emergency and the community is adversely effected

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	12	3	4	(Residual Risk) Reduced 	4 LOW	July 2020
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					

Current Action Status/ Control Strategy

Continued development and regularly test of different aspects of the Council's Emergency Plan including working with multi-agency partner organisation.

Following a Corporate IT & Resilience Service re-structure, resources have increased by 1 fte in Emergency Planning in 2018 adding additional resilience and commencing succession planning.

During 2019 the Council has increased the number of First Call Officers (FCOs) and introduced a 24/7/365 call-out/ rota cover.


Again during 2019, in partnership with Harwich Haven Authority (HHA) the Council jointly delivered a major live emergency planning exercise (ex Adler 4) which tested a range of aspects of the Council's Emergency Plan alongside our multi-agency partners.

Responsible Officer - John Higgins

Responsible Cabinet member(s) - Partnerships PFH

Scrutiny Committee(s) - Community Leadership

RISK 9b - Ineffective Business Continuity Planning - The Council fails to effectively respond to an emergency / adverse event with an adverse impact on the delivery of services.

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Next Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	6 MEDIUM	July 2020
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					
Current Action Status/ Control Strategy	<p>Ongoing development and testing of Business Continuity plans by services.</p> <p>Significant digital investment and improved resilience in information storage, applications, Cloud migration, reduced reliance upon office premises through flexible/ remote working have all reduced this ongoing operational risk.</p>					
Responsible Officer - John Higgins						
Responsible Cabinet member(s) – Partnerships PFH						
Scrutiny Committee(s) - Community Leadership						

AUDIT COMMITTEE

30 JANUARY 2020

REPORT OF HEAD OF FINANCE, REVENUES AND BENEFITS & SECTION 151 OFFICER

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.
- There are usually two appendices to this report – 1) updates against general issues previously identified by the Committee and 2) updates against the Annual Governance Statement that the Committee agrees at its July meeting each year.
- As there are no outstanding actions in respect of general issues identified by the Committee, only updates against the Annual Governance Statement are included. **(Appendix A)**
- To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.

RECOMMENDATION(S)

That the Committee considers and notes the progress against the Annual Governance Statement Actions.

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**

An update against actions relating to the Annual Governance Statement is set out in **Appendix A.**

There are no significant issues to highlight to date with work scheduled or remaining in progress on all actions agreed.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A - Table of Outstanding Issues (January 2020) - Annual Governance Statement Actions

AUDIT COMMITTEE - Table of Outstanding Issues (January 2020) – ANNUAL GOVERNANCE STATEMENT ACTIONS

Governance Issue	Action	Current Position / Update
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>The Council continues to deliver the ten year approach to budgeting, aimed at maximising savings opportunities whilst delivering growth in underlying income to deliver a balanced budget over a ten year forecast.</p> <p>Risks exist to the plan should savings not be achieved and 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"> • Ensuring the robustness of assumptions used in financial planning/forecasting. • Prioritising resources whilst maintaining services wherever possible. • Undertaking targeted reviews of significant areas for cost pressures • Continuing to identify opportunities for savings, with the development of a 4 year plan for delivery. <p>Delivery of a balanced budget in 2020/21 in-line with the forecast.</p>	<p>An updated financial forecast was presented to Cabinet on 24 January 2020 reflecting the most up to date assumptions on items such as inflation, cost pressures, savings targets, underlying income along with the outcome from the annual Local Government Financial Settlement process.</p> <p>The long term forecast remains broadly on target with the delivery of annual surpluses over the life of the forecast are still anticipated to be achieved.</p> <p>To isolate the on-going revenue forecast from potential one-off costs associated with the maintenance of Council Assets, an initial fund of £1.134m was agreed by Cabinet on 13 September to support costs that may emerge over the remaining years of the forecast. This will be complimented by a corporate review of the Council's operational assets to prioritise spending from this fund over the next few years</p> <p>A savings plan covering the period 2021/22 and beyond will be developed in the first half of 2020.</p>
<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>By strengthening the linkages between the Corporate Plan priorities and the Council's investment plans.</p>	<p>To identify and maintain an ongoing corporate investment plan (including the capital programme) supporting delivery of the Council's priorities including the development of relevant strategies as necessary.</p>	<p>As part of agreeing a revised corporate plan and associated priorities over the remainder of 2019/20, an investment plan will be developed alongside it to maintain a direct link to the financial forecast, which will be supported by the reprioritisation of budgets / existing funding and/or as part of the long term forecast.</p>

<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Supporting the delivery of key housing and development projects and priorities through open and transparent decision making (including informal briefings). Demonstrating effective use of the council's resources throughout continuation of the project development. This will include robust governance arrangements including risk management, funding, skills and capacity.</p>	<p>Consultation on a draft Housing Strategy and approval of a business/action plan setting out delivery, funding and performance of key housing and development building projects such as:</p> <ul style="list-style-type: none"> • Development of Jaywick Sands; • Garden Communities; and • Other relevant sites across the district. <p>Additional specific statutory consultation on the Local Plan and future development of the Garden Communities project.</p>	<p>A Housing Strategy for public consultation was agreed by Cabinet on 19 July 2019. The outcome of the consultation will be reported back to Cabinet later in the year before the Strategy is reviewed for recommending to Full Council.</p> <p>Full Council agreed at its meeting on 6 August, that the additional evidence and new Sustainability Appraisal required in support of Section 1 of the Local Plan would be subject to public consultation. The outcome of the consultation was submitted to the Inspector as part of his re-examination of Section 1, which recommenced on 14 January 2020.</p> <p>The development of the Garden Communities project will be set out in future reports with any associated consultation undertaken as necessary</p>
<p>Developing the entity's capacity, including the capacity of its leadership and the individuals within it</p> <p>Ensuring compliance of the Council's governance arrangements through project board reviews and delivery of transformation projects, through the monitoring of key policies.</p>	<p>For the relevant project board or lead officers to identify sufficient resources to demonstrate and monitor compliance with the Council's policies and procedures (forming the Governance framework) during delivery and embedding the final arrangements.</p> <p>To complete the roll out of the revised business planning and project management approach.</p> <p>Launch the Cabinet report writing through modern.gov using the new template and processes.</p>	<p>A Project Board has now been established with its regular meetings taking place from August 2019. The Project Board will continue to take a key role in supporting the development of projects / business cases, which will include a review of key outcomes / deliverables once the project has been fully implemented.</p> <p>A revised business planning and project management approach has now been rolled out across in the Council with awareness / Q&A sessions undertaken at departmental manager's meetings and senior manager's forums.</p> <p>The roll out of the functionality of Modern.Gov has been fundamentally reviewed and will follow the following phased approach in 2020: Phase I – Planning, Local Plan and Licensing Phase II – HR/Council Tax, Standards and Audit</p>

Recruit to the Senior Governance Officer post.

Develop an induction and training programme for the newly elected Councillors covering a range of topics, including dedicated chairmanship training and an overview and scrutiny workshop.

Phase III – Cabinet and the two OSCs and Council
This will be supported by meetings and 1:1 sessions for those writing and reviewing reports etc.

Due to the Chief Executive's senior management restructure the review of the Senior Governance Post has been put on hold to ensure the extent of the governance functions and requirements of this role are fully understood in supporting the Council's Statutory Officers and any additional responsibilities going forward.

Further member development and training opportunities have been delivered including a session covering skills, practice and approach to chairing different meetings, and affordable housing for the Planning Committee. An annual tour for members is also being arranged which will highlight issues and sites of interest for members across the district. The overall member development programme is now underpinned by a new Member Development Statement and is ongoing and in addition to the All Member Briefing programme.

Training on chairmanship took place in June (1:1 sessions) and September (a group session) and overview and scrutiny training was provided in June. Access to the LGA's online training portal for Councillors is being rolled out and where LGA courses support Executive/Scrutiny or other training needs, attendance at these is being facilitated. The opportunity to enhance training for Councillors in order to best support the delivery of the new Corporate Plan will be considered as part of the developing the budget in 2020/21 and beyond.

<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Ensure the Local Code of Corporate Governance and key policies and procedures are up to date.</p>	<p>Through a centralised review, develop an action and monitoring plan to include policy review dates and associated decision making.</p>	<p>The work associated with this action is expected to commence over the second half of 2019/20 as it will form a key role of the Senior Governance Officer post discussed above.</p>
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