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Chief Executive

AGENDA

Committee:	AUDIT
Date and Time:	18th September 2017 at 7.30 p.m.
Venue:	Committee Room 1
Membership:	Councillors Cole (Chairman), Blackwell, Hart, May and Sharp Substitutes: Councillors Acott, Greig, Mumford and Mrs Wass
Officers attending:	Ian Stapleton, Financial Services Manager Linda Everard, Head of Internal Audit
Also attending	Dean Bardrick, Manager, EY Kevin Suter, Executive Director, EY
Enquiries:	John Riley, Ext. 2417

PART I

(Business to be taken in public)

- 1. Apologies**
- 2. Members' Interests**
- 3. Minutes**
A copy of the Minutes of the meeting held on 27.6.2017 is attached.
- 4. EY Audit Results Report (UK and Ireland) 260 for the year ended 31 March 2017**
Report of the External Auditor is attached
- 5. Treasury Management Mid Year Report**
Report of the Financial Services Manager is attached.
- 6. Internal Audit Service, Quarterly Performance Report**
Report of the Head of Internal Audit is attached.

7. Monitoring Report – Corporate Governance Arrangements
Report of the Head of Performance and Service Support is attached.

Current Information Items (standing item)

Local Government Association: A councillor's workbook on bribery and fraud prevention

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AUDIT COMMITTEE

27th JUNE 2017

PRESENT: Councillors Cole (Chairman), Acott, Hart, May and Sharp.

Councillor Stanley also attended.

Head of Performance and Service Support and Interim Head of Housing, Craig Watts, Head of Internal Audit, Linda Everard, Financial Services Manager, Ian Stapleton, Fraud Investigation Officer, Daniel Helps, and Dan Bonner representing Mazars, were also present.

Apologies for absence were received from Councillors Blackwell (Councillor Acott substituting) and Greig (substitute).

Apologies had also been received from External Auditors Kevin Suter and Dean Bardrick.

1. MEMBERS' INTERESTS

There were no disclosures of interest.

2. MINUTES

The Minutes of the meeting held on 30th March 2017 were taken as read and signed as correct.

3. INTERNAL AUDIT SERVICE, QUARTERLY PERFORMANCE REPORT

A progress report on summary results of audit reviews completed in 2016/17 was presented to the Committee.

Audit opinions and themes were attached at Appendix A.

It was also reported that public sector audit standards required an external assessment to be conducted at least every five years by a qualified, independent assessor or team from outside the organisation. Three quotes had been obtained and evaluated and it was recommended that the Institute of Internal Auditors (IIA) be appointed to undertake the review.

Appendix B contained the profiles of proposed assessors to undertake an independent external assessment as set out in the report.

A Member asked a range of detailed questions relating to management involvement in the external assessment; the composition of the Shared Service Board, the number of key controls, and in particular Cyber Security and VAT on invoices, that were rated only as 'partial'; progress on the GDPR Project and training arrangements to improve recording of complaints. Discussion took place on the officer responses and the Head of Internal Audit was thanked for her clear, understandable and helpful response.

Resolved – 1. That the Audit Committee notes the assurance provided by the audit work completed this quarter.

2. That the Institute of Internal Auditors (IIA) is appointed to undertake the independent external assessment on the terms set out in the report.

4. ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2016/17

The Committee was informed that the annual treasury report was a requirement of the Council's reporting procedures. The report met the requirements of both the CIPFA Code of Practice for Treasury Management in Local Authorities and the CIPFA Prudential Code for Capital Finance in Local Authorities.

As required by the Code, the activity report for 2016/17 was submitted at Annexe A to the report for consideration by the Committee prior to submission to Cabinet on 19 July 2017.

The Financial Services Manager explained in response to questions from a Member the rationale of managing the Public Works Loans Board, and responded to comments about possible early repayment or increasing borrowing to fund projects in the Borough.

Resolved –

1. That the Treasury Management Activity Report for 2016/17 is approved.

2. That the actual 2016/17 prudential indicators, shown at Annexe D, are approved.

5. COUNTER FRAUD AND INVESTIGATION DIRECTORATE: ANNUAL PERFORMANCE REPORT AND COUNTER FRAUD STRATEGY FOR 2017/18:

Daniel Helps presented the Counter Fraud and Investigation Directorate's Annual Report for 2016/17 to the Committee.

The Counter Fraud and Investigation Directorate had made good progress in delivering the 2016/17 counter fraud plan since July 2016 and Castle Point specific statistics were set out in the report.

The counter fraud work plan was appended to the agenda.

In response to questions from a Member, discussion took place on the timescales involved for bringing reported cases to a resolution; the transfer of benefit fraud investigation to the DWP and the Council's representation on the Shared Service Board.

Another Member raised concern about the payment of rent money direct to tenants as this in some cases was leading to tenants using their rent money to pay for other items. It was confirmed that this was not fraud as the tenants involved were entitled to receive their rent money, and that any ongoing concerns by the Member should be raised through other channels outside the Audit Committee.

Resolved – That the Audit Committee notes the performance of the Counter Fraud & Investigation Directorate over the last year.

6. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2016/17

The Head of Internal Audit presented a report on the rationale for and an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2016/2017. A statement on conformance with the UK Public Sector Internal Audit Standards and the results of the Quality Assurance and Improvement Programme was submitted to the Committee.

The overall conclusion was that the Council was maintaining satisfactory and effective risk management, control and governance arrangements despite the financial pressures it continued to experience.

Appendix A to the report set out the sources of Audit Assurance for 2016/17

Appendix B contained the Audit Plan for 2016/17 as at 9 June 2017

Appendix C included the results of stakeholder surveys and compliance with professional standards.

Appendix D summarised the results of the annual self-assessment of the Audit Team's compliance with the UK Public Sector Internal Audit Standards 2016/17.

Appendix E set out compliance with the UK Public Sector Internal Audit Standards 2016/17 Action Plan as at 9 June 2017.

A Member raised a number of issues and made statements which were debated by the Committee. These included the assessment of the Regeneration Partnership, the independence of the role of Head of Internal Audit and the Council Constitution defining the types of planning applications that are required to be referred to the Development Control Committee. It was also noted that in the summary assessment of compliance with the Standards, some of the standards that were considered to be key by the Committee were only rated as

partial. The Head of Internal Audit responded to these issues explaining the rationale for the scoring and recognising where appropriate that improvement was required. Two of these areas were Policies and Procedures and Documenting Information.

With regard to Member involvement in the conformance with standards process, it was explained that it was the usual practice for the Chairman of the Audit Committee to be interviewed.

Resolved –

1. That the Head of Internal Audit's Annual Report for 2016/17 is noted.
2. The Committee to satisfy itself that the contents of the report are appropriately reflected in the Council's Annual Governance Statement, when considered.

7. ANNUAL GOVERNANCE STATEMENT 2016/17

The Head of Performance and Service Support and Interim Head of Housing presented the Annual Governance Statement 2016/17 to the Committee.

Debate took place on the core principles of the statement. A Member stated that the overview and scrutiny function of the Council should be developed through further work being allocated to the Policy Scrutiny Committees to increase the capacity of Members in assisting the Cabinet in decision making.

Resolved – That the Annual Governance Statement 2016/17 is approved and, subject to any further amendments from external audit, its adoption is recommended to Council.

Chairman

AUDIT COMMITTEE

18 September 2017

Subject: EY Audit Results Report (UK and Ireland) 260 for the year ended 31 March 2017

1. Purpose of Report

This report summarises the results of the work completed to date for the 2016/17 financial year with regard to:

- the opinion on the Statement of Accounts
- the conclusion on the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources (the VFM conclusion).

2. Background

A senior representative of EY (the Council's appointed external auditors) will present the key matters from this report to the Audit Committee and then respond to any questions of clarification by Members.

3. Corporate Implications

(a) Financial Implications

The work required was delivered within the agreed fee.

No issues have arisen from the audit that has a financial consequence for the Council.

(b) Legal Implications

The Council are required to:

- have an external audit of its activities that complies with the requirements of the Audit Commission's Code of Audit Practice (the Code)
- receive a report from the external auditor on the work completed under the provisions of the International Auditing Standard 260 prior to giving the opinion on the financial statements.

By considering this report, the Council has met these statutory requirements

(c) Human Resources and Equality Implications

Human Resources

None

Equality Implications

None.

(d) IT and Asset Management Implications

None

4. Links to Council's Priorities and Objectives

Audit contributes to the delivery of all the Council's Priorities and Objectives.

5. Timescale for Implementation and Risk Factors

The audit opinion on the financial statements needs to be given by the 30 September 2017. The external auditor must report to those charged with governance before the opinion is given. By presenting this report to Committee, this requirement has been met.

There are no significant issues arising from this report therefore there are no risks to highlight. The action plan will be completed and implementation dates agreed.

6. Conclusion

None

Recommendation

The Audit Committee:

- **considers and notes the external auditors Audit Results Report 2016/17**
- **approves the Letter of Representation contained within the report.**

Background Papers

- None

Attachments

EY Audit Results Report 2016/17 (to follow)

Report Author: Kevin Suter, Executive Director, EY

Audit Committee

18 September 2017

Subject: Treasury Management Activity Mid-Year Report

Report of the: Head of Resources

1. Purpose of Report

The mid-year treasury report is a requirement of the Council's reporting procedures. It summarises the Council's treasury management activity for the first five months of the current financial year. Supporting information is provided within Annexes A and B.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

2. Links to Council's priorities and objectives

The scrutiny and approval of the Council's Treasury Management activity is linked to the Council's objective of Improving the Council through sound financial management.

3. Recommendation:

That following scrutiny, the Treasury Management Activity Mid-Year Report for 2017/18 is approved, and submitted to Council.

Resolution required.

4. Treasury Management Activity Mid-Year Report 2017/18

4.1 Introduction

4.1.1 Treasury management is:- *“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

4.1.2 The Code of Practice requires the Council to set annually a Treasury Management Strategy and Investment Strategy. The strategies for the 2017/18 financial year were approved by Council on 15th February 2017.

4.1.3 This report confirms that Treasury Management activity during the year to date has been undertaken in accordance with strategy and in consultation, where appropriate, with our external adviser, Capita Asset Services.

4.2 Borrowing

4.2.1 There has been no change in the Council’s borrowing position from that reported at the end of the previous financial year. Although PWLB rates are at historically low levels, there is no requirement for General Fund borrowing or repayment in the next few years. No change in HRA debt is currently expected until the first loan matures in 2021.

A summary of external borrowing at 31st August 2017 is shown at Annexe A.

4.2.2 Annexe A shows that interest paid on General Fund borrowings and on HRA borrowings for the year to date is as budgeted.

4.2.3 The Council’s policy on capital expenditure and borrowing is set out in the Capital Finance section of the annual Policy Framework and Budget Setting Report, and as part of this, the affordability of new capital proposals has to be demonstrated. Borrowing can only be undertaken for the purposes of capital expenditure, and not for day-to-day revenue expenditure. The financial impact on the longer-term budget positions for both the General Fund on the Medium Term Financial Forecast and the Housing Revenue Account on the HRA Business Plan, would need to be taken in to account. Any new borrowing would result in additional annual interest charges to either the General Fund or HRA, as well as the need to set aside sums from those funds for future repayment of the principal.

4.2.4 Although borrowing rates are currently low any potential new borrowing would have to be fully justifiable in terms of the need to borrow. Additional borrowing would be considered for individual projects where for example the business case determines repayment of debt is affordable and can prudently be made out of new revenue generated. No additional borrowing is currently planned.

4.2.5 Periodically officers explore the option to reschedule or repay current loans, However at the current time it is not viable for the Council to reschedule its debt in to cheaper loans as repayment of all current PWLB loans would incur significant premiums to do so.

4.3 Investments

4.3.1 The investment activity during the year to date conforms to the approved strategy, and the Council has had no liquidity issues. Investments are managed internally using only those institutions which meet the Council’s strict investment criteria, within

a permissible range of periods, depending on the Council's cash flow and the interest rates on offer.

- 4.3.2 The majority of investments to date in 2017/18 continue to be in AAA-rated Money Market Funds. A Money Market Fund is a pooled source of funds invested in a wide range of short-term investments, and managed by an independent fund management company. Frequently these are well known banks or investment houses. AAA is the highest investment rating available and means that there is very low credit risk in an entity which is awarded that rating.
- 4.3.3 Funds may be deposited with the Debt Management Office (DMO), an executive agency of HM Treasury, but the facility has not been used this year due to the very low rate of interest.
- 4.3.4 With the exception of the DMO, total investments with any one institution do not exceed **£2.5m**. Internal guidance ensures that at least **60%** of investments at any time are placed with institutions rated AAA.
- 4.3.5 The Council invests in treasury bills and certificates of deposit. They can achieve slightly better rates of interest and more diversification without significant loss of security and are regularly used by other local authorities. At 31st August 2017 the Council held **£3.0m** in treasury bills with a maximum maturity of 6 months.
- 4.3.6 Annexe B summarises the Council's temporary investment activities for the year to date. The amount available for investment varies daily according to the Council's aggregate financial position on all activities. At the end of August 2017 the amount invested was **£28.9m** and the average amount invested for the year to date was **£29.4m**.
- 4.3.7 Annexe B also shows that the amount of interest received on investments to date is **£29,356**. This exceeds budget by **£13,356**. The budget for the full year is **£40,000**. Investment rates earned and investment balances are currently both higher than forecast. The average rate is **0.24%**, more than the benchmark 7-day LIBID rate of **0.11%** (LIBID or the London Inter Bank Bid Rate is the rate at which major London banks borrow from each other).
- 4.3.8 Any changes required to the interest budgets will be addressed in the forthcoming budget cycle.

4.4 Benchmarking

The current position on three benchmark indicators for 2017/18, explained in the Annual Investment Strategy, is reported as follows:

- Security - Weighted Credit Rating Score for the year to date of **6.0** exceeds the target of 4 (the scale goes from 0 to 7).
- Liquidity – Weighted Average Life is at a reasonably liquid level, currently averaging **34 days**.
- Yield – interest received on investments currently exceeds target as reported above.

4.5 Brexit & Economic Uncertainty

- 4.5.1 The Bank of England Base rate has remained at 0.25% since August 2016 and is currently forecast to stay at this level until 2019. The high degree of uncertainty over the UK's future trade relationship with the EU may lead to lower GDP growth over

the next two years and low interest rates that could erode banks' revenues and modestly weaken the credit quality of their loan books. Yet despite this, UK banks' solvency will remain robust. Consequently the Council will earn very low rates of interests on its temporary investments, and may be further restricted in where it can invest funds.

- 4.5.2 The Council will continue to adhere to strict investment criteria. Security and liquidity remain the priority. The Council will then invest for yield. It is anticipated investments will continue to have a short-term average maturity (less than 2 months) and earn low rates of interest. Officers will continue to monitor interest rates offered and seek to ensure the best return possible, without compromising security and liquidity, and within limits specified in the Investment Strategy and internal guidance.

5 Corporate Implications

a Legal implications

The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance, including:

- The Local Government Act 2003, and associated Statutory Instruments;
- The CIPFA Prudential Code for Capital Finance in Local Authorities;
- The CIPFA Code of Practice for Treasury Management in the Public Services.

The Council continues to comply with all of the relevant statutory and regulatory requirements.

b Financial implications

Any required changes in interest estimates will be implemented as part of the forthcoming 2018/19 budget cycle.

c Human resource and equality implications

There are no new implications.

d Timescale for implementation and risk factors

A mid-year report is now presented to the Audit Committee during September each year and subsequently reported to Cabinet.

6 Conclusion

The results for the five months to 31st August 2017 continue to demonstrate prudent and efficient treasury management.

Background Papers:

Chartered Institute of Public Finance and Accountancy: *Code of Practice for Treasury Management in the Public Services*.

CPBC: *Treasury Management and Investment Strategy Statement for 2017/18*.

Summary of Loan Transactions and Interest Payable (accrued daily) for the period to 31st August 2017

Loan transactions activity for the period

	Amount o/s 01/04/2016 £	Loans Repaid £	Amount o/s 31/08/2017 £
Public Works Loan Board			
General Fund	5,250,000	0	5,250,000
HRA	36,451,000	0	36,451,000
Totals for the Council	41,701,000	0	41,701,000

Interest payable Comparison of estimate with actual

Budget Profile to 31/08/2017 £	Actual Interest to 31/08/2017 £	Variance 31/08/2017 £	
87,500	87,524	-24	0.0%
457,300	457,321	-21	0.0%
544,800	544,845	-45	0.0%

Interest rates for the year

	Range of loans		Average
	From	To	
General Fund	3.70%	4.10%	3.95%
HRA	2.31%	3.49%	2.98%
Totals for the Council	2.31%	4.10%	3.12%

Base rate history

08/01/2009	1.50%
05/02/2009	1.00%
05/03/2009	0.50%
04/08/2016	0.25%
31/08/2017	0.25%

**Summary of Temporary Investments and Interest Received (accrued daily)
for the period to 31st August 2017**

Type of Borrower	Amount Invested 01/04/2017 £	Made in the Period £	Repaid in the Period £	Amount Invested 31/08/2017 £
Investments by Value:				
Debt Management Office	0	0	0	0
Treasury bills	3,397,440	2,996,852	3,397,440	2,996,852
Local Authorities	4,000,000	5,500,000	4,000,000	5,500,000
Money Market Funds	19,320,000	34,565,687	35,955,687	17,930,000
Certificates of deposit	0	0	0	0
Notice accounts	1,500,000	0	0	1,500,000
Bank deposits	500,000	0	0	500,000
Investments	28,717,440	43,062,539	43,353,127	28,426,852
Lloyds current account	510,350	0	6,193	504,157
Cash equivalents	510,350	0	6,193	504,157
Total	29,227,790	43,062,539	43,359,320	28,931,009

	Number	Number	Number	Number
Number of Investment Transactions:				
Debt Management Office	0	0	0	0
Treasury bills	5	3	5	3
Local Authorities	2	3	2	3
Money Market Funds	51	66	68	49
Certificates of deposit	0	0	0	0
Notice accounts	2	0	0	2
Bank deposits	1	0	0	1
Investments	61	72	75	58
Lloyds current account	1	0	0	1
Cash equivalents	1	0	0	1
Total	62	72	75	59

**Interest Received on Temporary Investments
for the period to 31st August 2017**

	£
Actual Interest Received	29,356
Revised estimate	16,000
Variance	13,356 83%

Temporary Investments

Average Balance for the Period	29,400,576
Average Interest Rate for the Period	0.24%
Benchmark: Average 7-Day LIBID Rate	0.11%

AUDIT COMMITTEE

18th September 2017

Subject: Internal Audit Service, Quarterly Performance Report

1. Purpose of Report

To update the Audit Committee on progress made in delivering the Internal Audit Strategy for 2017/18.

2. Internal Audit Plan Status

Appendix A sets out the current status of the audit work planned for the year as at 25th August 2017. This highlights where audits contained in the original plan considered by the Audit Committee in March 2017 have changed.

In finalising the Audit Plan for the year:

- time has been allocated to:
 - review the Council's preparations for meeting the new requirements of the General Data Protection Regulation, which come into force in May 2018
 - provide support and independent challenge as the business case is developed, setting options for the future provision of the housing property management and maintenance services.
- a number of follow up jobs have been deleted to take account of:
 - the work currently being done to address the outstanding issues arising from the Working with Partners, Safeguarding Arrangements and Licensing reports
 - changes in legislation which will come into effect from the 1 April 2018 that will impact upon the Homelessness and Allocations services.

Some time has been left in the 2017/18 Audit Plan to provide advice and support to all these services whilst they revise their current working practices. The intention is to undertake full (rather than follow up) audits in all these areas during 2018/19, once the new arrangements are in place.

The team is in the process of finalising the resources to be bought in to deliver the remainder of the work. The decision has been taken to minimise the use of contractors between January to March 2018 as the team has limited capacity to support them. As reported previously, this then leads to delays in processing reports and finishing audits. So contractors will only be used where specialist skills are needed and the work is time critical.

There is no contingency left in the budget. However, if new risks emerge during the remainder of the year, jobs will be deleted / postponed to accommodate the work.

3. Performance Targets

As outlined in the Strategy presented to the March 2017 Audit Committee, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.

So as at 25th August 2017:

- the team has not had any sickness absence since April 2017 (which impacts on productivity)
- in terms of the 29 jobs in the plan:
 - terms of reference are being or have been produced for two audits with field work still to commence
 - three audits are in progress
 - reports are being produced or discussed with clients for five audits
 - two final audit reports have been issued.

A programme of stakeholder surveys has been produced and these will be completed throughout the remainder of the year as audits are completed.

Progress in addressing actions arising from stakeholder surveys and the 2016/17 assessment of compliance with professional standards will be reported to the Audit Committee in January 2018.

4. Shared Service Board

The next meeting is in the process of being arranged. In the meantime, work is underway to refresh the various collaborative working agreements between the respective parties for internal audit and counter fraud and investigation services.

The work programme for the Board and the performance information to be provided to it going forward will be considered at a future meeting as will consideration of the assessment documents required for capturing stakeholder views on performance:

- at Head of Internal Audit / Group Manager, Counter Fraud & Investigation level
- in delivering the services defined in the joint working agreements
- when dealing with services on individual audits / investigations.

5. Resourcing

The refreshed Collaborative Working Agreement for Internal Audit will set out that all the posts for the combined team will be part of Southend-on-Sea Borough Council's establishment. This approach has been taken as it is felt that:

- this will increase the chance of filling the remaining vacancies
- it will create a more cohesive team.

Therefore, the combined structure will consist of:

- two Audit Managers (both in post)
- two Senior Auditors (both posts vacant)

- four Auditors (two posts vacant)
- cash (in the form of vacant posts) to buy in specialist services at both sites.

The team will be going out to advertise for a Senior Auditor in September 2017.

6. Independent Assessment of the Internal Audit Service

A summary of the approach to be adopted to the External Quality Assurance review is attached at Appendix B. The Institute of Internal Auditors will start the document review in September 2017 as this can be done remotely. The reviewer will then be on site between 2nd and 4th October 2017.

The results of this review will be reported to the Audit Committee in due course.

7. Corporate Implications

Financial Implications

The Audit Plan will be delivered within the approved budget.

Any financial implications arising from identifying and managing fraud risk will be considered through the normal financial management processes.

Legal Implications

The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.

Human Resources and Equality Implications

Human Resources

People issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

Regular updates will be provided to the Audit Committee on how the service is being resourced (as required by the Standards).

Equality Implications

The relevance of equality and diversity will be considered during the initial planning stage of each audit before the Terms of Reference are agreed.

IT and Asset Management Implications

People or asset management issues that are relevant to an audit will be considered as part of the review.

8. Links to Council's Aims, Targets and Objectives

Audit work contributes to the delivery of all of the Council's Aims, Targets and Objectives.

9. Timescale for Implementation

The Audit Plan relates to the 2017/18 financial year.

This is a key piece of evidence available to the Audit Committee when reviewing the Annual Governance Statement, which is also presented to the June Audit Committee.

10. Risk Factors

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact on the Council's ability to deliver its Corporate Aims, Targets and Objectives. A key mitigating factor is the work of the Good Governance Group (the Group). Assurance provided by this Group is summarised in the Quarterly Monitoring Report of the Council's Governance Arrangements.

The main risks the team continues to manage are the:

- loss of in-house staff and the ability of the service to replace this resource at all or in a timely manner
- lack of management capacity to support and process work in a timely manner and provide strategic leadership to the team
- possibility that the external supplier won't deliver contracted out work within the required deadlines to the expected quality standards
- need to maintain relationships with clients / partners until the service has been rebuilt.

Recommendations:

The Audit Committee notes the progress made in delivering the 2017/18 Internal Audit Strategy.

Background Papers

- The Accounts and Audit Regulations 2015
- UK Public Service Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards

Appendices

Appendix A Internal Audit Plan 2017/18

Appendix B Independent review of the Internal Audit Service

Report Author: Linda Everard, Head of Internal Audit

Appendix A: Internal Audit Plan 2017/18

Who*	Council activity and focus of audit work	Fraud risk	Status as at 25 th August 2017
Managing the Business			
All Aims			
Res	Business Continuity To assess whether there are effective arrangements in place to enable services (particularly critical ones) to continue to be provided in the event of a disaster occurring.	No	Planned for October to December 2017.
CG&L/G	Information Governance, General Data Protection Regulation (new audit) To assess how well the Council is progressing with its preparations for implementing the new requirements of the General Data Protection Regulations, which come into force in May 2018.	No	Finalising resources for the work.
Res	IT Risk Assessment To undertake a baseline assessment of IT risks against a standard good practice framework and use this to develop the IT element of the Audit Plan going forward.	No	Work in progress.
<i>Implementing Action Plans</i>			
	Working with Partners, Strategic Partnership Framework	No	Deleted. A new audit is planned for 2018/19.
Managing Service Delivery Risks			
Aim: Public Health and Wellbeing			
Env	Leisure Centres, Income Management To assess whether the bookings, memberships and other income generating processes are fit for purpose.	Yes	Draft report being discussed with client.

Appendix A: Internal Audit Plan 2017/18

Who*	Council activity and focus of audit work	Fraud risk	Status as at 25 th August 2017
Aim: Environment			
Env	Waste Collection To assess the adequacy of the: <ul style="list-style-type: none"> business case to implement the new scheme to separate the collection and treatment of food and garden waste exercise to procure the new refuse vehicles. 	Yes	Terms of reference being produced.
<i>Implementing Action Plans</i>			
SD, CS	Safeguarding Arrangements	No	Deleted. A new audit is planned for 2018/19.
Aim: Transforming Our Community			
P	Building Control To complete a baseline review of the services operational processes to inform the transformation programme being developed by management.	Yes	Draft report being produced.
P	Development Control To assess the adequacy and effectiveness of the Support Team's redesigned operational processes to ensure they are fully embedded into day to day working practices.	Yes	Planned for November 2017 to January 2018.
<i>Implementing Action Plans</i>			
LP&R A	Regeneration Partnership	No	Planned for February / March 2018.
H	Right to Buy	Yes	Report issued August 2017.
Aim: Efficient and Effective Customer Focused Services			
Res	Accounts Payable To assess whether the Accounts Payable system operates efficiently and effectively given automation of aspects of the process.	Yes	Draft report with the Head of Internal Audit to review.

Appendix A: Internal Audit Plan 2017/18

Who*	Council activity and focus of audit work	Fraud risk	Status as at 25 th August 2017
Env	Environmental Health To assess whether the operational processes for Noise and Nuisance as well as Rubbish and Accumulation are fit for purpose and now fully embedded into the day to day working practices.	Yes	Terms of Reference being produced.
Var	EFIN and CIVICA IT systems To evaluate whether the enhanced functionality of these IT systems has been properly implemented.	Yes	Planned for October to December 2017.
H	Health and Safety of Housing Stock To assess whether actions are addressed when issues arise from health and safety inspections undertaken by South Essex Homes.	No	Draft report being discussed with clients.
H	Housing Property Management and Maintenance (new job) To provide advice, support and independent challenge as: <ul style="list-style-type: none"> the business case is developed, setting out options for the future provision of housing property management and maintenance services any proposals are subsequently implemented. 	No	This is likely to be two jobs split: <ul style="list-style-type: none"> October to November 2017 January to March 2018.
Var	IDOX IT system To identify whether the on-going maintenance and development of the software system is efficiently and effectively managed.	Yes	Planned for October to December 2017.
Res	Income Collection For a sample of income streams, assess whether all income due is raised in accordance Council policies / fees and charges framework.	Yes	Report issued August 2017.
CG & L / G	Leases and Licences To assess whether lease and license records are complete, reviewed in a timely manner and all income due is collected.	Yes	Draft report with the Head of Internal Audit to review.
R&B	Housing Benefits: Risk Assessment of New Claims To assess whether the automated risk profiling arrangements to determine the level of verification checks required to confirm entitlement, are fit for purpose.	Yes	Planned for December 2017 to February 2018.
<i>Implementing Action Plans</i>			
P	Approval of Planning Applications	Yes	Planned for December 2017 to February 2018.

Appendix A: Internal Audit Plan 2017/18

Who*	Council activity and focus of audit work	Fraud risk	Status as at 25 th August 2017
H	Homelessness	Yes	Deleted. A new audit is planned for 2018/19.
SD, CS	Licensing	Yes	Deleted. A new audit is planned for 2018/19.
Key Financial Systems			
Aim: Efficient and Effective Customer Focused Services			
To assess whether the key controls in each of the key financial systems effectively prevent or detect material errors on a timely basis to ensure that the financial statements are not materially incorrect.			
Work planned to support 2017/18 Statement of Accounts			
R&B	Business Rates	Yes	Planned for January to March 2017.
R&B	Council Tax	Yes	
R&B	Housing Benefit	Yes	
R&B	Housing Rents	Yes	
Res	Treasury Management	Yes	
All	Follow up of 2016/17 actions from systems not being audited this year.	Yes	
Grant Claims			
Env	Disabled Facilities Capital Grant Determination To confirm the monies have been spent in accordance with the terms of the grant.	Yes	Work in progress.
Advice and Support Work			
Res	Risk Management To update the Policy, Strategy and Toolkit. To provide workshops with staff on how to apply the refreshed arrangements, specifically regarding risk appetite and tolerance.	No	Work in progress.

Appendix A: Internal Audit Plan 2017/18

Who*	Council activity and focus of audit work	Fraud risk	Status as at 25 th August 2017
Var	<p>Working with Partners, Safeguarding Arrangements, Regeneration Partnership, Licensing, Homelessness and Allocations (new job)</p> <p>To provide independent advice and challenge as new processes are developed or currently working practices strengthened.</p>	No	This work will continue throughout the remainder of 2017/18.

- * The objective of the work when **revisiting audit reports** is to confirm that action agreed have been effectively implemented and embedded into the day to day operation of the service.

Appendix A: Internal Audit Plan 2017/18

Audit Activities	Resource allocation
Managing the Business	11%
Managing Service Delivery Risks	59%
Key Financial Systems	16%
Grant Claims	3%
Advice and Support	5%
Managing Delivery of the Audit Plan	6%
Total	100%
Total Council Audit Plan Days	299

The days required to revisit and retest action plans from previous reports are included under each heading.

The Total Council Audit Plan Days reflects the:

- higher cost of buying in external contractors to cover internal vacancies
- time required this year to organise the external inspection of the service by the Institute of Internal Auditors as required by the UK Public Sector Internal Audit Standards.

Analysis Over Departments		
CG&L/G	Civic Governance & Law / Governance	7%
Env	Environmental Directorate	14%
H	Housing Directorate	14%
L&SC	Licensing & Safer Communities	0%
LP&RA	Local Plan & Regeneration Adviser	2%
P	Transformation Manager (Planning)	13%
Res	Resources Directorate	17%
R&B	Revenues and Benefits Transformation Manager	19%
All	Cross cutting	14%
	Total	100%

Appendix B: Independent review of the Internal Audit Service

The External Quality Assessment (EQA) Process

For each client, this will involve an examination and assessment of:

- **the internal audit charter:** the scope of internal audit activities, policies, reporting lines, independence and objectivity
- **related governance structures, policies and relationships in action:** the terms of reference for the audit committee, the three lines of defence model, key interactions with the senior executive team and other stakeholders
- **the internal audit strategy and annual plans:** how risk based plans are designed, resourced and updated to satisfy the organisations expectations
- **the way assurance is coordinated for the audit committee** to avoid duplication and gaps in order to optimise the use of assurance resources within the three lines of defence model
- **quality assurance arrangements:** processes and performance measurement
- **processes:** including the use of internal audit technology
- **engagement files and reports:** a cross section from the audit plan
- **reporting** and follow-up arrangements.

Initially, this will involve a desk review of documents supplied as well as the evidence included in the self assessments against the Standards completed for each of the team's clients.

When on site, the reviewer will:

- look at audit files selected from the audit plans to give an in-depth view of key subject matter and the performance of internal audit staff and contractors
- discuss internal audit's performance with key stakeholders and staff.

When completing the file reviews, the reviewer has been requested to cover:

- the work of each in-house auditor
- each type of audit approach the team uses e.g. contract audit, risk based approach etc.
- each contractor (to a limited degree).

In-house staff will be surveyed. Consideration is being given as to whether to also survey services, given the level of client feedback the team already obtains.

A detailed report with recommendations will be provided at the conclusion of the work which will include:

- an assessment of Internal Audit's conformance to the Standards with a summary of results
- a view on the maturity of the Internal Audit service as well as examples and suggestions on how excellence can be achieved.

Committee: AUDIT COMMITTEE

Date: 18th September 2017

**Subject: Quarterly Monitoring Report of the Council's
Governance Arrangements**

1. Purpose of Report

To present the findings from the quarterly monitoring of the Council's governance arrangements.

2. Background

2.1 Part of the requirement of the Council's governance arrangements is a quarterly report on the operation of the assurance framework for the Council. The assurance process includes the work of external auditors and is supplemented by the work of the internal audit service, as well as other assurance processes, including internal officer and member processes.

2.2 The Committee will be aware that governance arrangements include individual staff leads who have taken responsibility for the governance processes set out below and are members of the Governance Group. This report was developed in consultation with officers from the governance group.

2.3 Due to the absence of the report author at the September Audit Committee, this report is for the information of the committee. However if there are any queries or questions raised, committee members are invited to contact the report author who will attempt to respond to enquiries on his return on the 25th September.

3. Monitoring Results for Key Governance Processes

3.1 Community Engagement

3.1.1 Assurance arrangements are satisfactory. Services undertake specific consultation as required and there are a number of customer satisfaction surveys. Consultation has also been undertaken to help develop the Council's corporate plan and this is due to be considered by the Policy and Scrutiny Committee in September.

3.2 Business Strategy and Planning

3.2.1 The arrangements for business strategy and planning are adequate. Service plans and team plans are in place. Highlight reporting remains in operation. Furthermore, the corporate plan is currently under development by a combined Policy and Scrutiny Committee, and following consideration of the public consultation on the plan, the next stage is for a draft corporate plan to be in place by December this year.

3.3 Financial Planning, Reporting and Budgetary Control

- 3.3.1 Robust processes are evident to be assured that the arrangements for financial planning, reporting and budgetary control are effective. For example, a budget exception report is considered by the Executive Management Team and Cabinet Members monthly. Variances at year end are reported on all service areas, with commentary on those more than +/- £10k, and analysis of changes in income and expenditure from the previous financial year. External assurance will be provided by the annual audit of the Council's Statement of Accounts and the work of external audit. The processes in place give adequate officer and member assurance.
- 3.3.2 The Council maintains a five-year rolling financial forecast which is reviewed and reported through to Cabinet on a bi-monthly basis unless there is no significant change to report. The forecast is supported by three years detailed budget workings with the final two years of the forecast being adjusted for future anticipated cost pressures. Assumptions adopted in the forecast are contained in a detailed report made to Special Council in February annually.
- 3.3.3 The Council maintains a level of reserves more than the minimum level recommended by the Council's Chief Finance Officer and has set a balanced budget for 2016/17 and 2017/18. Full Council agreed the Policy Framework and Budget Setting report in February 2017 which includes the financial planning strategy, the medium term financial forecast and a summary of completed efficiency work.
- 3.3.4 However, significant savings are still required for the medium term from 2018/19 onwards and the Council is undertaking several actions through the efficiency programme and the Austerity and commercial strategy.

3.4 Asset Management

- 3.4.1 There are adequate routine assurance processes for Asset Management, which include bi-monthly Asset Management meetings, which are integrated into programmed meetings of the Operational Management Team. Significant Asset Management based projects are subject to the Council's project management methodology (PROMPT) and are reported to Cabinet.
- 3.4.2 A programme of annual planned repairs and maintenance is in place for corporate buildings. Funding provision has been earmarked and completion of all works is planned within the lifetime of the current medium term financial forecast.
- 3.4.3 Contracts are also in existence for statutory inspections and cyclical maintenance to corporate buildings primary installations.

3.5 Policy Framework

- 3.5.1 The policy framework operates satisfactorily, and policies and strategies largely continue to be refreshed by services. A register of policies and strategies is in place as well as guidance on the elements of a good strategy or policy and an assessment of key policies and strategies. The policy framework is set out in the Business Planning and Budget Framework and is reported to Cabinet annually in September.

3.6 Risk Management including Fraud & Corruption, Whistleblowing, Money Laundering and Health & Safety

- 3.6.1 A corporate risk register continues to be in place and is subject to monitoring by Executive Management team. Risks have been identified as part of the development of team and service planning and risks get escalated to the corporate risk register should the identified issue be considered significant. Following last year's audit of the Council's risk management process, work is underway to update the Policy, Strategy and Toolkit. Training sessions will be held with staff to relaunch the refreshed framework before the end of the financial year. A copy of the current risk register is attached as Appendix 1 for the committee to review.

3.7 Business Continuity

- 3.7.1 Satisfactory progress has been made to the business continuity arrangements in place. A review and refresh is currently underway of service impact assessments and service business continuity action plans. Desktop checks or exercises are to be undertaken by all individual services, which are due to be completed by April 2018. A corporate business continuity plan is also in place, which is reviewed annually and subject to full revision every three years.

3.8 Performance Management

- 3.8.1 Core processes operate satisfactorily, including highlight reporting to Corporate Management Team and the production of a corporate scorecard which is considered quarterly by Cabinet. The next report is due to be considered by Cabinet on the 20th September.
- 3.8.2 Control arrangements include the production of quarterly reports of performance indicators by all services for consideration by EMT. The last detailed report considered by EMT was in August.

3.9 Data Quality

- 3.9.1 Arrangements are satisfactory. The service planning process includes a requirement for team managers and heads of service to sign a declaration which includes consideration of data quality and the commitment to spot checking of data.

3.10 Value for Money

- 3.10.1 Arrangements are in place and the assurance processes are operating appropriately. For example, a programme of work to identify and obtain efficiencies is in place for council services and is set out in the corporate plan. The Council has also identified a set of value for money ratios and these are used to monitor progress and retain understanding of comparative value for money.

3.11 Procurement

- 3.11.1 There are satisfactory arrangements in place and the assurance processes are operating appropriately. Procurement is integrated into the meetings of the Operational Management Team and assists in the implementation of corporate requirements. The Council's commissioning and Procurement Strategy and Procurement Toolkit was updated in 2016 to consider changes in legislative requirements. The Commissioning and Procurement Policy was updated in March 2016.

3.12 Partnerships

- 3.12.1 Assurance processes are subject to further development work. A partnership strategy and framework is required to help clarify the arrangements currently in place and how these link to the objectives of the authority. Partnership work has been subject to a report by Internal Audit and progress against the recommendations will be monitored.

3.13 Project Management

- 3.13.1 The arrangements are satisfactory. The service plans include an indication of planned projects with a prioritisation. The most important projects will be set out as part of the corporate plan, which will be drafted in the autumn of this year and subject to wider consultation with councillors, staff and partners.

3.14 Complaints

- 3.14.1 The Complaints procedure has been reviewed to delete reference to dealing with informal complaints and to clarify what complaints should be dealt with at stage 1. A briefing session was held for OMT in July. OMT have also been sent a request to ensure that all stage 1 complaints are recorded in the database, and a report will be produced in mid- October to establish compliance with the revised process.

3.15 Ethical Governance

- 3.15.1 Satisfactory arrangements are in place. A common code of conduct is in place along with appropriate mechanisms including a governance committee. Following an audit of the arrangements further work has been identified such as updating the Protocol on the use of IT and ensuring the Council is compliant with the Local Government Transparency Code. A review of progress is planned and the arrangements will continue to be monitored.

3.16 Officer Conduct

- 3.16.1 There are appropriate assurance arrangements in place to ensure robust officer conduct. This includes a range of human resource policies and procedures. The processes in place continue to give adequate assurance. Following the ethical governance audit, the Employee Code of Conduct was amended to include ethical standards, the Nolan principles and relevant information from the new Fraud and Bribery Act. In addition, the expected behaviour on social media was added to the Employee Code of Conduct.

3.17 Information Governance

- 3.17.1 The Council has implemented an information governance strategy, which is underpinned by associated guidance. The Council's Head of Law acts as the Senior Information Risk Owner. The 'How it Works' guidance also contains a section on information governance. The intention is to undertake a critical friend review later in the year to assess progress made in preparing for the implementation of the new General Data Protection Regulations which take effect in May 2018.

4. Corporate Implications

a. Legal implications

There are no direct legal implications arising from this report.

b. Financial implications

There are no direct financial implications arising from this report.

c. Human Resource & Equality

The monitoring and development of the assurance framework is delivered within existing resources.

The Council's equality policy is applied as an inherent element of the assurance processes. Equality is also an area that is subject to audit scrutiny. All key decisions require an Equality Impact Assessment.

d. IT and Asset Management implications

There are no direct IT or Asset Management implications arising from this report.

5 Links to Council's priorities and objectives

All assurance processes and improvement work support the corporate priority of Efficient and Effective Customer Focussed Services.

6. Timescale for implementation and risk factors

The monitoring of the effectiveness of the assurance framework will be undertaken every three months and reported to the Audit Committee. The Council will not be able to fully achieve its objectives and priorities without a robust assurance framework.

Recommendation:

Committee are requested to consider the findings of this report as outlined in section 3.

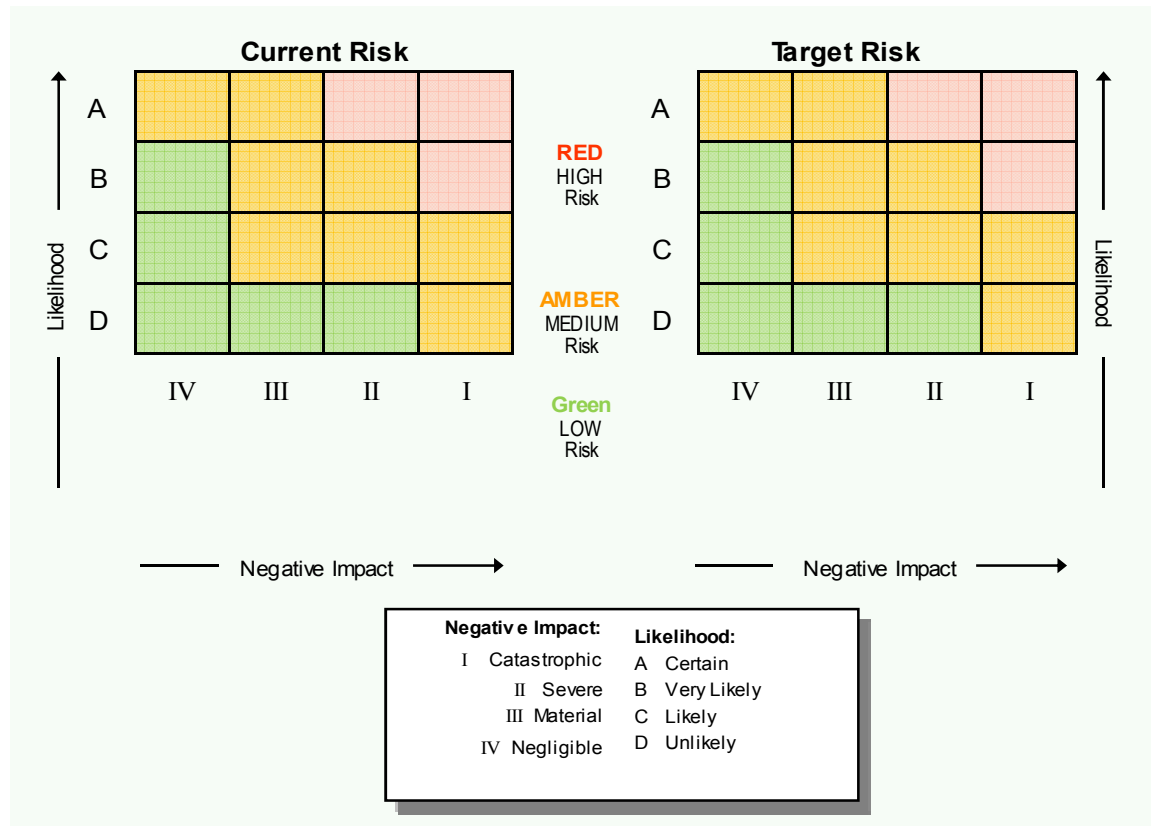
Background Papers: Local Code of Governance

Report Author: Craig Watts, Head of Performance & Service Support

Corporate Risk Register

Risk Assessment

All risks are assessed as follows:



A summary of the current controls is set out for the current risk and a summary of the further actions planned is set out for the target risk.

Public Health & Wellbeing:

Risk Description: 1. Partnership Arrangements are not fully effective and risks focus on work that does not always meet Council priorities

Current Risk

A		X		
B				
C				
D				
	IV	III	II	I

Target Risk

A				
B				
C		X		
D				
	IV	III	II	I

Summary of Current Controls:

1. Experienced Head of Licensing and Safer Communities responsible for LSP partnership work
2. Core partnerships in place
3. Some explicit priorities for some key partnerships
4. Reporting arrangements for key partnerships including LSP, and Opportunity South Essex.

Assurance that Controls are in Place:

1. Staff
2. Minutes of partnership meetings
3. Copies of partnership documentation including strategies and action plan
4. Minutes of appropriate partnership meetings

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Internal Audit of Partnership arrangements	Head of Internal Audit	March 2017
2. Implement Action Plan	Corporate Management Team	June 2018
3. Partnership Strategy developed and agreed by Cabinet.	Corporate Management Team	June 2018

Target Risk to be achieved by: June 2018

Responsibility: Corporate Management Team

Transforming Our Community

Risk Description: 2. The Vision for Regeneration is not fully clear and the achievement of outcomes is limited.

Current Risk				
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A			X	
B				
C				
D				
	IV	III	II	I

Target Risk				
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A				
B			X	
C				
D				
	IV	III	II	I

Summary of Current Controls:

1. Regeneration partnership in place
2. Regeneration Manager and staff in place
3. Employment Skills and Business (ESB) Partnership operating as part of LSP
4. Detailed developer proposals for development of Hadleigh Island Site

Assurance that Controls are in Place:

1. Minutes of Regeneration partnership meetings
2. Experienced Staff managing work programmes
3. Minutes of ESB meetings
4. Copies of developer proposals for Hadleigh Island Site

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Sign developer agreement for Hadleigh Island Site in liaison with Essex County Council Departments and Private developer.	Regeneration Manager	December 2017
2. Submit planning application for Hadleigh Island Site.	Regeneration Manager	March 2018
3. Create Canvey Island 'Town Team' with public, private and voluntary sector representatives to take forward a programme of initiatives and projects to access Government Coastal Communities funds	Regeneration Manager	April 2017 (Completed)
4. Implement action plan arising from Internal Audit	Local Plan & Regeneration Adviser; Regeneration Manager	March 2018

Target Risk to be achieved by: March 2018

Responsibility: Regeneration Manager / Local Plan & Regeneration Adviser

Risk Description: 3. Planning policy is not progressed satisfactorily and / or is not robust resulting in central government intervention and high legal costs

Current Risk

A				X
B				
C				
D				
	IV	III	II	I

Target Risk

A				
B				
C				X
D				
	IV	III	II	I

Summary of Current Controls:

1. Local Development Scheme agreed by Cabinet
2. Professional staff and use of consultants to provide detailed research and data to help develop planning policy
3. Cabinet Member to assist in further developing planning policy to include political considerations

Assurance that Controls are in Place:

1. Local Development Scheme milestones to be met
2. Extensive library of reports and evidence prepared by staff and consultants published on Council website
3. Minutes of meetings with Members

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Ensure Member meetings are provided with appropriate timely reports and information.	Head of Governance	Ongoing
2. Consider Government advice regarding local planning.	Local Plan & Regeneration Adviser	December 2017
3. Review Local Development Scheme annually	Local Plan & Regeneration Adviser	June 2018

Target Risk to be achieved by: June 2018

Responsibility: Local Plan & Regeneration Adviser

Efficient & Effective Customer Focussed Services

Risk Description: 4. Unable to provide full range of existing services for years 2018/19 and beyond due to reductions in government grant funding.

Current Risk

A			X	
B				
C				
D				
	IV	III	II	I

Target Risk

A				
B				
C			X	
	IV	III	II	I

Summary of Current Controls:

1. Medium Term Financial Forecast identifies value of efficiencies required for each respective financial year and sets out approach in the medium term.
2. Budget process for 2017/18 complete and balanced budget indicated.
3. Corporate programme details planned work to obtain efficiencies – e.g. service reviews & transformation projects.
4. Procurement policy & ICT Strategy / Roadmap set out approach required to secure best value for money and maximise business efficiency.
5. Directorate plan sets out action planning to increase revenue and reduce costs where possible
6. Budget monitoring and reporting process in place.
7. Commercial Council Principles in draft and circulated with EMT / OMT & Senior Members.

Assurance that Controls are in Place:

1. Budget / MTFF agreed by Cabinet and Council in February 2017 and record of meetings.
2. Corporate Programme / Corporate Plan agreed July each year & EMT minutes.
3. Procurement Policy and notes of revisions.
4. ICT Strategy & Roadmap.
5. Directorate plan and DMT minutes demonstrating monitoring.
6. Copies of budget monitoring reports / significant variance to Cabinet included in bi-monthly Financial Update reports.

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Monitoring of financial developments and forecasting any significant impact.	Head of Resources	Ongoing
2. Runnymede Pool Extension Project.	Strategic Director (Transformation and Resources)	January 2018
3. Progress Service Review Programme.	Strategic Director (Transformation and Resources)	March 2018

Responsibility: Strategic Director, Transformation and Resources / Head of Resources

Target Risk to be achieved by: March 2018

Risk Description: 5. Potential for too many priorities and inadequate staff capacity to pursue all priorities / insufficient corporate resources to implement change

Current Risk

A				
B			X	
C				
D				
	IV	III	II	I

Target Risk

A				
B				
C			X	
D				
	IV	III	II	I

Summary of Current Controls:

1. Directorate and Service Planning in place
2. Corporate objectives drafted
3. Corporate aims in corporate plan
4. Corporate training programme in place

Assurance that Controls are in Place:

1. Process to ensure completion and quality assessment of service and Directorate plans.
2. Process for drafting of corporate objectives in place and integrated into directorate and corporate planning.
3. Copies of training programme / appraisals to develop capacity
4. Project plans and monitoring for key department projects

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Progress actions in workforce development plan.	Head of Resources / HR Manager	March 2017
2. Progress corporate development approach to help spread skills and capacity (e.g. Investigation & Appraisal training delivered)	Head of Resources / HR Manager	Ongoing
3. Progress ICT programme to implement ICT improvements to reduce staff intensive working procedures and enhance service provision (eg. Skype and Office 365)	Strategic Director Transformation & Resources/Head of Resources / ICT Manager	Ongoing
4. Progress service reviews of identified service areas including completion of reviews for Revenues & Benefits and Development Control.	Strategic Director Transformation & Resources/Heads of Service	December 2017

Target Risk to be achieved by: Ongoing

Responsibility: Executive Management Team

Risk Description: 6. Rent Income Reduction Proposals by Central Government will result in a Housing Revenue Account which is unsustainable in future years.

	Current Risk			
A				X
B				
C				
D				
	IV	III	II	I

	Target Risk			
A				
B				
C				X
D				
	IV	III	II	I

Summary of Current Controls:

1. Re-development of 30 year HRA business plan to identify cost pressures in future years
2. Capital Programme linked to condition survey and re-profiling / cost reduction to help with dealing with cost reductions.
3. Ongoing Budget monitoring

Assurance that Controls are in Place:

1. Copy of revised HRA Business Plan and minutes of appropriate meetings
2. Copy of revised capital programme
3. Budget monitoring documentation and minutes of appropriate meetings.

Summary of Actions to further mitigate risks:

- Analysis of government legislation and timescales.
- Review of capital programming and responsive repairs budgets March 2017
- Development of Housing Asset Management Plan – October 2017

Action	Responsibility	Date for completion
1. Analysis of white paper and gathering of developments from conferences etc to inform planned preparations for Housing Service development.	Housing Services Manager	October 2017
2. Review and reduction of capital programme.	Head of Performance and Service Support	October 2017
3. Development of Housing Asset Management Plan	Head of Performance and Service Support	Completed January 2018

Responsibility: Interim Head of Housing / Housing Services Manager

Risk Description: 7. Staff morale decreases due to impact of austerity, service reviews and not undertaking core corporate process such as appraisal process.

Current Risk				
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A		X		
B				
C				
D				
	IV	III	II	I

Target Risk				
-------------	--	--	--	--

A				
B				
C		X		
D				
	IV	III	II	I

Summary of Current Controls:

1. Established appraisal process in place.
2. Service reviews include planned approach to staff communication.
3. Staff forum – regular meetings between management and staff.
4. Regular staff surveys.

Assurance that Controls are in Place:

1. Records of appraisals held by individual managers.
2. Service review action plans.
3. Minutes of staff forum.
4. Outcomes from staff surveys.

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Clarify and strengthen appraisal control requirements including corporate monitoring.	Head of Resources / Human Resource Manager / EMT	Ongoing
2. Review approach to staff engagement and feedback including corporate mechanisms such as Staff Forum and assess whether fit for purpose / any other improvement actions.	Head of Resources / Human Resource Manager / EMT	Ongoing

Responsibility: Head of Resources

Target Risk to be achieved by: Ongoing

Risk Description: 8. Adequate business continuity (BC) arrangements in place that mitigate severe disruption to Council services

Current Risk

A				
B				
C			X	
D				
	IV	III	II	I

Target Risk

A				
B				
C				
D			X	
	IV	III	II	I

Summary of Current Controls:

1. Overarching corporate generic BC plan in place
2. Service level BC plans in place outlining key activities and arrangements
3. BC issues/presentations/workshops provided at OMT meetings
4. Capita IT Disaster Recovery Plan in place
5. IT Disaster Recovery and software access testing
6. Critical software lists - reviewed by services annually
7. Guidance provided to Managers on Impact Analysis, BC plans completion and sharing plans
8. BC exercises and desk checks undertaken annually.
9. Intruder and Fire alarm systems installed in key corporate buildings (some systems monitored out of hours).
10. EP/BC policy document in place outlining arrangements

Assurance that Controls are in Place:

1. Copies of plans held in S drive Corporate folder (classified versions password protected).
2. Corporate BC plan available on 'Resilience Direct' secure website for responders
3. Record of presentations/workshops held.
4. Annual IT DR test undertaken and post exercise report saved
5. Record of Service level and Corporate level BC testing/exercising & desk checks.
6. Records of statutory inspections and cyclical maintenance checks in corporate buildings.

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1.. Refresh of revised Service level BC plans template to capture additional information and more user friendly	Head of Resources / FM Manager	October 2017
2.. Annual DR Test – Capita and Services using critical IT applications	IT Manager / Capita	March 2018
3.. Refresh of Corporate Generic Business Continuity Plan	FM Manager	March 2018

Responsibility: Facilities & Asset Manager/IT Service Manager/Head of Resources

Target Risk to be achieved by: March 2018

Risk Description: 9. Failure to deliver key ICT improvement and enhancement projects resulting from contract operating difficulties with Capita

Current Risk

A			X	
B				
C				
D				
	IV	III	II	I

Target Risk

A				
B				
C			X	
D				
	IV	III	II	I

Summary of Current Controls:

1. Contract documentation sets out responsibilities and requirements from all parties.
2. Established and agreed joint project management approach for projects with Capita.
3. Established contract management approach.

Assurance that Controls are in Place:

1. Contract documentation.
2. Project management methodology and board minutes setting out agreed approaches etc.
3. Contract monitoring documentation including performance reports.

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Progress programme to improve working practices and enhance service with implementation of office 365 and mobile working solutions.	Strategic Director Transformation & Resources / ICT Manager	Ongoing
2. Use of third party contractors to implement project solutions should this prove to be a cost effective approach.	Head of Resources / ICT Manager	Ongoing
3. Focus on contract monitoring with Capita to clarify any issues and agree any improvements to the approach.	Head of Resources / ICT Manager	March 2018
4. Contract extension for two years	Strategic Director Transformation & Resources / ICT Manager	Complete

Target Risk to be achieved by: March 2017

Responsibility: Strategic Director, Transformation and Resources / Head of Resources

Risk Description 10: Inadequate Health and Safety arrangements within Housing Services and a potential for a serious incident as a result

	Current Risk			
A				X
B				
C				
D				
	IV	III	II	I

	Target Risk			
A				
B				
C				X
D				
	IV	III	II	I

Summary of Current Controls:

1. Various arrangements in place to manage health and safety issues – fire risk assessments, gas boiler checks etc
2. KPI's and reports to monitor performance

Assurance that Controls are in Place:

1. Copies of Fire Risk Assessments and Excel table to monitor progress
2. Minutes if meetings where KPI's discussed

Summary of Actions to further mitigate risks:

1. Development of Health and Safety Policy Statement outlining arrangements
2. Development of Access database and guidance to record key information
3. Consultation with staff before implementing arrangements

Action	Responsibility	Date for completion
1. Develop Health and Safety Policy Statement	Housing Support Manager	September 2017
2. Initial development of Access database	Interim Head of Housing	August 2017
3. Trial database with staff and get feedback	Interim Head of Housing	August / September 2017
4. Further revision of Health and Safety Policy Statement and Database and implement new arrangements.	Housing Management Team	December 2017 – Completed March 2018

Responsibility: Interim Head of Housing

Target risk to be achieved by: March 2018

Risk Description 11: Housing Services working practices and management systems are not fully effective and do not provide value for money.

Current Risk				
A		X		
B				
C				
D				
	IV	III	II	I

Target Risk				
A				
B				
C		X		
D				
	IV	III	II	I

Summary of Current Controls:

1. Housing service plan in place setting out a number of actions
2. Options appraisal of ICT systems issues
3. Regular performance monitoring of core service areas

Assurance that Controls are in Place:

1. Copy of Service plan and minutes of appropriate meetings
2. Copies of performance reports and minutes of meetings where discussed
3. Any project PIDS to deal with identified issues

Summary of Actions to further mitigate risks:

1. Investigation / liaison with possible ICT suppliers – March 2017
2. Identification of particular process issues and rectifying action – March 2017
3. Use of performance information to deal with issues as they arise – March 2017

Action	Responsibility	Date for completion
1. Development of interface with Aaron	Housing Support Manager	Completed June 17
2. Identification of particular process issues and rectifying action.	Tenancy Services Manager / Housing Support Manager	Ongoing
3. Ongoing use of performance information to manage any performance issues.	Tenancy Services Manager / Housing Support Manager	Ongoing
4. Business Case for review of Housing Services and any preferred procurement approach.	Head of Performance and Service Support / Housing Services Manager	November 2017
5. Implementation of project action planning.	Head of Performance and Service Support / Housing Services Manager	December 2017 / Ongoing to March 2019
6. Implement series of policy updates.	Housing Services Manager	March 2018

Responsibility: Interim Head of Housing

Target risk to be achieved by: March 2019

Risk Description 12: Unable to fully implement the requirements of the General Data Protection Act Regulations 2015 (GDPR)

Current Risk					Target Risk				
A			X		A				
B					B				
C					C		X		
D									
	IV	III	II	I		IV	III	II	I

Summary of Current Controls:

1. Current compliance with Data Protection Act 1998
2. Review of current guidance issued by the Information Commissioners Office (ICO) and EU Working Party 29.
3. Internal Audit of Information Governance undertaken.
4. External report on cyber security risks by ZM
5. Work plan developed taking reports items 3 & 4 above into account reporting to OMT
6. Information Governance regular monthly report item on agenda for OMT.
7. Implementation requirements identified and reported to EMT.
8. Information Governance Sub-Group of OMT set up
9. Information Governance Managers Assurance Statements

Assurance that Controls are in Place:

1. Reports to CMT
2. Sub Group of OMT notes dealing with information governance
3. Minutes of meetings CMT/OMT
4. Managers Information Management/Governance Assurance statement & updated as implementation takes place

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
1. Identification of Information Asset Owners	OMT	Completed
2. Appointment of Sub-Group of OMT	OMT	Completed
3. Development of Work Plan	Head of Law	Completed
4. Undertaking actions from Work Plan	Head of Law/Head of Resources/OMT	Ongoing deadline May 2018

Responsibility: Head of Law

Target Risk to be achieved by: May 2018

Risk Description 13: Successful cyber security attack resulting in disruption to service , theft or loss of data / information, financial and reputational damage.

Current Risk				
A				
B				
C			X	
D				
	IV	III	II	I

Target Risk				
A				
B				
C			X	
D				
	IV	III	II	I

Summary of Current Controls:

1. Policies and procedures to date and published on the Council's intranet.
2. Awareness of cyber threats undertaken periodically.
3. Quarterly checks (Nessus scans) undertaken by Capita to identify infrastructure vulnerabilities.
4. Vulnerabilities identified and addressed promptly.
5. Annual IT Healthcheck undertaken which also checks for vulnerabilities and informs the Council's PSN compliance certification with the Cabinet Office.
6. Compliance with principles of Cyber Securities Accreditation.
7. Use of Metaphish tool periodically (3 monthly) to check staff awareness, compliance and follow up.

Assurance that Controls are in Place:

1. Report to EMT highlighting controls in place – planned for September 2017 to raise awareness.
2. PSN Compliance certification – annual assessment.
3. Report to EMT on results of Metaphish exercise.

Summary of Actions to further mitigate risks:

Action	Responsibility	Date for completion
Cyber Security Strategy / Policy development	Chris Mills	March 2018
Report to EMT specifically in relation to Cyber security issues	Chris Mills	30 th September 2017
3 monthly metaphish exercise	Barrie Delf / Capita	Quarterly / ongoing

Responsibility: Head of Resources

Target Risk to be achieved by: March 2018