



Council Offices, Kiln Road,
Thundersley, Benfleet,
Essex SS7 1TF.
Tel. No: 01268 882200
Fax No: 01268 882455



Ann C. Horgan
Head of Governance
Proper Officer

AGENDA

Committee:	AUDIT
Date and Time:	Thursday 22nd April 2021 at 5.p.m <u>(NB Time)</u>
Venue:	Teams Meeting <u>N.B. This meeting will be webcast live on the internet.</u>
Membership:	Councillors Skipp (Chairman), Blackwell, Cutler, May and Mumford Substitutes: Councillors Acott, Ms Drogman, Thomas and Walter
Officers attending:	Lance Wosko, Financial Services Manager Ben Brook, Strategy Policy and Performance Manager Andrew Barnes, Head of Internal Audit Michael Dineen, Senior Manager, Counter Fraud & Investigation Directorate
Also attending	Debbie Hanson, Associate Partner, EY
Enquiries:	Ann Horgan, Ext. 2413

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 16th January 2021 is attached.
- 4. EY Annual Audit Letter for the Year Ended 31 March 2020**
- 5. EY Audit Planning Report Year Ended 31 March 2021**
Report of the External Auditor is attached
- 6. Quarterly Monitoring Report of the Council's Governance Arrangements:**

A report is attached.

7. Corporate Risk Register Update

Report of the Financial Services Manager is attached.

8. Counter Fraud & Investigation Directorate: Quarterly Performance Report:

Report of the Senior Manager, Counter Fraud & Investigation Directorate is attached.

9. Internal Audit Service, Quarterly Performance Report:

Report of the Head of Internal Audit is attached.

10. Audit Committee Work Programme for 2021/22

Report of the Head of Internal Audit is attached.

Agendas and Minutes can be viewed at www.castlepoint.gov.uk

Copies are available in larger print & audio format upon request

If you would like a copy of this agenda in another language or alternative format:

Phone: 0800 917 6564 or email translations@languageline.co.uk



AUDIT COMMITTEE

VIRTUAL MEETING VIA MS TEAMS

21st JANUARY 2021

PRESENT: Councillors Skipp (Chairman), Acott (substitute for Councillor Blackwell), Cutler and May.

ALSO PRESENT: Councillors Riley and Varker.

Head of Internal Audit, Andrew Barnes, Ann Horgan, Head of Governance, Ben Brook, Strategy Policy and Performance Manager, Lance Wosko, Financial Services Manager and Michael Dineen were also present.

APOLOGIES: Councillors Blackwell and Mumford.

33. MEMBERS' INTERESTS

There were none.

34. MINUTES

The Minutes of the meeting held on 24th November 2020, were taken as read and signed as a correct record subject to the addition to show that Councillor Varker was also present at the meeting.

35. MONITORING REPORT OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

A report was presented to the Committee on the findings from the ongoing monitoring of the Council's governance arrangements, and progress against the action plan to address significant governance issues as identified in the Annual Governance Statement.

The following was highlighted. A corporate risk register continued to be in place and was ordinarily subject to monitoring by the Audit Committee and Corporate Management Team (CMT) in full twice a year. However, as a result of the attention on the response to the Covid19 pandemic this had not happened this frequently, although work had begun refreshing the risks on the corporate risk register, starting with a review at CMT in December 2020. Risks were being identified as part of the development of service plans and risks would be escalated to the corporate risk register should the identified issue be considered significant.

An internal audit on business continuity arrangements within the Council was completed in September 2020. This provided partial assurance over the arrangements in place and identified area of best practice for the Council to develop which had now been incorporated into the Council's business continuity activities.

An advisory audit of the Council's project management arrangements indicated a number of recommendations including a further and more comprehensive revision

of project documentation and training. The project documentation was to be revised over the remainder of 2020/21 with training continuing in 2021/22.

Timescales in the Action Plan had been impacted due to Covid-19. Nearly all of the actions following the Planning Improvement Peer Review had either been completed or were ongoing. These include member training, reconstituting the committee, member training and the local plan.

The Committee considered a proposal to reduce the frequency of reporting of the monitoring report to twice per year in April and October with the Annual Governance Statement in the middle summer period.

Resolved:

To note the assurance provided by this report about the operation of the Council's governance framework and approves the new reporting schedule proposal to Committee.

36. COUNTER FRAUD & INVESTIGATION: QUARTERLY PERFORMANCE REPORT (INCLUDING Q1 AND Q2)

The Committee considered a report setting out the progress update made in delivering the Corporate Counter Fraud & Investigation strategy for the Council in 2020/21. The report included the performance of the service which was now aligned to financial year reporting from its previous reporting period set at municipal year.

Appendix A outlined the progress made in delivering the agreed Counter Fraud Proactive Work Plan for this year (2020/21).

The team is making good progress in delivering the planned work which had been revised and reported to the committee in November last year due to impact of Covid 19.

The following were highlighted: Counter Fraud Training: creation of an NFI working group to maintain the council's proactive response to data matches; a review the last 5 years of Right to Buy purchases against the restrictions in place which was on course to completed March 2021.

CFI continued to deliver investigations into incidents of suspected fraud or other economic crime for the council. However just prior to Q1 of 2020 the early stages of the Covid-19 Pandemic took hold of the UK and England was placed into Lockdown. This caused CFI to cease home visits and greatly affected the work normally carried out by the CFI team. However, this was not to suggest we would not continue the work required where possible.

The CFI team continued to receive referrals and progress all investigations that were viable. The value of suspected fraud under investigation amounted to £398,000.

The Committee noted that investigations which could not be progressed due to movement restrictions had been placed within the CFI intelligence system and would result in post Covid-19 checks by CFI officers.

Members discussed and it was agreed to take up a suggestion to make Fraud Awareness more public, as fraud and scams were increasing.

Resolved:

To note the performance of the Counter Fraud & Investigation team to date.

37. INTERNAL AUDIT SERVICE, QUARTERLY PERFORMANCE REPORT

The Head of Internal Audit presented to the Audit Committee a report on progress made in delivering the Internal Audit Strategy for 2020/21.

Appendix A set out the current status of the audit work planned for the year as at 18th December. There had been no changes to audits contained in the original plan considered by the Audit Committee in November 2020.

Appendices B to F summarised the results of the audit work completed this year and for audits completed as part of the 2019/20 audit plan which have not yet been provided but, were reported as part of the Head of Internal Audit report presented to the meeting in November. No minimal assurance opinions had been issued.

As outlined in the Strategy presented to the March 2019 Audit Committee, the team reported on a more limited set of performance indicators this year given the amount of work that was still being contracted out.

A programme of stakeholder surveys was usually produced each quarter, but this was on hold due to the Audit Business Support Officer being re-deployed to the Test and Trace service within Southend Borough Council. It was anticipated that these will be recommenced for the 2021/22 audit year.

Despite this, positive feedback has been received from Officers in relation to the Project and Programme Management audit that had been completed, commenting that it provided a transparent and fair assessment with a supportive approach.

Since the last report to the Audit Committee in November 2020 there had been no changes to the in-house team, although at the time of writing a recruitment exercise is being undertaken for a Senior Auditor position that is currently being advertised with a closing date for applications of 8th January.

The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further deliberations to take place both at an industry level and at a local level.

An in-house team supported by suitably experienced contractors was currently assessed as being the most appropriate team model, utilising the financial

resources available to deliver the internal audit service required by the organisation.

Resolved:

To note the progress made in delivering the 2020/21 Internal Audit Strategy.

38. TREASURY MANAGEMENT MID-YEAR ACTIVITY REPORT:

The Committee considered the Treasury Management mid-year activity report as required by the Council's reporting procedures. It summarised the Council's Treasury Management activity for the first six months of the current financial year. Supporting information was provided within Annexes A and B.

The report met 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 was required to comply with both codes through regulations issued under the Local Government Act 2003.

The results for the nine months to 31st December 2020 continued to demonstrate prudent and efficient treasury management. Although it was disappointing that interest receivable, as with other income streams, would fall below budget this year. The Council would of course adjust estimates and take the necessary decisions to ensure a balanced budget was set and the Council's finances remained robust over the medium term.

Members discussed and asked a number questions on the report.

Resolved:

That following scrutiny, to approve and submit to Cabinet the Treasury Management mid-year activity report for 2020/21.

39. TREASURY MANAGEMENT AND INVESTMENT STRATEGIES 2021/22

The Council must comply with the Code of Practice - Treasury Management in the Public Services, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). As part of this Code the Council was required to approve an annual Treasury Management and Investment Strategy for the forthcoming financial year.

The strategies for 2021/22 were attached as an appendix to this report.

Setting Treasury Management and Investment Strategies were cornerstones for effective treasury management and essential for sound management of the Council's finances. They were an integral part of the Budget Framework. All implications arising from this strategy have been incorporated into the budget due to be approved by Council in February 2021.

Members discussed and asked a number questions on the report.

Resolved:

That following scrutiny, to approve the Treasury Management and Investment Strategies for 2021/22 for onward submission to Council on 24 February 2021 as sections 11 and 12 of the overall Policy Framework and Budget Setting Report.

Chairman

AUDIT COMMITTEE

22 April 2021

Subject: EY Annual Audit Letter for the year ended 31 March 2020

1. Purpose of Report

To present the External Auditor's Annual Audit Letter for 2019/20 to the Audit Committee.

2. Background

This Annual Audit Letter summarises the key issues arising from the work EY has carried out in respect of the 2019/20 year as the Council's auditors and highlights the key findings that should be considered by the Council.

It is intended to be a short document, aimed at the public, to inform them about the results of the audit. It should be posted onto the Council's website and will also be posted on the Public Sector Audit Appointments (PSAA) website.

3. Corporate Implications

(a) Financial Implications

The planned cost to the Council for the Code Audit for 2019/20 was reported to November 2020 Audit Committee as £43,324, however the final proposed fee is £84,998 an increase of £41,674 compared to that planned, as a result of changes to professional and regulatory requirements and additional work required on value for money risks, the Knightswick Shopping Centre and Investment Property valuations and Covid-19 related risks.

This has been discussed with management and is now being considered by PSAA to make a final decision.

(b) Legal Implications

The Council is required to have an external audit of its activities that complies with the requirements of the National Audit Offices (NAO) Code of Audit Practice (the Code). By considering this report, the Audit Committee can satisfy itself that this requirement is being discharged.

(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

This audit work contributes to the delivery of all the Council's Aims and Objectives.

5. Timescale for Implementation and Risk Factors

The Accounts & Audit Regulations 2015 require this report to be considered by a committee of the authority as soon as reasonably practicable after the conclusion of the audit, following which it must be published on the website.

There are no significant issues arising from this report therefore there are no risks to highlight.

6. Conclusion

None

Recommendation

The Audit Committee approves the EY Annual Audit Letter for the year ended 31 March 2020.

Background Papers

- None

Attachments

- EY Annual Audit Letter for the year ended 31 March 2020

AUDIT COMMITTEE**22nd April 2021****Subject: EY Audit Planning Report for the Year Ended 31 March 2021**

1. Purpose of Report

To present the External Auditor's Audit Planning Report for the year ended 31 March 2021 to the Audit Committee.

2. Background

As required by the National Audit Office's 2020 Code of Audit Practice (the Code), the external auditor must produce an audit planning document. This sets out how the auditors intend to carry out their responsibilities in light of their assessment of audit risk. A senior representative of EY (the appointed External Auditor to the Council) will present this report to the Audit Committee and respond to Members' questions.

3. Corporate Implications**(a) Financial Implications**

The prescribed requirements of what needs to be undertaken by the external auditor are defined in the National Audit Office's 2020 Code of Audit Practice and the fee scales are defined by Public Sector Audit Appointments (PSAA) Ltd. The plan and fees proposed reflect the application of these requirements to this Council based upon an assessment of risk which is set out in the Audit Planning Report for the year ended 31 March 2020.

The cost to the Council of external audit for 2020/21 is planned to be £72,197 for the Code Audit, although £28,873 of this is yet to be agreed by PSAA.

(b) Legal Implications

The Council is required to have an external audit of its activities that complies with the requirements of the:

- Local Audit and Accountability Act 2014
- National Audit Office's 2020 Code of Audit Practice
- Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd
- International Auditing Standards and other professional requirements.

By considering this report, the Committee can satisfy itself that this requirement is being discharged.

(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

This audit work contributes to the delivery of all the Council's Aims and Objectives.

5. Timescale for Implementation

The Audit Planning Report sets out the timescales within which the work will be delivered.

6. Risk Factors

Poor performance by the Council in the areas subject to review could result in either a qualified audit opinion or value for money conclusion and may also impact adversely on any corporate assessment. Periodically considering whether the external auditor is delivering the agreed Annual Audit Plan helps mitigate the risk that the Council does not receive an external audit service that complies with the requirement of the Code.

Recommendation

The Audit Committee notes EY's Audit Planning Report for the year ended 31 March 2021.

Background Papers

- National Audit Office's 2020 Code of Audit Practice
- PSAA's 2020/21 Directory of Auditors and Scales Fees

Attachments

- EY Audit Planning Report for the year ended 31 March 2021

Committee: **AUDIT COMMITTEE**

Date: **22nd April 2021**

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

1. Purpose of Report

- 1.1 To present the findings from the ongoing monitoring of the Council's governance arrangements.
- 1.2 To report on progress against the action plan to address governance issues as identified in the Annual Governance Statement.

2. Background

- 2.1 Part of the requirement of the Council's governance arrangements is a monitoring 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 officer and member policies and 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 this group.

3. Monitoring Results for Key Governance Processes

3.1 Consultation and Engagement

- 3.1.1 Assurance arrangements are satisfactory although the degree of engagement varies across services. Services undertake specific consultation as required to inform the development of new policies and shape future service delivery; service plans for 2021/22 include the results of consultations and customer feedback which are used to develop new service plan actions. The Council also continues to carry out customer satisfaction surveys. For example, the Housing Service undertake a range of specific surveys on issues such as repairs & maintenance and voids & lettings. The Leisure Service seek regular feedback from service users which is used to improve the leisure offer. A consultation is currently being run with residents and partners to support the development of the new Corporate Plan.

3.2 Business Planning and Strategy, including Partnerships

- 3.2.1 The arrangements for business planning and strategy are adequate. Service plans for 2021/22 have been finalised, with implementation from April. Progress on delivery of these plans is considered at Directorate Management Team meetings each month. A new corporate plan for 2021-24 onwards is in the final stages of development with key actions from service plans forming part of this document.

- 3.2.2 The Council's policy framework operates satisfactorily; policies and strategies largely continue to be refreshed by services. A register of policies and strategies is in place, updated annually and reported to Cabinet in October. The policy framework is set out in the Policy Framework and Budget Setting report which went to Cabinet and Council in February 2021.
- 3.2.3 Partnership assurance processes are subject to further development work in the 2021/22 financial year. A partnership strategy and framework is now in place; this gives guidance to those considering setting up new partnerships and advice on how to ensure that existing partnerships continue to be effective.
- 3.2.4 Further work is planned to set out the performance reporting arrangements for key partnerships. This work will be informed by an audit of the effectiveness of partnerships in supporting the delivery of the Council's priorities and objectives, which is currently in progress.

3.3 Financial Planning, Reporting and Budgetary Control

- 3.3.1 Robust processes are in place and provide assurance that the arrangements for financial planning, reporting and budgetary control are effective. For example, a budget report is considered by the Executive Management Team (EMT) monthly and by Cabinet Members bi-monthly. The impact of the pandemic on workloads and priorities has meant that the frequency of reporting has been disrupted but will be reinstated from the new financial year. Variances, compared to budget, at year end are reported on all service areas, with commentary on those more than +/- £10k, as well as 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 ten-year rolling financial forecast. A medium term (four-year) forecast is reported through to Cabinet at least four times a year. The forecast is supported by three years detailed budget workings with the remaining years of the forecast being adjusted for future anticipated cost pressures and changes to Council Tax and other sources of funding. Assumptions adopted in the forecast are contained in a detailed report made to Cabinet and 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 2021/22. Full Council agreed the Policy Framework and Budget Setting report in February 2021 which included the financial planning strategy, the medium-term financial forecast and a summary of completed efficiency work.
- 3.3.4 The Covid-19 pandemic had a significant impact on the Council's budget for 2020/21. The Council recognises that the immediate and post recovery impacts of the pandemic are different issues which will require different solutions. As part of setting the 2021/22 budget the Council established an earmarked reserve which will sit alongside the detailed budget and which may be utilised to smooth any continued detrimental impact in 2021/22 which is not covered by Government funding. The reserve may also be used to support the Council in responding to any lasting impact of the pandemic. How this will be addressed longer term is to be considered as part of the 2022/23 budget setting process.
- 3.3.5 Arrangements are in place to ensure value for money (VfM) and the assurance processes are operating appropriately. A new Commercial Strategy is expected to be approved in the early part of the new financial year and will have a positive impact on the Council's arrangements for securing VfM.

3.4 Asset Management

- 3.4.1 There are adequate routine assurance processes in place, which include programmed asset management sessions at Operational Management Team (OMT). Significant asset management issues are referred to the Strategic Asset Group.
- 3.4.2 The Housing Strategy and Corporate Asset Management Plan both contain progress in asset management activities and plans which contribute towards the short-, medium- and long-term aims and objectives of the Council in relation to asset management.
- 3.4.3 Assets are now captured by services in a new section of service plans introduced as optional for 2020/21 and mandatory for 2021/22.
- 3.4.4 A biennial programme of 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.
- 3.4.5 All ITC-related assets – including infrastructure such as servers, network equipment etc – are managed as part of the Council's contract with an external provider.
- 3.4.6 The Council owns a small fleet of vehicles and runs a vehicle maintenance workshop to carry out ongoing checks, servicing and repairs. We look to replace these vehicles with new vehicles every seven to eight years.

3.5 Risk Management

- 3.5.1 The Risk Management Policy and Strategy was refreshed and approved by Audit Committee in January 2018 and a further refresh is now being developed. Two workshops have been delivered to all senior staff on the approach, but have particularly focused on:
 - Designing and implementing efficient controls that have the right effect on Impact and Likelihood
 - Ensuring robust assurances are available when monitoring risk
 - Having a consistent understanding of the approved risk appetite of the Council
 - Everyone contributing to an effective risk management framework that ensures the Council's overall tolerance for risk is not breached.
- 3.5.2 A Risk Management Health Check has been performed by an external consultant and officers are delivering an approach to address the areas for improvement identified by that review.
- 3.5.3 A corporate risk register continues to be in place and is ordinarily subject to monitoring by the Audit Committee and Corporate Management Team (CMT) in full twice a year. However, as a result of the attention on the response to the Covid-19 pandemic this has not happened this frequently, although work has begun refreshing the risks on the corporate risk register, starting with a review at CMT in December 2020. Risks are being identified as part of the development of service plans and risks get escalated to the corporate risk register should the identified issue be considered significant.
- 3.5.4 A revised format for the presentation of the corporate risk register has been developed to make this more accessible, and this is being reported to the Audit Committee for the first time at the April meeting. The work to refresh the approach to risk management during 2021/22 will seek to develop this further and to ensure that managers and services are engaged in the arrangements to assist them with the appropriate management of the risks faced by those services.

3.6 Health and Safety

- 3.6.1 As an employer the Council continues in its aim to meet its statutory Health and Safety duties and employs a competent person to assist with this. The competent person, who as the corporate health and safety lead, maintains an overview of Council arrangements and provides analysis on current management performance. Any significant health and safety issues are escalated to EMT.
- 3.6.2 The key functions of the corporate health and safety lead is to monitor and review departmental health and safety arrangements and advise the Council's OMT in embedding a positive health and safety culture, where risk is managed sensibly and balanced with specific aims to improve overall safety performance. A section on Health and Safety has been added to the 'How it Works' guidance for managers in 2019 and was updated in December 2020.

3.7 Business Continuity

- 3.7.1 An internal audit on business continuity arrangements within the Council was completed in September 2020. This provided partial assurance over the arrangements in place and identified areas of best practice for the Council to develop which have now been incorporated into the Council's business continuity activities.
- 3.7.2 Business continuity arrangements were significantly tested at the beginning of the 2020/21 financial year as large parts of the Council were required to work from home at very short notice following the lockdown announcement at the end of March 2020. However, arrangements for home working, where possible, were quickly put in place and have proved effective over the first and subsequent lockdowns.
- 3.7.3 Revised service level business impact analysis and response plan templates have been produced to further improve usability, clarity and outcomes involving a BC incident.
- 3.7.4 A corporate generic business continuity response plan exists, which has recently been subject to full review and revision, as part of a three-year cycle.
- 3.7.5 The subject of business continuity is incorporated into the quarterly risk management sections of OMT meetings.
- 3.7.6 The Council's emergency planning and business continuity framework document produced in 2018, describes how the Council will go about meeting its duty to be suitably prepared for dealing with emergencies and disruptions to the organisation's ability to deliver its critical services to the public. This will continue to be updated and revised to reflect the changes needed to deal with the Covid emergency and lessons learnt.

3.8 Performance Management

- 3.8.1 Core processes continue to operate satisfactorily, including the production of the corporate performance scorecard, which is reported each quarter to Cabinet. The indicators in the corporate scorecard help to show progress in the delivery of the objectives in the corporate plan. The service plans include performance indicators for both council-run services as well as for services provided on the Council's behalf by contractors or partners. These indicators are updated at least quarterly and are reviewed annually as part of the service planning process.
- 3.8.2 Control arrangements also include the production of performance reports by services from the performance database.

- 3.8.3 At an individual level, all employees are set objectives at the beginning of each appraisal year and performance is discussed in one-to-one meetings and at annual appraisals.

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. Manager Assurance Statements include a self-assessment against data quality arrangements. Internal audit review the arrangements to ensure data quality where this is relevant to any audit work being undertaken.
- 3.9.2 Data quality features on the governance action plan for 2020/21 – training was given at Operational Management Team (OMT) at the March meeting and work continues with internal audit on developing a system of spot checks in areas of risk.

3.10 Information Governance

- 3.10.1 The Council has implemented an information governance strategy, which is underpinned by associated guidance. The Solicitor to the Council acts as the Senior Information Risk Owner. The 'How it Works' guidance also contains a section on information governance which was updated in December 2020.
- 3.10.2 The General Data Protection Regulation (GDPR) became a statutory requirement from 25 May 2018, and together with the new Data Protection Act 2018 which has superseded the Data Protection Act 1998 it expands the rights of individuals to control how their personal information is collected and processed and places a range of new obligations on organisations to be more accountable and transparent when processing personal data. The Council has made good progress in meeting the requirements of GDPR and this work is led by the Solicitor to the Council.
- 3.10.3 The Data Retention Policy was updated in Spring 2019 and a session was held with OMT in June 2019. The Data Policy remains fit for purpose and there are plans to remind OMT of its contents.
- 3.10.4 The Council is currently undertaking an externally provided survey of staff's understanding of GDPR requirements and the arrangements that the Council has in place to address these. Interviews with key members of staff have been completed and the recommendations from this work will be reported in early 2021/22.

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 OMT.
- 3.11.2 The Council's Commissioning and Procurement Strategy was updated in 2018 and the Procurement Toolkit also refreshed in 2018, to reflect changes in legislative requirements and internal procedures.
- 3.11.3 Service plans will continue be used, alongside the contracts register to create a register of planned procurement showing timescales and expected resource requirements. Some training was provided during the 2020/21 financial year and further training on effective procurement practices will be delivered over the 2021/22 financial year and continuously going forward.

3.12 Project Management

- 3.12.1 Assurance processes are subject to further development work. The service plans include an indication of expected projects in the upcoming financial year to help with resource planning.
- 3.12.2 However, an advisory audit of the Council's project management arrangements indicated a number of recommendations for improvement, including a further and more comprehensive revision of project documentation. The audit also identified varying levels of knowledge about the project framework, recommending a programme of training to those in the Council who work on projects to ensure consistency of approach and effective project management. This is picked up in the governance action plan in Appendix 1 to this report.

3.13 Complaints

- 3.13.1 There is a complaints policy in place and complaints are managed in accordance with this policy. Work has been undertaken on the website which has improved signposting to the organisation best placed to respond to the complaint. Recording of complaints in a consistent manner and sharing of learning from complaints is something which requires some development.
- 3.13.2 Work is underway to ensure the complaints process complies with the Housing Ombudsman Complaint Handling Code which is now subject to annual self-assessment. The last two (Local Government) Ombudsman investigations – which were in the 2019/20 financial year – found in the Council's favour.

3.14 Ethical Governance including Fraud & Corruption and Whistleblowing

- 3.14.1 Satisfactory arrangements are in place. A common code of conduct is also in place along with appropriate mechanisms including a Review Committee. New Members of the Council have received induction training on the code of conduct and have completed the necessary register of interests.
- 3.14.2 There are appropriate assurance arrangements in place to ensure high standards of officer conduct. This includes a range of human resource policies and procedures. The processes in place continue to give adequate assurance.

4. Progress on the action plan in the Annual Governance Statement

- 4.1 This report includes, as Appendix 1, the action plan from the Annual Governance Statement with an update on progress against the actions.
- 4.2 Officer involvement in the ongoing response to Covid during Q4 2020/21 has delayed implementation of some of these actions. Detail of expected delay is shown in Appendix 1.

5. 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, beyond those reported in 3.3.

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, beyond those reported in 3.4.

6. Links to Council's priorities and objectives

Assurance processes and improvement work support the delivery of all the Council's priorities and objectives.

7. Timescale for implementation and risk factors

The monitoring of the effectiveness of the assurance framework is ongoing and will be reported in April and September/October each year with the Annual Governance Statement in July. The Council will not be able to fully achieve its objectives and priorities without a robust assurance framework.

Recommendation:

The Audit Committee notes the assurance provided by this report about the operation of the Council's governance framework.

Background Papers: Local Code of Governance

Report Author: Ben Brook, Strategy, Policy and Performance Manager
bbrook@castlepoint.gov.uk 01268 882220

Appendix 1 – Action plan to address significant governance issues identified in the Annual Governance Statement

Number	Issue	Action 2020/21	Date of implementation	Responsible officer	Update on progress
1.	Improve the organisation's understanding of the effectiveness of partnership working	Develop and introduce reporting mechanisms on key partnerships to members and senior managers.	Mar 2021 Jun 2021	Strategy, Policy and Performance Manager	<p>Work has not yet begun on this action and will be informed by an audit of partnerships which is due to conclude early in 2021/22 financial year. The action will therefore not be implemented until end Q1 2021/22.</p> <p>Nevertheless, Cabinet has received updates during 2020/21 on the Community Safety partnership and on the Castle Point and Rochford Health and Wellbeing Board, two key partnerships for the Council.</p>
2.	Address awareness and training needs for project management	<p>Participate in a follow-up audit of project management and use the learning to develop and deliver a training programme for Operational Management Team and others in the Council who manage projects.</p> <p>Develop and implement project governance structures for approval of business cases and ongoing monitoring of key project delivery.</p>	<p>Mar 2021 May 2021</p> <p>Training by Jun 2021</p>	Strategy, Policy and Performance Manager	<p>An advisory audit of the Council's project management arrangements was issued in January 2021.</p> <p>This audit indicated a number of recommendations for improvement, including a further and more comprehensive revision of project documentation, followed by training.</p> <p>The project documentation is now in draft form with training planned to take place in Q1 2021/22</p>

Number	Issue	Action 2020/21	Date of implementation	Responsible officer	Update on progress
3.	Improve the organisation's understanding and application of good risk management	Update the Risk Management Policy and Strategy and implement the remaining areas of focus identified in the health check of risk management.	Dec 2020 Mar 2021	Head of Internal Audit	This action has been delayed and remains work in progress at the end of March 2021 to be completed during 2021/22.
4.	Better corporate coordination of data quality	Raise awareness of the importance of data quality and work with internal audit to develop a system of spot-checks in areas of risk.	Dec 2020 Mar 2021	Strategy, Policy and Performance Manager	Training was given at Operational Management Team (OMT) at the March meeting and work continues with internal audit on developing a system of spot checks in areas of risk.
5.	Coordination of procurement activity to plan required resources to undertake this procurement	Use service plans to create a register of planned procurement showing timescales and expected resource requirements. Training on procurement to be delivered.	Dec 2020 Mar 2021 Mar 2021 Jun 2021	Principal Admin Officer and Procurement Specialist	Service plans and the Contracts Register were used to identify planned procurements and provide Legal information required to ensure capacity. Whilst some online training was offered during the Covid lockdown, other planned training was delayed. There is a risk that the training element of this action may be further delayed by ongoing Covid-19 response work and will need to be revised to reflect the remote working environment.

Number	Issue	Action 2020/21	Date of implementation	Responsible officer	Update on progress
6.	Overdue implementation of the recommendations in the Planning Improvement Peer Review	Implement the outstanding recommendations made in the Planning Improvement Peer Review report.	Oct 2020 Oct 2021	Head of Place and Policy	<p>All of the recommendations of the peer review and the actions in the Action plan are either in place or ongoing – including the progression of the local plan, which is at Examination stage. The first meeting of the newly constituted Development Management Committee is being held in April 2021.</p> <p>The Peer review recommendations include a revisit by the review team. No date has been fixed for this.</p>
7.	Business continuity training and exercising is overdue (audit finding)	Undertake business continuity training and exercising with manager and other relevant staff.	Feb 2021	Principal Admin Officer and Procurement Specialist	<p>Business Continuity training was initiated in November 2020, with annual refresher being planned for relevant managers and staff.</p> <p>Desktop exercises (November 2020) sent to service managers and department heads. These are planned as a continuous six-monthly activity and will reflect required Covid considerations going forward.</p>

AUDIT COMMITTEE

22nd April 2021

Subject: Corporate Risk Register Update Report

1 Purpose of Report

To update the Audit Committee on Risk Management matters, specifically the Corporate Risk Register

2 Links to Council's priorities and objectives

Risk Management arrangements support the delivery of all Council priorities and objectives.

3 Recommendations:

That the Corporate Risk Register is noted.

4 Corporate Risk Register

- 4.1 The Corporate Risk Register has recently been reviewed by the Strategy, Policy and Performance Manager in consultation with Corporate Management Team (CMT) and other key officers.
- 4.2 The updated register has been agreed by Executive Management Team (EMT) and is included as Appendix A to this report.

5 Corporate Implications

a Legal; b Financial; c Human resources and equality implications

Any implications arising from Risk Management procedures and practices, and specifically from the risks on the Corporate Risk Register, will be considered through the Council's normal business management process.

b Timescales for implementation and risk factors

The Corporate Risk Register will continue to be regularly reviewed and updated, and periodically presented to Audit Committee, normally on a six-month cycle.

Robust risk management arrangements help to reduce the risk that the Council's objectives will not be delivered.

Background Papers:

- Risk Management Policy Statement and Strategy

Appendices

- Appendix A – Corporate Risk Register – March 2021

Report Author: Ben Brook – Strategy, Policy and Performance Manager

Corporate Risk Register

March 2021

Guidance notes and explanation

A **Risk** is defined by the Council as a “threat or opportunity which an event or action can have that affects the ability to achieve stated objectives.” These may be internal or external to the Council.

Risk Management is “the process by which risks and opportunities are identified, assessed and managed.” All risks are assessed using the following matrix, which considers:

The **Likelihood** of the risk occurring; and

The **Negative impact**, should it occur.

LIKELIHOOD	Almost certain	4	8	12	16
	Very likely	3	6	9	12
	Likely	2	4	6	8
	Unlikely	1	2	3	4
		Negligible	Material	Severe	Catastrophic
IMPACT					

RED items are HIGH RISK

AMBER items are MEDIUM-HIGH RISK

YELLOW items are MEDIUM-LOW RISK

GREEN items are LOW RISK

Guidance notes and explanation

The matrix is used to assess both the **Current Risk** and the **Target Risk** for each risk in the Corporate Risk Register:

- **Current Risk** considers any mitigating actions or controls already in place and their effectiveness;
- **Target Risk** is the level at which management will accept the risk, determined by risk appetite (i.e. the amount of risk that the Council is willing to seek or accept in the pursuit of its objectives).

Accordingly, for each item in the Corporate Risk Register:

- A summary of the existing controls is set out for the **Current Risk**; and
- A summary of actions to further mitigate risks is set out for the **Target Risk**.

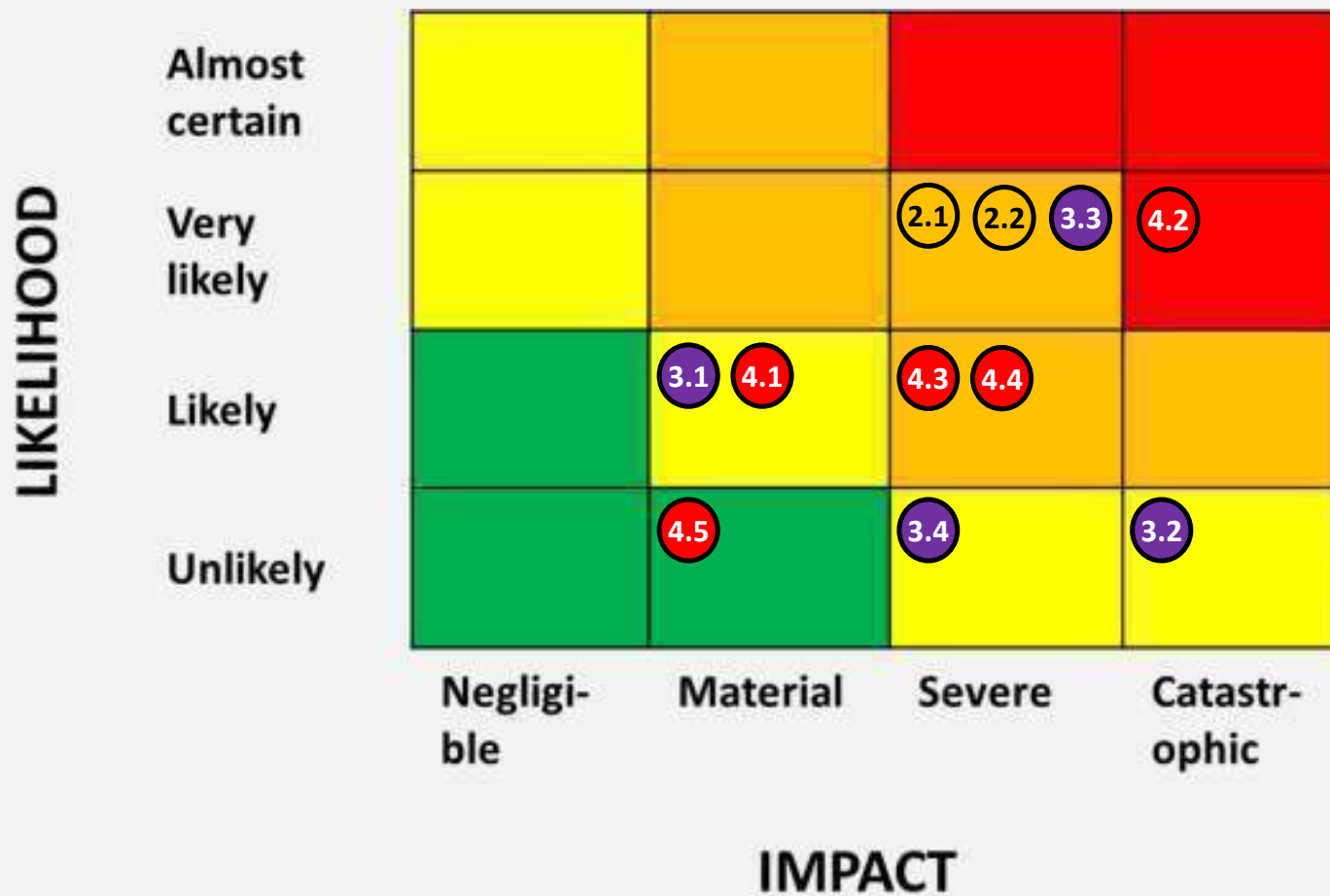
Guidance notes and explanation

Current Risks and **Target Risks** are both ranked using the following table to assess likelihood and negative impact:

LIKELIHOOD			(NEGATIVE) IMPACT			
Ranking	% chance of occurring	Time frequency of occurring	Ranking	One or more of:		
				Disruption to services	% impact on relevant GF or HRA budget(s)	Impact on Council reputation
Almost certain	>85%	Occurs annually or bi-annually	Catastrophic	Over three months	>20%	Significant reputational impact – national press coverage etc.
Very likely	50-85%	Occurs more than once in every three years	Severe	One to three months	10-20%	Impacts across the borough – local press coverage, etc.
Likely	10-50%	Occurs once in every three years	Material	Up to one month	5-10%	Impacts on a community group or particular area of the borough
Unlikely	<10%	Occurs rarely	Negligible	Minor disruption to services	>5%	Impacts on an individual or small number of individuals, but no wider dissemination

Risk “Heat Map”

The below charts show the spread of Current risk scores on the Corporate Risk Register:



Environment Risks

Housing and Regeneration Risks

Health and Community Safety Risks

A Commercial and Democratically Accountable Council Risks

1. Environment

There are currently no risks on the Corporate Risk Register under the priority Environment

2. Housing and Regeneration

2.1

RISK: Non delivery of grant-funded regeneration projects resulting in project failure, loss of grant (current and future) and financial penalties to repay grant

RESPONSIBILITY: Head of Place and Policy / Head of Environment

9

SUMMARY OF CURRENT CONTROLS

1	Regeneration partnership in place
2	Project plan submitted with bids
3	Appointment of consultant to project manage
4	Ongoing site visits and progress meetings with projects manager and contractor; update to Asset Group
5	Regular returns to grants authority/accountable body

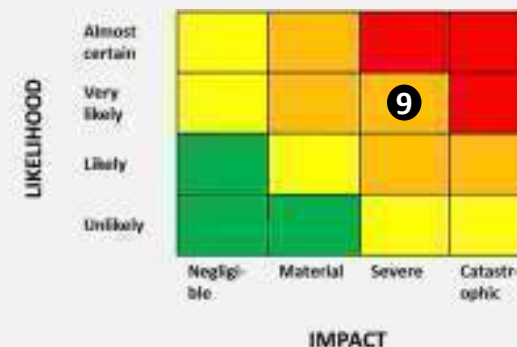
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Minutes of Regeneration partnership meetings
2	Project plan in place
3	Contracts with experienced consultants
4	Progress meeting minutes; valuation summaries; Asset Group minutes
5	Copies of returns

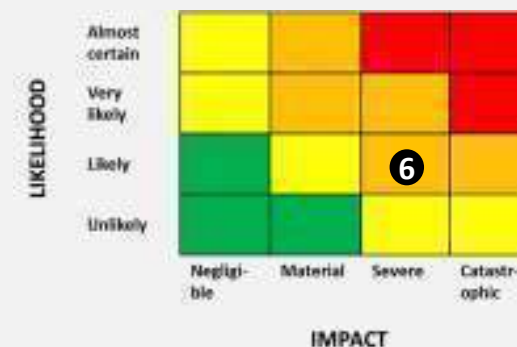
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Ensure that detailed project briefs and timetables are in place for key projects and initiatives, particularly those which may seek to access external funding. Completion of this task heavily dependent on Partners leading the projects and initiatives.	Head of Place and Policy	Ongoing
2	Through PID approach, no projects to proceed to bid stage without a PID, project plan, risk assessment, financial appraisal and resource plan. PID to be approved by EMT/CMT.	EMT	Ongoing
3	Maintenance of corporate project programme.	Head of Place and Policy	Ongoing

CURRENT RISK



TARGET RISK



2. Housing and Regeneration

2.2

RISK: The Local Plan is not sound resulting in no local plan being in place and central government intervention and high costs

RESPONSIBILITY: Head of Place and Policy

9

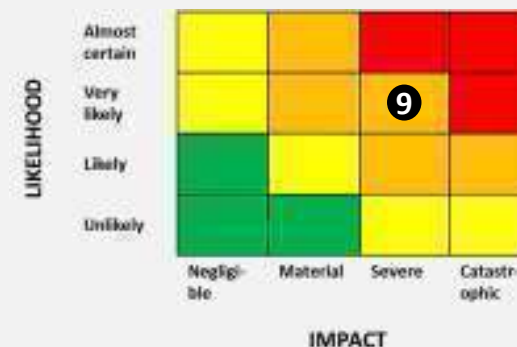
SUMMARY OF CURRENT CONTROLS

1	Member involvement in preparation of the Local Plan.
2	Agreement by full Council June 2018 to proceed to formal consultation on the commencement of the preparation of the New Local Plan 2018 (as required by Regulation 18 of the Town & Country Planning (Local Planning) (England) Regulations 2012). Consultation completed.
3	Service Level Agreement with Essex Place Services to increase resources to deliver.
4	New staff started February and March 2020, including a Local Plan Team Leader increasing resources by 50%
5	Revised Local Development Scheme (LDS) approved by Council June 2018 and revised in October 2019.
6	Local Plan Pre-submission agreed for Regulation 19 consultation in October 2019
7	Reg 19 consultation from December 2019 to February 2020
8	Plan submitted for examination in autumn 2020
9	Planning Inspectorate responsible for conduct of the examination process
10	Council to appoint a Programme Officer to assist in conduct of the examination. Programme Officer works under instruction of the Inspector
11	Plan to review representations and whether further evidence is required

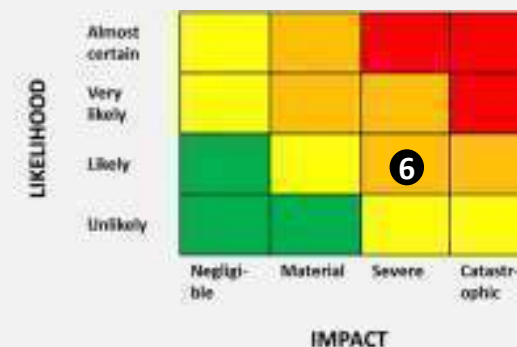
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Minutes of June 18 Council meeting	4	Authorisation to recruit forms
2	Copies of reports and policies prepared by staff and consultants – e.g. Strategic Housing Market Assessment	5	Draft report on revised LDS
3	SLA with Essex Place Services	6	SLA in place with the Planning Inspectorate

CURRENT RISK



TARGET RISK



2. Housing and Regeneration

2.2

RISK: The Local Plan is not sound resulting in no local plan being in place and central government intervention and high costs (contd.)

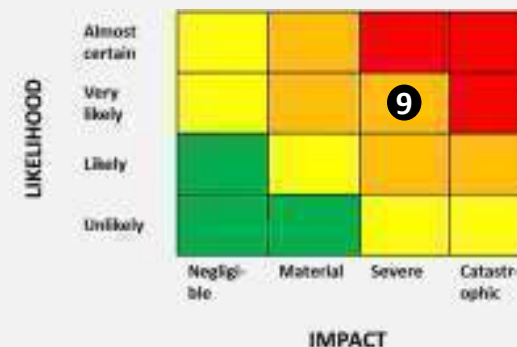
RESPONSIBILITY: Head of Place and Policy

9

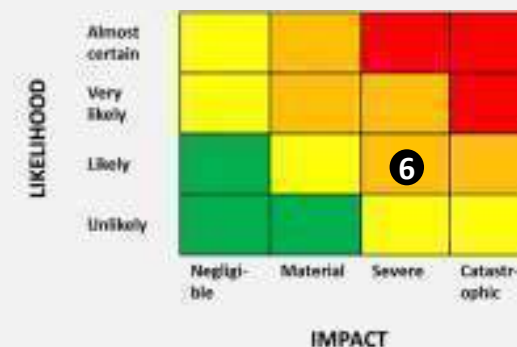
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Local Plan considered by Full Council for pre-submission consultation	Head of Place and Policy	Completed 22 October 2019
2	Publication and Regulation 19 consultation on Local Plan.	Head of Place and Policy	Held from 16 December 2019 to 14 February 2020
3	Submission of plan to Secretary of State	Head of Place and Policy	Submitted Oct 2020
4	Completion of updates to the Infrastructure Delivery Plan, Sustainability Assessment, whole plan viability and the evidence to support the soundness of the Plan	Head of Place and Policy	Ongoing

CURRENT RISK



TARGET RISK



3. Health and Community Safety

3.1

RISK: Partnership arrangements are not fully effective and could result in a focus on work that does not always support Council priorities

RESPONSIBILITY: Corporate Management Team

4

SUMMARY OF CURRENT CONTROLS

1	Head of Licensing and Safer Communities responsible for Local Strategic Partnership (LSP) work
2	Core partnerships are in place and have been mapped, with key strategic partnerships identified
3	Some explicit priorities for some of the key partnerships.
4	Reporting arrangements in place for key partnerships including LSP, Community Safety Partnership and Castle Point & Rochford Health & Wellbeing Board.
5	Revised approach to the Castle Point Regeneration Partnership with a new programme of delivery of regeneration and local plan
6	Statement of Common Ground and Memorandum of Understanding in place in respect of the Association of South Essex Local Authorities partnership. The Council has a key role to play and acts as the accountable body.

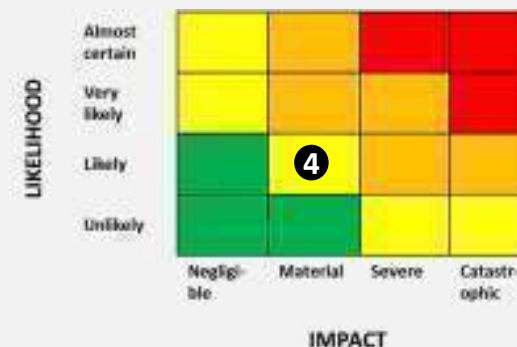
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Minutes of partnership meetings
2	Copies of partnership documentation including terms of reference, strategies and action plans
3	Reports on progress of Community Safety Partnership and Health and Castle Point & Rochford Wellbeing Board submitted to Cabinet

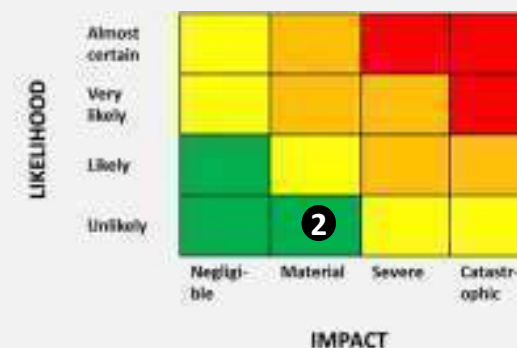
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Internal Audit of Partnership arrangements	Head of Internal Audit	Completed Mar 2017
2	Implement Audit recommendations	Head of Licensing and Safer Communities	Completed Jun 2018
3	Undertake review of arrangements	Strategy, Policy & Performance Manager	Completed Nov 2019
4	Partnership Framework and Toolkit developed and agreed by CMT and shared with OMT	Strategy, Policy & Performance Manager	Completed Mar 2020
5	Follow-up audit on Partnerships focusing specifically on impact on corporate objectives	Strategy, Policy & Performance Manager	TBC once audit completed

CURRENT RISK



TARGET RISK



3. Health and Community Safety

3.2

RISK: Approach to safeguarding not fully effective and embedded in the organisation with lack of clarity on responsibilities

RESPONSIBILITY: Head of Licensing and Safer Communities

4

SUMMARY OF CURRENT CONTROLS

1	Head of Licensing and Safer Communities is the Designated Officer for Safeguarding Children and Vulnerable Adults.
2	Policy and approach set out in Safeguarding Strategy.
3	Monthly monitoring of safeguarding issues at Corporate Management Team (CMT)
4	Established processes and training for relevant staff.
5	Section 11 Audit undertaken every two years by Essex County Council

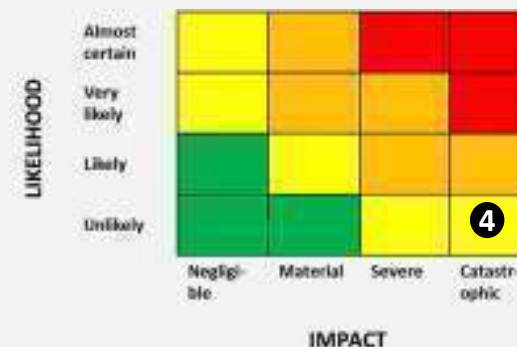
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Safeguarding Policy and Strategy.
2	Monthly CMT reports.
3	Staff training records
4	Section 11 Audit reports

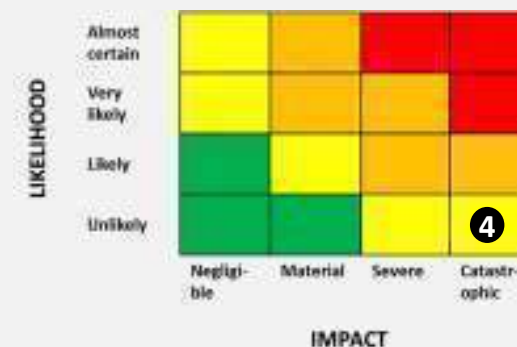
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Await next Section 11 Audit to be undertaken by Essex County Council (re-occurs every two years)	Head of Licensing and Safer Communities	TBC [awaiting date from ECC]
2	Implement recommendations arising from the Section 11 Audit to improve arrangements	Head of Licensing and Safer Communities	TBC [once audit undertaken]
3	Further engagement across services to ensure that safeguarding risks and potential issues are understood and communicated to Head of Licensing and Safer Communities	Strategy, Policy & Performance Manager (through OMT)	May 2021
4	Review of Safeguarding arrangements by Internal Audit	Internal Audit / Head of Licensing and Safer Communities	TBC

CURRENT RISK



TARGET RISK



3. Health and Community Safety

3.3

RISK: Risk of large numbers of households being evicted from rented accommodation causing them to become homeless households requiring support from the Council with limited resources to provide assistance

RESPONSIBILITY: Head of Housing

9

SUMMARY OF CURRENT CONTROLS

1	Ongoing watching brief on progress of site development into properties for sale; Engagement with landlords seeking early notification of proposals.
2	Monitoring of homeless applications received

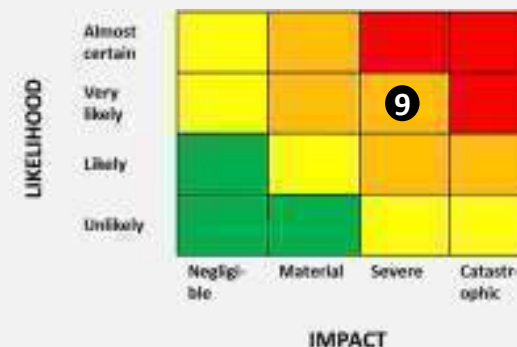
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Records of discussions and agreements with landlords/emails/briefings/file notes
2	Performance reports

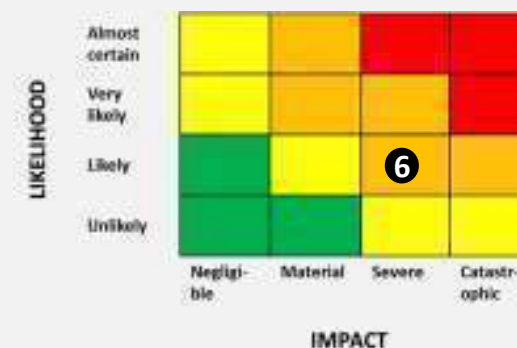
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Continue to explore options for Private Sector Leasing / Direct provision of housing for homeless households; Explore use of Rent deposit Scheme to assist households into the private sector	Housing Services Manager / Housing Options Manager	Ongoing
2	On being made aware of development and potential decants: <ul style="list-style-type: none"> start engagement with owners and regular meetings to plan and mitigate dispersement action plan for expected displacement. Securing 6 month S21 notifications through negotiation 	Housing Services Manager / Housing Options Manager	March 2021 and ongoing

CURRENT RISK



TARGET RISK



3. Health and Community Safety

3.4

RISK: Risk of widespread staff absence from illness and self-isolation caused by Covid-19 pandemic resulting in interruption to service delivery

RESPONSIBILITY: Executive Management Team

3

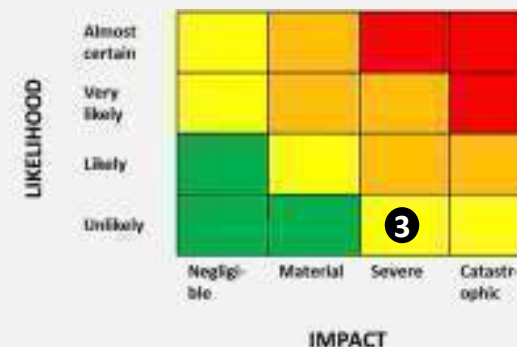
SUMMARY OF CURRENT CONTROLS

1	Ongoing communication amongst EMT and at least a weekly meeting
2	Ongoing participation in the Emergency Planning structure of meetings, including SCGs, with information shared as appropriate
3	Revised Service level BIA and BC plan templates issued; one to one guidance being provided to support updates
4	Specific information gathering exercise to record identified significant issues or concerns that operational managers have concerning Coronavirus and potential impact upon service delivery
5	Identification of critical and non-critical services to enable ITC equipment and remote access to be re-allocated according to need
6	Expansion of remote-working licences to allow more employees to work from home and drop-in sessions offered to help staff to access systems remotely
7	Dedicated webpage to notify the public about the current operational status of the various council services
8	Temporary 'Coronavirus posters displayed to supplement existing permanent hygiene posters
9	Enhanced cleaning regime
10	Additional sanitizer, wipes available
11	Booking system to work in the office to ensure social distancing can be maintained

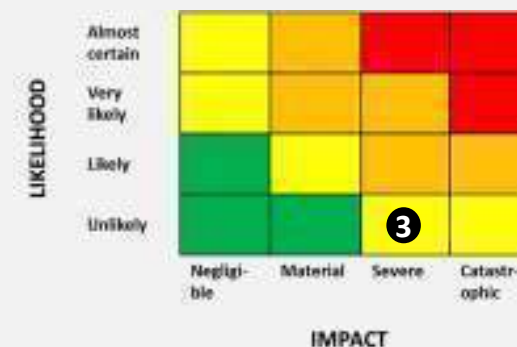
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Meetings taking place and communications to employees	7	Webpage in place and updated regularly
2	Communications following teleconferences	8	Posters on display and communications to staff
3	Updated BC plans	9	Regime in place
4	Record of issues and concerns	10	Additional supplies received
5	Record of critical and non-critical services	11	Booking system in place
6	Additional licences in place		

CURRENT RISK



TARGET RISK



3. Health and Community Safety

3.4

RISK: Risk of widespread staff absence from illness and self-isolation caused by Covid-19 pandemic resulting in interruption to service delivery (contd.)

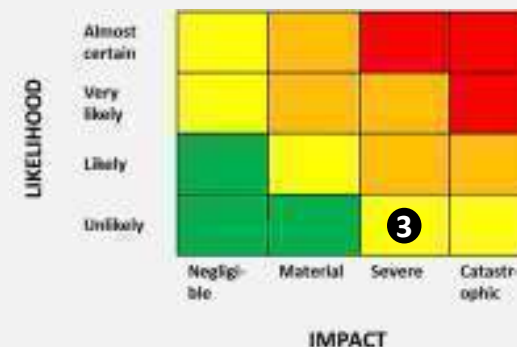
RESPONSIBILITY: Executive Management Team

3

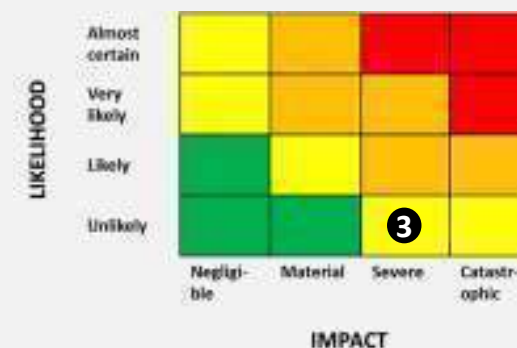
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Identify potential vulnerable staff i.e. age and/or underlying health issues and appropriateness for remote working	HR Manager	Completed March 2020
2	Review and rollout of remote working where appropriate to mitigate spread of COVID-19 amongst staff	IT Manager	Completed March 2020
3	Ongoing review of working arrangements in line with current restrictions	Principal Admin Officer and Procurement Specialist	Ongoing

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.1

RISK: Unable to deliver a balanced budget and achieve financial self-sufficiency

RESPONSIBILITY: Strategic Director (Resources)

4

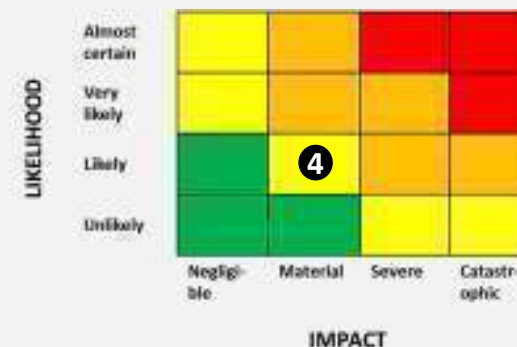
SUMMARY OF CURRENT CONTROLS

1	Medium Term Financial Forecast (MTFF) identifies the value of efficiencies required in order to set a balanced budget for each respective financial year. These may be achieved through reductions in expenditure or achieving additional income.
2	Budget process for 2021/22 completed and balanced budget set (not dependent on achievement of in-year savings). Budget gap currently predicted for 2022/23 c£1m. Ongoing impact of COVID, particularly on fees and charges, is yet to be quantified.
3	Financial management procedures remain unaltered. Regular financial monitoring and reporting is undertaken to EMT and Cabinet. Formal reports to Cabinet approximately bi-monthly with regular updates on issues of a financial nature.
4	Commercial Principles adopted by the Council.
5	All Council reports include reference to financial implications and decisions of a financial nature are taken in the context of the medium term financial forecast.
6	Specific earmarked reserves are maintained in order to manage the impact of changes in funding from business rates or planned fluctuations in expenditure (e.g. IT investment and maintenance of buildings). Additional earmarked reserve established during budget process for 2021/22 to manage ongoing financial implications of COVID-19, particularly on revenue streams.
7	Consistent financial advice provided to EMT & Cabinet.
8	On-going modelling of financial impact of COVID undertaken.

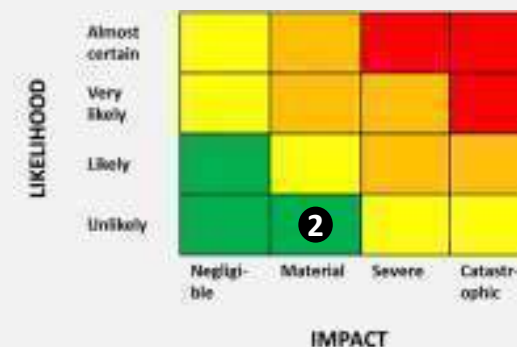
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Budget / MTFF agreed by Cabinet and Council in February annually and record of meetings.	5	Annual Statement of Accounts and accompanying reports to Cabinet and Council.
2	Financial update reports to Cabinet and record of meetings.	6	Financial Management reports to EMT & Cabinet and Assurance statements "signed off" by individual service managers.
3	Commercial Council Principles adopted by Cabinet in February 2018, reaffirmed June 2018 and included in annual budget setting report to Cabinet and Council in February.	7	External Audit Annual Audit Letter.
4	Records of meetings, reports and business cases considered by Cabinet & EMT.		

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.1

RISK: Unable to deliver a balanced budget and achieve financial self-sufficiency (contd.)

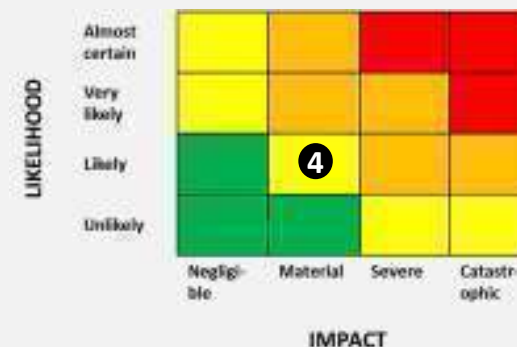
RESPONSIBILITY: Strategic Director (Resources)

4

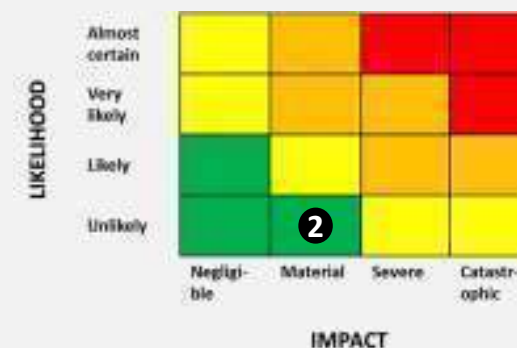
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Establishment of departmental efficiency targets for identification of ongoing savings by service departments – effective from 2022/23.	Strategic Director (Resources)	March 2021
2	Successful achievement of departmental efficiency targets in time for 2022/23 budget approval.	EMT / Heads of Service	December 2021
3	Monitoring of financial developments and forecasting impact on MTFF.	Strategic Director (Resources)	Ongoing
4	Review of Refuse and Recycling Agency spend	Head of Environment	TBA
5	Review of Leisure Services “Bottom Line”.	Financial Services Manager	Ongoing
6	Commercialisation project STALLED	Strategic Director (Resources)	Ongoing
7	Establishment of a commercial strategy	Financial Services Manager	March 2021
8	Implementation of technology roadmap	Head of Customer & Digital Services	Ongoing

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.2

RISK: A long term Housing Revenue Account business plan which is unsustainable in future years

RESPONSIBILITY: Head of Housing

12

SUMMARY OF CURRENT CONTROLS

1	30 year HRA business plan which identifies cost pressures in future years.
2	Capital programme linked to condition survey and re-profiling / cost reduction to help with dealing with income reductions.
3	Ongoing budget monitoring.
4	Completion of full stock condition survey and analysis
5	Housing Asset Management Plan in place and Asset Management Strategy approved by Cabinet

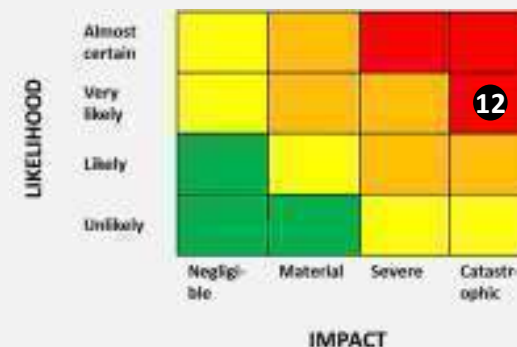
ASSURANCE THAT CONTROLS ARE IN PLACE

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.

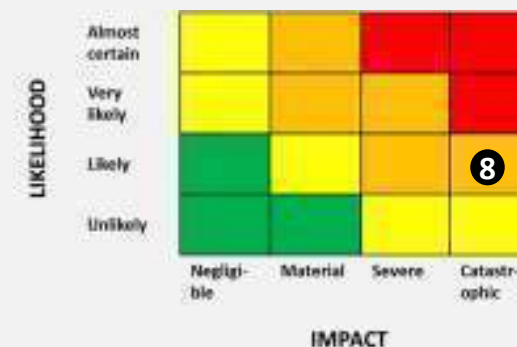
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Review existing information and set capital programme to meet decent homes and identified prioritised repairs requirements	Head of Housing and Communities	Completed February 21
2	Ongoing 30-year business planning with smoothing to ensure long term affordability of capital programme	Head of Housing and Communities	Ongoing
3	Clarify and adjust medium term financial planning to deal with possible lack of financial resources.	Head of Housing and Communities / Housing Development and Finance Manager	Feb 21 / Annual Review
4	Ongoing analysis of government legislation and timescales as well as developments from conferences, etc. to inform planned preparations for Housing Service development	Housing Services Manager	Ongoing
5	Review current debt profile for the HRA and consult with s151 Officer accordingly.	Housing Development and Finance Manager	Feb 21/ Annual Review
6	The development of new Housing at affordable rent to replace revenue lost via RTB with increased income from new build housing at rent levels above social rent.	Housing Development and Finance Manager	End Mar 2022

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.3

RISK: Adequate Business Continuity (BC) arrangements in place that mitigate severe disruption to Council services

RESPONSIBILITY: Strategic Director (Corporate Services)

6

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 (DR) plan in place / Critical software list prepared / IT Disaster Recovery and software access testing.
5	Guidance provided to Managers on Impact Analysis, BC plans completion and sharing plans.
6	BC plans desktop checks or tests undertaken annually.
7	Intruder and Fire alarm systems installed in key corporate buildings (some systems monitored out of hours).
8	EP/BC policy and framework documents outlining corporate response arrangements.

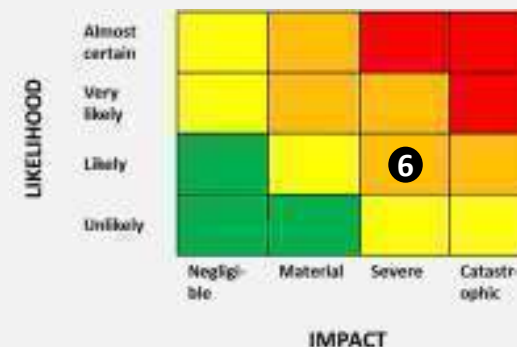
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Minutes of June 18 Council meeting.	4	Authorisation to recruit forms.
2	Copies of reports and policies prepared by staff and consultants – e.g. Strategic Housing Market Assessment.	5	Draft report on revised LDS.
3	SLA with Essex Place Services.	6	SLA in place with the Planning Inspectorate

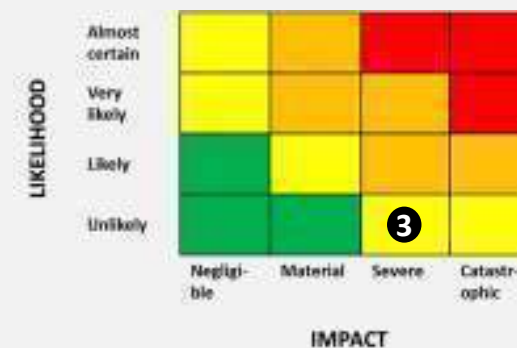
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Services to refresh their Service level BIAs on a revised template to capture additional information and more user friendly	Strategic Director (Corporate Services) / Principal Admin Officer and Procurement Specialist	Completed Dec 2020
2	Annual DR Test – Capita and Services using critical IT applications	IT Service Manager / Capita	Completed Jan 2021
3	Refresh of Corporate Generic Business Continuity Plan	Principal Admin Officer and Procurement Specialist	Completed Dec 2019
4	ICT programme to expand mobile / remote working capability across all service areas	Strategic Director (Resources) / ICT Manager	Completed March 2020

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.4

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

RESPONSIBILITY: Head of Customer and Digital Services

6

SUMMARY OF CURRENT CONTROLS

1	Cyber security strategy in place supported by appropriate policies and procedures. Regularly reviewed and maintained.
2	Awareness of cyber threats raised periodically, and staff advised of new or potential threats as they arise. Frequent communications from ICT Team.
3	Quarterly checks (Nessus scans) undertaken by Capita to identify infrastructure vulnerabilities.
4	Vulnerabilities identified and addressed promptly.
5	Annual IT Health check undertaken which also checks for vulnerabilities and informs the Council's Public Sector Network (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.

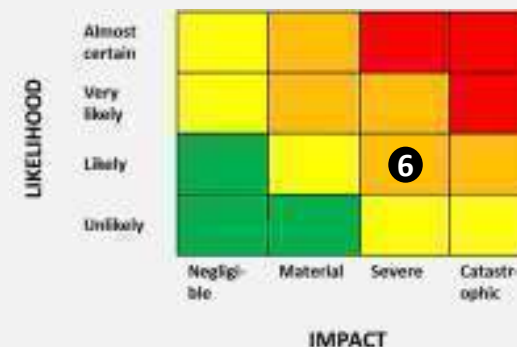
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Reports and action plans arising from quarterly Nessus scans provided by Capita and minutes of monthly Service Level Review (SLR) meetings.
2	LGA local authority survey of Cyber Security arrangements resulting "Amber/Amber" assessment for CPBC.

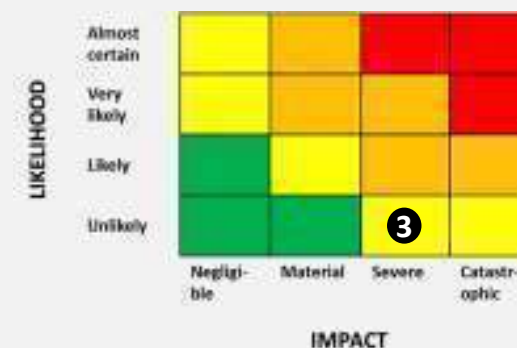
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Metaphish exercise to be expanded to include Councillors/Freeman and outcomes reported to EMT [Quarterly exercise in conjunction with other EOLP members for comparison]	IT Service Manager / Capita	Ongoing
2	Progress Cyber Security Actions – to include awareness sessions and communications for Councillors/Freeman	IT Service Manager	Ongoing
3	Work to ensure ongoing Public Services Network (PSN) compliance certification	IT Service Manager / Capita	Ongoing (annual certification)

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.5

RISK: Income streams from the Knightswick do not meet expectations and/or other unforeseen operational issues/costs result in the centre not being self-funding, with a consequential impact on the General Fund

RESPONSIBILITY: Strategic Director (Resources)

2

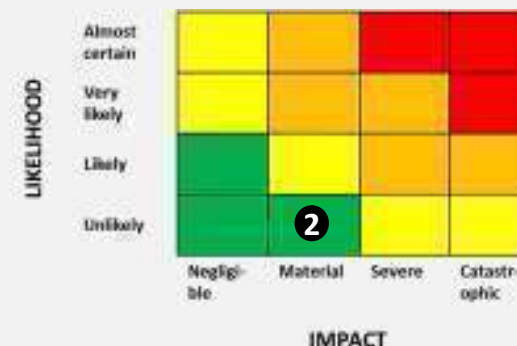
SUMMARY OF CURRENT CONTROLS

1	Routine for monitoring compliance by the Management Agent with legal agreements established with monthly meetings and minutes and highlights reported to EMT monthly (quarterly from April 2021).
2	Prudent income estimates used for modelling affordability (and used for ongoing budgeting purposes) which incorporated a 15% allowance for vacant units or other income reductions. Informed by work undertaken by external advisors.
3	Appropriate vetting of potential lessors by Management Agent.
4	Provision for bad debts maintained and debtors regularly reviewed.
5	"Opting to Tax" the site for VAT purposes, in order to protect the Council's VAT position.
6	Maintenance of insurance for loss of revenue – protecting the Council's position.
7	Review and retender of existing contracts associated with the Knightswick by the Management Agent in order to identify potential cost savings.
8	The creation of an exit strategy, based on the estimated residual value if asset were sold in the future, including the use of an earmarked reserve to preserve any annual surplus of rental income over costs such as interest charges and Minimum Revenue Provision (MRP) charges. This is intended to protect the Council's position in the unlikely event that the asset would need to be disposed of in the future.
9	A clear long-term investment strategy for the centre and land within the ownership of the Council that is deliverable and viable and achieve regeneration aims for the town centre that will also offset risk.

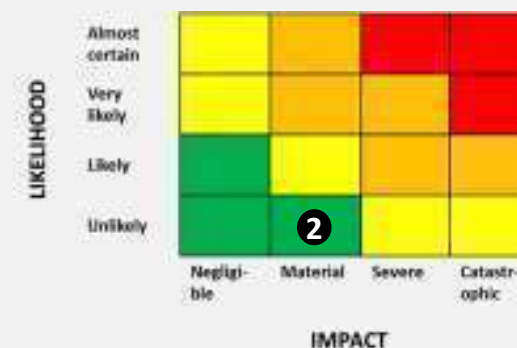
ASSURANCE THAT CONTROLS ARE IN PLACE

1	Minutes of July 2019 Cabinet and Council meetings (both private business items) setting out the processes undertaken during the acquisition.
2	Reports and minutes from meetings with Management Agent.

CURRENT RISK



TARGET RISK



4. A Commercial and Democratically Accountable Council

4.5

RISK: Income streams from the Knightswick do not meet expectations and/or other unforeseen operational issues/costs result in the centre not being self-funding, with a consequential impact on the General Fund

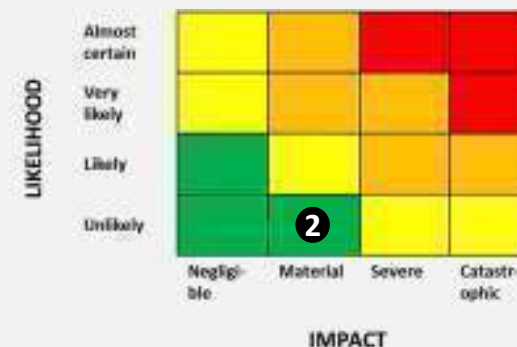
RESPONSIBILITY: Strategic Director (Resources)

2

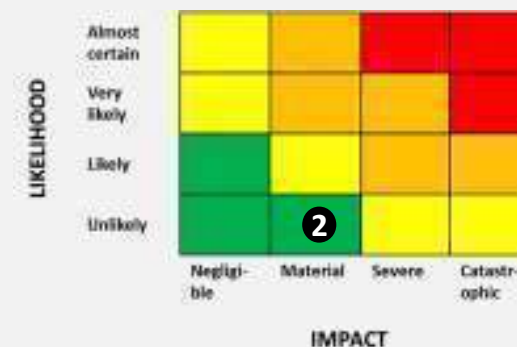
ACTIONS TO FURTHER MITIGATE RISKS

	ACTION	RESPONSIBILITY	DUE DATE
1	Operational Risks reported and discussed at regular monitoring meetings with the Management Agent.	External Management Agent / Strategic Director (Resources)	Ongoing
2	Regular monitoring of income streams and costs, and inclusion in Financial Update reports as required.	External Management Agent / Strategic Director (Resources)	Ongoing
3	Ongoing review of the earmarked reserve balance and MRP charges, primarily during the annual budget setting process and at the end of each financial year.	Strategic Director (Resources) / Chief Accountant	Ongoing
4	Continue to let units on a commercial basis and minimise voids.	Management Agent	Ongoing

CURRENT RISK



TARGET RISK



AUDIT COMMITTEE

22nd April 2021

Subject: Counter Fraud & Investigation: Quarterly Performance Report (Q3)

1. Purpose of Report

To update the Audit Committee on the progress made in delivering the Corporate Counter Fraud & Investigation strategy for the Council in 2020/21.

The report includes the performance of the service which is now aligned to financial year reporting from its previous reporting period set at municipal year.

2. Counter Fraud Proactive Work Plan

Appendix A outlines the progress made in delivering the agreed Counter Fraud Proactive Work Plan for this year (2020/21).

The team is making good progress in delivering the planned work. If during the year any changes or additions to the plan are proposed between CFI and the Section 151 Officer, these will be brought back to the Committee and included in an amended work plan. The work that CFI has been completing has been delayed and was officially recommended by the committee in October last year due to the delayed committee hearings, for clearly correct and obvious reasons.

3. Investigations

CFI continues to deliver investigations into incidents of suspected fraud or other economic crime for the council. However just prior to Q1 of 2020 the early stages of the Covid-19 Pandemic took hold of the UK and England was placed into Lockdown. This caused CFI to cease home visits and greatly affected the work normally carried out by the CFI team. However, this was not to suggest CFI would not continue the work required where possible.

The CFI team continue to receive referrals and progress all investigations that are viable. Below are the figures recorded by the CFI crime management system during Q3.

The figures represent activity undertaken during Q3 of 2020

Number of suspected fraud reports received within Q3:	6
Number of Closed investigations during Q3:	5
Number of ongoing investigations:	7
Value of suspected fraud under investigation:	£128,500

As can be seen the CFI has maintained investigations throughout this time and those that could not be progressed due to movement restrictions have been placed within the CFI intelligence system and will result in post Covid-19 checks by CFI officers.

4. Contribution to Council's Aims and Priorities

Work undertaken to reduce fraud and enhance the Council's anti-fraud and corruption culture contributes to the delivery of all its aims and priorities.

CFI have also been working with the revenues department to assist in the 'pre and post assurance' checks on grants that were administered by the council on behalf of HMG which related to Covid-19 stimulus packages.

CFI have formed part of the discussions with regards to 'post assurance' undertakings, working with the Audit and Revenues departments. This will continue with a new swath of grants being administered for HMG concerning Covid-19 business grants, these are similar in nature to previous, although there are greater 'pre-assurance' requirements placed onto the local authority.

The CFI team have checked in excess of 800 applications against the government designed analytical tool, SPOTLIGHT. It has resulted in a number of 'anomalies' within some of applications and these are currently being developed by the CFI team. These have not been recorded as 'crimes' at this time.

Financial Implications

Proactive fraud and corruption work acts as a deterrent against financial impropriety and might identify financial loss and loss of assets.

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

Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and insurance claims.

Legal Implications

The Accounts and Audit Regulations 2015 Section 3 requires that:

The relevant authority must ensure that it has a sound system of internal control which:

- *facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- *ensures that the financial and operational management of the authority is effective*
- *includes effective arrangements for the management of risk.*

The work of the Directorate contributes to the delivery of this.

People Implications:

Where fraud or corruption is proven the Council will:

- take the appropriate action which could include disciplinary proceedings and prosecution

- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate.

Property Implications

Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity. This action will benefit the authority by means of returning housing stock to those in need or gaining the assets of those who seek to profit from their criminal behaviour.

It is unfortunate that during this Pandemic and number of 'Abandonment' referrals could not be progressed due to the restrictions being placed on the team through risk assessments, however the CFI will maintain records of these and ensure that these matters are looked into post Covid-19 with proactive work taking place to ascertain if any of the referrals are continuing to be committed.

Consultation / Equalities Impact Assessment:

None

Risk Assessment

Failure to operate a strong anti-fraud and corruption culture puts the Council at risk of increased financial loss from fraudulent or other criminal activity.

Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.

Value for Money

An effective counter fraud and investigation service should save the Council money by reducing the opportunities to perpetrate fraud, detecting it promptly and applying relevant sanctions where it is proven.

The CFI continue to work on criminal behaviour and pursuing those that commit crime against the authority. One of these elements is our Criminal Finance Team (CFT), who currently utilise the Proceeds of Crime Act to recoup monies from those offending against the authority.

Community Safety Implications and Environmental Impact:

None

Recommendations

The Audit Committee:

- The Audit Committee notes the performance of the Counter Fraud & Investigation team to date.

Background Papers

Fighting & Corruption Fraud locally, the Local Government Fraud Strategy

Crowe Whitehall & Clarke Annual Fraud Indicator 2017

Appendices

Appendix A: Counter Fraud Proactive Work Plan

Report Author: Michael Dineen, Strategic Lead for Counter Fraud & Investigation.

Counter Fraud & Investigation



Counter Fraud Pro-Active Work Plan

2020/21



Proactive Work Plan

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Counter Fraud Training	December 2020	Staff training is still difficult, however it is taking place on Teams meetings. This is not ideal and it is hoped that 'in-house' engagement will take place in the coming months.	Phil Butt	
Council-wide	Review & Update Counter Fraud, Bribery and Corruption Guidance	Expected in year	Currently being reviewed by Assistant Director - CFI	Michael Dineen	
Council-wide	Review & Update Counter Money Laundering Policy	Expected in year	Currently being reviewed by Assistant Director - CFI	Michael Dineen	
Council-wide	Review & Update Whistleblowing Policy	Expected in year	Currently being reviewed by Assistant Director - CFI	Michael Dineen	
Council-wide	Create an NFI working group to maintain the council's proactive response to data matches.	From April 2020	NFI meetings now take place and the process is becoming smoother. This will in turn allow for more investigations to take place by CFI.	Nick Coker	

Risk Area	Activity	When	Current Status	Responsible Officer	Date Complete
Council-wide	Cyber-crime risk assessment across the council.	March 2021	This has been delayed due to CPBC changing its ICT supplier. The new supplier now needs to be engaged and contribute appropriate information.	David Nash	
Council-wide	Provide a Cyber Incident Response Policy	March 2021	Currently linked to the Cyber-crime risk assessment. This new policy will move the council forward in its threat response.	David Nash	
Council-wide	Review the last 5 years of Right to Buy purchases against the restrictions in place.	March 2021	This is currently being run and results will be available at the next committee.	Nick Coker	
Council-wide	Review the last 5 years of successions against intelligence data.	March 2021	This is currently being run and results will be available at the next committee.	Nick Coker	



AUDIT COMMITTEE

22nd April 2021

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 2020/21.

2. Internal Audit Plan Status

Appendix A sets out the current status of the audit work planned for the year as at 29th March.

There has been one additional audit added to the original plan considered by the Audit Committee in November 2020. This is the Business Rates Grants, Post Payment Assurance work that was required by the Department for Business, Energy and Industrial Strategy.

The Private Sector Housing audit has been removed from the plan. This was initially put on hold due to the increased workload of the Environmental Health team in response to the Covid-19 pandemic and, due to the time that has now passed, this work will be revisited at a later date.

The planned audit work on the Development of the CRM Specification, has been deferred to 2021/22 as a result of the Council's project being placed on hold while the Council responds to the pandemic.

3. Audit Opinions and Themes

Appendix B summarises the results of the audit work completed since the last report in January.

4. Performance Targets

As outlined in the Strategy presented to the November 2020 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.

As at 29th March 2020:

- For the period since 1st April 2020 the team had sickness absence which equates to 11.02 days per FTE. This is primarily as a result of three members of the team requiring long periods of sickness absence.
- of the 19 jobs in the plan:
 - four are completed
 - five have the audit work completed with a report being produced
 - one has the first round of audit work completed, an interim report with the business and further audit work underway

- six are in progress
- three are being scoped and planned or have terms of reference produced.

A programme of stakeholder surveys is usually produced each quarter, but this is on hold due to the Audit Business Support Officer being re-deployed to the Test and Trace service within Southend Borough Council. It is anticipated that these will be recommenced for the 2021/22 audit year.

5. Resourcing

Since the last report to the Audit Committee in January 2021 there have been no changes to the in-house team. A recruitment exercise was undertaken to fill a Senior Auditor position, but this was unsuccessful. Work is now underway with the recruitment provider to determine an alternative approach to filling this position and the succession planning for the team.

This leaves the team with five vacancies. The salaries of the vacant posts are currently being used to fund alternative audit resource brought in from two accountancy firms to assist with delivery of the audit plan.

The expected requirements of the internal audit service into the future continue to evolve and the impact of Covid-19 is causing further deliberations to take place both at an industry and a local level. An in-house team supported by suitably experienced contractors for specifically focussed work is currently assessed as being the most appropriate team model, utilising the financial resources available. The ongoing development of the team to implement this approach is being worked on and will result in an appropriate mix of experienced staff, trainees who will be put through a relevant training programme and externally sourced skills for focussed pieces of work. This will enable the team to deliver the internal audit service required by the organisations that it serves.

6. 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.

7. 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 the Council's Aims, Targets and Objectives.

9. Timescale for Implementation

The Audit Plan relates to the 2020/21 financial year.

This is a key piece of evidence available to the Audit Committee when reviewing the Annual Governance Statement, which will be presented to the Audit Committee as part of the annual reporting arrangements after the end of the financial year.

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 regular Monitoring Report on 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 suppliers won't deliver contracted out work within the required deadlines or to the expected quality standards
- need to maintain relationships with clients / partners.

Recommendations:

The Audit Committee notes the progress made in delivering the 2020/21 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 2020/21

Appendix B Opinions and Themes – Other Audits and Grants

Report Author: Andrew Barnes, Head of Internal Audit

Appendix A: Internal Audit Plan 2020/21

Dept	Service Activity	Fraud risk	Status as at 29/3/2021
Managing the Business			
All Aims			
C&D	Letting of the ICT Contract To provide timely independent assurance that the re-procurement of the ICT contract is being effectively managed to ensure the procurement process complies with, where relevant, regulations / policies / procedures and is administered fairly, in order to identify the most economically advantageous and effective solution.	Yes	Completed March 2021
C&D	Implementation of the ICT Contract To assess the adequacy of arrangements in place to ensure the handover to and implementation of a new ICT contractor ensures continuity of service and minimal disruption to the Council.	No	Work in progress
Res	Financial Sustainability Following Covid-19 To assess the adequacy of arrangements around budget monitoring for 2020/21, financial assumptions and forecasts used to inform the budget setting for 2021/22 and ensure the Council is prepared for any potential financial impact as a result of Covid-19.	Yes	Planned for Q4
Managing Service Delivery Risks			
Aim: Environment			
Env	Health and Safety To assess the robustness of the arrangements in place to ensure health and safety risks within the workplace are effectively and efficiently identified, assessed, responded to, and reported against, in line with legislation.	No	Work in progress

Appendix A: Internal Audit Plan 2020/21

Dept	Service Activity	Fraud risk	Status as at 29/3/2021
Aim: Housing and Regeneration			
H	Housing Management System Project Management To assess whether appropriately robust project processes have been established to ensure the new Housing Management System is fully operational within the intended timeframes as well as achieving the expected benefits.	No	Interim feedback provided to the Project Board Work planned to re-commence in March 2021
H	Preparedness for Replacement Responsive Repairs Contractor To assess the adequacy of arrangements in place to manage a change in contractor, in order to ensure a seamless service to tenants.	Yes	Work in progress
Env	Private Sector Housing (2019/20) To assess the effectiveness of the Environmental Health service's arrangements for the safeguarding and wellbeing of private sector housing and residential caravan tenants, and that these arrangements fulfil the Council's legal obligations.	Yes	Removed from the plan. initially put on hold due to the increased workload of the Environmental Health team in response to the Covid-19 pandemic. Due to the time that has now passed, this work will now be revisited at a later date.
H	Housing Management SLA with South Essex Homes (2019/20) To assess whether there are robust management and monitoring arrangements in place to ensure the SLA is being fully and effectively delivered, thereby enabling the Council to realise the property management services desired objectives and / or outcomes.	Yes	Report being drafted

Appendix A: Internal Audit Plan 2020/21

Dept	Service Activity	Fraud risk	Status as at 29/3/2021
Aim: Health and Community Safety			
All	Partnerships To assess the effectiveness of arrangements to ensure the Council's strategic partnerships enable effective joint working and support the delivery of the Council's corporate priorities and objectives.	Yes	Work in progress
SD, MO	Safeguarding (2019/20) To assess whether the Council has robust arrangements in place to discharge its statutory responsibilities with regard to safeguarding and promoting the welfare of adults and children in accordance with the statutory requirements.	No	Terms of Reference agreed, resource being organised
Aim: All Aims			
C&D	Development of the CRM Specification To assess the adequacy of arrangements to determine and develop the specification for the new CRM system, ensuring its ability to deliver efficiencies through technology while maintaining excellent customer services.	Yes	Work paused due to the CRM project being placed on hold due to Covid-19
Key Financial Systems: All Aims			
Res	Income Receipting and Banking To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.	Yes	Report being drafted

Appendix A: Internal Audit Plan 2020/21

Dept	Service Activity	Fraud risk	Status as at 29/3/2021
Res	General Ledger To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.	Yes	Report being drafted
<i>Implementing Action Plans</i>			
All	Accounts receivable To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.	Yes	Report being drafted
All	Accounts payable To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.	Yes	Report being drafted
Grant Claims			
Env	Disabled facilities capital grant determination To confirm the monies have been spent in accordance with the terms of the grant.	Yes	Completed October 2020
P&P	Interreg Go Trade grant To confirm the monies have been spent in accordance with the terms of the grant.	Yes	Claim 6 completed in September 2020 Claim 7 completed in March 2021
C&D	Business Rates Grants, Post Payment Assurance To confirm the Small Business Grant, Retail Hospitality and Leisure, and Discretionary Grant Fund grants have been awarded in accordance with the terms and conditions of the grant.	Yes	Work in progress

Appendix A: Internal Audit Plan 2020/21

Dept	Service Activity	Fraud risk	Status as at 29/3/2021
Advice and Support Work			
Aim: A Commercial and Democratically Accountable Council			
Res	Knightswick Centre To provide advice, support and challenge over the contract management arrangements being developed to ensure the Knightswick Centre is well managed and remains financially viable.	Yes	Work in progress
P&P	Development Control Peer Review To provide advice, support and challenge over the arrangements in place to address the recommendations of the April 2019 Peer Review.	Yes	Terms of reference
All	Project and Programme Management To assess the design and application of the Council's Project and Programme Management Framework and provide advice and support on the development and implementation of a revised framework that can be used to manage and deliver plans, strategies and projects within the Council and borough.	Yes	Completed December 2020

Appendix A: Internal Audit Plan 2020/21

Managing Delivery of the Audit Plan			
	Audit Planning and Resourcing		
	Managing Audit Plan Delivery		
	Reporting to Executive Management Team and Audit Committee		

Audit Activities	Resource allocation
Managing the Business	15%
Managing Service Delivery Risks	36%
Key Financial Systems	13%
Grant Claims	10%
Advice and Support	17%
Managing Delivery of the Audit Plan	9%
Total	100%
Total Council Audit Plan Days	230

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

Analysis Over Departments		
Env	Environment	10%
H	Housing	15%
P&P	Place and Policy	6%
C&D	Customer and Digital	24%
Res	Resources	20%
SD, MO	Strategic Director, Monitoring Officer	0%
All	Cross cutting	16%
All	Managing Delivery of the Audit Plan	9%
	Total	100%

Appendix A: Internal Audit Plan 2020/21

Risk Watch List	
H	Housing Strategy
SD, MO	Estate Management
Env	The Paddocks
C&D	ICT Steering Group
All	Performance Management
H	Compliance with Construction, Design and Management Regulations
H	Sheltered Housing
Env	Food Premises Inspections
All	Council Commercialisation
H	Housing Allocations
H	Sustainability of the Housing Revenue Account
P&P	Regeneration Partnership
H	Management of Void Properties
H	Implementation of Health and Safety Legislation Post Grenfell
C&D	Universal Credit
Res	Procurement Hub
P&P	Building a Safer Future
All	Data Strategy
All	Governance Arrangement for Grant and State Aid Funding
Res	Workforce Management
P&P	Building Control

These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit or the risk profile change.

Appendix B: Other Audits and Grant Claims

Housing Management System Project Management

Internal Audit have reviewed key project documentation and provided management with feedback and interim recommendations to either strengthen the project control environment or highlight where further clarity is required for the process to operate effectively. Feedback was provided in the following key areas:

- clarification of the project's governance processes and associated roles and responsibilities
- the effective management of project assumptions and dependencies to ensure the critical path remains achievable within the agreed limits
- further development of processes to ensure project outputs and outcomes are delivered to an acceptable standard and that benefits can be fully realised
- advice to strengthen project option papers and ensure the project board and Cabinet are able to make fully informed decisions.

Internal Audit intend to revisit the implementation of these recommendations and complete our remaining audit work during March 2021, once an updated Cabinet decision has been made and the project scope and timeline has been confirmed.

Interreg 'Go Trade' grant

Purpose of funding

The 'Go Trade' project, led by Basildon Council, supports the development of high quality local markets in the South of England and North of France. The project will create a unique brand of high quality markets that is expected to increase the number of local and tourist visitors to the town.

The project will also offer support to traders by using modern methods of communication to help them market their products and by introducing digital technologies such as 'click and collect'.

Certified traders will also be given GoTrade passports that will enable them to travel and trade at any of the GoTrade markets in France and the UK.

Opinion: Unqualified opinion on expenditure to the end of December 2020 submitted in March 2021.

Appendix B: Other Audits and Grant Claims

Letting of the ICT Contract

Original Objective

To provide timely independent assurance that the re-procurement of the ICT contract is being effectively managed to ensure the procurement process complies with, where relevant, regulations / policies / procedures and is administered fairly, in order to identify the most economically advantageous and effective solution.

Approach to the work

The work was timed to fit around the deadlines for the key stages of the procurement process and verbal and / or e-mail feedback, as appropriate, was provided after each stage.

Key Themes

The procurement has been administered fairly, in order to identify the most economically advantageous and effective solution.

Some feedback to improve the robustness of future procurements has been discussed with officers. This covers:

- Producing and disseminating a guidance protocol for officers on the conduct of audible moderated sessions which take place and are recorded via Microsoft Teams (as the recording could be requested as a Freedom of Information request and used as part of a challenge to the procurement arrangements), or alternatively, producing and recording in the moderated scoring manual record narrative of the reasons and reasonings linking bidders' responses to the allocated consensus scores only, to capture the required evidence of the decision making process.
- Evidencing the rationale linking bidders' responses to the published scoring criteria on individual scoresheets, thereby capturing the areas of the evaluation which will stimulate discussion at the moderation session that follows, and where the consensus scores (see above point) are agreed.

In addition, it was recommended that evidence of the winning bidder's self-certified responses to the pass / fail criteria published in the Invitation to Tender evaluation matrix be obtained and retained to ensure that their alternative accreditations to those detailed met the Council's underlying requirements for an IT service provider. (Regulatory guidance allows for bidders to 'self-certify' their responses and for evidence only to be obtained from the preferred bidder prior to contract award).

AUDIT COMMITTEE

22nd April 2021

Subject: Audit Committee Work Programme for 2021/22

1. Purpose of Report

To present the outline 2021/22 work programme for the Audit Committee for consideration.

2. Background

The timetable for approving the Statement of Accounts has changed as a result of the impact of the Covid-19 pandemic. So for the 2020/21 Statement of Accounts that will be audited during 2021, the:

- Section 151 Officer is required to sign and publish them in draft by 31 July 2021
- external auditor is required to issue an audit opinion on them by 30 September 2021, so that they can be published as audited by that date.

The Audit Committee has a key role to play in this process, as it receives the report on the audit of the Statement of Accounts from the external auditor. Therefore, its meeting cycle for the 2021/22 municipal year reflects these requirements.

3. Proposed Work Programme

Appendix A sets out the proposed work programme for the year.

In principle, the approach adopted to producing the work programme is that:

- annual plans and policy refresh type reports will be the focus for the April meeting
- progress reports will go to the July meeting
- annual governance reports as well as those relating to the Statement of Accounts will go to the September meeting
- January considers progress made on delivering annual governance type action plans as well as the Treasury Management Strategy and Grant Claims work.

4. Corporate Implications

Financial Implications

None.

Legal Implications

The Accounts and Audit Regulations 2015 require councils to:

- conduct a review of the effectiveness of its system of internal control each financial year
- prepare an annual governance statement
- present the findings of this review to a committee or full Council to consider prior to approving the annual governance statement.

This is the role that has been delegated to the Audit Committee by Council. The work programme has been constructed to enable the Audit Committee to fulfil this role.

Human Resources and Equality Implications

None.

IT and Asset Management Implications

None.

5. Links to Council's Priorities, Objectives and Targets

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

6. Timescale for Implementation

The work programme relates to the 2021/22 Audit Committee cycle.

7. Risk Factors

Without an effective Audit Committee, the Council is at risk of not obtaining on-going assurance as to the robustness of its governance, risk management and control framework. An ineffective system of internal control potentially puts the delivery of Council services at risk.

Recommendation:

The Audit Committee approves the outline work programme for 2021/22.

Background Papers

- The Accounts and Audit (Amendment) Regulations 2021
- Audit Committee Practical Guidance for Local Authorities and Police 2018 Edition
- UK Public Service Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards

Appendices

Appendix A Audit Committee Work Programme for 2021/22

Report Author: Andrew Barnes, Head of Internal Audit

Appendix A: Audit Committee Work Programme 2021/22

Agenda items	Apr	Jul	Sep	Jan
Governance, Risk and Control				
<ul style="list-style-type: none"> Good Governance Update and Local Code of Governance (bi-annual) 				√
<ul style="list-style-type: none"> Quarterly Monitoring Report of the Council's Governance Arrangements 	√	√	√	
<ul style="list-style-type: none"> Reports on individual key business management arrangements as required 	√		√	
<ul style="list-style-type: none"> Risk Management Policy and Strategy (bi-annual) 				√
<ul style="list-style-type: none"> Risk Management Reports, including the Corporate Risk Register 	√		√	
<ul style="list-style-type: none"> Policies and Strategies for: <ul style="list-style-type: none"> Counter Fraud, Bribery and Corruption Counter Money Laundering Prosecution Whistleblowing (bi-annual) 				√
<ul style="list-style-type: none"> Counter Fraud & Investigation Directorate, Strategy and Annual Work Programme 	√			
<ul style="list-style-type: none"> Counter Fraud & Investigation Directorate, Quarterly Performance Report 	√		√	√
<ul style="list-style-type: none"> Counter Fraud & Investigation Directorate, Annual Report 		√		
<ul style="list-style-type: none"> Annual Governance Statement (AGS) 		√		
<ul style="list-style-type: none"> Progress made in delivering the AGS Action Plan 				√
Treasury Management				
<ul style="list-style-type: none"> Treasury Management and Investment Strategy 				√
<ul style="list-style-type: none"> Treasury Management Activity Mid Year Report 			√	

Appendix A: Audit Committee Work Programme 2021/22

Agenda items	Apr	Jul	Sep	Jan
<ul style="list-style-type: none"> Annual Report on the Treasury Management Service and Actual Prudential Indicators 		√		
Financial Reporting				
<ul style="list-style-type: none"> Statement of Accounts to Full Council 			√	
Internal Audit				
<ul style="list-style-type: none"> Charter, Strategy and Audit Plan 		√		
<ul style="list-style-type: none"> Quarterly Performance Report 	√	√	√	√
<ul style="list-style-type: none"> Head of Internal Audit Annual Report 			√	
<ul style="list-style-type: none"> Independent External Performance Assessment required every 5 years. <i>(Next review due by March 2023).</i> 				
External Audit				
<ul style="list-style-type: none"> Audit Results Report 			√	
<ul style="list-style-type: none"> Annual Audit Letter 	√			√
<ul style="list-style-type: none"> Grant Claims and Returns Certification Report 				√
<ul style="list-style-type: none"> Audit Plan 	√			
<ul style="list-style-type: none"> Annual Regulatory Compliance and Quality Report from Public Sector Audit Appointments - for information 				√
Accountability Arrangements				
<ul style="list-style-type: none"> Audit Committee Terms of Reference and Work Programme 	√			
<ul style="list-style-type: none"> Audit Committee Compliance with Good Practice Guidance 			√	
<ul style="list-style-type: none"> Audit Committee Annual Report 			√	