



AUDIT COMMITTEE

DATE: Thursday, 1 October 2020
TIME: 3.30 pm
VENUE: Meeting will be held in accordance with provisions of SI 2020/392. Link to the live stream will be found here:
<https://www.tendringdc.gov.uk/livemeetings>

MEMBERSHIP:

Councillor Coley
Councillor Alexander
Councillor Fairley
Councillor King

Councillor Miles
Councillor Placey
Councillor Steady

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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 Email: democraticservices@tendringdc.gov.uk or telephone on 01255 686584

DATE OF PUBLICATION: Thursday, 24 September 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 - 10)

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on 30 January 2020

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 - Report on Internal Audit (Pages 11 - 28)

To provide a periodic report on the Internal Audit function for the period March 2020 – June 2020 and the Internal Audit Managers Annual Report for 2019/20 as required by the professional standards.

6 Report of the Assistant Director of Finance and IT (Corporate Services) - A.2 - Table of Outstanding Issues (Pages 29 - 42)

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

7 Risk Register Report - October 2020 - A.3 (Pages 43 - 80)

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

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, 28 January 2021.

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 30TH JANUARY, 2020 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, Miles, Placey and Steady
In Attendance:	Ewan Green (Corporate Director (Planning and Regeneration)) (except items 20 (part) - 22), Richard Barrett (Head of Finance, Revenues and Benefits Services & Section 151 Officer), Damian Williams (Head of Building and Engineering Services) (except items 20 (part) - 22), Ian Ford (Committee Services Manager & Deputy Monitoring Officer) and Craig Clawson (Internal Audit Manager)
Also In Attendance	Nuwan Indika (Audit Manager)(representing BDO LLP, the Council's External Auditors) (except items 16 – 20 (part))

16. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

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

17. MINUTES OF THE LAST MEETING

The minutes of the previous meeting of the Committee, held on 26 September 2019, were approved as a correct record and signed by the Chairman.

18. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

19. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

There were none on this occasion.

20. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - PERIODIC REPORT ON INTERNAL AUDIT - SEPTEMBER TO DECEMBER 2019 AND QUALITY ASSURANCE IMPROVEMENT PROGRAMME

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 September to December 2019. The report was split into two sections as follows:-

- (1) Internal Audit Plan Progress 2019/20; and
- (2) Quality Assurance Improvement Programme.

(1) INTERNAL AUDIT PLAN PROGRESS 2019/20

It was reported that a total of eleven audits had been completed since the previous update given to Members in September 2019. A further ten audits were at the fieldwork stage and another four audits had been allocated to be completed.

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

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 transformation board continued to meet on a regular basis to review progress with the Office Transformation Programme. No significant issues had 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 had been raised within the meeting. Cloud migration was the current priority within the programme.

The next phases of the programme had been discussed. As there was a lot of work being carried out within the Council depot as part of the Northbourne Security Review (which Internal Audit were supporting) it had been 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 had been agreed that the IT Team would be involved in the process and determine how the new system would work with the Council's self-service objectives.

Project Management

As reported at the previous meeting of the Committee, the Project Management Board was now in place with projects being assessed under the previously reported headings and criteria in order to ensure adequate assessments of projects were undertaken to ensure all relevant information was available prior to the progression of a project.

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

Northbourne Security Review

As reported above, Internal Audit had been supporting the Head of Building and Engineering Services in improving the security arrangements of Northbourne Depot. An electronic gate was shortly due to be installed whereby only authorised personnel would have access. Improved CCTV was also being installed covering all areas of the Depot. A new field management system was also to be implemented in order to improve stock control, job and workflow management and scheduling efficient, logistical workloads.

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.

Resourcing

At the previous meeting of the Committee it had been 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 had subsequently left the Council's employment.

An assessment of resourcing would be undertaken and an update would be submitted to the Committee at its next meeting to the Audit Committee in March 2020. In the short term, if any material resourcing issues arose, third party suppliers would be sought in order to cover any potential delays in the delivery of the Audit Plan.

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 eleven audits had been completed and the final report issued. Two audits had received a 'Substantial assurance' audit opinion and seven had received an 'Adequate Assurance' audit opinion. The remaining two audits had received an 'Improvement Required' audit opinion. Those audits were in relation to Planning Enforcement and Housing Repairs and Maintenance. The significant issues arising and required actions were:-

(i) Planning Enforcement

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

1. The current planning enforcement policy was dated November 2010. As well as questions whether the policy reflected current regulations, working practices and political thinking, it was noted that it also contained 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 had been established that a planning breach had occurred, a scored HARM assessment should be carried out and checked to evaluate whether further action and resource was 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 provided 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 had use of the Enterprise module of the Planning Software. This was a real time monitoring software, which showed what stage each case was

at, and whether it had reached its milestone. Due to the amount of technically overdue cases, this was not used to manage cases effectively. In addition, it was advised that some of the target timings on the software were 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 needed to be managed and a process followed. There had been cases where there had 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 was problematic to know the exact status at a glance, especially if an officer had left the Council's employment.
- *All cases should have all activity, diary dates and next steps clearly recorded on the enforcement system, and officers reminded to this effect.*

(ii) Housing Repairs and Maintenance

1. Variation orders were not written down when changing the value of a job with a third party contractor, therefore no record was available to determine the nature of why the change had been 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 - continued to lack full capability, with several sub-routines defective. Examples included reporting issues, adjusting Schedule of Rates items, and communication issues with third party e-mail recipients.
- *A workflow system will 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.*

(iii) Information Governance – GDPR Review

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

1. There had been occasions in the past where personal and special category TDC data had been forwarded to personal emails by both Officers and Members. It was however recognised that this was for ease of use rather than anything malicious. However, Data Protection Act 2018 legislation, particularly Article 5, Paragraph 1(f), required personal data to be “processed in a manner that ensures appropriate security of the personal data”. The Council was unable to demonstrate compliance in this regard as personal devices and their cyber-security remained 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 significant issues previously reported to the Audit Committee

Housing Allocations

(1) Allocations System

Agreed Action Update: A business case was currently being written to adopt a new allocations system via Housing Partners.

(2) Validation of Declarations

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

(3) Scanned Documentation

Agreed Action Update: The Team had begun scanning documentation on to the Council's Corporate EDRMS System. They were currently working their way through the backlog of older hard copy files.

(2) QUALITY ASSURANCE IMPROVEMENT PROGRAMME UPDATE

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

The QAIP was before the Committee as Appendix B to the report. Actions and target dates had been attached against the standards where further development was required.

The Council's Head of Building and Engineering Services (Damian Williams) attended the meeting and answered Members' questions in relation to improving the security arrangements of Northbourne Depot and the implementation of a new field management

system in order to improve stock control, job and workflow management and scheduling efficient, logistical workloads.

Mr Williams also gave 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 answered Members' questions thereon.

The Council's Corporate Director (Planning and Regeneration) also attended the meeting and answered Members' questions in relation to the significant issues and associated actions that had been identified within the audit of Planning Enforcement.

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 periodic report be noted;
- (b) the Quality Assurance Improvement Programme be approved and periodically assessed in order to ensure the actions within it are implemented;
- (c) the Committee supports the implementation, as soon as possible, of the proposal set out within the report for providing the necessary IT equipment and training to Members to ensure that only Council equipment is used when conducting Council business in order to reduce the financial and reputational risk associated with processing personal data; and
- (d) the Corporate Director (Planning and Regeneration) be invited to attend to give updates to the Committee, when sufficient material information is available, on the implementation of the action plan arising from the recent audit of Planning Enforcement.

21. REPORT OF HEAD OF FINANCE, REVENUES AND BENEFITS & SECTION 151 OFFICER - A.2 - CORPORATE RISK UPDATE

There was submitted a report by the Council's Head of Finance, Revenues and Benefits & Section 151 Officer (report A.2) which presented for the Committee's consideration the updated Corporate Risk Register.

Members were reminded that the Corporate Risk Register was regularly updated, and submitted to the Committee every six months, with the last such occasion being in July 2019. At that meeting the Committee had agreed a change to the format of the Risk Register. That new format was reflected in the current Risk Register which was attached as Appendix A to the aforementioned report.

The following table summarised the position at the end of the latest review period 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

Corporate Risk Management Framework

Members were made aware that this was currently being reviewed in order to reflect the new risk register format and would be presented as part of the next six monthly risk update. However, there were no underlying changes that had a direct impact on the management / control of risk within the Council.

Corporate Risk Register

It was reported that since the Corporate Risk Register had been reported to the Committee in July 2019, no new risks had been identified. However, all existing risks identified would continue to be reviewed throughout the year and any necessary changes would be reported to the meeting of the Committee due to be held in July 2020.

For completeness, the following table set out all amendments to the risk register since it had last been 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 1b Catastrophic IT network failure – inherent risk amended from 15 to 10 to reflect the current status / control arrangements 9a Ineffective Emergency Planning – residual risk reduced from 6 to 4 to reflect latest action status / control strategy
Risks 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 in order to reflect the most up-to-date position and new information requirements.
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Having considered the information provided it was:-

RESOLVED that -

- (a) the updates provided to the current Corporate Risk Register be noted; and
- (b) the Committee be updated on any changes to the risk ratings/scores in relation to Risk 2f – Garden Communities.

22. REPORT OF THE HEAD OF FINANCE, REVENUES AND BENEFITS & SECTION 151 OFFICER - A.3 - TABLE OF OUTSTANDING ISSUES

There was submitted a report by the Head of Finance, Revenues and Benefits & Section 151 Officer (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 had been included and were 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.

Councillor Placey reminded the Committee that, at its last meeting, it had decided that a letter should 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 requested feedback from non-attending Members as to the reasons why they were unable/unwilling to attend Members' Briefings. However, such letter had not yet been sent.

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

RESOLVED that -

- (a) the progress made against the Annual Governance Statement actions be noted; and
- (b) a letter should be sent jointly in the names of the Chairmen of this Committee and of the Standards Committee to strongly urge all Members to attend all Members' Briefings and that such letter also:-

- (1) requests feedback from Members as to the reasons why they were unable/unwilling to attend Members' Briefings;
- (2) requests their suggestions on how the organisation of those Briefings could be improved e.g. arranged on different days and/r at different times of the day; and
- (3) inform Members that the letter has been sent because this Committee is concerned about the reputational risk to the Council arising from low Member attendance at the Briefings together with the financial cost to the Council of arranging such Briefings.

The meeting was declared closed at 12.07 pm

Chairman

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AUDIT COMMITTEE

1st OCTOBER 2020

REPORT OF INTERNAL AUDIT MANAGER

A.1 REPORT ON INTERNAL AUDIT – MARCH 2020 - AUGUST 2020 AND THE ANNUAL REPORT OF THE INTERNAL AUDIT MANAGER

(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 March 2020 – June 2020 and the Internal Audit Managers Annual Report for 2019/20 as required by the professional standards.

EXECUTIVE SUMMARY

This report is split into three sections with a summary as follows:

1) Internal Audit Plan Progress 2019/20

- The 2019/20 Internal Audit Plan was completed with sufficient work undertaken in order for the Internal Audit Manager to provide an opinion in the Annual Head of Internal Audit Report
- Three audits were deferred from the 2019/20 to the 2020/21 Internal Audit Plan due to the unforeseen global pandemic. The outstanding audits were either already at fieldwork stage or due to commence in March 2020. The audits delayed were Health and Safety, Financial Resilience and North Essex Garden Communities.

2) Annual Report of Internal Audit Manager

- The Annual Report of the Acting Audit and Governance Manager concludes that an unqualified opinion of Adequate Assurance is provided. The direction of travel regarding the overall internal control environment since 2018/19 has not changed, due to some areas of the Council requiring further improvement. There continues to be an open dialogue with Senior Management on risk and a generally sound system of internal control and governance arrangements in place.

3) Internal Audit Plan Progress 2020/21

- A total of 17 audits from the 2020/21 Internal Audit Plan have been allocated, are in progress or fieldwork has been completed. Four Audits have been completed with no significant issues identified.
- Additional audits are proposed to be included within the Internal Audit Plan due to the impact of COVID-19
- Third party Internal Audit Service provision will be required to support the additional work required within the work programme.

RECOMMENDATION(S)

- That the reports be considered and noted; and
- the additional proposed audits be included within the 2020/21 Internal Audit Plan

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 require the Acting Audit and Governance Manager to make arrangements for reporting to senior management (Management Board)

and to the board (Audit Committee) during the course of the year, and for producing an annual Internal Audit opinion and report that can be used to inform the Annual Governance Statement.

INTERNAL AUDIT PLAN PROGRESS 2019/20

The 2019/20 Internal Audit Plan is complete with the exception of three audits being deferred to the 2020/21 Internal Audit Plan. The Audit Committee agreed to defer both the North Essex Garden Communities and Financial Resilience Audits to the 2020/21 Audit Plan in March 2020 and the Health and Safety review had to be stopped during fieldwork due to the impact of COVID-19 on the service.

All further audits completed during March 2020 to June 2020 received satisfactory assurance opinions with no significant issues being identified

An update is usually provided to the Audit Committee on continuous and consultative work undertaken by the Internal Audit Team to ensure that the Audit Committee is aware of service area supportive work that is not measured in the same way as a standard Internal Audit.

Unfortunately, due to the impact of COVID-19 the Internal Audit Team was unable to provide the same level of support to the transformation programme and the digital transformation programme due to other emergency planning priorities across the District. However, support

However, an update can be provided on the Northbourne Security Review. The Corporate Director responsible for Northbourne Depot has provided the following verbal update.

- The locks on the compound area had been changed with limited access to specific Officers
- The CCTV System has been fully upgraded
- An electronic gate has been installed on the front entrance to the depot which requires fob access and is locked in the evenings and weekends
- The job scheduling system is currently being implemented

Internal Audit are supporting the service on the implementation of the job scheduling system, this is a staged process which will potentially benefit other service areas such as Horticultural Services and Facilities Management in the long term if implemented effectively.

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

Internal Audit is currently working with an establishment of 3 fte with access to a third party provider of Internal Audit Services for specialist audit days as and when required.

In March 2020, we were in the process of recruiting a new Apprentice to the team. Due to COVID-19 all recruitment was put on hold and we were therefore not in a position to continue with the recruitment process.

From March 2020 until July 2020 we were unable to undertake Internal Audits as we normally would because every service area across the Council had to adapt to changes required by their service due to the global pandemic. In order to support the Council and the emergencies it faced, the Internal Audit Team offered up resource to tackle the emerging challenges.

Initially it was an all hands on deck situation where we as a team were helping out wherever we could. The Internal Audit Manager joined Silver Command within our Emergency Planning function as the information and communication lead.

Our two Auditors were helping the support hubs taking phone calls and ensuring the most vulnerable in the community received the food parcels that were being distributed. At the same time we continued to ensure that audits where information was readily available either online or on the network continued to progress to ensure that we did not fall too far behind on the audit plan.

Outcomes of Internal Audit Work

The standards require the Acting Audit and Governance Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report nine audits have been completed and the final report issued. 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		1	7	
Adequate		4	16	
Improvement Required		0	3	
Significant Improvement Required		0	0	
No Opinion Required		2	5	Five Consultative Reviews Complete in 2019/20

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

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

There were no significant issues identified within audits completed during this period.

Management Response to Internal Audit Findings – There are processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action has been taken. Where appropriate follow up audits have been arranged to revisit significant issues identified after an appropriate time.

The number of high severity issues outstanding was as follows: -

Status	Number	Comments
Overdue more than 3 months	0	
Overdue less than 3 months	5	All outstanding findings relate to Planning Enforcement and Housing Allocations with further updates reported below
Not yet due	1	

Update on previous significant issues reported

Housing Allocations

The service previously stated that they were awaiting the approval for a new Housing Allocations System to be implemented as the previous Northgate module was no longer fit for purpose. A verbal update has been provided by the service and a new system is currently at a testing phase with a soft implementation date in November 2020. Internal Audit will review the implementation process as part of the Housing Allocations Follow-Up Audit.

Planning Enforcement

A verbal update has been provided by the Planning Manager. Some work had begun to implement the changes required for Planning Enforcement; however, due to the impact of COVID-19 they have not been able to fully implement all agreed actions because the work was being led by the Corporate Enforcement Group which met for the first time in August 2020 since lockdown in March 2020 due to the priorities of the Officers of the group moving on to Emergency Planning.

Work on the Planning Enforcement Policy is still ongoing but use of the Planning System is expected for all complaints and HARM assessments are expected to be completed for every review. All of which will be assessed fully as part of the Planning Enforcement Follow-Up Audit.

ANNUAL AUDIT REPORT OF INTERNAL AUDIT MANAGER

As set out in the Public Sector Internal Audit Standards (PSIAS) there is a requirement under PSIAS 2450 that the Chief Audit Executive must provide an annual report to the Audit Committee, timed to support the Annual Governance Statement. This must include:

- An annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment);
- A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and
- A statement on conformance with the PSIAS and the results of the internal audit Quality Assurance and Improvement Programme.

The Council adopts a 'Three Lines of Defence' assurance model which is taken from the following sources;

1. Senior Management and Departmental Leadership

Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

2. Internal Governance

The second line of defence consists of activities covered by several components of internal governance (Statutory Officers, Corporate Oversight Functions, Quality Control, IT Security, Data Protection and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organisation.

3. Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit Regulations 2015, which states that a relevant body must:

- Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Internal Audit Approach

The Internal Audit function undertakes a programme of audits each year to provide the Council and its Audit Committee with assurance on the adequacy of its system of internal control, governance and risk management arrangements. The audit programme has been developed to risk based and comprise of different audit techniques to make it leaner and more supportive of service delivery to meet the Council's needs.

Internal Audit has continued to work with services on a consultancy basis to support the implementation of new processes, identify and analyse root cause if necessary and ensure that all relevant employees have the appropriate training to competently carry out their role. Transformation, Project Management, Procurement and Risk Management are some of the areas where this type of work has been undertaken and continues to collaborate resources.

In 2019/20 to date, only three audits from a total of 34 undertaken received an overall audit opinion of "Improvement Required" where high severity issues were identified. The audits were Planning Enforcement, Housing Repairs and Maintenance and Housing Allocations Follow Up. Improvement actions are in place for all of the above audits which are followed up by the Internal Audit function to assess the progress of implementation. All significant issues were reported to the Audit Committee with required improvement actions throughout the year to provide a continuous update on the councils control environment, governance arrangements, material issues identified and improvement actions.

Annual Opinion 2019/20

The assurance opinion is based on:

- Internal Audit work completed during the course of the year;
- observations from consultancy/ advisory support;
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- a review of assurance from other providers including those from first and second lines of defence, independent regulators and peer reviews;
- the extent of resources available to deliver the internal audit work; and
- the quality and performance of the Internal Audit service and the extent of compliance with the Public Sector Internal Audit Standards

Limitations to the Annual Opinion

As the COVID-19 pandemic forced a national lockdown in March 2020 and as a result forced the Council in to remote working and in some areas a complete halt on service provision other than emergency work, it did become particularly challenging to complete outstanding audits. However, with exception to one core audit (Health and Safety), fieldwork has been completed on all other audits within the audit plan. Health and Safety priorities shifted in March 2020 which meant their workload increased dramatically due to the pandemic. Therefore a decision was taken to suspend work on the audit to support the Health and Safety Team during the lockdown period.

The Head of Internal Audit Annual Opinion

The overall direction of travel regarding the internal control environment since 2018/19 has improved in core areas such as the Council's key systems, there are some service areas requiring further improvement and others where expected controls and risk mitigation has not been implemented as expected; however, as the majority of audits in 2019/20 continued to receive an adequate or substantial assurance opinion it is reasonable to suggest that there has not been a considerable deterioration in internal control and operational processes within the year.

Governance arrangements and internal controls have been evaluated in all audits within the plan, albeit with varying levels of scope. Senior Management continue to review strategic risks on a regular basis within Management Team and the Corporate Risk Register is reviewed bi-annually with any feedback reported to Management Team for consideration.

The majority of the year has been unaffected by the COVID-19 pandemic and therefore the annual opinion will reflect normal operations. However, governance arrangements and key systems will need to be reviewed from March 2020 to provide assurance that good governance and control remain strong in light of the procedural changes across all service areas.

The opinion of the Internal Audit Manager is drawn from all of the information reported above, external reviews carried out throughout the year from other assurance providers and through the ongoing work in supporting Senior Management and Services in delivering the Councils objectives and vision.

The Internal Audit function is expected to commission an independent assessment on compliance with the Public Sector Internal Audit Standards that have been set by the Institute of Internal Auditors (IIA) and adopted by the Chartered Institute of Public Finance and Accountancy (Cipfa) every five years. Internal Audit received an independent report in

2017/18 concluding conformance with the standards which was reported to the Audit Committee. Although this assessment is undertaken, the Internal Audit function must continue to complete an annual Quality Assurance and Improvement Programme (QAIP) which is a self-assessment questionnaire against the PSIAS. A (QAIP) was completed and presented to the Audit Committee for review in January 2020.

The Internal Audit Manager is satisfied that sufficient work was completed in 2019/20 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's activities. The internal control environment continues to remain stable with no significant changes from 2018/19, an open dialogue with Senior Management on risk remains in place and a generally sound system of internal control has been assessed across the majority of the Councils operational areas. Therefore, an overall unqualified opinion of Adequate Assurance can be provided.

The above report has been included within the Councils Annual Governance Statement as part of its statutory responsibilities.

INTERNAL AUDIT PLAN PROGRESS (2020/21)

A total of 17 audits from the 2020/21 Internal Audit Plan have been allocated, are in progress or fieldwork has been completed. Four Audits have been completed with no significant issues identified.

Internal Audit have been working closely with services to maintain a control environment while moving to fully electronic service provision across the Council. The team has also been supporting some departments with the implementation of new systems and supporting our Emergency Planning function wherever possible.

From July 2020, Internal Audit has been able to progress further with audits allocated within the Internal Audit Plan as services are now adapting to the new normal.

Due to the impacts of COVID-19 it is proposed that some changes be made to the Internal Audit Plan to incorporate risk areas that have emerged. Some areas that we would like to add to the audit plan for consideration are as follows;

- Fraud and Corruption – During a major crisis, attempts to defraud organisations increases. Although the Council has remained diligent during this time it is felt that allocating Internal Audit resource to review areas where potential fraud could occur would support the mitigation of this emerging risk.
- Change Management – Internal Audit have supported many of the Councils services to become electronic to enable remote working. However, the resource has not been available until now to assess those changes since being implemented therefore we would like to allocate audit days to review new arrangements.
- GDPR – It is felt that due to the speed in which the Council has had to create new arrangements working with its partners, a review of data sharing arrangements would be very important at this time.
- Financial Strategy and Resilience is already on the Internal Audit Plan for review however emphasis on risks arisen since the global pandemic will now be included.
- The impact on governance arrangements due to COVID-19

The review will cover the impact on governance falling into the following broad categories:

- *Impact on business as usual in the delivery of services*
- *New areas of activity as part of the national response to coronavirus and any governance issues arising*
- *The funding and logistical consequences of delivering the local government response.*
- *Assessment of the longer term disruption and consequences arising from the coronavirus pandemic*

Work on the above areas will of course add additional pressure to the current resources available and it is therefore proposed to use external Internal Audit provision to support the In-House Team in completing the audits within the current plan and free up resources to undertake work on the additional audits required.

Furthermore, some work had begun on the Carbon Neutrality audit with initial assessments indicating that it may be worth waiting until 2021/22 to allow work to begin on the agreed action plan for the Council. This will then free up a further 10 resource days for the Internal Audit Team to use for the additional audit reviews proposed.

Appendix B – 2020/21 Internal Audit Plan progress report; provides an update on the status of each audit to date.

There are no significant issues or particular areas of concern to report at this time.

BACKGROUND PAPERS FOR THE DECISION

Audit Reports

APPENDICES

Appendix A – 2019/20 Internal Audit Plan Progress Report
Appendix B – 2020/21 Internal Audit Plan Progress Report

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Tendring District Council Internal Audit			
2019/20 Internal Audit Plan Progress Report			
Audit Title	Status July 2020	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	Ongoing	Continuous Auditing Approach. Five days allocated per quarter of the annual plan	Consultative Review
Housing Benefits	Complete	Different Techniques involved. Self-assessment, Root-cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	Adequate Assurance
Business Rates	Complete	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	Substantial Assurance
Main Accounting System	Complete	Data Analytics is the main audit technique used within this audit	Substantial Assurance
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	Complete	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	Adequate Assurance
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	Complete	Root cause analysis / Data Analytics	Adequate Assurance
Cash Receipting	Complete	Root cause analysis / Data Analytics	Adequate Assurance
Accounts Receivable	Complete	Data Analytics is the main audit technique used within this audit	Substantial Assurance
Contract Management – Waste and Street Sweeping	Complete	Review of different contracts across the council assessing how they are managed and identifying where best practice can be shared	Adequate Assurance
Financial Resilience	Deferred	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	Complete	Detailed review of the Council's capital programme and approach to capitalising expenditure.	Adequate Assurance

Other Services / Systems

Northbourne Depot	Ongoing	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	Complete	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	Adequate Assurance
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	Internal Audit 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	Complete	Follow up on self-assessment exercise and concentrate on key themes from the 2018/19 review.	Adequate Assurance
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	Delayed	Review of the progress to date of the Garden Communities initiative and assess the risks and controls in place	Consultative Review
Health & Safety	Delayed Due to COVID-19	Spot checks, Compliance reviews and Self – Assessments	N/A
Computer Audit			
Digital Transformation Programme	Internal Audit 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	Complete	PSIAS expectation that this will be covered each year.	Adequate Assurance
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

Tendring District Council Internal Audit			
2020/21 Internal Audit Plan Progress Report			
Audit Title	Status September 2020	Audit Type	Audit Opinion
2019/20 Carry Forward			
Health and Safety	Unallocated	Annual review of individual / multiple elements of HR & M	To Be Confirmed
Financial Resilience	Unallocated	Full review of Housing Allocations Service	To Be Confirmed
North Essex Garden Communities	Unallocated	Identify the risks associated to the project and determine how TDC can manage, monitor and mitigate those risks	To Be Confirmed
Key Systems / Key Financial Risk Areas			
Procurement	Unallocated	To review the electronic changes to the internal control environment since COVID-19	To Be Confirmed
Housing Benefits	Allocated	Different Techniques involved. Self-assessment, Root-cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	To Be Confirmed
Business Rates	Allocated	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
Investment Planning	Fieldwork	To review the Councils investment planning processes, return on investments and assess how the benefits are realised and recorded	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	Adequate Assurance

Council Tax	Allocated	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises.	To Be Confirmed
Payroll	Allocated	Data Analytics is the main audit technique used within this audit	To Be Confirmed
Treasury Management	Complete	Assurance Mapping, Self-Assessments and Data Analytics are the main techniques used	Substantial Assurance
Housing Rents	Unallocated	Root cause analysis / Data Analytics	To Be Confirmed
Cash Receipting	Unallocated	Root cause analysis / Data Analytics	To Be Confirmed

Other Services / Systems			
Parking Income	Fieldwork	Review the income management processes and controls in place for Parking Income	To Be Confirmed
Risk Management	Complete	Required annually under PSIAS and Cipfa guidance	Substantial Assurance
Princes Theatre	Fieldwork	To review the processes and controls in place for the management of the Princes Theatre. This will include income management, insurance arrangements and procurement	To Be Confirmed
Corporate Enforcement	Unallocated	Review of enforcement services across the Council to determine whether uniformity can be achieved within existing processes and controls and assess the efficiency of work programmes that may already be in place	To Be Confirmed
Asset Management	Fieldwork	Audit scope to assess TDC assets and determine the effectiveness of income generation and maintenance schedules	To Be Confirmed
Transformation Programme	Allocated	Review of governance arrangements, decision making, cost / benefit analysis and benefit realisation	To Be Confirmed

Fleet Management	Fieldwork	To review the effectiveness of the Transport Management System and the processes and controls for managing and monitoring the Councils fleet of vehicles (owned and hired)	To Be Confirmed
Environmental Health	Unallocated	Compliance with key legislation and effectiveness of processes and controls in place for managing environmental health issues	To Be Confirmed
Assurance Mapping	Complete	Identify all types of assurance required and achieved across the Council to develop an assurance map of public services provided by TDC.	Consultancy
Carbon Neutrality	Fieldwork	To assess the baseline data used by the Council for setting its Carbon Neutrality aims and objectives and review / assess the planning methodology and feasibility of achieving our aspirations	To Be Confirmed
Computer Audit			
Digital Transformation Programme	Internal Audit 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	To Be Confirmed
IT Governance	Unallocated	PSIAS expectation that this will be covered each year.	To Be Confirmed
IT Change / Patch Management	Unallocated	To assess the IT functions processes and controls for change / patch management on IT infrastructure and software.	To Be Confirmed
Follow-Up Audits			
Planning Enforcement – Follow Up	Unallocated	Follow up of controls put in place from the 2019/20 Planning Enforcement Audit	To Be Confirmed
Northbourne Security Follow-Up	Allocated	Follow up of controls put in place from the 2019/20 Northbourne Security Review	To Be Confirmed

Housing Allocations Follow-Up	Allocated	To follow up on the agreed actions from the 2019/20 Internal Audit and assess the progress of implementation	To Be Confirmed
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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

AUDIT COMMITTEE

1 OCTOBER 2020

REPORT OF ASSISTANT DIRECTOR FINANCE AND IT

A.2 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 along with general updates on other issues that fall within the responsibilities of 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.
- The two usual appendices to this report are attached but this time a further appendix is included which sets out the outturn position for the Annual Governance Statement Action Plan from last year. The appendices are therefore as follows:

Appendix A – provides updates against general issues previously identified by the Committee;

Appendix B – the position against the Annual Governance Statement actions from last year as at the end of March 2020. *(Any actions outstanding have been carried forward where necessary into 2020/21 and included within the following appendix)*

Appendix C - provides the latest position against the Annual Governance Statement Action plan for 2020/21. *(items carried forward from 2019/20 may have been updated / revised which is highlighted within the appendix where applicable)*

- 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.
- Updates on other issues (outcomes from a Government review of the effectiveness of external audit and revisions to the Statement of Accounts and Annual Governance Statement reporting timetable) are set out in more detail later on in this report. In respect of the latter point, it is proposed to hold an additional meeting of the Committee in November to accommodate the revised timetable.

RECOMMENDATION(S)

That the Committee:

- a) Considers and notes the progress against the actions set out in Appendices A to C; and
- b) Notes the revision to the deadline associated with the production and

publication of the Statement of Accounts and Annual Governance Statement and requests Officers to make the necessary arrangements for an additional meeting of the Committee in November.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

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

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

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

Risk

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

LEGAL

There are no direct legal implications associated with this report.

OTHER IMPLICATIONS

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

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

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

PART 3 – SUPPORTING INFORMATION

TABLE OF OUTSTANDING ISSUES

The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in March 2020.

An updated Table of Outstanding Issues is set out in **Appendix A**. An 'end of year' update on actions relating to the 2019/20 Annual Governance Statement is set out separately in **Appendix B**, with **Appendix C** providing updates against the 2020/21 Annual Governance Statement Action Plan.

In respect of the 2020/21 Annual Governance Statement Action Plan, given the revised timescales relating to publication of the Statement of Accounts, which are discussed later on in this report, it remains subject to the Committee's final approval later in the year once the work of the External Auditor is completed. It is therefore recognised that it remains subject to change until such time as the final version is approved by the Committee. However for timely and practical reasons the version currently published alongside the Statement of Accounts is being presented to the Committee now to enable the actions and associated updates to be considered as early as possible within the Committee's annual work programme.

There are no significant issues to highlight at the present time with actions and activities remaining on-going.

Update On Issues Raised

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

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

Other issues

Redmond Review

Back in July 2019, Sir Tony Redmond, a former council treasurer and local government ombudsman, was asked by the Government to look at the effectiveness of external audit.

The review has now been completed with a number of recommendations made. Some key highlights are as follows:

- A new regulatory body should be set up to oversee local government audit. It would bring together the functions relating to local audit currently held by the National Audit Office's comptroller, auditor Public Sector Audit Appointments and the Institute of Chartered Accountants in England and Wales.
- The new body (The Office of Local Management & Regulation) would be responsible for procuring and managing local audit contracts, determining the code of practice auditors must follow and monitoring and regulating performance in the sector.
- The report states that the body should be "small and focused", costing around £5m a year to run. However it would not represent a body which has the same or similar features as the Audit Commission that was abolished in 2010.
- The establishment of the new body would require primary legislation.
- The review supported a widely held view that council accounts are considered to be impenetrable to the public and it has been recommended that a simplified statement of service information and costs is prepared by each local authority. This would be in addition to the accounts to enable council taxpayers and service users to better judge their performance.
- The Annual Report and Accounts should be submitted to the first full Council meeting after 30 September each year.
- Audit Committee's to have at least one independent member, with sufficient training and expertise to support elected representatives in scrutinising local authority finances.
- The report also raises concerns that the price paid for current audit contracts does not allow auditors to operate effectively with an extract from Sir Redmond's report the report as follows: "As I conducted my work, it became clear that the local audit market is very fragile. The current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way. With 40% of audits failing to meet the required

deadline for report in 2018-19, this signals a serious weakness in the ability of auditors to comply with their contractual obligations. Without prompt action to implement my recommendations, there is a significant risk that the firms currently holding local audit contracts will withdraw from the market."

The Government are now considering the findings set out in the report. Further updates will be provided to the Committee once the Government have published their response.

Impact of COVID 19 on the Statement of Accounts (SOA) and Annual Governance Statement (AGS) Timetable

The SOA and AGS are usually published by the end of May each year, following which they are subject to external audit. Once the External Auditor has completed their work, they report their findings to the July meeting of the Committee. At the same meeting of the Committee, they are asked to approve the audited version of both the SOA and AGS.

However, given the significant impact of COVID 19 on Local Authorities, the Government have extended the deadlines described above. In line with these revised deadlines, the pre-audited SOA and AGS were published at the end of August, with the end of November being the revised deadline for the Audit Committee to receive and consider the report of the External Auditor and approve the final version of the SOA and AGS.

As the next meeting of the Committee is not until January 2021, to accommodate the change in the SOA and AGS timetable above, it is proposed to hold an additional meeting of the Committee in November. Subject to approval of the associated recommendation included above, Officers will consult with the Committee Chairman and individual members of the Committee to identify a convenient date in November.

It is also worth highlighting that the changes above will also have an impact on the Annual Audit Letter provided by the External Auditor. This cannot be prepared and issued until they have completed their work on the SOA and AGS. Therefore it is proposed to present this to the January 2021 meeting of the Committee.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Table of Outstanding Issues (October 2020) – General.

Appendix B - Table of Outstanding Issues – Outturn Against 2019/20 Annual Governance Statement Actions

Appendix C - Table of Outstanding Issues – (October 2020) - Update against 2020/21 Annual Governance Statement Actions

				<p>signing an associated information sharing agreement.</p> <ul style="list-style-type: none"> • 'Go live' and training scheduled for later in this calendar year. 	
		<p>Following the consideration of the Anti-Fraud and Corruption Strategy in March, it was resolved that:</p> <p>The Head of Democratic Services & Elections be requested to consider including training for Members on anti-fraud and corruption measures as part of the Councillor Development Scheme.</p>	Assistance Director Governance	This item has now been added to a list of potential items to include in future training sessions for Members.	Review in January 2021
		<p>Following the consideration of the Audit Committee's work programme for 2020/21, it was resolved that:</p> <p>That at an appropriate time in the future an audit be carried out in relation to the effectiveness of the Council's response to the Coronavirus public health emergency.</p>	Assistant Director Finance and IT	<p>This recommendation from the Audit committee has led to a wider but related activity being identified within the Annual Governance Statement action plan set out in Appendix C.</p> <p>As this recommendation has been superseded by later events, it is therefore planned to report progress against it as part of the Annual Governance Statement Action Plan rather than be potentially duplicated within this Appendix.</p>	<p>Completed</p> <p><i>(Included as part of Annual Governance Statement Action Plan going forward)</i></p>

AUDIT COMMITTEE - Table of Outstanding Issues – OUTTURN POSITION FOR ANNUAL GOVERNANCE STATEMENT ACTIONS 2019/20

Governance Issue	Required Action(s)	Completed Action(s)
<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 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>The budget for 2020/21 was agreed by Full Council on 11 February 2020 which was based on the most up to long term forecast.</p> <p>The long term forecast remains broadly on target with the delivery of annual surpluses over the life of the forecast 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 from 2021/22 and beyond will be developed during the year.</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 delivering against the corporate plan and associated priorities, an investment plan will be developed as early as possible from 2020/21 which will be directly linked to the Council's budget and evolving financial position and 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>Following consultation, the Housing Strategy has been recommended by Cabinet to Full Council for adoption.</p> <p>Options to deliver further housing in Jaywick Sands remain in progress with discussions underway with external partners to develop the most advantageous approach that balances the right housing and tenure with viability / affordability.</p> <p>The Planning Inspector's decision relating to Section 1 of the Local Plan has been received endorsing the development of the Tendring Colchester Garden Community. The next stage of the project for place-making and delivery, with associated governance arrangements 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>Recruit to the Senior Governance Officer post.</p> <p>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.</p>	<p>A Project Board has 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 been rolled out across 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 delayed due to the authority's response to Covid-19 and moving to virtual meetings, recruitment to a vacancy will assist with developing Modern.gov over a phased approach in 2020/21.</p> <p>The new Assistant Directors have commenced a review of capacity across the Council following the management restructure.</p> <p>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. 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.</p> <p>Training on chairmanship took place in June (1:1 sessions) and September (a group session) and overview and scrutiny training was provided in June 2019 & 2020. 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. Training for Councillors is aligned to best support the delivery of the new Corporate Plan.</p>
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<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 will commence in 2020/21 as it will form a key role of the Senior Governance Officer post as part of the capacity referred to above.</p> <p>In the interim the Business Support team have developed a spreadsheet which holds information on policies and procedures published on the Council's intranet. This is being utilised to contain information on reviewing and updating policies.</p>
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Where actions remained outstanding at the end of 2019/20, these have been included (and updated where necessary) within the 2020/21 Annual Governance Statement Actions set out in the following Appendix.

AUDIT COMMITTEE - Table of Outstanding Issues (October 2020) – ANNUAL GOVERNANCE STATEMENT ACTIONS 2020/21

Governance Principle & Issue	Required Action(s)	Update / Additional Comments
Carried Forward and Updated from 19/20		
<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p> <p>Ensuring compliance of the Council's governance arrangements through project board reviews.</p> <p>Utilising the Council's systems to implement best practice for drafting, reporting and decision making</p>	<ul style="list-style-type: none"> • Review of project outcomes being undertaken by the Project Board to support future decision making and delivery • Commence the roll out of the functionality of Modern.gov over a phased approach in 2020/21. 	<p>Both of these actions will be considered as part of the respective Service's key priorities and actions during the second half of 2020/21.</p>
<p>Developing the entity's capacity, including the capacity of its leadership and the individuals within it.</p> <p>Ensuring the Council has the appropriate structures in place to support delivery of the Corporate Plan following the Senior Management restructure.</p>	<ul style="list-style-type: none"> • Finalise the operational capacity review and implement any recommended and approved staffing restructures. 	<p>This action is included as a standing agenda item on the regular Assistant Director meetings with actions underway in collaboration with HR, to deliver a prioritised / phased approach to this key activity over the second half of 2020/21.</p>

New and Updated for 20/21		
<p data-bbox="107 248 562 389">Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p data-bbox="107 472 658 576">Managing risks and performance through robust internal control and strong public financial management</p> <p data-bbox="107 655 658 831">By strengthening the linkages between the Corporate Plan priorities and the Council's investment plans along with review of the longer term impact of COVID-19</p>	<p data-bbox="701 323 1352 389">As part of the Back to Business and Recovery Plan:</p> <ul data-bbox="748 437 1406 1102" style="list-style-type: none"> <li data-bbox="748 437 1406 580">• Undertake a corporate review of the Council's operational assets to prioritise spending from an associated reserve over the next few years; <li data-bbox="748 628 1406 874">• to develop an investment plan during 2020/21 which will be directly linked to the Council's budget and evolving financial position and supported by the reprioritisation of budgets / existing funding and/or as part of the long term forecast; and <li data-bbox="748 922 1406 1102">• conduct an audit review in relation to the effectiveness of the Council's response to the COVID-19 including <i>a review of the lessons learnt from the Council's response and</i> longer term consequences. 	<p data-bbox="1433 432 2101 576">The Back to Business action plan is currently being developed and this action will be the considered as part of the short to medium term activities.</p> <p data-bbox="1433 951 2069 1016">This will be considered as part of the Internal Audit Plan over the second half of 2020/21.</p>
<p data-bbox="107 1147 618 1262">Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p data-bbox="107 1366 562 1437">Determining the interventions necessary to optimise the</p>		

<p>achievement of the intended outcomes</p> <p>To set out the Council's vision following the Council's Climate Emergency declaration of the Council's activities being 'carbon neutral' by 2030.</p>	<ul style="list-style-type: none"> • Prepare an Action Plan for approval by both the Cabinet and Council to form part of the Council's Policy Framework 	<p>A detailed action plan is currently being developed for reporting to members in the second half of 2020/21.</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>	<ul style="list-style-type: none"> • Review of the Council's Equality and Diversity strategy, policies and procedures 	<p>Both of these actions will be considered as part of the respective Service's key priorities and actions during the second half of 2020/21.</p>
<p>Ensuring openness and comprehensive stakeholder engagement</p> <p>Establishing a corporate framework to support community engagement</p>	<ul style="list-style-type: none"> • Developing the Council's approach and adopting principles for community engagement. 	

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AUDIT COMMITTEE

1 OCTOBER 2020

REPORT OF ASSISTANT DIRECTOR FINANCE AND IT

A.3 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 in January 2020.
- Given the unprecedented impact of the COVID 19 crisis, the risk register will need to be reviewed going forward against a potential 'new normal'. Therefore only minor changes to the corporate risk register have been made at this stage. However to ensure the most up to date position and assurance is reported to the Committee, a more detailed interim update against key risks is set out in a separate table further on in this report.

RECOMMENDATION(S)

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

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

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

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The risk management approach can be delivered within existing budgets.

Risk

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

LEGAL

There are no specific legal implications.

OTHER IMPLICATIONS

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

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

There are no other direct implications.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Corporate Risk Register was last presented to the Committee in January 2020.

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 introduced earlier in the year. An updated framework will be presented to the Committee as part of future reports and will also need to reflect potential changes emerging from the COVID 19 crisis.

Corporate Risk Register

The risk register has been updated within the context of the usual and underlying risks that are included in the register. However it is recognised that the unprecedented events experienced this year in respect of the COVID 19 crisis will have a major impact on the Council and likely cut across many of the risks currently included within the register.

Given the on-going and 'live' nature of the current COVID crisis, it is difficult to fully revise the register at this point in time to reflect what is deemed to be the 'new normal'.

However it is timely to highlight the following two points to provide assurance around the Council's governance related response and reaction to the unprecedented position faced this year:

- As set out in the Annual Governance Statement, that was published (subject to audit) with the Statement of Accounts 2019/20 at the end of July, a number of actions were set out including those directly relating to the COVID 19 crisis. Updates against these actions are set out within the Table of Outstanding Issues report elsewhere on the agenda. Although it is still relatively early in the wider 'recovery / response' phase, it is important to highlight that a review is planned to be undertaken by Internal Audit that will cover the impact on governance falling into the following broad categories:

- *Impact on business as usual in the delivery of services*
 - *New areas of activity as part of the national response to coronavirus and any governance issues arising*
 - *The funding and logistical consequences of delivering the local government response.*
 - *Assessment of the longer term disruption and consequences arising from the coronavirus pandemic*
- As stated above, the risk register has been updated in terms of the usual and underlying risks that have been previously identified. To date the Council has been able to maintain, operate and deliver the majority of its operations and services as usual but specific comments in respect of key governance items is set out in the following table as an interim update set against the current COVID 19 crisis.

Risk As Included within the Register	Update / Comment
RISK 1b – Catastrophic IT network failure	Resilience is built into our IT Investment Strategies including ‘mirrored’ data storage at two national Microsoft Azure platform data centres delivering 85% of our hybrid Private/ Public Applications - all resulting in significantly increased resilience and much speedier ‘disaster recovery’ capability.
RISK 1c- Ineffective communication / management of information	Officers laptops have been upgraded during the last 6 months to ensure a smoother working from home process can be maintained. A significant amount has been undertaken to facilitate remote meetings at both officer and member level.
RISK 1d - Ineffective Cyber Security Physical and Application (software) Based Protection Management	Nationally cyber security attacks have increased by 700% during the COVID 19 crisis. The IT remain alert to these attacks and continue to carry out work in this area including increasing staff awareness on these issues while working remotely.
RISK 3b - Failure to comply with legislative requirements	The Council has remained alert to new legislative requirements such as the changes associated with holding remote meetings etc. The necessary decision making processes and practical arrangements have been put in place where necessary.

<p>RISK 3d - Fraud and Corruption</p>	<p>During a major crisis such as COVID 19, there is unfortunately an increase in attempts to defraud organisations – this can range from organised and widespread ‘attacks’ to businesses wrongly claiming business rates grants. The Council has remained alert to such issues and where controls have had to be changed or implemented to accommodate new working practices (such as remote working), these changes have been made in consultation with Internal Audit and will form part of their follow up work later in the year.</p> <p>A significant amount of assurance work has also been undertaken by the Revenues and Benefits Team in connection with the payment of various business grants to ensure money is paid out correctly to those eligible.</p>
<p>RISK 4a – Loss of Key Staff RISK 4b – Lack of Capacity to Deliver Core Services</p>	<p>The Council remains alert to the pressures it currently faces, not only responding to COVID 19 issues which have been varied and challenging to resource over the past few months, but also to other emerging activities both locally and nationally.</p> <p>Council staff have risen to the challenge in terms of being flexible, positive and willing to support different areas of the Council.</p> <p>However with continuing changes in the Local Government sector, such as those emerging from the Government, the level of capacity to not only deliver against these emerging issues but also the day to day operations of the Council may become more challenging over time.</p>
<p>RISK 5a - Financial Strategy</p>	<p>There has been a significant impact on business rates and council tax (Risks 8a and 8b) during the 6 month period to date, along with losses of income from areas such as parking and leisure. The Government have provided financial support to the Council to underwrite some risks and an updated in-year position will be reported to members later in October.</p> <p>It is very difficult to predict the longer term impact on the Council’s financial strategy</p>

	at the present time. However an underlying strength in the financial resilience of the Council is the flexibility that the long term approach provides, which will enable any adverse impact to be managed over a longer period of time.
Risks: 3c - Health and Safety; 9a - Ineffective Emergency Planning; and 9b - Ineffective Business Continuity Planning	At the beginning of the crisis earlier in the year the Council invoked its emergency planning and business continuity processes. Usually this response would be over a very short period of time dealing with a one-off major event such as coastal flooding, so they have never been tested in a long term scenario such as COVID 19. However the plans that have been put in place have enabled the Council to maintain business as usual over a major part of its normal operations. Arrangements have also continued to evolve over the course of the year in delivering a successful response to the longer term nature of the COVID 19 crisis. There will inevitably be lessons learnt that need to be reflected in any necessary revisions to emergency planning and business continuity arrangements which will form part of future updates.

The table below sets out amendments to the Risk Register since it was last considered by the Committee in January 2020.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	None – however as mentioned elsewhere in this report, the corporate risk register will be reviewed in the context of the COVID 19 crisis along with lessons learnt which will undoubtedly require changes to be reflected in the register going forward.
Risk under review	

Risks Amended	<p>Minor wording changes have been made for the following risks:</p> <p>1b - Catastrophic IT network failure 1c - Ineffective communication/management of information 1d – Ineffective cyber security physical and application (software) based protection management 2d – Ineffective delivery of transforming Tendring project 6a – Loss of sensitive and/or personal data through malicious actions loss theft and/or hacking 9a - Ineffective Emergency Planning</p>
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Cyber Security Assessment

A Local Government cyber security self-assessment is undertaken by the Council in November each year with the latest one completed in November 2019. The Council achieved a robust Amber-Green score of 65-79%, but with areas of improvement identified. Our rating placed Tendring District Council in the top-quartile compared with our Essex Online Partnership (EOLP) peer group.

The Service will shortly be undertaking the 2020 self-assessment and it is planned to report any associated recommendations and actions to the January 2021 meeting of the Committee.

BACKGROUND PAPERS FOR THE DECISION
None

APPENDICES
Appendix A – Corporate Risk Register (OCTOBER 2020)

Corporate Risk Register October 2020

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.

Risk colour	Risk Headings	
	Failure to deliver key services	Pages 8-10
	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 24-26
	Failure to adopt a sound Local Plan	Page 27
	Failure of income streams to meet Councils Financial requirements and obligations to other bodies.	Page 28-29
	Failure in emergency and business continuity planning	Pages 30-31

RISK 1a - Failure to effectively manage assets						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	9	3	3	Unchanged 	4 LOW	January 2021
January 2019	9	Medium	Sizable			
June 2019	9					
January 2020	9					
October 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 therefore not need to form part of this document.</p>					
Responsible Officer - Andy White						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH						
Scrutiny Committee(s) – Resources and Services						

95 062d
 Failure to deliver key services

RISK 1b – Catastrophic IT network failure						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	15	2	5	Reduced 	5 Low	January 2021
January 2019	15	High	Critical			
June 2019	15					
January 2020	15					
October 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, removal of all single points of failure within our control, dual firewalls, dual 1Gbt/sec data links. Our investments also include real-time enhanced 24/7 Network visibility, monitoring, reporting and alarms together with a 24/7 Security Operations Centre (SOC) provided by a 3rd party. The new network support and maintenance contract with an external company 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> <p>Resilience built into other IT Investment Strategies including ‘mirrored’ data storage at two national Microsoft Azure platform data centres delivering 85% of our hybrid Private/ Public Applications - all resulting in significantly increased resilience and much speedier ‘disaster recovery’ capability.</p> <p>Any catastrophic IT network failure is now less likely to result from either a national UK network infrastructure issue or a successful cyber security attack.</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	Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	10 Medium	January 2021
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					
October 2020	15					
Current Action Status/ Control Strategy	<p>Tending District Council has robust Information Governance policies and practices based upon shared Essex-wide 'best practice' Information Governance policies. We undertake quarterly information governance monitoring through our Information Governance Policy Unit (strategic) and the Information Security Management Group (operational). Our processes are annually audited to ensure they remain fit for purpose.</p> <p>Whilst our information governance continues to strengthen, the Information Commissioner's Office (ICO) continues to 'raise the bar' on compliance matters. We are currently reviewing how Councillors access, utilise and manage personal and sensitive information and we must work to introduce changes to Councillor working practices to strengthen this aspect of Council information governance during 2020 or risk being found potentially in breach of General Data Protection Regulation legislation by the ICO.</p> <p>Ongoing vigilance with regard to Information Governance resources and training and budget to minimise the risk of an information breach or failure to comply with legislation as this work area volume increases significantly. We monitor / investigate each security breach report to continue to harden our robust information governance arrangements and to raise staff awareness.</p>					
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 Committee						

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	15 HIGH	January 2021
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
October 2020	20					
Current Action Status/ Control Strategy	<p>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 and repeated in 2019. 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'.</p> <p>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 working on the improvement areas highlighted. Our rating placed Tendring District Council in the top-quartile compared with our Essex Online Partnership (EOLP) peer group.</p> <p>Our Cloud migration strategy has enabled us to implement additional Cloud cyber-security functionality during 2020 and we continue to enhance our monitoring/ visibility of real-time network and user activities through tools provided through our external partner. We purchase 'best of breed' cyber security and anti-malware detection application(s) and key individuals have completed NCSC approved cyber security training during 2020 and it is proposed to review our IT structure during 2020/21 to ensure the correct level of resource is dedicated to cyber security defence and staff awareness training. We will achieve full compliance with National Cyber Security Centre (NCSC) Cyber Essentials certification in the next few months.</p> <p>Our final data defence is that of officer and councillor vigilance, timely reporting of suspicions or incidents and robust daily backup and physical storage of this backed up data for use in a significant or cyber breach situation.</p>					
Responsible Officer - John Higgins						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services Committee						

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	Review date
		Probability	Impact			
July 2018	5	3	5	Unchanged 	5 LOW	January 2021
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					
October 2021	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	Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	8 MEDIUM	January 2021
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
October 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 lack of clarity from the government

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	8	2	4	Unchanged 	4 LOW	January 2021
January 2019	8	Low	Major			
June 2019	8					
January 2020	8					
October 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 PRP sector but the new government has signalled a continuation and potential extension of the PRP RTB 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	Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	3 LOW	January 2021
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					
October 2020	15					
Current Action Status/ Control Strategy	<p>Through the provision of effective organisational leadership through culture, change management, vision, values, communication and encouraging innovation and empowering staff.</p> <p>Physical, technological and organisational changes are under way. Project Board monitors on an ongoing basis. Formal project stage review to be completed at completion of physical works estimated Autumn 2020.</p>					
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	Review date
		Probability	Impact			
July 2018	10	2	4	Unchanged 	8 MEDIUM	January 2021
January 2019	8	Low	Major			
June 2019	8					
January 2020	8					
October 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) - Partnership 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	Review date
		Probability	Impact			
July 2018	12	4	3	Unchanged 	1 LOW	January 2021
January 2019	12	High	Sizeable			
June 2019	12					
January 2020	12					
October 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: Paul Price						
Responsible Cabinet member(s) - Leader						
Scrutiny Committee(s) - Resources and Services						

Failure to deliver key projects

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	Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	4 LOW	January 2021
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
October 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						

Reputational damage

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	Review date
		Probability	Impact			
July 2018	16	4	4	Unchanged 	2 LOW	January 2021
January 2019	16	High	Major			
June 2019	16					
January 2020	16					
October 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. Assistant Director - Governance 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 Portfolio Holder						
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	Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	10 MEDIUM	January 2021
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
October 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 Risk Assessment review being undertaken.					
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	Review date
		Probability	Impact			
July 2018	15	5	3	Unchanged 	10 MEDIUM	January 2021
January 2019	15	High	Sizeable			
June 2019	15					
January 2020	15					
October 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	Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	12 MEDIUM	January 2021
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
October 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						

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	12 MEDIUM	January 2021
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
October 2020	12					
Current Action Status/ Control Strategy	<p>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.</p> <p>Effective succession planning.</p>					
Responsible Officer - Management Team (Anastasia Simpson)						
Responsible Cabinet member(s) - Human Resources Committee and Council Tax Committee						
Scrutiny Committee(s) – N/A						

Ineffective workforce management and planning

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	Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	15 HIGH	January 2021
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
October 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 Budget Monitoring Processes.
- 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	Review date
		Probability	Impact			
July 2018	20	5	4	Increased 	10 MEDIUM	January 2021
January 2019	20	High	Major			
June 2019	20					
January 2020	20					
October 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.</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>To better protect/ enhance our cyber security Councillors have been provided with council-managed IT equipment with robust cyber security protection (as per officers).</p> <p>A review of how Councillors access, utilise and manage personal and sensitive information remains on-going with the outcome requiring the necessary arrangements are put in place to remove the risk of a fine etc. if there is a breach and subsequent review by the ICO.</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 Committee						

Ineffective management of Information

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	Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	5 LOW	January 2021
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
October 2020	20					
Current Action Status/ Control Strategy	<p>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.</p> <p>✓ PSN re-certification achieved 23 November 2019</p> <p>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.</p> <p>PSN/ CESG communications, outcome of IT Health checks, monitoring/ discussion with IT Support partner(s).</p>					
Responsible Officer: John Higgins						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services Committee						

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	12	4	4	Unchanged 	12 MEDIUM	January 2021
January 2019	12	High	Major			
June 2019	12					
January 2020	12					
October 2020	12					
Current Action Status/ Control Strategy		Officers worked closely with the other North Essex Authorities, other partners and have taken advice as necessary to submit a robust Local Plan to prepare for the examination in public.				
Responsible Officer: 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	Review date
		Probability	Impact			
July 2018	20	4 High	5 Critical	Unchanged 	10 MEDIUM	January 2021
January 2019	20					
June 2019	20					
January 2020	20					
October 2020	20					
Current Action Status/ Control Strategy	Regular budget monitoring including reports 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	Review date
		Probability	Impact			
July 2018	20	4	5	Unchanged 	10 MEDIUM	January 2021
January 2019	20	High	Critical			
June 2019	20					
January 2020	20					
October 2020	20					
Current Action Status/ Control Strategy	Regular budget monitoring including reports to Cabinet.					
Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services						

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	12	3	4	Unchanged 	4 LOW	January 2021
January 2019	12	Medium	Major			
June 2019	12					
January 2020	12					
October 2020	12					
Current Action Status/ Control Strategy		<p>Continued develop and regularly test of different aspects of the Council's Emergency Plan including working with multi-agency partner organisation.</p> <p>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. This individual continues to developing well but we must not be complacent about his continued development and succession plans.</p> <p>During 2019 the Council has increased the number of First Call Officers (FCOs) and introduced a 24/7/365 call-out, paid rota cover.</p> <p>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. Although it is a much smaller exercise Adler 5 is taking place during September 2020</p>				
Responsible Officer - John Higgins						
Responsible Cabinet member(s) - Partnerships PFH						
Scrutiny Committee(s) - Community Leadership						

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
July 2018	15	3	5	Unchanged 	6 MEDIUM	January 2021
January 2019	15	Medium	Critical			
June 2019	15					
January 2020	15					
October 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, and 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						

APPENDIX – METHODOLOGY FOR CALCULATING RISK

RISK RATING ELEMENTS - IMPACT

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

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

5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5
1	2	3	4	5

Probability

Impact x Probability = Overall Risk Rating

RISK CALCULATION MATRIX

RISK RATING ELEMENTS – PROBABILITY