



AUDIT COMMITTEE

DATE:	Thursday, 30 September 2021
TIME:	10.30 am
VENUE:	Council Chamber - Council Offices, Thorpe Road, Weeley, CO16 9AJ

MEMBERSHIP:

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

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For further details and general enquiries about this meeting, contact Keith Durran Email: democraticservices@tendringdc.gov.uk or Telephone on 01255 686585.

DATE OF PUBLICATION: Wednesday, 22 September 2021

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 Thursday 29 July 2021.

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 - Progress Report on Internal Audit: July - August 2021 and Approval of Internal Audit Charter (Pages 11 - 28)

To provide the Committee with a periodic report on the Internal Audit function for the period July 2021 – August 2021, and review the Internal Audit Charter for approval, as required by the professional standards.

6 Report of Assistant Director (Finance & IT) - A.2 - Corporate Risk Update (Pages 29 - 72)

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

7 Report of the Assistant Director (Finance & IT) - A.3 - Audit Committee: Table of Outstanding Issues (Pages 73 - 84)

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.

Date of the Next Scheduled Meeting

The next scheduled meeting of the Audit Committee is to be held on Thursday 27 January 2022.

Information for Visitors

FIRE EVACUATION PROCEDURE

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

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**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE,
HELD ON THURSDAY, 29TH JULY, 2021 AT 10.30 AM
IN THE PRINCES THEATRE - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,
CO15 1SE**

Present:	Councillors Coley (Chairman), Alexander (Vice-Chairman), Fairley, Miles (except items 8 to 11), Placey and Steady
In Attendance:	Richard Barrett (Assistant Director (Finance and IT) & Section 151 Officer), Craig Clawson (Internal Audit Manager), Karen Townshend (Executive Projects Manager (Governance)), Keith Durran (Committee Services Officer) and Matthew Cattermole (Communications Assistant)

8. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Apologies for absence were submitted on behalf of Councillor King (with no substitute).

9. MINUTES OF THE LAST MEETING

The Minutes of the last meeting of the Committee held on Thursday 27 May 2021 were approved as a correct record.

10. DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

11. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38

There were no Questions on Notice on this occasion.

12. REPORT OF THE INTERNAL AUDIT MANAGER - A.1 - REPORT ON INTERNAL AUDIT

The Committee had before it a report submitted by the Council's Internal Audit Manager (A.1) which provided a periodic update on the Internal Audit function for the period April 2021 to July 2021 and the annual report of the Internal Audit Manager. That report was split into three sections as follows:-

1) *Internal Audit Plan Progress 2020/21*

- The 2020/21 Internal Audit Plan had been completed with sufficient work undertaken in order for the Internal Audit Manager to provide an opinion in the Annual Head of Internal Audit Report.
- All audits within the Internal Audit Plan had been completed with only two receiving an overall audit opinion of 'Improvement Required'. All other audits within the plan had received a satisfactory level of assurance.

2) *Annual Report of Internal Audit Manager*

- The Annual Report of the Internal Audit Manager had concluded that an unqualified opinion of Adequate Assurance was justified.

- Work carried out throughout the year by the Audit Committee, Senior Management and the Internal Audit Team had been in line with guidance provided by CIPFA on the 'Head of Internal Audit Opinion due to the impact of COVID-19' released in November 2020.

3) Internal Audit Plan Progress 2021/22

- Two audits had been completed with both audits receiving a Substantial Assurance opinion.
- A further four audits were in fieldwork with another two audits allocated.

INTERNAL AUDIT PLAN PROGRESS 2020/21

The Committee heard how the 2020/21 Internal Audit Plan had been completed with the exception of two audits being deferred to the 2021/22 Internal Audit Plan and replaced with three audits that had been identified due to the emerging risks from the COVID-19 pandemic. The Audit Committee had agreed those changes to the audit plan in October 2020. A total number of nine audits had been completed during April 2021 to June 2021 and all had received a satisfactory assurance opinions with no significant issues being identified.

The Committee also heard how Internal Audit continued to provide advice on internal control, risk management and governance arrangements on a consultative basis. Further to completing audits within the agreed plan, the team had attended meetings on Digital and Office Transformation, new system / process implementations in areas such as Leisure Services, Princes Theatre and Accountancy. Internal Audit had also continued to provide advice and support in areas such as procurement, payroll and grant management to ensure constitutional and legal requirements were met in new or unique circumstances.

It was reported to Members that the Council had remained focussed on delivering the message that Internal Audit were there to support services and by letting them know about policy and procedural changes, difficult circumstances or just the unknown due to working on new projects / initiatives. The team could advise and support at an early stage rather than create additional work at a later date if governance or internal control issues were identified during an audit at a later date.

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

Resourcing

It was reported to the Committee that Internal Audit was 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. The Internal Audit Plan had been delivered with the current establishment. However, Internal Audit had explored the possibility of recruiting for the vacant part-time Audit Technician post to provide additional support both within the Internal Audit Function but also to other departments.

Internal Audit's Apprentice position was still on hold due to the COVID-19 pandemic and the remote working requirements in place. The Internal Audit Manager was currently

engaging with Human Resources to understand what options were available going forwards.

Outcomes of Internal Audit Work

Members heard that the Public Sector Internal Audit Standards required the Internal Audit Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report nine audits had been completed and the final report issued. The Public Sector Internal Audit Standards also required the reporting of significant risk exposures and control issues.

Assurance	Colour*	Number this Period	Total for 2020/21 Plan	
Substantial		0	5	
Adequate		9	18	
Improvement Required		0	2	
Significant Improvement Required		0	0	
No Opinion Required		0	4	Four consultative engagements in 2020/21

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

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

Management Response to Internal Audit Findings

The Committee heard how there were processes in place to track the action taken regarding findings raised in Internal Audit reports and to seek assurance that appropriate corrective action had been taken. Where appropriate, follow up audits had 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	0	
Not yet due	1	

Update on previous significant issues reported

Members recalled that the Head of Public Realm had attended Audit Committee in April 2021 and had provided an update on Fleet Management. As part of the follow up process Internal Audit understood that all outstanding actions bar one, relating to the fleet refuelling process, had now been implemented. The service had identified the best

way to manage the refuelling process which Internal Audit would continue to monitor and update the Committee accordingly.

No other significant issues had been identified since the last update in April 2021.

ANNUAL AUDIT REPORT OF INTERNAL AUDIT MANAGER

It was reported to Members that the Public Sector Internal Audit Standards (PSIAS) stated that a professional, independent and objective internal audit service was one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Head of Internal Audit (Internal Audit Manager), in accordance with the PSIAS, was to provide an opinion based upon, and limited to, the work performed on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes.

As set out in the PSIAS there was 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. That 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 was 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 Committee heard that the Council was accountable collectively for maintaining a sound system of internal control and was responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

Because of that, the Council continued to adopt a 'Three Lines of Defence' assurance model which was taken from the following sources:-

1. Senior Management and Departmental Leadership

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

2. Internal Governance

The second line of defence consisted of activities covered by several components of internal governance (Statutory Officers, Corporate Oversight Functions, Quality Control, IT Security, Data Protection and other control departments). That line of defence monitored and facilitated the implementation of effective risk management practices by operational management and assisted 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 was detailed within the Accounts and Audit Regulations 2015, which stated 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

It was reported to the Committee that the Internal Audit function undertook 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 had been developed using a risk based approach and different audit techniques to make it leaner and more supportive of service delivery to meet the Council's needs.

CIPFA released guidance on Head of Internal Audit Annual Opinions in November 2020 due to the impact of COVID-19 on public services that sought to address the risks of limitations of audit scope and noted - *'CIPFA recognises that local government bodies were struggling with considerable challenges and were having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS had not changed. In that difficult situation, heads of internal audit would need to consider whether they could still issue the annual opinion or whether there would need to be a limitation of scope.'*

The key elements identified by CIPFA within the latest guidance were:-

- *Planning adequate assurance to support the annual opinion*
- *Engagement between the leadership team, audit committee and HIA*
- *Making effective use of internal audit resources*
- *Early identification of a limitation of scope*
- *Understanding the consequences of a limitation of scope*

It was also reported to the Committee that discussions ~~were being~~ had been undertaken at Tendring District Council (TDC) with the Audit Committee and Senior Management as early as March 2020 around the risks that the Internal Audit Team were facing as well as Council services in general and at that stage it had been identified that the Internal Audit Plan for 2020/21 would need to be fluid as new risks emerged. As a result additional Audit Committee meetings had been held to ensure Members were kept well informed and also to allow for changes to the internal audit plan to be adopted more effectively and efficiently as new information arose.

It was reported to Members that communication between Internal Audit, TDC Leadership and the Audit Committee had been effective and more frequent than any other year due to the additional challenges that the pandemic had brought. All of the key areas identified by CIPFA above had been addressed at the beginning of the financial year and continued to be assessed to date.

Internal Audit had 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 had the appropriate training to competently carry out their role. That had included advising service areas on their response to the COVID-19 pandemic and ensuring that the best possible service could be provided to the public when there had been a change to working practices or a shift in priorities due to the pandemic.

It was also reported to Members that the independent investigatory work had also been undertaken throughout the year, as and when required, to support Senior Management when internal control issues had arisen within service areas. In 2020/21, only two audits from a total of 29 reviews undertaken had received an overall audit opinion of "Improvement Required" where high severity issues had been identified. Those audits had been in relation to the Princes Theatre and Fleet Management. Improvement actions had been put in place for those audit areas which had then been followed up by the Internal Audit function to assess the progress of implementation. All significant issues had been reported to the Audit Committee with required improvement actions throughout the year to provide a continuous update on the Council's control environment, governance arrangements, material issues identified and improvement actions.

Annual Opinion 2020/21

The report to the Committee outlined that the Head of Internal Audit's annual assurance opinion was based on the following:

- *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

It was reported to the Committee that although the Council was still in the middle of the pandemic there had not been any limitations to report on the ability to deliver the Internal Audit Plan and provide an annual opinion on the effectiveness of governance, risk management and internal control. There had been changes to the audit plan throughout the year due to emerging risks leading to some audits relating to governance, data protection and business grants being included. The changes to the audit plan had been in consultation with the Audit Committee and Management Team. Furthermore the additional reviews had only added to the overall assurance opinion provided by the Internal Audit Team.

It was also noted that the Internal Audit Plan could not have been completed without the agreement and support of service managers and their staff as they were able to

continue to provide a service to the public, address the changes and challenges from COVID-19 and allow time and resources for auditors to review the work they had been doing through 2020/21.

The Head of Internal Audit Annual Opinion

The report informed Members that the overall direction of travel regarding the internal control environment since 2019/20 had improved as all but two audits had received a satisfactory level of assurance throughout the 2020/21 financial year. A total of 38 moderate issues and 6 major issues had been identified with actions agreed with operational management throughout the year. All major actions due had been reported to the Audit Committee and implemented by the relevant department. All moderate actions had been managed through the follow-up process with the service area.

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

Members heard that COVID-19 had had a significant impact on the public and public services; however, departments within the Council had managed to continue to provide services to the public whilst managing the pressures and challenges from the pandemic. That had allowed for Internal Audit to complete the Internal Audit Plan and support services when required. There had been procedural and policy changes throughout the year which Internal Audit had had view of and consulted on if needed.

Members also heard the processing of Government business grants had taken up a lot of resource within the Corporate Services department throughout the year in order to undertake the necessary criteria checks prior to making payments. Internal Audit had taken assurance from the post assurance work carried out by the Fraud and Risk Team requested by the Department for Business, Energy and Industrial Strategy which had evidenced only two minor errors in the sample of transactions tested. The Fraud Officer had also carried out many investigations pre and post payment of business grant funds to prevent the Council being exposed to repayment of funds to central government through unnecessary error and fraud.

Internal Audit had also undertaken their own review of business rates which had included a review of business grants and the checks undertaken by Revenue Officers prior to payment with no significant issues being identified. The opinion of the Internal Audit Manager had been 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 Council's objectives and vision.

The Internal Audit function had updated the annual Quality Assurance and Improvement Programme (QAIP) which was a self-assessment questionnaire against the Public Sector Internal Audit Standards. The QAIP had been completed and presented to and agreed by the Audit Committee in January 2021.

The report to the Committee showed how the Internal Audit Manager was therefore satisfied that sufficient work had been completed in 2020/21 to draw a reasonable

conclusion on the adequacy and effectiveness of the Council's activities. The internal control environment continued to remain stable with no significant changes from 2019/20 other than those reported to the Audit Committee throughout the year as part of the periodic reporting arrangements. An open dialogue with Senior Management on risk remained in place and a generally sound system of internal control had been assessed across the majority of the Council's operational areas. Therefore, an overall unqualified opinion of 'Adequate Assurance' had been issued by the Internal Audit Manager.

The Committee noted that the above report would be included within the Council's Annual Governance Statement (AGS) as part of its statutory responsibilities. Further work would be undertaken at a later date on lessons learnt from COVID-19 in line with AGS priorities.

INTERNAL AUDIT PLAN PROGRESS (2021/22)

Members heard how two audits from the 2020/21 Internal Audit Plan had been completed with both receiving an overall opinion of Substantial Assurance with no significant issues identified. A further four audits were in the fieldwork phase and a further two audits had been allocated.

The Internal Audit Team had been monitoring outstanding actions and working hard to ensure that services worked with Internal Audit to confirm that agreed actions were completed in a timely manner. Work had begun in areas such as Bereavement Services, Performance Management, Building Control and Pre and Post Employment Checks. Some resource was currently being used to undertake independent fact finding exercises as part of potential / emerging governance issues. The consultative days allocated within the Internal Audit Plan was being used to support that work.

Appendix B to the Internal Audit Manager's report provided an update on the status of each audit to date.

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

After a detailed discussion, the Committee **NOTED** the contents of the report.

13. REPORT OF THE ASSISTANT DIRECTOR (FINANCE & IT) - A.2 - TABLE OF OUTSTANDING ISSUES

The Committee had before it a report submitted by the Assistant Director (Finance & IT) (A.2) which presented to the Committee the progress on outstanding actions identified by the Committee, together with updates on other general issues that fell within the responsibilities of the Committee.

- Members were aware that a Table of Outstanding Issues was maintained and reported to each meeting of the Committee. That approach enabled the Committee to effectively monitor progress on issues and items that formed part of its governance responsibilities.
- Updates were set out against general items, external audit recommendations and the Annual Governance statement within Appendices A, B, and C respectively to the Officer report.

- The Committee was informed 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.

After a detailed discussion the Committee **RESOLVED** that :-

- the progress against the actions set out in Appendices A to C of the Report of the Assistant Director (Finance & IT) be noted.

The meeting was declared closed at 11.11 am

Chairman

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AUDIT COMMITTEE

30 SEPTEMBER 2021

REPORT OF THE INTERNAL AUDIT MANAGER

A.1 PROGRESS REPORT ON INTERNAL AUDIT – JULY 2021 - AUGUST 2021 AND APPROVAL OF THE INTERNAL AUDIT CHARTER

(Report prepared by Craig Clawson)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To provide a periodic report on the Internal Audit function for the period July 2021 – August 2021 and review the Internal Audit Charter for approval as required by the professional standards.

EXECUTIVE SUMMARY

- Fieldwork has been completed for Building Control and Corporate HR Pre and Post Employment Checks since the last update in July 2021, however we are yet to have the exit meeting and agree the draft report.
- A further five audits from the 2021/22 Internal Audit Plan are at fieldwork stage and six audits have been allocated.
- The Internal Audit Charter is provided to be reviewed and approved for the 2021/22 financial year. There has been no changes since the last update.

RECOMMENDATION(S)

- That the reports be considered and noted, and;
- The Internal Audit Charter be reviewed and approved.

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.

It is also a requirement of the Public Sector Internal Audit Standards (PSIAS) for the Audit Committee to review and approve the Internal Audit Charter on an annual basis.

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 Internal Audit Manager to make arrangements for reporting to senior management (Management Board) and to the board (Audit Committee) during the course of the year, and for producing an annual Internal Audit opinion and report that can be used to inform the Annual Governance Statement.

INTERNAL AUDIT PLAN PROGRESS (2021/22)

Fieldwork has been completed on two audits since the previous update in July 2021. However, the draft reports are still to be agreed with the service managers. Five audits are currently in the fieldwork phase and a further six audits have been allocated to commence shortly.

Due to annual leave commitments within departments and within the Internal Audit Team it has not been possible to finalise the number of audits we would like. We are not anticipating any material impact to delivering the plan as the summer period tends to be slow due to the number of employees on leave across the Council during this period.

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

Office Transformation Programme

Internal Audit continues to attend scheduled meetings regarding the Transformation Programme. This cross departmental meeting has a set agenda to review the progress of the programme and address issues as they come up. Internal Audit is kept up to date with progress of the programme and action plans in place to mitigate key risks within the programme. Senior Management and the portfolio holder for Corporate Finance and Governance are also present at the meetings.

Digital Transformation Programme

There are no more meetings scheduled at this time for digital transformation. The Head of Service is currently reviewing phase two of the programme in line with the requirements of the capital and treasury strategy.

Project Management

The Internal Audit Manager and board members continue to attend the Project Management Board to provide input on governance and internal control as well as challenge details within Project Initiation Documents (PIDS) prior to going to Cabinet in order ensure that there is a consistency in approach and detail for members to review.

The Board also provide support Officers if there are areas where the project lead may be unsure of what the corporate approach should be e.g. Procurement.

The areas below continue to be a priority for assessment for the Project Board on all projects discussed:

Priorities – Does this activity meet the Councils priorities? Does it deliver against key objectives

Financials – What is the value of the activity overall?

Risk – Are all risks being addressed?

Sustainability – Are the outcomes achievable, what is the long term impact, are potential savings short term or long term?

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

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

Quality Assurance – The Internal Audit function issues satisfaction surveys for each audit completed. No responses have been received in this period.

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.

We will be hoping to fill the part time Audit Technician post over the next few months to provide administrative support and undertake some audits under supervision to help deliver the audit plan.

Outcomes of Internal Audit Work

The standards require the Internal Audit Manager to report to the Audit Committee on significant risk exposures and control issues. Since the last report four 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		2	2	
Adequate		1	1	

Improvement Required		1	1	
Significant Improvement Required		0	0	
No Opinion		0	0	

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

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	0	
Not yet due	2	

Update on previous significant issues reported

Fleet Management Policy

The Fleet Management Policy was put forward to the HR Committee in July 2021 for approval. The committee requested for some additional changes to be made to the policy and to be brought back to the next committee meeting.

The Acting Transport Manager sat his final exam earlier this month and expects the results at the end of October.

Planning Enforcement Policy

The policy has been reviewed by the Legal Team and now back with Planning Enforcement for review / further consultation before it can be considered for formal adoption.

INTERNAL AUDIT CHARTER

A requirement of the Public Sector Internal Audit Standards (PSIAS) is for the Audit Committee to review and approve the Internal Audit Charter on an annual basis. The Charter was last updated and approved in September 2019. Due to the pandemic and focus needed elsewhere the charter was not reviewed and approved in 2020. However, there had been no changes to standards or processes at this time therefore no amendments were required.

There have been no changes to the charter since the last review in September 2019 and the Audit Committee and Internal Audit Team continue to comply with the obligations and

responsibilities set out within the charter. The charter is included as Appendix B of this report.

BACKGROUND PAPERS FOR THE DECISION

Audit Reports

APPENDICES

Appendix A – 2021/22 Internal Audit Plan Progress Report
Appendix B – Internal Audit Charter

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Tendring District Council Internal Audit			
2021/22 Internal Audit Plan Progress Report			
Audit Title	Status July 2021	Audit Type	Audit Opinion
Key Systems / Key Financial Risk Areas			
Procurement	Unallocated	To review the Councils compliance with procurement rules for works or services of value which require a tender exercise	To Be Confirmed
Housing Benefits	Unallocated	Different Techniques involved. Likely to include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises until Universal Credit is adopted.	To Be Confirmed
National Non Domestic Rates	Unallocated	Different Techniques involved. To include self-assessment, Root cause analysis / Data Analytics and Assurance Mapping exercises. Analysis of Legislation changes and pooling arrangements may also be required	To Be Confirmed
Main Accounting System	Allocated	To review the Councils Main Accounting System which includes management accounting processes and budget monitoring and reporting	To Be Confirmed
Corporate Governance	Fieldwork	Assurance Mapping and Self-Assessments to be used within this audit. Interviews with Senior Management required to ascertain the culture of the organisation	To Be Confirmed
Council Tax	Unallocated	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
Accounts Receivable	Allocated	To review the income management processes involved for collecting income within the Accountancy department and service departments	To Be Confirmed
Banking	Complete	To review the internal control environment for the management of the Councils bank accounts. This audit will include an assessment of the management of the Corporate Credit Cards	Substantial Assurance
Health and Safety	Unallocated	Spot checks on service area's to ascertain compliance with H & S recommendations	To Be Confirmed
Other Services / Systems			
Pre and Post Employment Checks	Draft Report	To review pre and post-employment checks of staff and the different legislative and regulatory requirement for the many different roles within the organisation	To Be Confirmed
Risk Management	Fieldwork	Required annually under PSIAS and Cipfa guidance	To Be Confirmed
Bereavement Services	Fieldwork	To review the processes and controls in place for the management of the crematorium and cemetery. To advise and consult on the strategic direction of the service	To Be Confirmed
Housing Repairs and Maintenance	Unallocated	To assess the internal control environment for the reactive maintenance for the in house team and the external contractors undertaking works	To Be Confirmed

Careline	Fieldwork	Undertake Internal Audit of Careline Services and assess the internal control environment and capacity to deliver services	To Be Confirmed
Transformation Programme	Allocated	Review of governance arrangements, decision making, cost / benefit analysis and benefit realisation	Consultancy
Waste Management – Northbourne Depot	Allocated	Review Waste Management procedures within the Councils Depot	To Be Confirmed
Building Control	Draft Report	T To review the effectiveness of the Building Control service and the management of operational services, strategic priorities and income management	To Be Confirmed
Depot Operations	Allocated	To review day to day operations of the depot, overall culture in line with corporate responsibilities and follow up on any outstanding security issues for the depot and its associated satellite compounds	To Be Confirmed
Carbon Neutrality	Unallocated	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
Strategic Housing	Unallocated	To review and assess the services progress in delivering key strategic objectives and obligations	To Be Confirmed
Performance Management	Fieldwork	To review the Councils performance management processes and procedures at a strategic and operational level	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	Consultative Review
IT Governance	Unallocated	PSIAS expectation that this will be covered each year.	To Be Confirmed
Information / IT Security	Unallocated	To review the Councils policies and procedures for ensuring that information and IT security assets remain secure and protected	To Be Confirmed

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

A.1 APPENDIX B

INTERNAL AUDIT CHARTER – 2021/22

1. INTRODUCTION

The CIPFA Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to produce an Internal Audit Charter that is consistent with the Standards, and the Definition of Internal Auditing and the Code of Ethics contained within the Standards.

The Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit function within the Council.

The Standards require that the Charter be subject to periodic review, and be formally approved by the Audit Committee. These reviews are to be undertaken by the Chief Audit Executive and reported to the Committee at least annually.

2. DEFINITION OF ROLES

The Standards use the terms Board, Senior Management and Chief Audit Executive.

In this Charter, and with regard to compliance with the PSIAS, the following definitions apply;

PSIAS	TDC
Board	Audit Committee
Senior Management	Management Team
Chief Audit Executive	Internal Audit Manager

Throughout this document the titles used by this Council have been used for clarity purposes.

3. REQUIREMENT FOR INTERNAL AUDIT

The Accounts and Audit Regulations 2015 requires 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”**.

Tendring District Council is a relevant body, as defined by the Regulations.

Compliance with the Public Sector Internal Audit Standards fulfils the requirements set in the Regulations.

The role of the Internal Audit function includes the discharge of statutory requirements relating to internal audit.

5. COMPLIANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

The PSIAS, the definition of Internal Auditing and the Code of Ethics within the standards, are mandatory. Arrangements will be made to ensure that the Internal Audit function operates in accordance with the PSIAS, and that the core principles for the professional practice of Internal Auditing as detailed in the standards are present and operating effectively. In the event that circumstances prevent full compliance, appropriate equivalent safeguards or measures will be adopted as permitted by the standards, and the Audit Committee made aware.

The Internal Audit Manager is responsible for maintaining an up to date Internal Audit Manual which details the framework adopted to meet the requirements set by the standards.

Internal Auditors will ensure that in undertaking their duties they demonstrate integrity, competence and due professional care and operate in line with the requirements of the standards, and its embedded code of ethics.

The Internal Audit Manager will make arrangements for compliance / quality reviews to be undertaken, in accordance with the PSIAS requirements, both at individual audit level and for the service as a whole and for the results of service reviews to be reported to the Audit Committee, together with any actions necessary to achieve full compliance.

The regular reports provided by the Internal Audit Manager will highlight areas of non-compliance and associated actions.

6. MISSION, PURPOSE, RESPONSIBILITY, OBJECTIVITY AND SCOPE OF INTERNAL AUDIT

The mission of the Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The purpose of the Internal Audit function is to: -

- provide independent, objective assurance to the Council on its operations and control environment
- deliver an effective, cost effective, proactive and innovative function that meets the needs of the Council, and is aligned with its strategies, objectives and risks.
- add value by assisting management to improve the delivery of Council objectives and operations through the evaluating and challenging the effectiveness of risk management, control and governance processes
- add value by assisting management to improve the delivery of Council objectives and operations by the provision of consultancy and best practice advice.

The key responsibilities and objectives for the Internal Audit function are to: -

- provide an Internal Audit services that discharges the Council's statutory responsibilities with regard to internal audit
- provide a service that is compliant with the requirements of the PSIAS
- contribute to the Council's governance, risk and assurance arrangements
- enable the Internal Audit Manager to provide an annual opinion on the overall adequacy and effectiveness of the Council's control environment

- communicate effectively on risk and control issues, identified or that the Council might be exposed to, providing insightful, proactive and future-focused solutions where appropriate, that promote improvement to the Council's risk and control frameworks.
- deliver a quality service that strives to continually improve

The scope of Internal Audit includes: -

- undertaking independent risk based reviews to provide assurance on the effectiveness, efficiency and legality of management and service delivery arrangements
- undertake reviews using a range of audit techniques that are innovative and efficient and provide detailed insight on processes and procedures within a service area.
- undertaking independent ad hoc reviews as requested by management
- undertaking / participating in investigations including those in relation to potential fraud, corruption, bribery or irregularity
- undertaking proactive anti-fraud work examining emerging fraud risks and potential exposures identified
- providing consultancy and advice on major projects, and ad hoc advice upon demand
- dissemination to the organisation of best practice

The scope of the Internal Audit function's remit includes the Council's entire control environment, not just financial controls – this includes assurance and monitoring mechanisms, including risk management arrangements. It also extends to any services provided through partnership arrangements, or by external providers.

Where the Council works in partnership with other organisations, the Internal Audit function will provide a service as agreed between the partner organisations. The nature of assurances to be provided will be consistent with the requirements of the Standards, the governance arrangements applicable to the partnership, and the terms of engagement for the assignments undertaken.

The Internal Audit function does not currently provide a service to any third party organisation, but may do so in the future if appropriate to do so. The nature of assurances to be provided in such circumstances will be consistent with the requirements of the Standards, the rules and regulations governing the organisation in question, and the terms of engagement contractually entered into.

The Internal Audit Manager will ensure that the planned Internal Audit work in any financial year provides sufficient coverage of the key financial, and other, systems to enable an opinion on the effectiveness of the Council's control environment to be formed. In lieu of work undertaken directly by the Internal Audit function, the Internal Audit Manager may place reliance on assurances provided by other assurance providers where he deems it appropriate to do so.

Consideration will be taken, in determining where Internal Audit activity should be focussed, of the Council's assurance and monitoring mechanism's including risk management arrangements.

The Internal Audit function can provide consultancy and advice to the functions of the Council and its management, usually of a one off and ad hoc nature. It may also be involved in assignments to aid development of new and improvement of existing processes. Mechanisms are in place to maintain independence and divisions of duty.

7. ORGANISATIONAL INDEPENDENCE OF INTERNAL AUDIT

The Internal Audit function will be independent of the activities that it audits to enable auditors to perform their duties in a manner that facilitates impartial, objective and effective professional judgements and recommendations.

A mechanism will be maintained that enables conflicts of interest, including previous employment responsibilities and any one off non audit duties undertaken, to be identified and recorded. Internal Auditors will not be allowed to undertake assignments / elements of assignments where a conflict of interest has been identified or to audit records where impartiality cannot be demonstrated.

The Internal Audit Manager has some other operational responsibilities of a governance nature. Arrangements will be maintained to ensure that the post holder is not involved in audits on such areas in either an operational or supervisory role to maintain independence.

The Internal Audit Manager will report at least annually to the Audit Committee on the organisational independence of the Internal Audit function.

8. ACCOUNTABILITY, REPORTING LINES AND RELATIONSHIPS

The Internal Audit function is located within the Corporate Services Department. The Internal Audit Manager's line manager is the Head of Finance, Revenues and Benefits Services (S151 Officer). The Internal Audit Manager has a right of direct access to the Deputy Chief Executive as corporate directorate head. In addition the Internal Audit Manager has a right of direct access to the Management Team, the Chief Executive and Corporate Directors / Head of Department individually, and Members.

The Internal Audit Manager has the right to meet privately with the Audit Committee, when necessary.

The arrangements for working relationships with elected members shall follow the requirements of the Protocol on Member / Officer relations within the Council's Constitution, and codes of conduct.

Following each audit the Internal Audit Manager will report directly to the relevant Corporate Director / Head of Department providing an assurance ranking based upon the results of the assignment undertaken, with any material issues being drawn to the attention of the Council's s151 officer, other statutory officers or Management Team as appropriate to the circumstance. The results of each audit will be reported to the Audit Committee.

Corporate Directors / Head of Departments are responsible for ensuring that appropriate action is taken to resolve issues reported by Internal Audit. The Internal Audit function will have in place mechanisms to obtain assurance that actions have been appropriately implemented, and to report any significant issues arising from this to the Audit Committee.

The Council's Audit Committee has responsibility for receiving and reviewing reports on Internal Audit from the Internal Audit Manager. Reports will be produced in formats that meet any criteria laid down by the PSIAS.

Internal Audit may be required to provide assurance to external parties, such as grant funding bodies, where so requested. All engagements will be conducted reflecting any requirements set by such bodies, and professional standards.

A dialogue will be maintained with Corporate Directors / Head of Department to ensure that emerging risks, and operational changes, are reflected in the work programme for Internal Audit at the earliest opportunity.

A clear line of communication will be maintained with the Council's external auditors and other review bodies, taking account of the differing roles and responsibilities of each organisation.

9. RESPONSIBILITY OF THE AUDIT COMMITTEE AND ROLE OF STATUTORY OFFICERS WITH REGARDS TO INTERNAL AUDIT

The role of the Audit Committee with regards to Internal Audit is laid out in the Council's Constitution. The role regarding Internal Audit includes:

- Considering the Internal Audit Manager's Annual Report and opinion.
- Considering reports on the operation of Internal Audit and summaries of specific internal audit reports.
- Considering reports from Internal Audit on significant agreed actions not implemented within a reasonable timescale.

To fulfil this role, and to meet the requirements of the PSIAS, the Committee in considering reports on the operation of Internal Audit will also receive and approve: -

- The Annual Internal Audit Plan
- Internal Audit Plan updates during the year
- The Internal Audit Charter
- Quality assessments on compliance with the PSIAS

The Head of Paid Service (Chief Executive) has responsibility for the discharge of the functions of the Council, and would therefore be advised regarding any issues of a significantly material nature arising during audits. The post holder also has a responsibility regarding the effective discharge of the Internal Audit function.

The s151 Officer (Head of Finance, Revenues and Benefits Services) has responsibility for ensuring that the Internal Audit Manager provides the Internal Audit service required by the Council, and is advised of any issues of a material nature identified during audits / provided with assurance as appropriate to aid in meeting his statutory obligations.

The Monitoring Officer (Head of Governance and Legal Services) has responsibility for the lawfulness and fairness of decision making, and any issues of this nature identified during audits will be drawn to the post holders attention / assurance provided as appropriate to aid the post holder to meet their statutory obligations.

10. FRAUD AND CORRUPTION

Managing the risk of fraud and corruption lies with management. The Internal Audit function does not have responsibility for the prevention and detection of fraud and corruption. Internal Auditors will be alert in the work undertaken to risks and exposures that could allow fraud or corruption to occur, and where appropriate will agree and report on control improvements to mitigate such risks and exposures.

The Council's Constitution (Financial Procedure Rules) requires that Corporate Directors / Head of Department report any financial irregularity or suspected irregularity to the designated Head of Internal Audit immediately. The Council's Fraud and Corruption Strategy confirms these arrangements.

Provisions will be made in the Audit plan to enable reactive work to be undertaken as a result of any irregularity reported where he considers it appropriate for the Internal Audit function to undertake, or be involved in, any investigation required.

11. INTERNAL AUDIT RESOURCE REQUIREMENTS

The Public Sector Internal Audit Standards require that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. However the Account and Audit Regulations / PSIAS are not prescriptive regarding the level of resources required.

The level and nature of resources required for each year's plan will be considered as part of the annual audit planning process to ensure that the resources available are deemed sufficient taking account of changes to the audit universe, changes to exposure of the organisation to risk, and developing professional standards.

The resources available will be maintained, both in terms of staffing levels and proficiency, at a level sufficient to deliver the approved plan to an acceptable standard, and to meet the requirements of the PSIAS.

Provision may be made to enable the use of resources from elsewhere within the Council or externally as appropriate to cover any skills gaps related to the audit engagements planned.

Any changes to the functions of the Council, the risks the Council is exposed to, the requirement for ad hoc work, and the development of audit techniques may change the baseline position. The Internal Audit Plan is intended to be flexible and mechanisms exist to update it during each year as required.

If at any time an imbalance between resources available and those required to deliver an effective Internal Audit function arises, then this will be drawn to the attention of the Audit Committee, together with proposed solutions.

The right of access for Internal Audit to records, assets, personnel and premises shall be consistent with the requirements of the Accounts and Audit Regulations. The right of access is also contained in the Council's Constitution.

The right of access shall extend to any resources bought in to supplement the in house team, in undertaking audits.

12. RIGHT OF ACCESS

The Internal Audit Team shall have, for the purposes of internal audit, the right of access to all establishments operated by the Council, all records held by the Council, all assets and personnel. Where the Council enters into partnership arrangements, or outsources functions, the contractual arrangements shall include provision for the right of access by the Council's Internal Auditors to all records and assets that relate to the Council. The Council's Internal Auditors shall have authority to obtain such information and explanations as are considered necessary to fulfil their internal audit responsibilities.

Internal Auditors will treat information they receive / see in the course of their duties as confidential, only disclosing such information where there is a legal or professional requirement to do so.

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AUDIT COMMITTEE

30 SEPTEMBER 2021

REPORT OF ASSISTANT DIRECTOR (FINANCE & IT)

A.2 CORPORATE RISK UPDATE

(Report prepared by Clare Lewis)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

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

EXECUTIVE SUMMARY

- The Corporate Risk Register is normally updated and presented to the Audit Committee every 6 months. The report was last presented in May 2021.
- The following table summarises the position at the end of the period under review with updated information provided within the register where necessary:

Item	Number
New Risks Identified	0
Risks Removed	0
Risk Score Amended	0
Risks Under Review	0
Risks Amended	3

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 May 2021.

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 where possible brought to the Committee at six monthly intervals to enable the Committee to fulfil its role.

CURRENT POSITION

Corporate Risk Management Framework

Although no changes have been identified as being required at this time, the framework is included at **Appendix A** for information only. A review of the framework will due to take place later in 2021/22.

Although COVID related matters continue to affect the whole organisation, they are not reflected in the risk register itself, so we do not lose sight of the risk registers purpose.

A review of lessons learnt relating to COVID 19 has now been included in the Internal Audit Plan for 2021/22 and will be brought before the Audit Committee at a later meeting.

Council services have now reopened, and the council continues to ensure staff are safe while carrying out their day to day duties.

The below table sets out **all** amendments to the Risk Register since it was last considered by the Committee in May 2021.

Risk Register Item	Amendments / Comments
New Risks Identified	None
Risks Removed	None
Risk Scores Amended	None
Risk under review	None

Risks Amended	<p>Item 1b - Catastrophic IT network failure – change to main text relating to remote working.</p> <p>Item 1d - Ineffective Cyber Security Physical and Application (software) Based Protection Management - update on main text relating to current status of cyber security</p> <p>Item 2d - Ineffective delivery of Transforming Tending project – update on the completion of works.</p>
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Although not currently included within the risk register, it is important to highlight the following two potential emerging issues:

- **Shortage of Global Supplies** – Due to various reasons (including the on-going impact of COVID 19) the risk of key supplies not being available when required has increased - one example being the shortage of computer processing chips. This is currently being managed via earlier procurement planning and remaining alert to market conditions. *(Links to existing Corporate Risk associated with Failure to Deliver Key Services and Ineffective Business Continuity Planning)*
- **Failure to Deliver Key Contracts** – As part of delivering key services to residents, where appropriate, the Council will engage with external providers on a commercial basis e.g. ECC Careline Contract. As recognised during the associated decision making processes, there are significant financial and reputational risks associated with this approach. *(Links to existing Corporate Risk associated with Ineffective Workforce Management and Planning)*

The above two items will be kept under review and will be revisited / reported back to members as part of the next corporate risk register update that is scheduled to be submitted to the Committee in March 2022.

The Fraud and Risk Team continue to oversee the councils Risk Management supported by the councils Internal Audit Team. The table sets out the work currently being undertaken.

Agreed Action	Current Position
Management Team to promote the importance of operational risk management within the organisation and ensure that Senior Managers implement a process for identifying and mitigating risks in coordination with the Corporate Fraud	The Fraud and Risk Manager continues to work with Management Team to effectively promote the importance of operational risk management within the Council, and continues to attend management team meetings (via Teams) on a quarterly basis

and Risk Manager.	and provides monthly updates for any urgent matters identified.
One to one meetings will continue to take place between Senior Managers and the Corporate Fraud and Risk Manager to identify and record key operational risks within their service areas. Support to be provided by Internal Audit if required	This is unfortunately delayed due to the Corporate Fraud and Risk Manager being redeployed to other tasks during the past 12 months. These one to one meetings will commence again in October 2021 and will task will be completed by March 2022.

Follow up item

Arrange Risk Management training for all departments across the council	The Council has identified a need for managers to have some Risk Management training to ensure the council can move forward with verifying risk register actions and review departmental risks across all departments. Training is being carried out by the Fraud and Risk manager in October 2021, with a view to rolling this out if the training is thought to be appropriate.
Review carried out relating to the effectiveness of the current control measures in place to identify inherent risk.	This review is still ongoing and a report will be brought before the Audit Committee at a later meeting.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Risk Management Framework
Appendix B – Corporate Risk Register



RISK MANAGEMENT FRAMEWORK

July 2018

CORPORATE SERVICES



1. INTRODUCTION

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

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

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

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

2. THE NEED FOR RISK MANAGEMENT

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

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

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

- Maximises opportunities
- Minimises threats
- Adds value

3. THE MANAGEMENT OF RISK

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

Risks are managed by evaluating the inherent and residual risks applicable, scored to provide a risk rating, which are then assessed taking account of the Council’s risk tolerance / appetite. Risks are captured, and managed at two levels: -

Corporate Risks

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

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

Operational Risks

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

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

4. RISK MANAGEMENT ROLES AND RESPONSIBILITIES

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

5. RISK REGISTERS

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

Risk Registers will use a standard format, and record:

- A reference number for the risk
- Risk details
- Inherent risk scores and rating

- Identified controls in place to mitigate each risk
- Warning indicators
- Action owner
- Target / Review Date
- Residual risk scores and rating
- An indicator of direction of travel of each risk

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

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

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

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

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

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

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

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

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

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

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

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

6. RISK RATING ELEMENTS - IMPACT

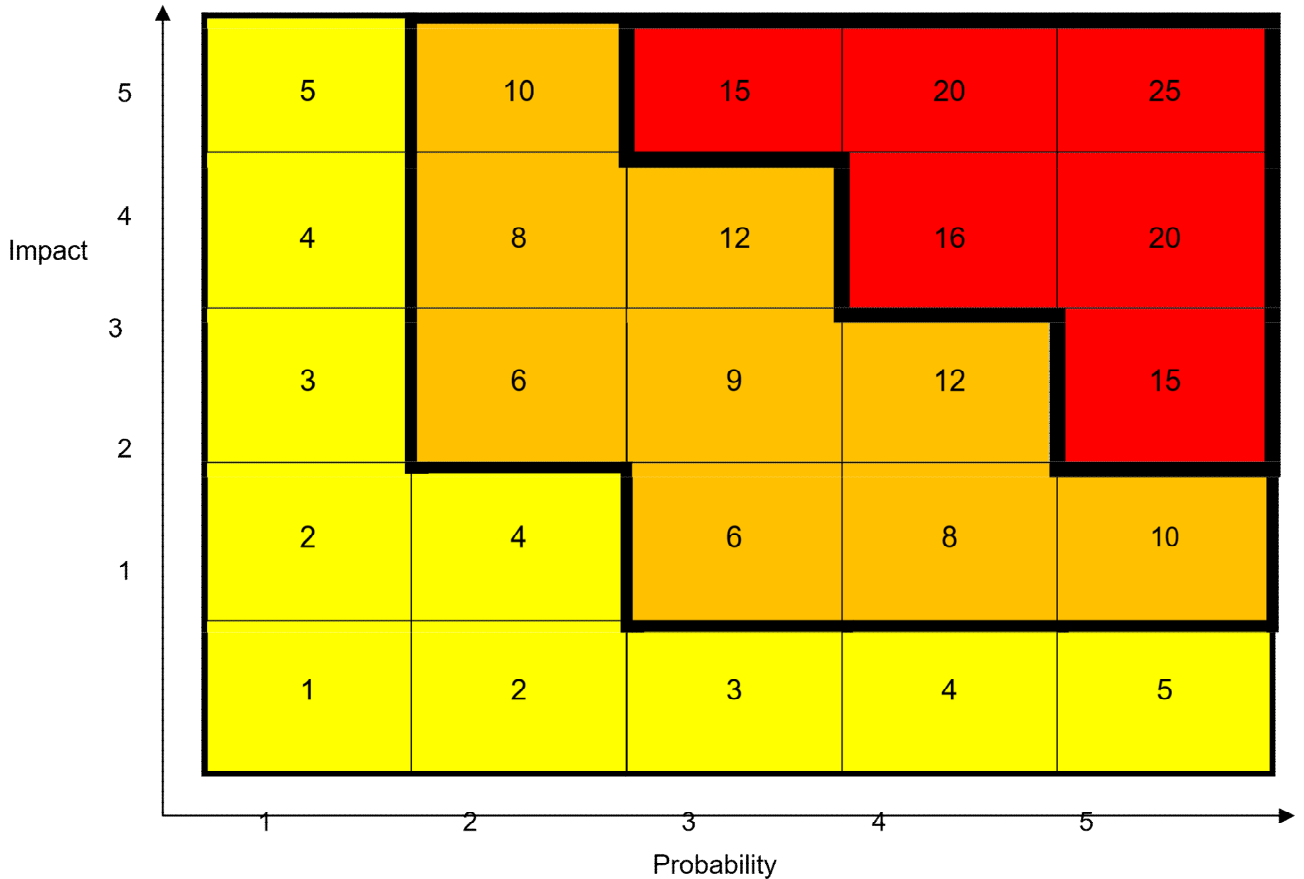
Risk level	Impact				
	Level	Financial	Service Delivery	Safety	Reputation
					Reputation damage is

5	Critical	Loss of more than £1m	Effective service delivery is unachievable.	Fatality (Single or Multiple)	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

7. RISK RATING ELEMENTS - PROBABILITY

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

8. RISK MATRIX



Impact x Probability = Overall Risk Rating

20

High Risk (Rating of 15 -25)

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


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

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

12

Medium Risk (Rating of 6 – 12)

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

4  **Low Risk (Rating of 1 – 5)** No action required to mitigate these risks.

6

Corporate Risk Register September 2021

Page 41

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


Failure to deliver key services	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			
	June 2019	9	3	3	Unchanged 	4 LOW	March 2022
	January 2020	9	Medium	Sizable			
	October 2020	9					
	May 2021	9					
	September 2021	9					
		<p>Implementing and developing an Asset Strategy and associated delivery plan and ensuring an effective and flexible property dealing policy.</p> <p>Adopted by full council in May 2017 new office practice completed</p> <p>NOTE - The transformation project has its own separate risk assessment which is being managed by the Transformation Project Team and therefore not need to form part of this document.</p>					
	Responsible Officer - Andy White						
Responsible Cabinet member(s) – Corporate Finance and Governance PFH							
Scrutiny Committee(s) – Resources and Services							

RISK 1b – Catastrophic IT network failure

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	15	2	5	Reduced 	5 LOW	March 2022
January 2020	15	Moderate	Critical			
October 2020	10					
May 2021	10					
September 2021	10					
Current Action Status/ Control Strategy	<p>Significant Transformation network investment being undertaken during 2018/21 including; re-design, renewed cabling, existing equipment re-use, significant shift to Wi-Fi 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>Ongoing investment in remote working capabilities continues to enable the council to operate services with the majority of its staff and councillors working remotely from home.</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 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						


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			
June 2019	15	3	5	Unchanged 	10 Medium	March 2022
January 2020	15	Medium	Critical			
October 2020	15					
May 2021	15					
September 2021	15					
Current Action Status/ Control Strategy	<p>Tendring District Council has robust Information Governance policies and practices based upon shared Essex-wide 'best practice' Information Governance policies. We undertake quarterly information governance monitoring through our Information Governance Policy Unit (strategic) and the Information Security Management Group (operational). Our processes are annually audited to ensure they remain fit for purpose.</p> <p>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 2021 or risk being found potentially in breach of General Data Protection Regulation legislation by the ICO. The key issue here is that having provided every councillor with a managed council device we must cease the forwarding of council emails to personal email accounts where we have no control over cyber security protective measures. 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.</p> <p>We monitor investigate each security breach report to continue to harden our robust information governance arrangements and to raise staff awareness.</p> <p>New information governance training videos are going to be released shortly onto the learning zone platform.</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			
June 2019	20	4	5	Unchanged 	15 HIGH	March 2022
January 2020	20	High	Critical			
October 2020	20					
May 2021	20					
September 2021	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. Our Cloud migration strategy has enabled us to implement further layers of Cloud cyber-security functionality during 2020 and 2021.</p> <p>Cyber-security is an essential part of our induction training. In addition phishing awareness campaigns are also planned for 2021. Whilst independent Public Services Network (PSN) connectivity 'IT Health Check' testing is no longer a requirement it remains our intention to have this testing completed in the fourth quarter 2021/22.</p> <p>The last Local Government Association cyber-security self-assessments achieved a robust Amber-green (score 65-79% Essex top-quartile) but with areas of improvement identified. We have undertaken improvements in areas the assessment highlighted.</p> <p>With council cyberattacks growing exponentially in both volume and complexity we are assessing the market with a view to investment in new Artificial Intelligence (AI) cyberattack analysis tools to reduce and prioritise the cyber alert response officer workload.</p>					
Responsible Officer - John Higgins						
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			
June 2019	15	3	5	Unchanged 	5 LOW	March 2022
January 2020	15	High Probability	Critical			
October 2020	15					
May 2021	15					
September 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) - Cllr. A. Porter – Portfolio Holder for Leisure and Tourism						
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			
June 2019	12	3	4	Unchanged 	8 MEDIUM	March 2022
January 2020	12	Medium	Major			
October 2020	12					
May 2021	12					
September 2021	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> <p><i>A Community Asset Map has been produced via the North East Essex Alliance, this provides a useful tool to identify where to focus resources to strengthen and build more resilient communities.</i></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


Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	8	2	4	Unchanged 	4 LOW	March 2022
January 2020	8	Low	Major			
October 2020	8					
May 2021	8					
September 2021	8					
Current Action Status/ Control Strategy	<p>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.</p> <p>Despite changes to rules around right to buy receipts, there have been no further Government policy changes in respect of issues that will have a major impact on the local delivery of additional council homes. Therefore significant potential risks remain in respect of the impact of future / potential Government policy announcements.</p>					
Responsible Officer – D Williams						
Responsible Cabinet member(s) - Housing PFH						
Scrutiny Committee(s) – Resources and Services						


Failure to deliver key projects

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	15	3	5	Unchanged 	3 LOW	March 2022
January 2020	15	Medium	Critical			
October 2020	15					
May 2021	15					
September 2021	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.</p> <p>Technological capacity has been exhaustively tested during the COVID pandemic. Review of work content in latter stages required to manage costs.</p> <p>Completion of physical works will be completed in the main office sites in Autumn 2021. A formal project stage review to be completed when work on the final satellite sites is completed in Spring 2022.</p>				
Responsible Officer – Andy White						
Responsible Cabinet member(s) - Corporate Finance and Governance FH						
Scrutiny Committee(s) – Resources and Services						


Failure to deliver key projects

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			
June 2019	8	2	4	Unchanged 	8 MEDIUM	March 2022
January 2020	8	Low	Major			
October 2020	8					
May 2021	8					
September 2021	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, so there is less risk to families.</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			
June 2019	12	4	3	Unchanged 	1 LOW	March 2022
January 2020	12	High	Sizeable			
October 2020	12					
May 2021	12					
September 2021	12					
Current Action Status/ Control Strategy		<p>Breakpoints exist which enable termination of the project if a scenario develops which provides unacceptable commercial viability.</p> <p>A development plan is being created to set out more detailed framework for the layout and delivery of the proposed garden community.</p>				
Responsible Officer: Gary Guiver						
Responsible Cabinet member(s) - Leader						
Scrutiny Committee(s) - Resources and Services						

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


Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	12	3	4	Unchanged 	4 LOW	March 2022
January 2020	12	Medium	Major			
October 2020	12					
May 2021	12					
September 2021	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 damaged


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			
June 2019	16	4	4	Unchanged 	2 LOW	March 2022
January 2020	16	High	Major			
October 2020	16					
May 2021	16					
September 2021	16					
Current Action Status/ Control Strategy	Ensuring that communication between the Directors and Service Managers with the Legal Team is kept up to date with regards to priorities and project planning. Regular discussions to be held between Services. Head of Governance and Legal Services to be kept informed of new developments through Management Team and Cabinet agendas.					
Responsible Officer - Lisa Hastings						
Responsible Cabinet member(s) - Corporate Finance and Governance 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			
	June 2019	20	4 High	5 Critical	Unchanged ↔	10 MEDIUM	March 2022
	January 2020	20					
	October 2020	20					
	May 2021	20					
	September 2021	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			
June 2019	15	5	3	Unchanged 	10 MEDIUM	March 2022
January 2020	15	High	Sizeable			
October 2020	15					
May 2021	15					
September 2021	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> <p>Anti-Fraud and Corruption Strategy reviewed and reported to the Audit Committee annually.</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			
June 2019	12	3	4	Unchanged 	12 MEDIUM	March 2022
January 2020	12	Medium	Major			
October 2020	12					
May 2021	12					
September 2021	12					
Current Action Status/ Control Strategy	<p>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”</p> <p>Daily monitoring of staff absence takes place during periods of long term disruption, such as during an emergency / pandemic to identify any areas requiring access to additional capacity and Management Team have access to a weekly update.</p>					
Responsible Officer - Management Team (Anastasia Simpson)						
Responsible Cabinet member(s) - HR and Council Tax Committee						
Scrutiny Committee(s) N/A						

RISK 4b - Lack of capacity to deliver core services - not retaining / having access to staff capacity to deliver services and priorities

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	12	3	4	Unchanged 	12 MEDIUM	March 2022
January 2020	12	Medium	Major			
October 2020	12					
May 2021	12					
September 2021	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 <i>information sharing through Management Team.</i></p>					
Responsible Officer - Management Team (Anastasia Simpson)						
Responsible Cabinet member(s) - Human Resources Committee and Council Tax Committee						
Scrutiny Committee(s) – N/A						


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

Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	20	4	5	Unchanged 	15 HIGH	March 2022
January 2019	20	High	Critical			
October 2020	20					
May 2021	20					
September 2021	20					
Current Action Status/ Control Strategy	<p>Long Term Financial Plan updated on an ongoing basis.</p> <ul style="list-style-type: none"> • 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 <p>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.</p>					
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			
June 2019	20	5	4	 Reduced	10 HIGH	March 2022
January 2020	20	High	Major			
October 2020	20					
May 2021	20					
September 2021	20					
Current Action Status/ Control Strategy	<p>Multi-firewall network segregation implemented with role-based access to systems necessary for work. Governance procedures/ policies/ responsibilities quarterly reviewed by the Information Governance Policy Unit. All remote working is protectively '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>However, cyber-attacks have significantly increased during the COVID-19 global pandemic</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			
June 2019	20	4	5	Unchanged 	5 LOW	March 2022
January 2020	20	High	Critical			
October 2020	20					
May 2021	20					
September 2021	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> <ul style="list-style-type: none"> ✓ PSN re-certification achieved 23 November 2019 <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/ CESC communications, outcome of IT Health checks, monitoring/ discussion with IT Support partner(s).</p>					
Responsible Officer: John Higgins						
Responsible Cabinet member(s) - Corporate Services Portfolio Holder Cllr. Guglielmi						
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			
		June 2019	12			
January 2020	12	High	Major			
October 2020	12					
May 2021	12					
September 2021	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. Stage one of the Local Plan has now been adopted. Stage two is awaiting the inspector's recommendations following its examination.				
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			
June 2019	20	4	5	Unchanged 	10 MEDIUM	March 2022
January 2020	20	High	Critical			
October 2020	20					
May 2021	20					
September 2021	20					
Current Action Status/ Control Strategy		Regular budget monitoring including reports to Cabinet, which will also set out options to respond to any adverse issues as necessary.				
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			
June 2019	20	4	5	Unchanged 	10 MEDIUM	March 2022
January 2020	20	High	Critical			
October 2020	20					
May 2021	20					
September 2021	20					
Current Action Status/ Control Strategy		Regular budget monitoring including reports to Cabinet, which will also set out options to respond to any adverse issues as necessary.				
Responsible Officer: Richard Barrett						
Responsible Cabinet member(s) - Corporate Finance and Governance PFH						
Scrutiny Committee(s) - Resources and Services						

RISK 9a - Ineffective Emergency Planning - The Council fails to effectively respond to an emergency and the community is adversely effected						
Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
		Probability	Impact			
June 2019	12	3	4	Unchanged 	4 LOW	March 2022
January 2020	12	Medium	Major			
October 2020	12					
May 2021	12					
September 2021	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>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. Council involved in partnership events to monitor our emergency planning services.</p> <p>Tending have led a pan-Essex project to design/ develop an IT system to mine available council-held data so that residents - and specifically vulnerable residents – affected by a civil emergency could be quickly identified so than an effective response plan could be planned and actioned using whatever specialist resources available. This new Vulnerable Intelligent Persons Emergency Response (VIPER) system went live across Essex. The system allows Emergency Planners to draw an emergency 'area of effect' on a map and VIPER will generate details of all residents affected in seconds.</p>					
Responsible Officer – John Higgins						
Responsible Cabinet member(s) - Partnerships PFH						
Scrutiny Committee(s) - Community Leadership						

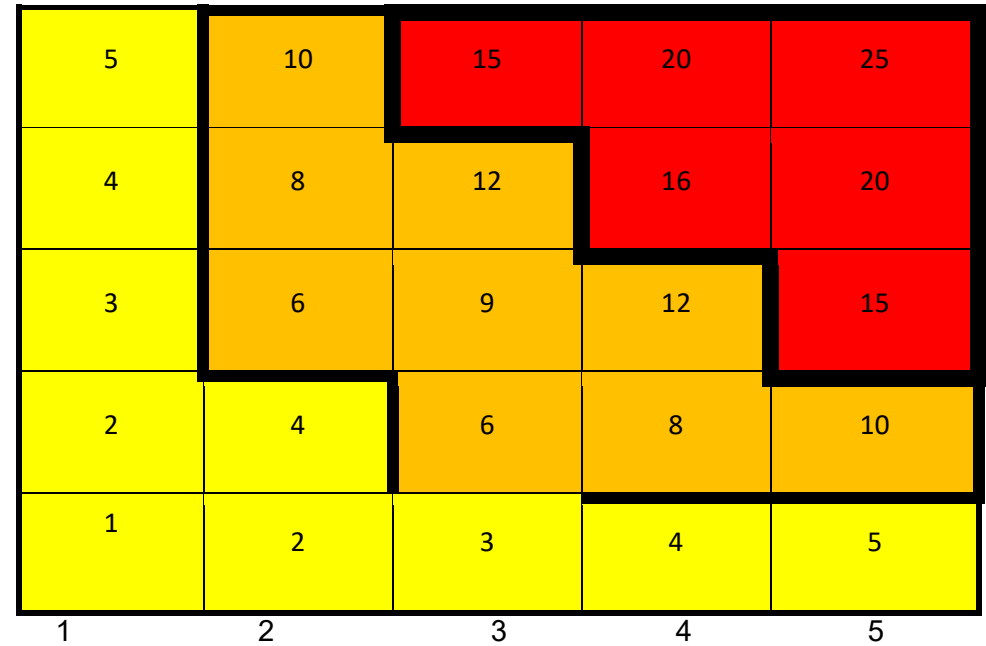
Failure in emergency and Business Continuity Planning	RISK 9b - Ineffective Business Continuity Planning - The Council fails to effectively respond to an emergency / adverse event with an adverse impact on the delivery of services.						
	Assessment date	Inherent risk score	Present score breakdown		Direction of Risk	Residual Risk rating	Review date
			Probability	Impact			
	June 2019	15	2	5	Unchanged 	6 MEDIUM	March 2022
	January 2020	10	Medium	Critical			
	October 2020	10					
	May 2021	10					
	September 2021	10					
	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> <p>Use of IT to record and support the development of service risk assessments and business continuity impact assessments – options being investigated 2021</p> <p>Certified training for additional staff in business continuity – being investigated 2021</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



Probability →

Impact x Probability = Overall Risk Rating

RISK CALCULATION MATRIX

RISK RATING ELEMENTS – PROBABILITY

AUDIT COMMITTEE

30 SEPTEMBER 2021

REPORT OF ASSISTANT DIRECTOR (FINANCE & IT)

A.3 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett and Karen Townshend)

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.
- Updates are set out against general items, external audit recommendations and the Annual Governance statement within **Appendix A, B, and C** respectively.
- To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.

RECOMMENDATION(S)

That the Committee notes and considers the progress against the actions set out in Appendices A to C.

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 July 2021.

There are currently 3 main elements to this report as follows:

- 1) **Appendix A** – Provides updates against general items raised by the Committee.
- 2) **Appendix B**- Provides updates against recommendations made by the Council's External Auditor.
- 3) **Appendix C** – Provides updates against the 2020/21 Annual Governance Statement Action Plan.

In terms of items 1) and 2) above, there are no significant issues to raise, with actions remaining in progress. In terms of item 3), there continues to be a significant impact from COVID 19 in terms of progressing the actions as quickly as originally anticipated. However, activity remains in progress against all actions and work will continue during 2021/22, as required.

An External Audit Recommendation is set out in **Appendix B** relating to the level of carry forwards from prior years. In previous updates to the Committee, it was highlighted that a review of a range of funded projects had been undertaken in consultation with the relevant departments and that the sourcing of providing support across a number of areas was being investigated. Although this work remains on-going, the latest position is set out below:

Following the initial review by Directors / Assistant Directors highlighted above, the additional capacity that has been identified as being required primarily centres around:

- Procurement
- Maximising External Funding Opportunities / Bid Writing
- General Project Management

In terms of procurement, as set out in a report due to be considered by Cabinet on 17 September 2021, it is proposed to work in partnership with ECC, which will allow the Council to not only access additional capacity but also specialist procurement advice / knowledge.

In terms of the other two items above, a report to the Portfolio Holder for Finance and Corporate Governance is currently being prepared to progress the required capacity building activities.

Other issues

The Statement of Accounts 2020/21 has been published and is currently subject to review by the Council's External Auditor. Although it is required to be audited and republished by the end of September, at the time of finalising this report, it remains subject to the conclusion of the work of the External Auditor. With this in mind, it is currently expected that a special meeting of the Committee will be required in October / November to consider the Statement of Accounts and the associated report of the External Auditor once they have concluded their necessary audit work. A further update will be provided directly at the meeting of the Committee.

Redmond Review

At its meeting in February 2021, the Committee considered the Government's initial responses to the Redmond review into the effectiveness of external audit. These were again considered at the meeting in April 2021.

As mentioned in April, many of the Government's responses indicated that they will either be liaising with the relevant stakeholders or will be considering some recommendations further.

The latest position is that The Department for Levelling Up, Housing and Communities (Formerly MHCLG) are undertaking a technical consultation on a broad range of implementation proposals along with responding to an earlier consultation on the appropriate methodology for distributing £15m to support effected local bodies as well as changes to the appointing persons fee setting regulations that aim to provide the PSAA with additional flexibilities.

The broad range of implementation proposals include:

- A new system leader for the local audit framework
- Proposals to strengthen audit committee arrangements within councils
- Measures to address ongoing capacity issues on the pipeline of local auditors
- Action to further consider local audit functions for smaller bodies

Unfortunately the consultation deadline of 22 September 2021 did not enable the proposed responses to be presented to the Committee before they were submitted. However the Council's responses were prepared in consultation with the Committee Chairman and broadly reflect the view that value for money should be at the heart of any changes proposed but balanced against strong and transparent governance where required. It is also important to highlight that future guidance emerging from the review should not be based on the benchmark of poor performing Council's where there may be a different solution in response to any perceived weaknesses. This Council takes a robust and strong approach to governance arrangements, supported by Senior / Statutory Officers along with working closely with our External Auditors, which will continue as part of any changes required as part of the Redmond review.

In respect of the distribution methodology for the £15m made available by the Government to primarily support the anticipated rise in audit fees, this will be based each body's scale fee as a proportion of the total fee scale that each body currently pays as part of the current External Audit contracts. The Government also highlighted that while they understood that individual circumstances may vary, it is important that the methodology

pursued follows a simple process which allows for efficient payment to local bodies. The actual financial impact compared with the funding receivable under these new arrangements will be considered as part of the future detailed budget setting and financial forecast processes.

In respect of the PSAA fee setting regulations, the government committed to consult on proposals to provide the appointing person with greater flexibility to ensure the costs to audit firms of additional work are met and to reduce the need for time consuming case by case consideration of fee variation requests. The majority of respondents to the associated consultation conducted earlier in the year agreed with the Government's proposals which are summarised as follows:

- extend the regulatory deadline by which scale fees need to be set to enable the appointing person to take into account more up-to-date information;
- enable the appointing person to consult and agree standardised fee variations to be applied to all or certain groups of principal bodies;
- provide clarification on enabling some fee variations for additional elements of work to be approved during the audit; and
- expressly enable the appointing person to appoint auditors for the period that it considers to be the most appropriate, up to the maximum length of the appointing period subject to consultation with the relevant bodies.

The above proposals build on the success of the PSAA regime and provide practical flexibilities and interventions to strengthen the stability of the local audit market and address some of the factors that can result in issues with timeliness.

As the Redmond Review actions continue to progress, further updates will be presented to Members as necessary.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Table of Outstanding Issues (September 2021) – General.

Appendix B – Table of Outstanding Issues (September 2021) – External Audit Recommendations.

Appendix C - Table of Outstanding Issues – (September 2021) - Update against Annual Governance Statement Actions

AUDIT COMMITTEE - Table of Outstanding Issues (September 2021) - GENERAL

Governance Principle and Issue	Recommendation / Issue	Lead / Service	Progress /Comments	Status – Target Date
<p>Developing the entity’s capacity, including the capacity of its leadership and the individuals within it.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 77</p>	<p>Following the consideration of the Anti-Fraud and Corruption Strategy last year, 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>	<p>Assistant Director Governance</p>	<p>The issue of the integration of training for Councillors on bribery and corruption into the offer for training for Councillors is being taken forward within the wider piece of work endorsed by Cabinet (on 19 February 2021 – Minute 138 refers) and Council (on 16 March 2021 – Minute 103 refers). This wider piece of work arose from the work of the Constitution Review Working Party at which the suggestion for “a suitable mechanism for regular Member input going forward such as a cross-party Member Working Group” was made. The Working Party also identified the potential use of e-Learning Platforms and in pursuance of that access to the LGA’s e-Learning Package for Members has been arranged for all Councillors and is being rolled out to them. However, the LGA e-Learning Platform does not include a module on bribery and corruption, and measures to deter and detect such behaviour. Discussions will take place with the</p>	<p>Formal Training Programme finalised during the third quarter of the year.</p>

			<p>Section 151 Officer to look at how best to provide this training as they are on the wider point of Local Government Finance as requested by the Resources and Services Overview and Scrutiny Committee (to supplement the e-Learning module and a workbook on the subject already circulated to Members of that Committee).</p> <p>Presently a formal programme is being finalised and Committee shall be updated once this is complete.</p>	
<p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>Following an update from the Assistant Director Housing and Environment on a number of Housing related matters at the Committee's meeting in March, it was agreed to keep under review the ongoing issue relating to Council House void periods. This is especially timely given the review / changes to the governance arrangements proposed by the relevant Service in response to this issue.</p>	<p>Assistant Director Housing and Environment</p>	<p>The current position on reducing void turnaround time is still progressing. A new contractor has been appointed and has commenced, introducing some operational changes in order to provide a more efficient process once properties are ready to let.</p> <p>In July the Committee were informed that a new software programme was being rolled out. This is now live and over 800 applications have been entered onto the system.</p> <p>Fortnightly meetings are being chaired by the Chief Executive as</p>	<p>Est Dec 2021</p>

			<p>part of the wider management response to this specific issue, which are attended by the Portfolio Holder for Housing along with key Senior Officers</p> <p>Further key milestones include:</p> <p>Early September 21 – allocation process will be moved from Northgate system to MRI system</p> <p>December 2021 – complete move from Northgate to MRI system</p>	
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AUDIT COMMITTEE - Table of Outstanding Issues (September 2021) – EXTERNAL AUDIT RECOMMENDATIONS

Area	Recommendation and Agreed Action	Lead / Service	Progress / Comments	Status – Target Date
<p>Use of Resources</p>	<p>As set out in April 2021, we identified some significant amount of carry forward each year from the planned projects of revenue and capital items, which indicates an issue of deliverability of planned projects.</p> <p>There is a risk that reserves are not being held at the optimum level, given that a number of them have not moved notably in recent years.</p> <p>AGREED ACTIONS:</p> <p>1. Assess the ongoing viability of planned projects and take actions such that they can be delivered within a reasonable time and minimise the carry forward.</p> <p>2. Assess, at least once every two years, the appropriateness of the levels of individual reserves and their continued validity based on factors such as historic utilisation rates, associated risk / sensitivity analysis and their underlying purpose and release any excess reserves.</p>		<ol style="list-style-type: none"> 1. Please see the main body of the report for further details. 2. This action will be incorporated into the budget setting cycle from 2022/23 onwards. 	<ol style="list-style-type: none"> 1. Further updates to be provided at the January 2022 meeting of the Committee 2. By November / December 2021

AUDIT COMMITTEE - Table of Outstanding Issues (September 2021) – 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>The outcome from two key projects are due to be reported to the Project Board in the second half of 2021/22 following their completion.</p> <p>Modern.gov remains an ongoing and live project with additional functionality planned to be rolled out during 2021/22. The delivery team have received updated training to support the future roll out of this system.</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 meeting with actions underway in collaboration with HR, to deliver a prioritised / phased approach to this key activity during 2021/22. A significant element of pre-consultation work, including the identification of potential funding options, has been undertaken, which will be taken forward in the third quarters of the year.</p>

New and Updated for 20/21		
<p data-bbox="91 240 687 391">Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p data-bbox="91 470 687 582">Managing risks and performance through robust internal control and strong public financial management</p> <p data-bbox="91 654 687 853">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="687 240 1417 319">As part of the Back to Business and Recovery Plan:</p> <ul data-bbox="687 359 1417 1029" style="list-style-type: none"> <li data-bbox="687 359 1417 502">• 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="687 550 1417 805">• 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="687 853 1417 1029">• 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="1417 240 2143 502">The Back to Business action plan was agreed by Cabinet at its 19 February 2021 meeting and included within its priority actions for 2021/22 which forms the background against which performances is being formally reported via the revised monitoring arrangements.</p> <p data-bbox="1417 526 2143 734">A review into existing projects and initiatives remains in progress, which is linked to the implementation of additional capacity to support delivery – Please see the main body of the report for further details.</p> <p data-bbox="1417 766 2143 933">Some additional capacity is already in place such as the Executive Projects Manager – Governance, which also supports the various next steps of the accelerated delivery approach.</p> <p data-bbox="1417 965 2143 1252">An update on the Council's general response to the COVID-19 pandemic is set out in the main body of the Annual Governance Statement. However, this remains subject to formal review by Internal Audit where further opportunities to strengthen the Council's arrangements will be considered, e.g. business continuity.</p>
<p data-bbox="91 1287 687 1412">Defining outcomes in terms of sustainable economic, social and environmental benefits</p>		

<p>Determining the interventions necessary to optimise the 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 Climate Change Action Plan was agreed by Full Council on 24 November 2020 and included within its priority actions for 2021/22 which forms the background against which performance is being formally reported via the revised monitoring arrangements.</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 2021/22 and are included within the revised performance monitoring arrangements, with updates being reported to Management Team during the year.</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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