



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



**David Marchant** LLB (Hons) BSc (Hons) CEng FICE FCMI  
**Chief Executive**

## AGENDA

<b>Committee:</b>	<b>AUDIT</b>
<b>Date and Time:</b>	<b>Thursday 28th March 2019 at 7.p.m <u>(NB Time)</u></b>
<b>Venue:</b>	<b>Committee Room 1</b>
<b>Membership:</b>	<b>Councillors Cole (Chairman), Blackwell, Hart, May and Riley Substitutes: Councillors Acott, Greig, Mumford and Skipp</b>
<b>Officers attending:</b>	<b>Craig Watts, Head of Housing and Communities Andrew Barnes, Head of Internal Audit Ian Stapleton, Financial Services Manager Gurdip Bhambra, Audit Manager Mike Dineen, Senior Manager, Counter Fraud &amp; Investigation Directorate Eddie Mosuro, Revenues &amp; Benefits Transformation Manager</b>
<b>Also attending</b>	<b>Debbie Hanson, Associate Partner, EY Martina Lee, Manager, EY</b>
<b>Enquiries:</b>	<b>Ann Horgan, Ext. 2413</b>

### **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 10th January 2019 is attached.
- 4. EY Grant Claims and Returns Certification Report for the Year Ended 31 March 2018**  
  
Report of the External Auditor is attached
- 5. EY Audit Planning Report Year Ended 31 March 2019**  
Report of the External Auditor is attached

- 6. Quarterly Monitoring Report of the Council's Governance Arrangements:**  
Report of the Head of Housing and Communities 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. Internal Audit Charter, Strategy and Audit Plan for 2019/20**  
Report of the Head of Internal Audit is attached.
- 11. Audit Committee Work Programme for 2019/20**  
Report of the Head of Internal Audit is attached.

Agendas and Minutes can be viewed at [www.castlepoint.gov.uk](http://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](mailto:translations@languageline.co.uk)



## AUDIT COMMITTEE

10TH JANUARY 2019

**PRESENT:** Councillors Cole (Chairman), Blackwell and May.

Councillor Acott also attended.

Head of Housing and Communities, Craig Watts, Head of Internal Audit, Andrew Barnes, Financial Services Manager, Ian Stapleton, Audit Manager, Gurdip Bhambra, Senior Manager, Fraud Investigation, Michael Dineen, Debbie Hanson Associate Partner and Martina Lee Manager (EY) were also present.

Apologies for absence were received from Councillors Sharp and Hart

### 18. MEMBERS' INTERESTS

There were none.

### 19. MINUTES

The Minutes of the meeting held on 18th September 2018 were taken as read and signed as a correct record.

### 20. EY ANNUAL LETTER FOR THE YEAR ENDED 31 MARCH 2018

Consideration of this agenda item was deferred from the last meeting of the Committee as the Council's External Auditors were unable to attend.

The External Auditor's Annual Audit Letter for 2017/18 was presented to the Audit Committee. It was intended to be a short document, aimed at the public, to inform them about the results of the audit.

The Annual Audit Letter summarised the key issues arising from the work EY had carried out during the year as the Council's auditors, and highlighted the key findings that should be considered by the Council.

Members were pleased to note the very positive letter that there were no issues. With regard to the value for money conclusion, attention was drawn to the financial challenges facing the Council in future years. The adoption of a Local Plan was also identified as a risk.

**Resolved** – to approve the EY Annual Audit Letter for the year ended 31st March 2018.

## **21. TREASURY MANAGEMENT ACTIVITY AND INVESTMENT STRATEGIES**

This item was brought forward for consideration. 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 2019/20 were attached to the report and considered by the Committee.

### **Resolved –**

That following scrutiny, the Treasury Management and Investment Strategies for 2019/20 are approved for onward submission to Council on 20th February 2019 as sections 12 and 13 of the overall Policy Framework and Budget Setting Report.

## **22. QUARTERLY MONITORING REPORT OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS**

The Head of Housing and Communities presented a report to the Committee on the findings from the quarterly monitoring of the Council's governance arrangements.

Members discussed and commented on various aspects of the report relating to measures to assist budgetary control specifically how savings were identified and achieved. Reference was also made to Procurement and the difficulties local contractors faced in meeting the Council's requirements. Members were informed that the changes made to the Council's web site regarding complaints had proved effective in ensuring complaints were directed to the correct service department or provider.

**Resolved** - That the Committee notes the assurance provided by the report with regard to the operation of the Council's governance framework.

## **23. LOCAL CODE OF GOVERNANCE**

The Committee considered a report presenting to the Audit Committee a revised Local Code of Governance, which had taken into consideration the requirements of the updated CIPFA / SOLACE Framework, Delivering Good Governance in Local Government 2016 (the Framework). The Local Code of Governance (the Code) was regularly updated.

The Local Code of Governance, sets out the Council's governance framework.

The Code includes a Good Governance Group of officers to ensure that the governance framework remains appropriate and effective.

In summary, the core framework consisted of:

- maintaining a 'How To Do It' guide for officers, providing training where necessary in its application;
- annual completion of a Corporate Assurance Statement and Manager Assurance Statements by policy / procedure owners and service managers;
- periodic challenge of aspects of the Corporate Assurance Statement to supporting evidence by the Good Governance Group;
- annual challenge of a sample of Manager Assurance Statements to supporting evidence by the Good Governance Group;
- the Good Governance Group looking for assurance from departmental management teams that action plans arising from Manager Assurance Statements are being dealt with properly and in a timely manner;
- assessment of the operation of the code against the eight CIPFA core principal requirements with evidence updated annually.
- The Good Governance Group will also ensure that the action plan arising from the assessment against the CIPFA / SOLACE Framework is delivered.

This work was reflected in the quarterly monitoring report that goes to Executive Management Team and the Audit Committee regarding the operation of the Council's governance framework and supports the production of the Annual Governance Statement.

Members examined and commented on the Code of Governance particularly with reference to management processes regarding community engagement.

**Resolved –**

To approve the Local Code of Governance and recommend its adoption to Cabinet.

**24. COUNTER FRAUD AND INVESTIGATION DIRECTORATE: QUARTERLY PERFORMANCE REPORT**

Michael Dineen presented the progress made by the Counter Fraud and Investigation Directorate (CFID) in delivering the Counter Fraud Strategy and work programme for 2018/19.

During consideration, Members acknowledged the good sense of Councils working in collaboration to address Counter Fraud Bribery and Corruption. A Member requested information on the proven values of the investigations.

**Resolved –** That the performance of the Counter Fraud & Investigation Directorate to date is noted.

## **25. INTERNAL AUDIT SERVICE, QUARTERLY PERFORMANCE REPORT**

The Head of Internal Audit presented to the Committee a report on progress made in delivering the Internal Audit Strategy for 2018/19.

Appendix A to the report set out the current status of audit work planned for the year as at 14th December 2018. No changes had been made since the Plan was last reported to the Audit Committee in September 2018.

Appendix B summarised the results of the audit work completed this year.

Appendix C set out issues arising from the self-assessment of compliance with the Public Sector Internal Audit Standards and the independent, external review of compliance completed by the Institute of Internal Auditors in October 2017.

Appendix D set out Stakeholder Survey Results 2018/19.

In response to questions from Members the Head of Internal Audit confirmed that funding for vacancies within the Audit Team were retained and used to support the work of the Audit Team.

**Resolved** – That the progress made in delivering the 2018/19 Internal Audit Strategy is noted.

Chairman

**AUDIT COMMITTEE**

**28th March 2019**

**Subject: EY Grant Claims and Returns Certification Report for the Year Ended 31 March 2018**

---

**1. Purpose of Report**

To present the External Auditor's Grants Claim and Return Certification Report for the Year Ended 31 March 2018 to the Audit Committee.

**2. Background**

For the 2017/18 audit PSAA has a statutory duty to make arrangements for certification by the appointed auditor of the annual housing benefit subsidy claim.

EY have been appointed as auditors of Castle Point Borough Council by the Public Sector Audit Appointments Limited (PSAA), in accordance with the Certification Instruction (CI) issued by them after consultation with the Department for Work and Pensions (DWP).

After completion of the tests contained within the CI the grant claim can be certified with or without amendment or, where the correct figure cannot be determined, may be qualified as a result of the testing completed.

This agenda item contains the certification report for the 2017/18 audit.

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**

**Financial Implications**

EY have been appointed as auditors of Castle Point Borough Council by the Public Sector Audit Appointments Limited (PSAA), including the certification of local authority claims for housing benefit subsidy to the Department for Work and Pensions. Fees billed are based on the PSAA scale fee. Variations to the scale fee are discussed with the Strategic Director (Resources) and are then required to be approved by PSAA. The total scale fee for grant claims work in 2017/18 was set at £21,801.

**Legal Implications**

The Council is required to have an external audit of its activities that complies with the requirements in the Certification Instruction (CI) issued by the PSAA in consultation with the Department for Work and Pensions (DWP). By considering this report, the Committee can satisfy itself that this requirement is being discharged.

## **Human Resources and Equality Implications**

### **Human Resources**

None

### **Equality Implications**

None.

## **IT and Asset Management Implications**

None

#### **4. Links to Council's Priorities and Objectives**

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

#### **5. Timescale for Implementation and Risk Factors**

The report includes the issues identified during the audit process, and any actions required to address the issues identified in the report will be monitored by officers.

### **Recommendation**

**The Audit Committee notes the Grant Claim and Return Certification Report for the Year Ended 31 March 2018.**

### **Background Papers**

- None

### **Attachments**

- EY Grant Claims and Returns Certification Report

**Report Author: Debbie Hanson, Associate Partner, EY**



# **Certification of claims and returns annual report 2017-18**

**Castle Point Borough Council**

**January 2019**



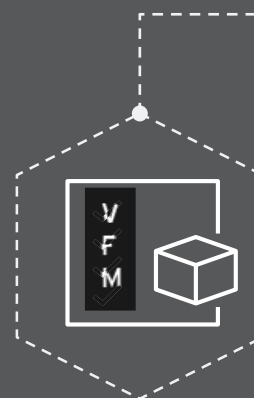
**Building a better  
working world**

# Contents

## 01 Housing benefits subsidy claim



## 02 2017-18 certification fees



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website ([www.PSAA.co.uk](http://www.PSAA.co.uk)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Audit Committee and management of Castle Point Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of Castle Point Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Standards Committee, and management of Castle Point Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

## Housing benefits subsidy claim



## Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£22,236,320
Amended/Not amended	Amended - subsidy increased by £9,253
Qualification letter	Yes
Fee - 2017-18	£36,941 (to be agreed)
Fee - 2016-17	£20,935

### Overview

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim, as noted above.

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. A summary of the main issues we reported in our qualification letter is included in this report.

### Benefits software error

Our testing identified that the CIVICA benefits software used by the Council includes a bug, which for some benefit cases means that it is not possible to reconcile the subsidy amounts for individual cases to the underlying assessment activity on the system. Our testing suggests that, although the overall benefit reported in each headline cell on the subsidy claim is correct and total benefit paid is not misstated, the split of benefit between individual detailed cells for individual cases is incorrect. This would therefore impact on the level of subsidy claimed. The Council is continuing to liaise with the software provider, CIVICA, to obtain a fix for this problem. The issue had however not been resolved at the date we certified the claim (21 December 2018).

We have reported this issue in our qualification letter to the DWP along with details of those cases from our sample testing, which were impacted by this issue and on which we were therefore unable to conclude.

It is likely that the DWP will require additional work to be undertaken in relation to this issue once the Council has been able to obtain a fix from CIVICA.

## Housing benefits subsidy claim

### **Rent Rebates (non HRA):**

Initial testing identified three cases with errors of which one resulted in an overpayment of benefit due to the use of the incorrect eligible rent service charge. Extended '40+' testing was therefore undertaken. Details of the findings from the additional work undertaken are summarised below:

- Extended '40+' testing identified six further cases with errors which resulted in incorrect benefit being paid. Of these six cases, three related to an underpayment of benefit. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the three cases where errors resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £1,924.

### **Rent Rebates (HRA):**

Initial testing identified one case with errors in the calculation of earned income, which resulted in the underpayment of benefit. We also identified one case impacted by the issues with the CIVICA system, which could not be reconciled and on which we were therefore unable to conclude. We reported this in our qualification letter.

Although the error we identified resulted in an underpayment of benefit, such errors could result in either an under or overpayment. We therefore undertook extended '40+' testing. Details of the findings from the additional work undertaken are summarised below:

- We identified four cases where the Council had made errors in calculating earned income, three of which resulted in underpayment of benefit and one of which resulted in an overpayment. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the one case where an error resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £74.
- We also identified a further nine cases impacted by the issues with the CIVICA system, which could not be reconciled and on which we were therefore unable to conclude. We reported these in our qualification letter.

## Housing benefits subsidy claim

---

### Rent Allowances:

Initial testing identified two cases where the Authority had incorrectly calculated claimant income, one of which led to an underpayment and the other to an overpayment. Extended '40+' testing was therefore undertaken in relation to this error. We also identified two cases impacted by the issues with the CIVICA system, which could not be reconciled and on which we were therefore unable to conclude. We reported this in our qualification letter. Details of the findings from our additional work are summarised below:

- Extended 40+ testing identified five cases with errors in claimant income; four cases where benefit had been underpaid due to private pension and childcare costs not being taken into account correctly, and one case where benefit had been overpaid due to private pension payments not being taken into account correctly. As there is no eligibility for subsidy for benefit that has not been paid, the underpayments were not classified as an error for subsidy purposes and have no impact on the claim. The extrapolated impact of the error which resulted in overpayment of benefit was an overstatement of subsidy due to the Council of £2,405.
- We also identified ten cases impacted by the issues with the CIVICA system, which could not be reconciled and on which we were therefore unable to conclude. We reported these in our qualification letter.



02

## 2017-18 certification fees





## 2017-18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	£36,941	£21,801	£20,935
	Note 1		

### Note 1

We are proposing a scale fee variation of £15,140 for 2017-18. This reflects a number of difficulties encountered in the certification of the claim this year which required additional input from the audit team. These include:

- The need to undertake five lots of additional 40+ testing to respond to errors identified in initial testing. The Council staff have undertaken some of this testing in previous years but were unable to do this for 2017-18 due to the mandated workbooks (required to be used for this work by the DWP) not being compatible with the Council's IT infrastructure.
- Additional time taken to review CIVICA reports which were produced to support the claim certification but on detailed review were subsequently found to not fully reconcile to the system or to the headline cell. The reports only provided information on the last assessment and were therefore not able to be used.
- Additional time to identify, understand and report on the CIVICA system issue which meant that a number of cases could not be reconciled.

We are in the process of discussing and agreeing the proposed additional fee with management. This will also need to be agreed by PSAA

## EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

© 2017 EYGM Limited.

All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**ey.com**

**AUDIT COMMITTEE**

**28th March 2019**

**Subject: EY Audit Planning Report Year Ended 31 March 2019**

---

**1. Purpose of Report**

To present the External Auditor's Audit Planning Report for the year ended 31 March 2019 to the Audit Committee.

**2. Background**

As required by the National Audit Office's 2015 Code of Audit Practice (the Code), the external auditor must produce an audit planning document. This should set out how the auditors intend to carry out their responsibilities in light of their assessment of 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. (A copy of the report will be circulated with the agenda for the meeting)

**3. Corporate Implications**

**Financial Implications**

The prescribed requirements of what needs to be undertaken by the external auditor are defined in the National Audit Office's 2015 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 2019.

The cost to the Council of external audit for 2018/19 is planned to be £43,324 for the Code Audit.

**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
- the National Audit Office's 2015 Code of Audit Practice
- the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd
- Auditing Standards and other professional requirements.

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

### **Human Resources and Equality Implications**

None

### **IT and Asset Management Implications**

None

#### **4. Links to Council's Priorities, Objectives and Targets**

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

#### **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 2019.**

### **Background Papers**

- National Audit Office's 2015 Code of Audit Practice
- National Audit Office's Work Programme and Scales of Fees 2018/19

### **Attachments**

- Audit Planning Report for the year ended 31 March 2019.

**Report Author: Debbie Hanson, Associate Partner, EY**

**Committee:                   AUDIT COMMITTEE**

**Date:                           28th March 2019**

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

---

**1.     Purpose of Report**

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

**2.     Background**

- 2.1 Part of the requirement of the Council's governance arrangements is a quarterly report on the operation of the assurance framework for the Council. The assurance process includes the work of external auditors and is supplemented by the work of the internal audit service, as well as other assurance processes, including internal officer and member processes.
- 2.2 The Committee will be aware that governance arrangements include individual staff leads who have taken responsibility for the governance processes set out below and are members of the Governance Group. This report was developed in consultation with officers from the governance group.

**3.     Monitoring Results for Key Governance Processes**

**3.1    Community Engagement**

- 3.1.1 Assurance arrangements are satisfactory. Services undertake specific consultation as required and there are a number of customer satisfaction surveys. Member led consultation has been undertaken for the re-development of the Paddocks site and the arrangements will continue to be monitored. Last year's peer challenge identified the need for managing the Council's reputation with the right communication approach and further work is being undertaken to investigate potential for greater promotion activities such as through social media. This will continue to be monitored.

**3.2    Business Planning and Strategy**

- 3.2.1 The arrangements for business strategy and planning are adequate. Service plans and team plans are in place. A Corporate Plan was agreed by Cabinet and then full Council in September. A challenge exercise has recently been completed for Directorate and Service plans. Last year's peer challenge identified the potential for further linking a clear vision and strategy to the South Essex 2050 partnership, and the plan will be reviewed as the vision and ambitions for South Essex 2050 are identified.

**3.3    Financial Planning, Reporting and Budgetary Control**

- 3.3.1 Robust processes are evident to be assured that the arrangements for financial planning, reporting and budgetary control are effective. For example, a budget exception report is considered by the Executive Management Team and Cabinet

Members monthly. Variances at year end are reported on all service areas, with commentary on those more than +/- £10k, and analysis of changes in income and expenditure from the previous financial year. External assurance will be provided by the annual audit of the Council's Statement of Accounts and the work of external audit. The processes in place give adequate officer and member assurance.

- 3.3.2 The Council maintains a five-year rolling financial forecast which is reviewed and reported through to Cabinet on a bi-monthly basis unless there is no significant change to report. The forecast is supported by three years detailed budget workings with the final two years of the forecast being adjusted for future anticipated cost pressures. Assumptions adopted in the forecast are contained in a detailed report made to Special Council in February annually.
- 3.3.3 The Council maintains a level of reserves more than the minimum level recommended by the Council's Chief Finance Officer and has set a balanced budget for 2018/19. Full Council agreed the Policy Framework and Budget Setting report in February 2018 which includes the financial planning strategy, the medium term financial forecast and a summary of completed efficiency work.
- 3.3.4 However, significant savings are still required for the medium term and last year's peer challenge identified the need to continue to ensure pro-active financial planning. Consequently the Council is undertaking several actions through the efficiency programme and the Commercial Strategy.

### **3.4 Asset Management**

- 3.4.1 There are adequate routine assurance processes for asset management, which include quarterly meetings in respect of buildings and land assets, which are integrated into programmed meetings of the Operational Management Team. Significant asset management based projects are subject to the Council's project management methodology (PROMPT) and are reported to Cabinet.
- 3.4.2 A strategic asset group, led by the Chief Executive has been established to oversee the progression of key corporate asset related projects.
- 3.4.3 There are action plans for corporate buildings asset management and the Housing Asset Management Strategy. These set out progress in asset management activities contributing towards the short, medium and long term aims and objectives of the Council.
- 3.4.4 A programme of annual planned repairs and maintenance is in place for corporate buildings. Funding provision has been earmarked and completion of all works is planned within the lifetime of the current medium term financial forecast.
- 3.4.5 The 2018 Peer challenge identified the potential for greater estates expertise which could result in improved income with a more commercial approach. A review of the approach is currently being undertaken and links into the greater commercialism agenda which the Council is pursuing. Progress will be monitored.

### **3.5 Policy Framework**

- 3.5.1 The policy framework operates satisfactorily, and policies and strategies largely continue to be refreshed by services. A register of policies and strategies is in place. The policy framework is set out in the Business Planning and Budget Framework and was reported to Cabinet in October.

The 2018 peer challenge identified the need for a clearer vision for the commercial agenda and as a result a report was considered and approved by Cabinet last summer which set out the Council's commercial principles. This has

been followed up with the development of a commercial strategy and progress will be monitored.

### **3.6 Risk Management**

- 3.6.1 The Risk Management Policy and Strategy was refreshed and approved by Audit Committee in January 2018.
- 3.6.2 A Corporate Risk Register continues to be in place and is subject to monitoring by Executive Management Team and the Audit Committee. Risks have been identified as part of the development of team and service planning and risks get escalated to the corporate risk register should the identified issue be considered significant. The risk register is part of a separate report for consideration by the Audit Committee.

### **3.7 Health and Safety**

- 3.7.1 A new Corporate Health and Safety Advisor (CHAS) was appointed in mid-October 2018.
- 3.7.2 Key areas of Health and Safety risk management are judged to be compliant, but there will continue to be work undertaken by CHAS to review, maintain and where necessary, to secure improvements in Health and Safety performance within the organisation. It is hoped that the new advisor will be able to bring some significant external experience to the Council and help all services with the management of risks posed to the health, safety and welfare of employees and others affected by our work activities.

### **3.8 Business Continuity**

- 3.8.1 Arrangements in place are satisfactory, with services undertaking business impact assessments and having business continuity action plans in existence, which are subject to annual review.
- 3.8.2 A corporate generic Business Continuity response plan exists, which is subject to full review and revision every three years.
- 3.8.3 The subject of business continuity is incorporated into the quarterly risk management sections of Operational Management Team meetings.
- 3.8.4 The Council's emergency planning and business continuity framework document produced in 2018, describes how the Council will go about its duty to be suitably prepared for dealing with emergencies, as well as disruptions to the organisation's ability to deliver its critical services to the public.

### **3.9 Performance Management**

- 3.9.1 Core processes operate satisfactorily, including highlight reporting to Corporate Management Team and the production of a corporate scorecard which is considered quarterly by Cabinet, and was last considered in March 2019.
- 3.9.2 Control arrangements include the production of quarterly reports of performance indicators by all services for consideration by EMT. The last detailed report was sent to EMT in March.

### **3.10 Data Quality**

- 3.10.1 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. Internal Audit undertake spot checks of data quality as part of some Internal Audit work.

### **3.11 Procurement**

- 3.11.1 There are satisfactory arrangements in place and the assurance processes are operating appropriately. The subject of Procurement is integrated into the meetings of the Operational Management Team, which assists in the implementation of corporate requirements.
- 3.11.2 The Council's Commissioning and Procurement Policy and the Procurement Toolkit were reviewed and refreshed during 2018, to reflect changes in legislative requirements.
- 3.11.3 Last year's peer challenge recommended the establishment of a longer term SLA with South Essex Homes for housing property services and the Council is currently negotiating a five year arrangement with South Essex Homes.

### **3.12 Partnerships**

- 3.12.1 Assurance processes are subject to further development work. A partnership strategy and framework is required to help clarify the arrangements currently in place and how these link to the objectives of the authority. Further development work is planned in the spring and will need to incorporate the work of the South Essex 2050 partnership. A statement of common ground is in place for the South Essex 2050 partnership and last year's peer challenge report also noted that in addition to setting out a clear vision and strategy, the partnership will also need to develop its governance arrangements. Progress will continue to be monitored.

### **3.13 Project Management**

- 3.14.1 The arrangements are satisfactory. The service plans include an indication of planned projects with a prioritisation. These have been incorporated into a corporate programme which is monitored by CMT. The most significant projects identified include the development of the local plan, the planned refurbishment of the Paddocks and development of more social housing.

### **3.14 Complaints**

- 3.14.1 Complaints monitoring was considered by the Audit Committee in a separate report in September last year.
- 3.14.2 Development work has been undertaken to refresh the complaints page on the Council's website to help ensure customer service requests and initial complaints are routed directly to the appropriate service department. The new page can be found on the following website link:

<https://www.castlepoint.gov.uk/complaints>

### **3.15 Ethical Governance**

- 3.15.1 Satisfactory arrangements are in place. Codes of conduct are in place for both staff and members. There are appropriate Human Resource policies to underpin the arrangements for staff and a Review Committee for members. Last year's peer challenge reported noted the need to strengthen the scrutiny function with a programme for scrutiny and the Head of Governance is working with the Chairman of Scrutiny to ensure a programme of appropriate scrutiny work is in place.

### **3.16 Information Governance**

- 3.16.1 The Council has implemented an information governance strategy, which is underpinned by associated guidance. The Council's Head of Law acts as the Senior Information Risk Owner. The 'How it Works' guidance also contains a section on information governance.
- 3.16.2 The General Data Protection Regulation (GDPR) became a statutory requirement from the 25<sup>th</sup> 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 working towards meeting the requirements of GDPR and this work is led by the Head of Law.

3.16.3 An internal audit has been undertaken which provides a partial assurance in meeting the requirements of GDPR. This report identifies recommendations in an action plan which will be taken forward by the information management group set up by the Council.

3.16.3 A follow up internal audit has been undertaken in relation to cyber security governance which provides a high assurance with the action plan revisited with actions identified as substantially implemented. Any further actions identified will be addressed by the information management group.

#### **4. Corporate Implications**

##### **a. Legal implications**

There are no direct legal implications arising from this report.

##### **b. Financial implications**

There are no direct financial implications arising from this report.

##### **c. Human Resource & Equality**

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

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

##### **d. IT and Asset Management implications**

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

#### **5. Links to Council's priorities and objectives**

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

#### **6. Timescale for implementation and risk factors**

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

#### **Recommendation:**

**The Audit Committee notes the assurance provided by this report with regard to the operation of the Council's governance framework.**

**Background Papers:** Local Code of Governance

**Report Author:** Craig Watts, Head of Housing and Communities

**AUDIT COMMITTEE**

**28th March 2019**

**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 Financial Services Manager in consultation with Heads of Service and other key officers as part of the six monthly review cycle.

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, Financial, Human resources and equality implications**

Any implications arising from Risk Management procedures and practices 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.

**Report Author:** Ian Stapleton, Financial Services Manager

**Background Papers:**

- Risk Management Policy Statement and Strategy

**Appendixes**

- Appendix A – Corporate Risk Register – March 2019



## **Corporate Risk Register – March 2019**

### **Contents**

<b>Council Priority and Risk:</b>	<b>Page:</b>
Risk Assessment templates and notes .....	1
<b>Council Priority: Health and Community Safety:</b>	
Risk 1: Partnership arrangements are not fully effective and risks focus on work that does not always meet Council priorities (Head of Licensing and Safer Communities).....	3
Risk 2: Approach to Safeguarding not fully effective and embedded in the organisation with lack of clarity on responsibilities (Head of Licensing and Safer Communities).....	4
Risk 3: Risk of large numbers of households currently residing in caravans designed for leisure purposes being required to leave caravans and become homeless households requiring support from the Council with limited resources to provide (Head of Housing and Communities).....	5
<b>Council Priority: Environment:</b>	
There are currently no items in the Corporate Risk Register relating to this priority	
<b>Council Priority: Housing and Regeneration:</b>	
Risk 4: The vision for Regeneration is not fully clear and the achievement of outcomes is limited (Head of Place and Policy).....	6
Risk 5: The Local Plan is not progressed satisfactorily and / or is not robust resulting in central government intervention and high legal costs (Head of Place and Policy) .....	7

**Council Priority: A Commercial and Democratically Accountable Council:**

Risk 6: Unable to deliver a balanced budget and achieve financial self-sufficiency (Strategic Director (Resources)).....	8
Risk 7: Potential for too many priorities and inadequate staff capacity to pursue all priorities / insufficient corporate resources to implement change (Executive Management Team).....	10
Risk 8: A long term Housing Revenue Account business plan which is unsustainable in future years (Head of Housing and Communities).....	11
Risk 9: Adequate Business Continuity (BC) arrangements in place that mitigate severe disruption to Council services (Strategic Director (Corporate Services)).....	12
Risk 10: Unable to fully implement the requirements of the General Data Protection Act Regulations (GDPR) 2016 (Head of Law).....	13
Risk 11: Successful cyber security attack resulting in disruption to service, theft or loss of data / information, financial and reputational damage (Strategic Director (Resources)).....	14
Risk 12: Risk of Implementation of Universal Credit (UC) and wider digital requirements by Department of Work and Pensions (DWP) impacting service delivery and effectiveness (Revenues & Benefits Transformation Manager).....	15
Risk 13: Risk that contract re-tenders / renewals / extensions or other procurements or a lack of robust contract management may result in higher costs placing greater strain on the Council's financial position (All Heads of Service / All Service Managers).....	16

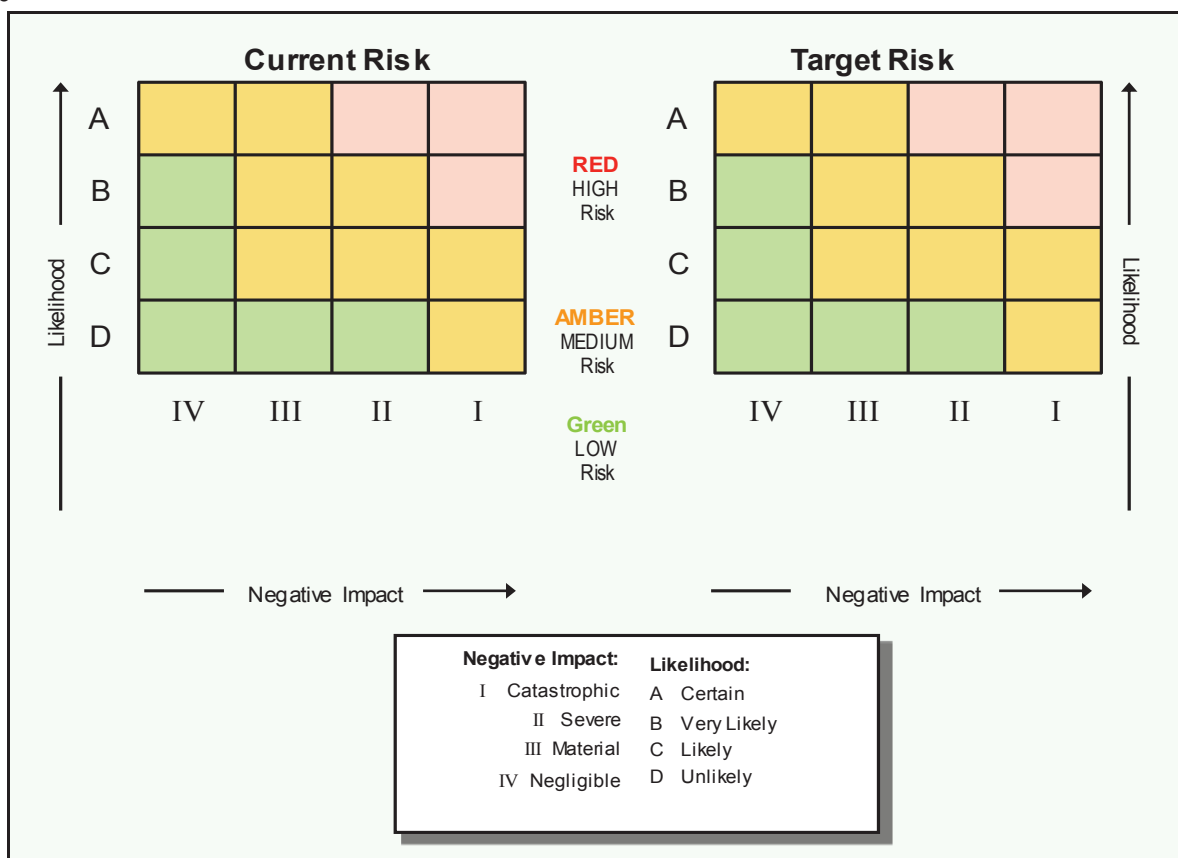
## Risk Assessment templates and notes

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 assesses:

- The **Likelihood** of the risk occurring, and
- The **Impact**, should it occur.



**Current Risk** takes into account any mitigating actions (or controls) currently 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)

For each item in the Corporate Risk Register:

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

**Current Risk** and **Target Risks** are scored using the following table:

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

(This table is extracted from the “Risk Management Procedures April 2018” document, available here: <..\\..\\..\\Risk Management Procedure Note 2018\\Risk Management Procedures April 2018.docx>)

The Procedures document contains further information on various aspects of Risk Management, including:

- Identifying Risks;
- Assessment of Risk;
- Risk Appetite and Tolerance;
- Mitigating Risk;
- Types of Risk;
- Reviewing, and
- Communication and Documentation.

**Council Priority: Health and Community Safety**

**Risk 1: Partnership arrangements are not fully effective and risks focus on work that does not always meet Council priorities (Head of Licensing and Safer Communities).**

<b>Risk snapshot – a risk affecting partnership working</b>
---

	Current Risk					Target Risk			
Almost certain		X			Almost certain				
Very likely					Very likely				
Likely					Likely		X		
Unlikely					Unlikely				
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**Summary of current controls:**

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

**Assurances that controls are in place:**

1	Minutes of partnership meetings.
2	Copies of partnership documentation including strategies and action plan.

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Internal Audit of Partnership arrangements	Head of Internal Audit	Completed March 2017
2	Implement Audit Plan	Head of Licensing and Safer Communities	Completed June 2018
3	Undertake review of arrangements	Head of Housing and Communities / Head of Licensing and Safer Communities	September 2019
4	Partnership Strategy developed and agreed by Cabinet	Head of Housing and Communities	December 2019

<b>Officer(s) with overall responsibility for risk:</b>	<b>Head of Licensing and Safer Communities</b>
---	--

<b>Target Risk to be achieved by:</b>	<b>December 2019</b>
---------------------------------------	----------------------

**Council Priority: Health and Community Safety**

**Risk 2: Approach to Safeguarding not fully effective and embedded in the organisation with lack of clarity on responsibilities (Head of Licensing and Safer Communities).**

<b>Risk snapshot – a risk with high reputational impact</b>
---

	Current Risk					Target Risk			
Almost certain			X		Almost certain				
Very likely					Very likely		X		
Likely					Likely				
Unlikely					Unlikely				
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**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.

**Assurances that controls are in place:**

1	Safeguarding Policy and Strategy.
2	Monthly CMT reports.

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Review of arrangements to ensure good practice undertaken in preparation for Section 11 Audit	Head of Licensing and Safer Communities	Completed June 2018
2	Section 11 Audit undertaken by Essex County Council	Head of Licensing and Safer Communities	Completed September 2018
3	Implementation of any actions and recommendations arising from the Section 11 Audit to improve arrangements	Head of Licensing and Safer Communities	March 2019

<b>Officer(s) with overall responsibility for risk:</b>	<b>Head of Licensing and Safer Communities</b>
---	--

<b>Target Risk to be achieved by:</b>	<b>March 2019</b>
---------------------------------------	-------------------

**Council Priority: Health and Community Safety**

**Risk 3: Risk of large numbers of households currently residing in caravans designed for leisure purposes being required to leave caravans and become homeless households requiring support from the Council with limited resources to provide (Head of Housing and Communities).**

**Risk snapshot – an ongoing risk with potentially high impact on borough residents, Council expenditure and housing stock utilisation**

Current Risk					Target Risk				
Almost certain Very likely Likely Unlikely			X		Almost certain Very likely Likely Unlikely				
								X	
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**Summary of current controls:**

1	Liaison meetings with owners of Thorney Bay caravan site.
2	Monitoring of homeless application received.

**Assurances that controls are in place:**

1	Minutes of meetings.
2	Performance reports.

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Meeting to clarify approach by site owners.	Head of Housing and Communities / Housing Options Manager	Completed February 2018
2	Further discussions	Head of Housing and Communities / Housing Options Manager	Ongoing
3	Continue to explore options for Private Sector Leasing / Direct provision of housing for homeless households	Head of Housing and Communities / Housing Options Manager	Ongoing

<b>Officer(s) with overall responsibility for risk:</b>	<b>Head of Housing and Communities / Housing Options Manager</b>
---	--

<b>Target Risk to be achieved by:</b>	<b>Ongoing</b>
---------------------------------------	----------------

**Council Priority: Housing and Regeneration**

**Risk 4: The vision for Regeneration is not fully clear and the achievement of outcomes is limited (Head of Place and Policy).**

<b>Risk snapshot – a high profile risk</b>
--

	Current Risk					Target Risk			
Almost certain			X		Almost certain				
Very likely					Very likely		X		
Likely					Likely				
Unlikely					Unlikely				
	Negligible	Material	Severe	Catas-trophic		Negligible	Material	Severe	Catas-trophic

**Summary of current controls:**

1	Regeneration partnership in place, and work on 2018 Regeneration Framework underway.
2	Regeneration Manager and staff in place.
3	Employment Skills and Business (ESB) Partnership operating as part of Local Strategic Partnership (LSP).
4	Detailed monthly briefings on specific projects, including town centres and other commercial development.

**Assurances that controls are in place:**

1	Minutes of Regeneration partnership meetings.
2	Experienced staff managing work programmes.
3	Minutes of ESB meetings.
4	Minutes of monthly briefings.

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Consider recommendations from Peer Challenge team, including a clear statement in Regeneration Framework around objectives, and greater embedding of regeneration objectives and asset management objectives within the wider Council	Head of Place and Policy / Regeneration Manager	March 2019
2	Ensure that detailed project briefs and timetables are in place for key projects and initiatives, particular those which may seek to access external funding	Head of Place and Policy / Regeneration Manager	March 2019
3	Implement action plan arising from Internal Audit	Head of Place and Policy / Regeneration Manager	March 2019

<b>Officer(s) with overall responsibility for risk:</b>	<b>Head of Place and Policy / Regeneration Manager</b>
<b>Target Risk to be achieved by:</b>	<b>March 2019</b>

**Council Priority: Housing and Regeneration**

**Risk 5: The Local Plan is not progressed satisfactorily and / or is not robust resulting in central government intervention and high legal costs (Head of Place and Policy)**

**Risk snapshot – a significantly high profile risk with potentially severe implications**

Current Risk					Target Risk				
Almost certain				X	Almost certain				
Very likely					Very likely				X
Likely					Likely				
Unlikely					Unlikely				
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**Summary of current controls:**

1	Accelerated Draft Local Plan timetable in place.
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).
3	Service Level Agreement with Place Services to increase resources to deliver.
4	Member briefings throughout process.
5	Revised Local Development Scheme approved by Council June 2018.

**Assurances that controls are in place:**

1	Minutes of June 18 Council meeting.
2	Copies of reports and policies prepared by staff and consultants – e.g. Strategic Housing Market Assessment.
3	Minutes of meetings with members.
4	Minutes of Duty to Cooperate (DTC) meetings regarding unmet needs where identified.
5	Regulation 18 Consultation on the Local Plan completed

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Local Plan considered by Full Council for submission to Planning Inspectorate.	Local Plan & Regeneration Adviser / Head of Place and Policy	Plan considered November 2018, but not approved
2	Subsequent to Plan rejection - advice from Ministry of Housing, Communities and Local Government (MHCLG) requested (response awaited)	Local Plan & Regeneration Adviser / Head of Place and Policy	December 2018
3	Publication and Regulation 19 consultation on Local Plan	Head of Place and Policy	January 2019
4	Submission of plan to Secretary of State (SofS)	Head of Place and Policy	April 2019

<b>Officer(s) with overall responsibility for risk:</b>	<b>Local Plan &amp; Regeneration Adviser / Head of Place and Policy</b>
---	---

<b>Target Risk to be achieved by:</b>	<b>April 2019</b>
---------------------------------------	-------------------

**Council Priority: A Commercial and Democratically Accountable Council****Risk 6: Unable to deliver a balanced budget and achieve financial self-sufficiency (Strategic Director (Resources)).****Risk snapshot - an ongoing risk with Council-wide implications for all services**

	Current Risk					Target Risk			
Almost certain					Almost certain				
Very likely			X		Very likely				
Likely					Likely				
Unlikely					Unlikely		X		
	Negligible	Material	Severe	Catas-trophic		Negligible	Material	Severe	Catas-trophic

**Summary of current controls:**

1	Medium Term Financial Forecast (MTFF) identifies value of efficiencies required to be implemented 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 2018/19 completed and balanced budget set (not dependent on achievement of in-year savings). Budget report made clear reference to future year's funding gap to ensure awareness of Members. Balanced budget anticipated for 2019/20.
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),
7	Consistent financial advice provided to EMT & Cabinet.

**Assurances that controls are in place:**

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

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Detailed review of General Fund Budget	Strategic Director (Resources) / Financial Services Manager	Completed October 2018
2	Establishment of departmental efficiency targets for identification by service departments – effective from.	Strategic Director (Resources) / Financial Services Manager	April 2019
3	Successful achievement of departmental efficiency targets in time for 2020/21 budget approval.	All budget holders	December 2019
4	Monitoring of financial developments and forecasting impact on MTFF.	Strategic Director (Resources)	Ongoing

**Corporate Risk Register – March 2019**

5	Post implementation review of Leisure and other major projects	Strategic Director (Resources)	Ongoing
6	Commercialisation Project	Strategic Director (Resources)	Ongoing
7	Establishment of a commercial strategy	Strategic Director (Resources)	In-progress – June 2019
8	Implementation of technology roadmap	Strategic Director (Resources)	Ongoing
9	To achieve financial self-sufficiency, i.e. no longer reliant on any Central Government funding sources.	Council	Ongoing – target date to be determined and largely dependent on external factors.

<b>Officer(s) with overall responsibility for risk:</b>	<b>Strategic Director (Resources)</b>
---	---------------------------------------

<b>Target Risk to be achieved by:</b>	<b>March 2022</b>
---------------------------------------	-------------------

**Council Priority: A Commercial and Democratically Accountable Council**

**Risk 7: Potential for too many priorities and inadequate staff capacity to pursue all priorities / insufficient corporate resources to implement change (Executive Management Team).**

**Risk snapshot – an ongoing risk across all Council services**

	Current Risk					Target Risk			
Almost certain					Almost certain				
Very likely			X		Very likely				
Likely					Likely		X		
Unlikely					Unlikely				
	Negligible	Material	Severe	Catas-trophic		Negligible	Material	Severe	Catas-trophic

**Summary of current controls:**

1	Corporate Plan including corporate objectives in draft.
2	Directorate and Service Planning in place.
3	Establishment of Corporate Action Plan and regular review at Executive Management Team.
4	Regular Personal Performance and Development Plans (PPDPs) undertaken supported by team meetings and 1 to 1s. Managers empowered to identify and deliver training to staff. Corporate training also delivered.

**Assurances that controls are in place:**

1	Process to ensure completion and quality assessment of Service and Directorate plans.
2	Process for drafting of corporate objectives in place and integrated into directorate and corporate planning.
3	Process to ensure compliance with PPDP process.
4	Project plans and monitoring for key department projects.
5	Minutes of EMT meetings evidencing regular review of Corporate Action Plan.

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Regular review of Corporate Action Plan to ensure it reflects key objectives and actions	EMT	Ongoing
2	Progress corporate development approach to help spread skills and capacity (e.g. Investigation & Appraisal training delivered)	Strategic Director (Resources) / HR Manager	Ongoing
3	Progress programme to implement ICT improvements to reduce staff intensive working procedures and enhance service provision (e.g. Skype and Office 365)	Strategic Director (Resources) / IT Service Manager	Ongoing – specific projects have specific timeframes
4	Organisational Development to build capacity and skills within the organisation – identified through Peer Challenge – at investigation stage	Strategic Director (Resources) / HR Manager	TBA – currently at investigation stage
5	Progress ICT programme to expand potential for mobile and flexible working. Benefits to recruitment and retention of staff	Strategic Director (Resources) / IT Service Manager	Ongoing – specific projects have specific timeframes
6	Managing Member expectations to ensure that priorities are agreed and maintained and to minimise unplanned / additional projects.	EMT	On-going

<b>Officer(s) with overall responsibility for risk:</b>	<b>Executive Management Team</b>
<b>Target Risk to be achieved by:</b>	<b>Ongoing</b>

**Council Priority: A Commercial and Democratically Accountable Council**

**Risk 8: A long term Housing Revenue Account business plan which is unsustainable in future years (Head of Housing and Communities).**

**Risk snapshot – an ongoing risk with implications for the whole HRA**

Current Risk					Target Risk				
Almost certain				X	Almost certain				
Very likely					Very likely				
Likely					Likely				X
Unlikely					Unlikely				
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**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.

**Assurances that controls are in place:**

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

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Development of Housing Asset Management Plan	Head of Housing and Communities	Agreed by Cabinet September 2018
2	Completion of full stock condition survey and analysis to provide updated requirements to aid short-term budget setting and incorporate into long-term business planning	Head of Housing and Communities	Completed November 2018
3	Review existing information and set capital programme to meet decent homes and identified prioritised repairs requirements	Head of Housing and Communities	March 2019
4	Develop ongoing 30 year business planning with smoothing to ensure long term affordability of capital programme	Head of Housing and Communities	March 2019
5.	Integrate 30 year business planning with Asset Management Strategy and obtain Cabinet approval.	Head of Housing and Communities	September 2019
6	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

<b>Officer(s) with overall responsibility for risk:</b>	<b>Head of Housing and Communities</b>
---	--

<b>Target Risk to be achieved by:</b>	<b>September 2019 (and ongoing)</b>
---------------------------------------	-------------------------------------

**Council Priority: A Commercial and Democratically Accountable Council****Risk 9: Adequate Business Continuity (BC) arrangements in place that mitigate severe disruption to Council services (Strategic Director (Corporate Services)).****Risk snapshot - an ongoing risk across all Council services**

	Current Risk					Target Risk			
Almost certain					Almost certain				
Very likely					Very likely				
Likely			X		Likely				
Unlikely					Unlikely		X		
	Negligible	Material	Severe	Catas-trophic		Negligible	Material	Severe	Catas-trophic

**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.

**Assurances that controls are in place:**

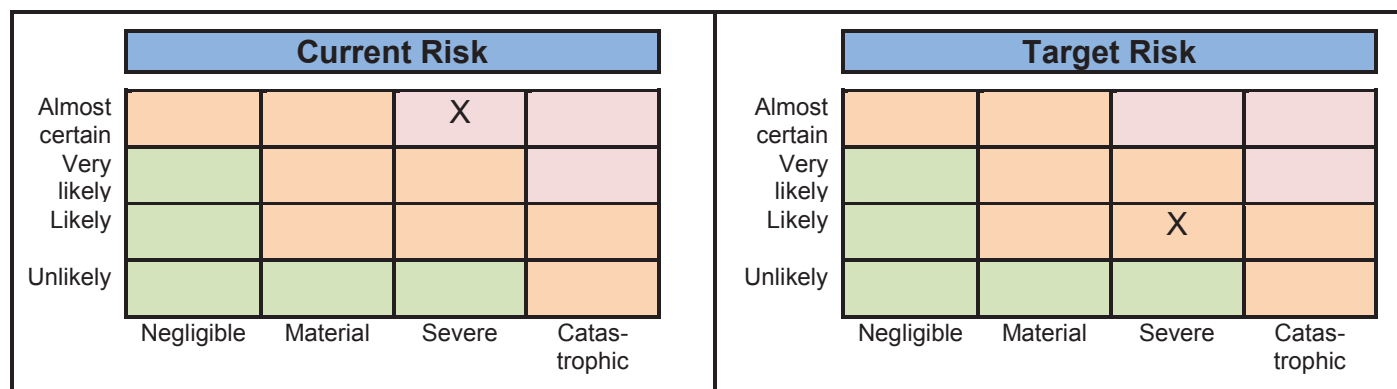
1	Copies of plans held in S drive Corporate folder (classified versions password protected)
2	Corporate BC plan and other documents stored on 'Resilience Direct' secure website for responders
3	Record of presentations/workshops held
4	Annual IT DR test undertaken and post exercise report saved
5	Record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

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Services to refresh their Service level BIAs on a revised template to capture additional information and more user friendly	Strategic Director (Corporate Services) FM Manager	Completed March 2018
2	Annual DR Test – Capita and Services using critical IT applications (Next Test Jan 2019)	IT Service Manager / Capita	Completed March 2018
3	Refresh of Corporate Generic Business Continuity Plan	FM Manager	Completed May 2018
4	ICT programme to expand mobile / remote working capability across all service areas	Strategic Director (Resources) / ICT Manager	In progress – March 2019

<b>Officer(s) with overall responsibility for risk:</b>	<b>Strategic Director (Corporate Services) / Facilities &amp; Asset Manager / IT Service Manager</b>
---	--

<b>Target Risk to be achieved by:</b>	<b>March 2019</b>
---------------------------------------	-------------------

**Council Priority: A Commercial and Democratically Accountable Council****Risk 10: Unable to fully implement the requirements of the General Data Protection Act Regulations (GDPR) 2016 (Head of Law).****Risk snapshot – an ongoing risk with extreme financial implications for data breaches****Summary of current controls:**

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

**Assurances that controls are in place:**

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

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Identification of Information Asset Owners	OMT	Completed
2	Appointment of Sub-Group of OMT	OMT	Completed
3	Development of Work Plan	Head of Law	Completed
4	Undertaking actions from Work Plan	Head of Law / Strategic Director (Resources) / OMT	Ongoing (GDPR deadline May 2018)
5	Follow up on Information Governance Audit to be undertaken by Internal Audit	Head of Internal Audit	January 2019
6	Follow up GDPR Health Check to be undertaken by ZM	Head of Law	May 2019

<b>Officer(s) with overall responsibility for risk:</b>	<b>Head of Law</b>
---	--------------------

<b>Target Risk to be achieved by:</b>	<b>Ongoing</b>
---------------------------------------	----------------

**Council Priority: A Commercial and Democratically Accountable Council**

**Risk 11: Successful cyber security attack resulting in disruption to service, theft or loss of data / information, financial and reputational damage (Strategic Director (Resources)).**

**Risk snapshot – an ongoing risk with potentially severe impact on Council operations**

Current Risk					Target Risk				
Almost certain					Almost certain				
Very likely					Very likely				
Likely			X		Likely				
Unlikely					Unlikely		X		
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**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.
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.

**Assurances that controls are in place:**

1	PSN compliance certification – annual assessment.
2	Reports and action plans arising from quarterly Nessus scans provided by Capita and minutes of monthly Service Level Review (SLR) meetings.
3	Outcomes from periodic Metaphish exercise regularly reported to EMT.
4	LGA local authority survey of Cyber Security arrangements resulting “Amber/Amber” assessment for CPBC.
5	Working with Essex Online Partnership to bid for government funds on a collaborative approach to further strengthening approach to Cyber Security.

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Quarterly Metaphish exercise	IT Service Manager / Capita	Quarterly / ongoing
2	Progress Cyber Security Actions	Strategic Director (Resources) / IT Service Manager	Ongoing
3	Annual PSN certification	IT Service Manager	August (Annually)
4	Cyber security preparedness survey undertaken by the LGA. Essex Online Partnership (EOLP) currently establishing a collaborative approach to addressing actions identified.	IT Service Manager	To be agreed

<b>Officer(s) with overall responsibility for risk:</b>	<b>Strategic Director (Resources)</b>
---	---------------------------------------

<b>Target Risk to be achieved by:</b>	<b>Ongoing</b>
---------------------------------------	----------------

**Council Priority: A Commercial and Democratically Accountable Council****Risk 12: Risk of Implementation of Universal Credit (UC) and wider digital requirements by Department of Work and Pensions (DWP) impacting service delivery and effectiveness (Revenues & Benefits Transformation Manager).****Risk snapshot – an ongoing risk with high impact on the service and benefit recipients**

	Current Risk					Target Risk			
Almost certain			X		Almost certain		X		
Very likely					Very likely				
Likely					Likely				
Unlikely					Unlikely				
	Negligible	Material	Severe	Catastrophic		Negligible	Material	Severe	Catastrophic

**Summary of current controls:**

1	Regular liaison with Department of Work and Pensions (DWP) and Job Centre Plus (JCP).
2	Service planning via Universal Credit Working Group (UCWG).
3	Stakeholder engagement and support.

**Assurances that controls are in place:**

1	Minutes of meetings with DWP/JCP, Pan Essex meetings and emails.
2	UCWG Action plan, meeting notes and emails.
3	Training events, emails, Action Plan, Members Briefings, publications, website info, Community Engagement Support Officer outcomes.

**Summary of actions to further mitigate risks:**

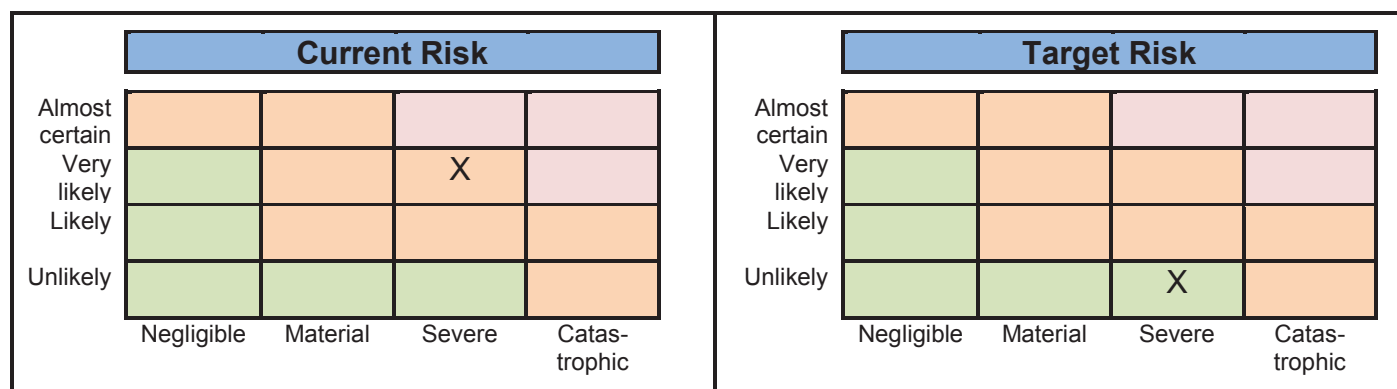
	Action	Responsibility	Date for completion
1	Liaise with DWP, and Peabody to ensure DWP's national approach to using CAB for UC advice from April 2019 is not disruptive to customers or service provision.	Transformation Manager	April 2019
2	Ongoing work by Benefits, Revenues and Housing Teams to monitor impact of Universal Credit and undertake any changes as necessary and possible to reduce negative impact on performance.	Transformation Manager / Head of Housing and Communities	Ongoing

<b>Officer(s) with overall responsibility for risk:</b>	<b>Revenues &amp; Benefits Transformation Manager</b>
---	---

<b>Target Risk to be achieved by:</b>	<b>Ongoing</b>
---------------------------------------	----------------

**Council Priority: A Commercial and Democratically Accountable Council**

**Risk 13: Risk that contract re-tenders / renewals / extensions or other procurements or a lack of robust contract management may result in higher costs placing greater strain on the Council's financial position (All Heads of Service / All Service Managers).**

**Risk snapshot – an ongoing risk across all services****Summary of current controls:**

1	Detailed procedures in place and documented. Procurement financial thresholds are set out to confirm relevant process to follow depending on cost.
2	Contracts register maintained with details on contracts over £5,000, including contract end dates.
3	Council is a member of Braintree Procurement Hub (managed by Braintree Council) and can access their expert support and available frameworks.
4	Annual spend review / challenge exercise undertaken by Facilities Management.

**Assurances that controls are in place:**

1	Procurement Toolkit updated by Legal Services June 2018. Toolkit has all relevant documents and templates embedded within it so that everything required can be accessed from within one document.
2	Contract Register on Council intranet and website: <a href="http://v5intranet/cpapps/index.cfm?fa=contracts">http://v5intranet/cpapps/index.cfm?fa=contracts</a> and <a href="https://apps.castlepoint.gov.uk/cpapps/index.cfm?fa=contracts">https://apps.castlepoint.gov.uk/cpapps/index.cfm?fa=contracts</a> &
3	Braintree Procurement Hub: <a href="http://www.braintree.gov.uk/info/200316/selling_to_the_council/679/essex_procurement">www.braintree.gov.uk/info/200316/selling_to_the_council/679/essex_procurement</a>
4	Contract data recorded on Improvement East Website: <a href="http://contracts.eelga.gov.uk/">http://contracts.eelga.gov.uk/</a>

**Summary of actions to further mitigate risks:**

	Action	Responsibility	Date for completion
1	Ensure that all contract re-tender processes allow sufficient time to be completed before the expiry of the current contract	All Heads of Service / All Service Managers	Ongoing
2	Ensure that if any contract extension options are taken up that they are agreed with the contract provider in accordance with the timeframes, terms and processes stated within the contract	All Heads of Service / All Service Managers	Ongoing
3	Ensure that Legal Services and Financial Services are consulted in relation to any contracts, early in the process	All Heads of Service / All Service Managers	Ongoing
4	Ensure that Legal Services and Financial Services are consulted in relation to applications for funding, including potential State Aid implications	All Heads of Service / All Service Managers	Ongoing
5	Ensure that where applicable the Braintree Procurement hub and frameworks are used	All Heads of Service / All Service Managers	Ongoing
6	Consult with Financial Services on a periodic basis to request financial re-appraisals on companies providing works/services on long term contracts	All Heads of Service / All Service Managers	Ongoing
7	Risk management training in relation to procurement / contract extension-renewals and contract management	All Heads of Services / All Service Managers	31 March 2019

Corporate Risk Register – March 2019

Officer(s) with overall responsibility for risk:	All Heads of Service / All Service Managers
--	---

Target Risk to be achieved by:	ongoing
--------------------------------	---------

**AUDIT COMMITTEE**

**28th March 2019**

**Subject: Counter Fraud & Investigation Directorate (CFID):  
Quarterly Performance Report**

---

**1. Purpose of Report**

To update the Audit Committee on the progress made in delivering the Corporate Counter Fraud & Investigation Strategy at Castle Point Borough Council for 2018/19.

To approve the Council's revised Counter Fraud, Bribery & Corruption Policy and the revised Counter Money Laundering Policy.

**2. Proactive Counter Fraud Work Plan**

**Appendix A** outlines the progress made in delivering the agreed proactive counter-fraud work plan for this year.

If during the year any changes or additions to the plan are proposed between the CFID and the Section 151 Officer, these will be brought back to the Committee and included in the work plan.

The Proactive work plan included the revision of the council's policies for Countering Fraud, Bribery & Corruption and Countering Money Laundering, these were presented to the previous quarter's Audit Committee.

The work plan details actions taken by CFID in specific areas along with a name for the responsible member of the management team within CFID.

**3. Investigations**

The CFID continues to deliver investigations into incidents of suspected fraud or other economic crime for the council. The flow of casework in to CFID to date has been:

- Number of suspected fraud reports received: **15**
- Number of ongoing investigations: **8**
- Number of Closed investigations: **12**
- Value of suspected fraud currently under investigation: **£421,800**

**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.

### **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.

### **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.

A closer working relationship is being sort with the internal audit team to ensure that any overlapping areas of concern can be detected early and corroborative working can be utilised. To assist with this, CFID will produce

monthly reports to the Head of audit detailing the investigations of CFID and the appropriate risk area.

It is also the hope of the CFID that a return in monthly reporting will be completed by the internal audit team, identifying the current audits taking place and if any concerns are being identified. This will capture early warnings of risk to the authority and allow officers from the CFID to assess if intervention is required in specific circumstances where criminality may be present.

#### **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.

As can be seen from the results already obtained from the CFID actions, actively seeking and identifying criminality allows the authority to gain back money that would have otherwise left the budgets of various service areas of the authority. This in itself is a positive step; however the subsequent message sent to those who seek to abuse the financial stability of the authority is such a deterrent that further 'unmeasured' savings will be made by deterring future criminality 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 Directorate to date.**

#### **Background Papers**

- Fighting & Corruption Fraud locally, The Local Government Fraud Strategy
- Crowe Whitehall & Clarke Annual Fraud Indicator 2017

#### **Appendices**

- Appendix A: Proactive Counter Fraud Work Plan

**Report Author: Michael Dineen, Senior Manager, Counter Fraud & Investigation Directorate**

## Appendix A - Counter Fraud & Investigation Directorate

### Counter Fraud Work Plan

Risk area	Tasks	Planned for	Current status	Responsible CFID Officer	Completed Activity Date
Council-wide	Fraud risk matrix assessment to be delivered to all service areas	July – Mar 2019	Accepted by Chris Mills and Audit Committee, on-going programme of meetings with service managers being delivered.	Michael Dineen	On-going meetings are taking place into next quarter.
Council-wide	UK Bribery Act (UKBA) Compliance Review. A questionnaire will be distributed to all Managers to ensure UKBA compliance.	October 2018	Questionnaire now developed and being tested at Thurrock Council before being circulated across CPBC	Michael Dineen	Questionnaire has been sent to Chris Mills for authorisation to be sent. Delayed due to ICT complications.
Council-wide	Counter Money Laundering (CML) Compliance Review. A questionnaire will be distributed to all staff to ensure CML compliance.	October 2018	Questionnaire now developed and being tested at Thurrock Council before being circulated across CPBC	Michael Dineen	Questionnaire has been sent to Chris Mills for authorisation to be sent. Delayed due to ICT complications.
Proactive Fraud Drives	Conduct proactive activity to disrupt and detect fraud affecting the council.	Throughout 2018/19	Proactive work continues to be undertaken across the high-risk areas. So far this year activity has been conducted in: <ul style="list-style-type: none"> <li>Housing</li> <li>Right to Buy</li> </ul>	Michael Dineen	There was a proactive drive on 'empty' business premises to identify those not entitled to exemptions. RTB applications continue to be assessed by CFID with

## Appendix A - Counter Fraud & Investigation Directorate

### Counter Fraud Work Plan

Risk area	Tasks	Planned for	Current status	Responsible CFID Officer	Completed Activity Date
			<ul style="list-style-type: none"> <li>NNDR</li> </ul>		intelligence being passed to the correct departments.
Investigation Review	Review of insider threat investigations with Human Resources to reviews action and learning points	Throughout 2018/19	Meetings continue throughout the year when allegations are received.	Michael Dineen	On-going action with no completion date.
Fraud Awareness Training	Training to be delivered to high risk areas – housing officers, housing allocations, temporary accommodation and right to buy	Ongoing to December 2018	Training now being booked with assistance from CFID business support team.	Michael Dineen / Nicola Spencer	On-going action with no completion date due to rolling program of training delivery.
Referral Training to Housing	Specific training to Housing Services due to lack of referrals and information suggesting that they are conducting criminal investigation themselves	September 2018	Meeting took place with John Grisley and mechanisms are in place to refer allegations. CFID staff member also on site to liaise with housing every Tuesday and Thursday.	Michael Dineen	Completed 20/09/2018

**Appendix A - Counter Fraud & Investigation Directorate**  
Counter Fraud Work Plan

<b>Risk area</b>	<b>Tasks</b>	<b>Planned for</b>	<b>Current status</b>	<b>Responsible CFID Officer</b>	<b>Completed Activity Date</b>
Update to Council website	Updates to the council's website on local government fraud, detailing what the council does to investigate provide advice to signpost referrers.	November 2018	Request sent on 21/11/2018 to ICT at CPBC but as yet, no response.	Dave Nash	ICT have been contacted and this is in the process of taking place
Policy update and review	Update the council's Counter Fraud, Bribery & Corruption Policy and; Counter Money Laundering Policy.	September 2018	Policies updated to national standard and to support legislative changes. To be presented to audit committee on 17 <sup>th</sup> September 2018	David Kleinberg	Completed 17/09/2018

**AUDIT COMMITTEE**

**28th March 2019**

**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 2018/19.

**2. Internal Audit Plan Status**

**Appendix A** sets out the current status of the audit work planned for the year as at 8th March 2019. This also highlights where audits contained in the original plan considered by the Audit Committee in March 2018 have changed.

No changes have been made to the Audit Plan since it was last reported to the Audit Committee in January 2019.

**3. Audit Opinions and Themes**

**Appendix B** summarises the results of the audit work completed this year. No minimal assurance opinions have been issued to date.

**4. Performance Targets**

As at 5 March 2019:

- sickness absence is at 2.11 days per FTE compared to a target of under 5 days per FTE
- in terms of the 26 jobs in the plan:
  - 17 audit reports have been finalised and issued;
  - 3 audit reports have been issued and being reviewed by the Council;
  - 6 audits are in progress.

Seven further stakeholder surveys covering 10 people have been carried out this quarter, with a 40% response rate. The results from these are summarised in **Appendix C**. The results show continued strength in researching, preparing for and communicating about audit scope and objectives, and a positive increase in the number of respondents indicating that they understood the rationale for assurance opinions given and actions that were devised. Further work is needed to ensure that the audit participants fully understand the rationale behind assurance opinions given, as whilst this figure has improved since last quarter it remains the lowest-scoring section of the survey.

## **5. Resourcing**

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

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

Therefore, the combined structure consists of:

- two Audit Managers (one post vacant- recruitment being worked on)
- two Senior Auditors (one post vacant – recruitment being worked on)
- four Auditors (three posts vacant – recruitment to one post being worked on)
- cash (in the form of vacant posts) to buy in specialist and other services on behalf of both sites.

## **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.

### **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.

## **7. Links to Council's Priorities, Objectives and Targets**

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

## **8. Timescale for Implementation**

The Audit Plan relates to the 2018/19 financial year.

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

## **9. Risk Factors**

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

The main risks the team continues to manage are the:

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

### **Recommendation**

**The Audit Committee notes the progress made in delivering the 2018/19 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 2018/19 as at 8 <sup>th</sup> March 2019
Appendix B1	Audit Opinion and Summaries: Satisfactory
Appendix B2	Audit Opinion and Summaries: Partial
Appendix B3	Audit Opinion and Summaries: Audits Revisited
Appendix C	Stakeholder Surveys, Compliance with Professional Standards

**Report Author: Andrew Barnes, Head of Internal Audit**

## Internal Audit Plan 2018/19

Dept	Service Activity	Fraud risk	Status as at 8 <sup>th</sup> March 2019
<b>Managing the Business</b>			
<b>All Aims</b>			
Res	<b>Emergency Planning</b> To assess the robustness of the Council's preparedness to respond to a civil emergency under the Civil Contingencies Act 2004.	No	Report issued in January 2019.
SD, MO	<b>Information Governance, General Data Protection Regulation (GDPR)</b> To assess whether the Council is suitably compliant with the requirements of GDPR.	No	Report issued in February 2019.
Res	<b>IT Strategy</b> To assess whether the IT Strategy supports the development, maintenance and enhancement of IT systems, to enable the achievement of wider business objectives.	No	Report issued in February 2019.
Res	<b>Engagement and management of casual and agency staff</b> To assess whether the Council has a mechanism in place for managing their staff establishment within the levels of resource and financial budgets in two areas, the leisure and refuse & recycling services.	No	Draft report being reviewed by Council.

## Internal Audit Plan 2018/19

Dept	Service Activity	Fraud risk	Status as at 8 <sup>th</sup> March 2019
<b>Managing Service Delivery Risks</b>			
<b>Aim: Public Health and Wellbeing</b>			
H&C	<b>Homelessness</b> To assess whether the Council has a clear strategy and appropriate arrangements in place for dealing with homelessness, in line with the Homelessness Reduction Act 2017.	Yes	Work in progress.
<b>Aim: Environment</b>			
<i>Implementing Action Plans*</i>			
H&C	Environmental Health: Noise & Nuisance and Rubbish & Accumulations	Yes	Work in progress.
<b>Aim: Transforming Our Community</b>			
H&C	<b>HRA New Property Build Projects</b> To assess whether appropriate business case, procurement and contract management arrangements are in place to select and deliver new Council housing properties.	Yes	Report issued in February 2019.
<i>Implementing Action Plans*</i>			
H&C	Right to Buy	Yes	Work in progress.
<b>Aim: Efficient and Effective Customer Focused Services</b>			
H&C	<b>Housing Property Management and Maintenance</b> To be determined with the business, as the review of the SLA progresses.	Yes	Work in progress.
H&C	<b>Licensing</b> To assess whether licence applications are effectively and promptly processed and all due income is received.	Yes	Draft report being reviewed by Council.

## Internal Audit Plan 2018/19

Dept	Service Activity	Fraud risk	Status as at 8 <sup>th</sup> March 2019
<i>Implementing Action Plans*</i>			
Res	Cyber Security Governance	Yes	Report issued in January 2019.
H&C	Health and Safety of Housing Stock	No	Report issued in August and reported to Audit Committee in September 2018.
H&C	Housing Allocations	Yes	Work in progress.
Res	Income Collection	Yes	Report issued in September 2018 and reported to Audit Committee in January 2019.

Key Financial Systems			
All Aims			
<b>Key financial systems 2017/18</b> To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.			
All	Business Rates	Yes	Report issued in February 2019.
All	Council Tax	Yes	Report issued in February 2019.
All	Housing Benefit	Yes	Draft report being reviewed by Council.
All	Housing Rents	Yes	Work in progress.
All	Treasury Management	Yes	Report issued in February 2019.
<b>Key financial systems 2016/17</b> To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.			
All	General Ledger	Yes	Report issued in August and reported to Audit Committee in September 2018.
All	Income, Receipting and Banking	Yes	Report issued in September 2018 and reported to Audit Committee in January 2019.
All	Accounts Payable	Yes	Report issued in August and reported to Audit Committee in September 2018.

## Internal Audit Plan 2018/19

Dept	Service Activity	Fraud risk	Status as at 8 <sup>th</sup> March 2019
All	Accounts Receivable	Yes	Report issued in September 2018 and reported to Audit Committee in January 2019.
All	Payroll	Yes	Report issued in August and reported to Audit Committee in September 2018.
<b>Grant Claims</b>			
Env	<b>Disabled Facilities Capital Grant Determination</b> To confirm the monies have been spent in accordance with the terms of the grant.	Yes	Completion of 2017/18 grant certification audit work, undertaken in 2018/19 completed August 2018.
SD, Mo	<b>Interreg Go Trade Grant</b> To confirm the monies have been spent in accordance with the terms of the grant.	Yes	First sign-off for 2018/19 completed September 2018. Second sign-off due March 2019.
<b>Advice and Support Work</b>			
	None		
<b>Managing Delivery of the Audit Plan</b>			
	Audit Planning and Resourcing		
	Managing Audit Plan Delivery		
	Reporting to Executive Management Team and Audit Committee		

**\* Implementing Action Plans** - To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.

## Internal Audit Plan 2018/19

<b>Audit Activities</b>	<b>Resource allocation</b>
Managing the Business	15%
Managing Service Delivery Risks	54%
Key Financial Systems	8%
Grant Claims	5%
Advice and Support	0%
Managing Delivery of the Audit Plan	18%
<b>Total</b>	<b>100%</b>
<b>Total Council Audit Plan Days</b>	<b>264</b>

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

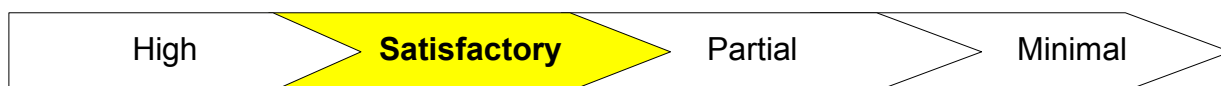
<b>Analysis Over Departments</b>		
Env	Environmental	4%
H&C	Housing	41%
Res	Resources	23%
SD, MO	Strategic Director, Monitoring Officer	11%
All	Cross cutting	10%
All	Managing Delivery of the Audit Plan	11%
	<b>Total</b>	<b>100%</b>

Risk Watch List	
Env	Income Generation from Waste Collection Services
H&C	Safeguarding
H&C	Strategic Housing Strategy
H&C	Working with Partners, Strategic Partnership Framework
Res	Business Continuity
Res	Replacement of the Telephony Systems
Res	The Paddocks Project
SD, MO	Building Control
SD, MO	Development Control Support Team, Effectiveness Review and Revisited
SD, MO	Leases and Licenses Revisited
All	Ethical Governance
All	Health and Safety

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

## Appendix B2: Audit Opinion and Summaries

### Assurance



### Emergency Planning (Jan 2019)

#### Objective

To assess whether the Council has robust arrangements in place for responding to a civil emergency, in line with the requirements of the Civil Contingencies Act 2004 (CCA) and other relevant good practice / updates.

#### Summary

The Council has arrangements in place for responding to a civil emergency, which are in line with the requirements of the Civil Contingencies Act 2004 and key response plans are in place. The roles and responsibilities of those involved are clearly documented and wider stakeholders are effectively consulted and engaged.

Further work is required to continue to review and revise emergency planning documentation and develop a robust training programme. Management are aware of this and plans are already in place to increase the amount of dedicated emergency planning resource from April 2019.

*Number of actions agreed: 2*

### IT Strategy (Feb 2019)

#### Objective

To assess whether the IT Strategy supports the development, maintenance and enhancement of IT systems, to enable the achievement of wider Council objectives.

#### Summary

The current IT Strategy was approved in 2016 and is scheduled to be refreshed in 2019. During its lifetime it has been partially successful, with the 'technical' work streams, for example, adopting Microsoft 365, upgrading hardware and moving to Windows 10 at an advanced stage.

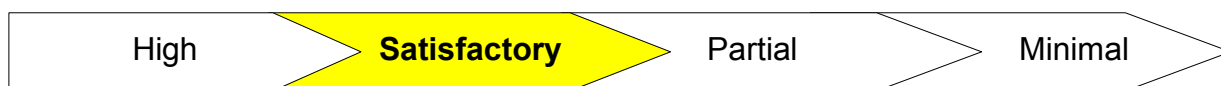
However the Strategy has been less successful with the 'softer' process change enabled by IT elements of the Strategy. While there have been successes, most evidently in Revenues / Benefits and First Contact, the Strategy has not achieved the organisation wide move to electronic processes envisaged by the Strategy.

The biggest gap through the majority of the current Strategy's lifetime has been the absence of a correctly constituted IT Steering Group, although this has now been addressed, with a new IT Steering Group having its first meeting in August 2018.

*Number of actions agreed: 5*

## Appendix B2: Audit Opinion and Summaries

### Assurance



### Housing Revenue Account (HRA) New Property Build – Gateway 1 (Feb 2019)

#### Objective

To assess the robustness of the programme / project management framework in place to deliver the HRA New Build programme, and provide timely assurance at key stages that the project is being planned and procured in accordance with, where relevant, both EU and UK primary legislation and the Council's contract standing orders / financial regulations / policies / procedures.

#### Summary

The HRA New Build Programme has a clear mandate that is consistent with the Council's 'Housing and Regeneration' Objectives 2 & 3. There is a thorough and compelling business case for undertaking the Hatley Gardens HMO project within the programme.

There is good evidence of consultation with stakeholders of the project and that this was used to inform the scheme design.

Two areas for further consideration were identified:

- improving protection of the Council's position in the event of any professional negligence by the consultant architect
- confirming procurement strategies deliver value for money in the appointment of consultants.

*Number of actions agreed: 2*

## Appendix B2: Audit Opinion and Summaries

### Assurance



### Information Governance GDPR (Feb 2019)

#### Objective

To assess whether the Council has an appropriate programme of work to ensure compliance with GDPR.

#### Summary

A comprehensive programme of work was scoped in advance of GDPR coming into effect which was supported by a specialist third party review. The implementation was overseen by the Information Governance Sub-Group and the Operational Management Team. However, a number of business management processes are not operating effectively. Some risks to delivering objectives are understood but not always mitigated to an acceptable level.

There are gaps in holding a central record of information due to completion of the registers being devolved to service areas. Two main areas where current processing is likely to be non-compliant with GDPR are security with unencrypted personal information and retention of emails that are stored for a number of years.

Of the 42 contracts where the council has identified they involve the processing of personal information only 19 have had suitable variations implemented to respond to GDPR.

There remain a number of staff who have not completed their mandatory GDPR training and there remains a lack of specific resource in place to support GDPR.

*Number of actions agreed: 10*

## Appendix B3: Opinions and Summaries - Audits Revisited

### Purpose of these audits

To assess whether the actions agreed in the original audit report have been implemented and are now effectively embedded into the day-to-day operation of the service.

### Cyber Security Governance Revisited (Jan 2019)

**Opinion:** High assurance

Risks to delivering objectives are well understood and clearly defined. There is an appropriate balance of operational controls and management checks designed to proactively manage the risks to an acceptable level and they are applied consistently. Management get appropriate, reliable and timely evidence that proves controls are operating consistently. No issues are identified that cause major concern.

### Objective

To assess whether the Council has designed, as well as effectively operates, a suitable Cyber Security Governance Framework for making and implementing decisions required to direct, monitor, evaluate and report on Cyber Security management within the business.

### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented
8	1	0	0

### Summary

Good progress has been made in addressing the actions agreed in the original report. This process was proactively managed as well as delivered in a timely way, and there is evidence that the revised arrangements are embedded into current working practices.

As a result:

- A comprehensive Cyber Security Strategy has been produced, informed by good practice and referencing key roles and responsibilities, for example the Senior Information Risk Officer (SIRO). This addresses the lack of formality and understood mechanisms identified, to support both prevention of Cyber Security incidents and a managed response, should they occur. Associated with this a specific cyber risk has been added to the strategic risk register, which will support ongoing, senior focus and review of arrangements
- Job descriptions, terms of reference and reporting lines have been documented / clarified, addressing issues around lack of senior support, responsibility and 'buy in' to the importance of addressing cyber security risk

## Appendix B3: Opinions and Summaries - Audits Revisited

- Issues around a lack of focus and rigour in responding to GDPR have been addressed by a specific GDPR action plan and supporting programme of work. As part of this programme of work Information Asset registers have been produced and are being maintained by each service area
- Risks around Cyber Security arrangements becoming out of date have been addressed through clearly identifying the review arrangements in the overarching strategy, senior ownership by a specific sub group of the OMT and a series of ongoing actions, documented in an action plan and overseen by the OMT sub group.

The overarching Cyber Security Strategy is supported by a number of detailed documents, for example, covering how 'incidents' should be managed and responded to. This addresses issues identified regarding a lack of formality in the Council's Cyber Security arrangements.

Further work is required to ensure that staff stay up to date with and maintain their 'cyber' skills. Specifically, while cyber training is provided as part of induction, an ongoing programme of refresher training is required to further enhance arrangements, in line with good practice.

One area, protective marking, has not been addressed, nor do the Council have plans to implement protective marking. However the underlying risk has been substantively addressed through responding to GDPR, specifically additional guidance and expectations have been introduced regarding handling personal data.

### Council Tax Revisited (Feb 2019)

**Opinion:** Partial assurance

Out of the three recommendations that were made in the previous internal audit report, only one recommendation has been actioned. Internal Audit will be issuing a partial assurance on this follow up audit and this will be reported to the Audit Committee.

### Objective

To assess whether the key controls in the Council Tax system 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.

### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented
1	0	0	2

## Appendix B3: Opinions and Summaries - Audits Revisited

### Summary

There were three recommendations made in the original report. One of the recommendations has been implemented fully and this was on the need for the financial services unit to carry out an independent reconciliation between Civica and Efin and then to provide the Revenues Team with the outcome of the reconciliation.

The other two recommendations have not yet been actioned, however the Revenues Team has plans to review and update the council tax written procedures and to identify the cause for the imbalance between Civica and Efin which has not fully reconciled since February 2016, with small reconciliation differences identified each month. In total the cumulative reconciliation difference for 2018/19 to the end of January 2019 is £1,915.48.

### Business Rates Revisited (Feb 2019)

**Opinion:** Satisfactory assurance

Two out of three recommendations have been fully implemented and these have improved the controls over business rates. For the outstanding recommendation the Business Rates team have scheduled to update the written procedures and get them approved by April 2019.

### Objective

To assess whether the key controls in the Business Rates system 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.

### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented
2	0	0	1

### Summary

Since June 2018 a secondary independent check has been introduced that requires a Performance Officer to select a random sample of 5% of claims for small business rates relief. The sample selected confirms that the Council has received an application form, a search of the business is carried out on Google and LoCTA (tracing agency) and the results are then checked to the system to ensure that the relief was awarded accurately and that the system accurately reflects the relief granted. There is a mechanism in place for escalating any concerns or issues noted to the Revenues Manager to take appropriate action.

The Financial Services Unit carries out independent reconciliations on a monthly basis between eFinancials and CIVICA and provides the Business Rates Finance Team Leader the result of their check.

## Appendix B3: Opinions and Summaries - Audits Revisited

The only recommendation that has not yet been actioned is updating the Business Rates written procedure notes, however there are plans in place to complete this update by the end of April 2019.

### Treasury Management Revisited (Feb 2019)

**Opinion:** High assurance

All the six recommendations have been implemented and these have improved the controls over Treasury Management.

#### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented
6	0	0	0

#### Summary

The Treasury Management Schedules and Daily investment sheets have been reviewed and updated to reflect the recommendations that were made in the original report.

The Treasury Management Schedules (TMS) and the step by step guide have been amended to include the procedures to follow for withdrawals.

With the amended daily investment sheets an automated check flags up any limits if they are likely to be breached before the investments are made. Since the introduction of the automated checks in August 2018 there have not been any breaches of the approved limits.

There is now no distinction between those transactions that are below and over £250k. All the transactions are recorded on the daily investment sheets which are checked and approved electronically.

Monthly checks have been introduced to confirm the status of the eligibility of the ranking of Money Market Funds to ensure that the rating has not changed.

Since July 2018, the bank statements are annotated by the officer who carries out the daily bank reconciliations and results are noted including the date when the reconciliation was carried out.

## Appendix C: Stakeholder Surveys, Compliance with Professional Standards

<b>Setting up and planning the audit (PSIAS 1200 / 2200)</b>		
1	Did we show a good level of knowledge and understanding of your service when discussing the potential scope and objective to be covered by the audit before fieldwork took place?	100%
<b>Performing the audit (PSIAS 2300)</b>		
2	Did we work effectively with you when doing the audit to minimise the impact on your service?	93%
3	Were we able to talk knowledgeably with you about information provided to us and queries we had during the audit?	100%
<b>Communicating results (PSIAS 2400) and Improving governance, risk management and control processes (PSIAS 2100)</b>		
4	Did we keep you informed of the progress of the audit and issues arising from the work in timely manner?	86%
5	Did we effectively explain to you where we felt action was required to improve your arrangements and why?	92%
6	Was the report fair and reflective of the work done by audit and the issues found as discussed with you?	86%
<b>Independence and Objectivity (PSIAS 1100)</b>		
7	Did we provide relevant evidence to back up our findings if required?	93%
8	At the end of the audit, did you understand the rationale for the overall opinion given?	79%
<b>Managing the Internal Audit Activity (PSIAS 2000)</b>		
9	Do you think internal audit adds value to the Council?	86%

**AUDIT COMMITTEE**

**28th March 2019**

**Subject: Internal Audit Charter, Strategy and Audit Plan for 2019/20**

---

**1 Purpose of Report**

To present to the Audit Committee the Internal Audit Charter with the supporting Strategy and Audit Plan for 2019/20.

**2 Background**

The Accounts and Audit Regulations 2015 (Regulations) make it a requirement for internal audit to take into account public sector internal auditing standards or guidance in delivering the service.

The Public Sector Internal Audit Standards (the Standards) require the service to produce:

- a Charter
- a risk based plan that:
  - takes into account the:
    - requirement to produce an annual internal audit opinion
    - Council's assurance framework
  - incorporates or is linked to a strategic or high level statement of how:
    - the service will be delivered and developed in accordance with the Charter
    - it links to the Council's priorities, objectives and targets.

**3 Charter, Strategy and Audit Plan**

In order to comply with the Standards, the approach proposed for delivering the service, is set out in the:

- Charter, that defines the purpose, authority and responsibility of the service
- Strategy, that outlines how the service will be delivered in line with the Charter and includes the:
  - Internal Audit Plan for 2019/20
  - statement showing how audit work completed during the year will provide assurance regarding the mitigation of the council's strategic risks

- How We Will Work With You Statement.

The following paragraphs explain key amendments to these documents which were last presented to the Audit Committee in March 2018. These are also highlighted in **bold** within the documents themselves for ease of reference.

#### 4 **Charter (Appendix 1)**

The minor amendments made to the Charter this year relate to:

- changes in officer roles
- identifying the scope for co-ordination and reliance with other assurance providers.

#### 5 **Strategy (Appendix 2)**

The **Strategy** sets out:

- the ethical framework audit staff are expected to comply with
- the basis for the audit opinion and the audit approach to be adopted
- the approach to assessing risk and assurance as part of the audit planning process
- the Audit Plan, resource assessment and performance indicators
- how the service will work with key staff, members and groups within the Council
- how the team will operate on a day to day basis
- how it will assess its compliance with relevant professional standards and report upon this.

A few very minor amendments have been made to the Strategy this year. These are cosmetic and do not change the manner in which the audit service provided is delivered under the Collaborative Working Agreement.

As outlined in the Strategy, activities are only considered for inclusion in the Audit Plan if they are assessed as being significant enough to require periodic independent review. The coverage provided within the proposed **Audit Plan for 2019/20 (Appendix 2a)** is based upon the audit approach outlined in the Strategy, which complies with the requirements of the Standards. It has been discussed by the Executive Management Team.

The Audit Plan will be further reviewed in the late summer to assess whether there are any changes to the risk profile and, therefore, the work planned for later in the year. As is usual practice, any proposed future amendments to the Audit Plan will be reported to the Audit Committee for approval.

**Appendix 2b** identifies where audit reviews provide some assurance regarding the mitigation of the council's corporate risks.

The full suite of performance indicators are designed to enable the service to demonstrate:

- it provides adequate **coverage** by delivering sufficient work in year to enable the Head of Internal Audit to give an opinion on the adequacy and

effectiveness of the council's risk management, control and governance arrangements

- its **professional competence**
- its **costs** are competitive.

If delivered, this suite of indicators provides evidence that the Council is maintaining an adequate and effective internal audit service that:

- operates in accordance with proper internal audit practices
- also adds value and helps the Council to improve its operations.

The **How We Will Work With You Statement is at (Appendix 2c)** has been revised this year to reflect the change in role of the Strategic Director (Resources).

## **6 Corporate Implications**

### **Financial Implications**

Financial risk is one of the categories used when assessing the risk profile of all the activities that the Council delivers.

The Audit Plan will be delivered within the agreed budget for the service.

### **Legal Implications**

The Accounts and Audit Regulations 2015, Section 5 requires the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

The Standards require:

- the Audit Committee to approve (but not direct) the annual internal Audit Plan and this report discharges that duty
- the Audit Committee to then receive regular updates on its delivery, as provided by the quarterly performance report
- the Head of Internal Audit to provide an annual audit opinion on the Council's risk management, control and governance arrangements and report on this to the Audit Committee, which is delivered to its July meeting.

### **Human Resources / Asset Management**

People and property risk is one of the categories used when assessing the risk profile of all the activities that the Council delivers.

Resourcing issues relating to the team are covered in the Strategy.

There are no specific asset management implications with regard to this report.

### **Equality Implications**

None.

## **IT Implications**

Not applicable to these documents.

The IT risk assessment is explained in the Strategy document.

## **7 Links to Council's Priorities, Objectives and Targets**

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

## **8 Timescale for Implementation**

The Audit Plan covers the 2019/20 financial year although work to deliver this will continue until the Head of Internal Audit's Annual report for that year is produced in July 2020.

## **9**

### **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 Priorities, Objectives and Targets. This risk is being mitigated by the work of the Good Governance Group. Assurance provided by this Group is summarised in the 'Quarterly Monitoring Report of the Council's Governance Arrangements'.

The key team risks are:

- its inability to recruit or retain staff
- that external suppliers won't deliver contracted work within the required deadlines to the expected quality standards
- that it becomes increasingly difficult to:
  - engage staff in service departments with the audit process
  - obtain information in a timely way, or at all, so that a full review can be completed
  - discuss and agree opinions and action plans as the resources to implement them become more stretched.

Time has been built into the Audit Plan for managing external contractors.

Internal Audit maintains an audit risk assessment which is explained in the Strategy.

### **Recommendation:**

**The Audit Committee approves the Charter, Strategy and Audit Plan for 2019/20.**

## **Background Papers**

- UK Public Sector Internal Audit Standards 2015
- UK Public Service Internal Audit Standards
- CIPFA Local Government Application Note for the UK Public Sector Internal Audit Standards
- CIPFA: The Role of the Head of Internal Audit in Public Service Organisations 2010
- CIPFA: Audit Committee Practical Guidance for Local Authorities and A Toolkit for Local Authority Audit Committees.

## **Appendices**

Appendix 1: Internal Audit Charter

Appendix 2: Strategy:

- Appendix 2a: Internal Audit Plan 2019/20
- Appendix 2b: Audit assurance linked to the council's corporate risks
- Appendix 2c: How We Will Work With You Statement

**Report Author: Andrew Barnes, Head of Internal Audit**



## **Internal Audit Charter**

Subject to annual review by Head of Internal Audit  
Reported to Audit Committee: March 2019

# Appendix 1: Internal Audit Charter

## Introduction

This Charter sets out the purpose, authority and responsibility of the council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (the Standards) and the CIPFA Local Government Application Note.

The Charter will be reviewed annually and presented to the Audit Committee for approval.

## Service Objective

The key objective for Internal Audit is to complete sufficient work in order to enable it to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes, established to enable it to achieve its objectives.

This includes the Council's working arrangements with partners, contractors and third parties.

In doing this, Internal Audit aims to:

- deliver a high quality, cost effective service in line with best practice and professional standards
- work constructively with management to support new developments and major change programmes
- be pragmatic and proportionate with its recommendations, having regard not just to risk, but also the cost of controls
- be flexible and responsive to the needs of the organisation in all its work
- **help** promote an anti-fraud and corruption culture within the organisation.

## Responsibilities

Internal Audit is '*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes*'<sup>1</sup>.

In a local authority, internal audit:

- provides independent and objective assurance to the organisation, its Members and Executive Management Team regarding the design and operation of its governance, risk management and control processes.
- assists the **Strategic Director (Resources)** in discharging her responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

It is a management responsibility to:

- establish and maintain appropriate governance arrangements and internal control systems

---

<sup>1</sup> Institute of Internal Auditors

## Appendix 1: Internal Audit Charter

- ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

### Statutory Role

Internal Audit is a statutory service in the context of the Local Audit and Accountability Act 2014 and its supporting Accounts and Audit Regulations 2015, which state in Part 2, Internal Control, Section 5, that:

*“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.*

*Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit:*

- *make available such documents and records*
- *supply such information and explanation*

*as are considered necessary by those conducting the internal audit.”*

This is reinforced by the Internal Audit Standards (1000 Purpose, Authority and Responsibility) which require that Internal Audit be provided with *access to records, personnel and physical properties relevant to the performance of engagements.*

Internal Audit operates under the Chief Financial Officers statutory authority to visit any Council land or premises should this be required.

This statutory role is set out in the Council's Detailed Financial Regulations and Procedures.

### Independence and Accountability

Internal Auditors must conform to the Standards, Code of Ethics as well as those relating to any professional body they are members of. The Code of Ethics includes two essential components:

- Principles that are relevant to the profession and practices of internal auditing
- Rules of Conduct that describe behaviour norms expected of internal auditors.

These are defined in more detail in the Strategy but cover Integrity, Objectivity, Confidentiality and Competency.

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations.

Internal auditors have no operational responsibilities. Where the Head of Internal Audit is responsible for other services, arrangements are in place to ensure that any:

- internal audit work in these areas, is subject to appropriate independent review
- conflicts of interest are avoided.

## Appendix 1: Internal Audit Charter

Internal Audit determines its priorities in consultation with 'Those Charged with Governance'. The Head of Internal Audit has direct access to and freedom to report in **his** own name and without fear or favour to all officers and Members, particularly 'Those Charged with Governance', the Chief Executive and Chair of the Audit Committee. This independence is further safeguarded by ensuring that the Head of Internal Audit's annual appraisal / performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chair of Audit Committee contribute to this performance review. The Head of Internal Audit must confirm to the Audit Committee, at least annually, on the organisational independence of the service.

Internal Audit may also provide advisory and related client service activities, the nature and scope of which are agreed with the client. They are intended to add value and improve an organisation's governance, risk management and control processes, examples of which include counselling, advice, facilitation and training. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit.

Accountability for the response to the advice and recommendations of Internal Audit lies with management, who either accept and implement the advice or formally reject it.

All Internal Audit staff are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

**When co-ordinating activities internal audit may seek to rely on the work of other assurance and consulting service providers. A consistent approach is adopted for the basis of reliance and internal audit will consider the competence, objectivity and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work provided by other providers of assurance and consulting services. Where reliance is placed upon the work of others, internal audit remains responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.**

### Internal Audit Scope

The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessments (including those set out within the Council's risk registers). Extensive consultation also takes place with key stakeholders.

The framework used for evaluating the Council's governance, risk management and control arrangements (as required by the Standards) is set out in the supporting Strategy.

If circumstances arise whereby assurances are to be provided to parties outside the Council, the nature of and approach to be adopted to providing them will be discussed with relevant senior management.

## Appendix 1: Internal Audit Charter

The Head of Internal Audit can consider accepting proposed consulting engagements (should resources allow), based on their potential to improve the management of risks, add value and improve the Council's operations. Accepted engagements must also be included in the Audit Plan.

### Reporting Lines and Relationships

Responsibility for ensuring that statutory internal audit arrangements are in place has been delegated to the **Strategic Director (Resources)** who is a member of the Executive Management Team. These arrangements form a key element of the Council's corporate governance framework.

Therefore the **Strategic Director (Resources)** discharges the administrative responsibilities for managing the internal audit service, whilst it reports functionally to the Audit Committee. Details of the functional role of the Audit Committee in this respect are set out in its Terms of Reference (including its annual work programme).

In discharging this functional role, the Audit Committee receives reports that cover the results of internal audit activity and details of Internal Audit performance, including progress on delivering the Audit Plan.

In addition, Internal Audit provides an annual report and opinion to senior management and the Audit Committee on the adequacy and effectiveness of the Council's system of internal control including its governance, risk management and control arrangements.

The Head of Internal Audit also provides:

- quarterly performance reports on audit matters that the **Strategic Director (Resources)** presents to the Executive Management Team which includes the Head of Paid Service, Section 151 Officer and Monitoring Officer
- sits on the Council's Good Governance Group which includes the Deputy Section 151 Officer and Deputy Monitoring Officer and reports to the Executive Management Team.

Full details of how Internal Audit works with key officers and the Audit Committee are set out in the Strategy, Appendix 2c, How We Will Work With You Statement.

No information or reports concerning audit work undertaken on behalf of the Council will be released to anyone not working for the Council, without its permission.

### Internal Audit Standards

There is a statutory requirement for Internal Audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are the 'UK Public Sector Internal Audit Standards' (the Standards) as defined by the Institute of Internal Auditors (IIA) in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA) which are based upon the International Professional Practices Framework (IPPF). These Standards have been adopted by the Council's Internal Audit Service.

Therefore its Mission (as set out in the IPPF) is to *'enhance and protect organisational value by providing risk-based and objective assurance, advice*

## Appendix 1: Internal Audit Charter

*and insight.*' In delivering this, the service commits to operating in accordance with the IPPF's core principles, which requires that it:

- demonstrates integrity
- demonstrates competence and due professional care
- is objective and free from undue influence (independent)
- aligns with the strategies, objectives and risks of the organisation
- is appropriately positioned and adequately resourced
- demonstrates quality and continuous improvement
- communicates effectively
- provides risk-based assurance
- is insightful, proactive and future-focused
- promotes organisational improvement.

With regard to the application of these Standards only, the Council's 'Audit Committee' undertakes the role of the 'Board' and 'Executive Management Team', undertakes the role of 'senior management'.

In accordance with the Standards, Internal Audit is subject to a quality assurance and improvement regime. This consists of an annual self-assessment of the service against the Standards, ongoing performance monitoring of individual reviews and an external assessment at least every five years by a suitably qualified, independent assessor. The results of all of this activity are reported to the Executive Management Team and the Audit Committee, along with details of any instances of non-conformance. Where non-conformance is considered significant, this will also be included within the Council's Annual Governance Statement.

The Accounts and Audit Regulations 2015 require local authorities to produce an Annual Governance Statement in accordance with proper practices. CIPFA's Delivering Good Governance guidance has been given 'proper practice' status by the **Ministry of Housing, Communities and Local Government** for this purpose. Therefore, the Head of Internal Audit aims to comply with the CIPFA Statement on The Role of the Head of Internal Audit in Public Service Organisations 2010, wherever possible, as required by the Delivering Good Governance guidance.

### Internal Audit Resources

It is a requirement that Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and maintain their professional competence through an appropriate ongoing development programme.

The Head of Internal Audit is responsible for appointing the staff of the Internal Audit Service and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills.

## Appendix 1: Internal Audit Charter

In addition to in-house audit staff, the Head of Internal Audit may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

The Head of Internal Audit is responsible for ensuring that the resources of the Internal Audit Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby **he** concluded that resources were insufficient, **he** must formally report this to the **Strategic Director (Resources)** and, if the position is not resolved, to the Audit Committee.

The Internal Audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.

### Fraud and Corruption

Managing the risk of fraud and corruption is the responsibility of management not Internal Audit. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption to occur.

The joint Counter Fraud & Investigation Directorate (the Directorate), a public authorities collaboration hosted by Thurrock Council and Southend-on-Sea Borough Council will investigate allegations of fraud and corruption in line with the council's Anti-Fraud and Corruption Strategy.

The Internal Audit Service will work collaboratively with the Directorate where necessary to ensure system or process weaknesses identified during investigations are addressed.

The Head of Internal Audit must also be informed of all suspected or detected cases of fraud, corruption, bribery or impropriety in order to consider the adequacy of the relevant controls, and evaluate the implication of fraud and corruption for the annual opinion on the control environment.



## **Internal Audit Strategy**

Subject to annual review by Head of Internal Audit  
Reported to the Audit Committee: March 2019

## Appendix 2: Internal Audit Strategy

### Introduction

The Internal Audit Charter sets out the service objective for Internal Audit, which is to provide an annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes, designed to deliver its Priorities, Objectives and Targets.

This Strategy sets out how the service will be delivered and developed in accordance with the Charter and how it links to the delivery of the Council's Priorities, Objectives and Targets.

### Code of Ethics

All internal auditors working on the audit of the Council will comply with the:

- Code of Ethics contained within the UK Public Sector Internal Audit Standards (the Standards) which define:
  - principles that are relevant to the profession and practice of internal auditing
  - rules of conduct that describe behaviour norms expected of internal auditors.
- ethical standards of any professional body they are members of
- Nolan Committee's *Seven Principles of Public Life*.

The four key principles they will adopt are as follows:

- The **integrity** of internal auditors establishes trust and this provides the basis for reliance on their judgement
- Internal auditors:
  - exhibit the highest level of professional **objectivity** in gathering, evaluating and communicating information about the activity or process being examined
  - make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
- Internal auditors respect the value and ownership of information they receive and do not disclose information (**confidentiality**) without appropriate authority unless there is a legal or professional obligation to do so
- Internal auditors apply the knowledge, skills and experience (**competency**) needed in the performance of internal auditing services.

Inappropriate disclosure of information or breaches of the Code of Ethics by internal auditors could be a disciplinary offence.

All staff working on the Council's audit will be required to sign an Ethical Governance Statement. In house staff will be required to declare any interests prior to starting an audit and to formally update their statement as part of their six monthly appraisal meetings.

## **Appendix 2: Internal Audit Strategy**

### **Basis for Annual Audit Opinion**

In summary, the audit opinion will be based upon an assessment of:

- the design and operation of the key processes operated by the Council in order to manage its business (e.g. governance arrangements)
- the range of individual opinions arising from risk-based and other audit assignments delivered during the year (e.g. service activities and financial systems)
- an assessment of how robustly actions agreed are implemented and whether this is achieved in a timely manner
- the outcome of any other relevant work undertaken (whether internally or externally) where independent assurance is provided about the operation or performance of a service / system.

### **Audit Approach**

The audit approach is designed to provide the Council with assurance that its governance, risk management and control processes are robust enough to ensure its Priorities, Objectives and Targets will be delivered.

It also takes into account, where applicable, the need for the Council to gain assurance that any partnership or other agreement to which it is party, is also operating successfully to achieve this end.

The framework used for evaluating the Council's risk management, control and governance processes (as required by the Standards) is set out below.

### **Governance**

Over a suitable period, an assessment will be made of the adequacy of the governance processes in accomplishing the following objectives:

- promoting appropriate ethics and values within the Council
- ensuring effective organisational performance management and accountability
- communicating risk and control information to appropriate areas of the Council
- co-ordinating the activities of, and communicating information among the Audit Committee, external and internal auditors and management.

In doing this, Internal Audit will:

- evaluate the design, implementation and effectiveness of ethics-related objectives, programme and activities
- assess whether the information technology governance supports the delivery of the Council's Priorities, Objectives and Targets.

## **Appendix 2: Internal Audit Strategy**

### **Risk Management**

In determining how effective risk management arrangements are, assessments will be made of whether:

- the Council's Priorities, Objectives and Targets support and align with its Vision
- significant risks are identified and assessed
- appropriate risk responses are selected that align risks with the Council's risk appetite
- relevant risk information is captured and communicated in a timely manner across the Council, enabling staff, management, Members and the Audit Committee to carry out their responsibilities.

This information will be gathered from many sources including audit assignments undertaken each year.

Risk exposures relating to governance, operations and information systems will also be evaluated regarding the:

- achievement of the Council's Priorities, Objectives and Targets
- reliability and integrity of financial and operational information
- effectiveness and efficiency of operations and programmes
- safeguarding of assets
- compliance with laws, regulations, policies, procedures and contracts.

Internal Audit will also evaluate the potential for the occurrence of fraud, corruption, bribery, theft or financial irregularities and how the Council manages these risks.

### **Control**

An evaluation will be made of the adequacy, effectiveness and efficiency of controls in responding to risks within the Council's governance, operations and information systems (taking into account the same areas outlined in the bullet points in the risk exposures paragraph above).

### **Types of Assurance Provided**

Audit assignments will apply one or a combination of approaches which include assessing:

- the adequacy of system design
- whether:
  - key controls within a system, process or service are operating effectively
  - outcomes from systems, processes or services are in line with expectations.

Internal Audit will make recommendations for improving any services, systems or processes audited with a view to promoting continuous improvement.

## **Appendix 2: Internal Audit Strategy**

Any knowledge gained from consultancy engagements will be incorporated into the evaluation of the Council's governance, risk management and control processes.

### **Limitations**

Internal Audit will not:

- assume management responsibilities
- control the risks of the Council
- establish and maintain any systems of internal control
- determine operational policies or procedures
- necessarily detect fraud, corruption, bribery, theft or financial irregularities as part of its work as management is responsible for mitigating these risks.

### **Risk Assessment**

A risk based approach will be used to identify areas for review, which takes into account the risk maturity of the Council. The risk assessment will be based upon professional judgement but will be informed by:

- key corporate and service level documents (e.g. plans and risk registers)
- regular discussions with the Strategic Director (Resources) and the Head of Housing and Communities
- at least annual discussions with Heads of Services, the Head of Law and Deputy Monitoring Officer as well as service managers involved in higher risk activities
- the work of the Good Governance Group
- the audit risk assessment
- horizon scanning to establish potential new risks that may materialise during the year
- outcomes from other relevant, independent audits, inspections or work undertaken.

An audit risk assessment will be maintained which includes all service activities as well as key financial systems and business management processes. This helps identify activities that:

- are 'higher risk' because, for example, they are inherently complex, material or susceptible to fraud, but well controlled
- will not be audited unless a specific, one-off risk arises or their general risk profile increases.

It is more important for higher risk activities, that management obtain periodic, independent evidence that the controls remain appropriate and are consistently applied. A significant control failure in these areas could have a serious impact on the Council's ability to deliver its services and its overall Priorities, Objectives and Targets.

## **Appendix 2: Internal Audit Strategy**

In assessing the level of assurance required and therefore the priority attached to each Council service, account will be taken of:

- financial risk
- outward facing risks (including reputational risk)
- operational risks (including those relating to partnerships)
- legal and political risks
- people and property risks (including health & safety and safeguarding)
- inherent risk (including that of fraud).

The audit risk assessment will be discussed at least annually with the Strategic Director (Resources), the Head of Housing and Communities and other key Heads of Service. An annual assessment will be made with the Strategic Director (Resources) as to whether any assurance is required regarding key financial systems to support the production of the Statement of Accounts.

Internal Audit will decide which action plans to revisit on a risk basis. Where it is determined that further work is required to ensure agreed actions have been properly implemented, this will involve re-testing to ensure:

- the agreed action has been properly implemented
- the strengthened control arrangements are firmly established in the day to day running of the service.

### **Assurance Framework**

Before producing the Audit Plan, account will be taken of any evidence already available regarding the:

- operation of individual services (ie. from management or external)
- management of corporate, strategic and operational risks
- effectiveness of the Council's governance arrangements.

This evidence will be recorded as part of the audit risk assessment documentation. As part of planning the audit, the value of this evidence will be evaluated by assessing:

- what risks and controls such assurance covers
- at what stage in the process it takes effect (see Three Lines of Defence model outlined below) and therefore how quickly it would mitigate the risk
- how reliable it is, which is likely to include some re-performance work to confirm the validity of the findings before it is relied upon for audit purposes.

## Appendix 2: Internal Audit Strategy

### Coordinating the Three Lines of Defence

First Line of Defence	Second Line of Defence	Third Line of Defence
Risk Owners / Managers	Risk Control and Compliance	Risk Assurance
Operational management	Corporate management type functions	Internal Audit
Delivers the service	Limited independence	Greater independence
Reports through the normal line management structure	Reports primarily to management	Reports to the Audit Committee

### Audit Plan

A programme of audits will be agreed with senior management based on the assessment of risk outlined above. The Audit Plan will:

- mainly focus on:
  - risk based reviews that assess how well core services are being delivered
  - revisiting previous audits to ensure that agreed action plans have been properly implemented, so the controls are fully embedded in the day to day operations of the service or process.
- include time for:
  - some work on:
    - the Council's arrangements for managing its business
    - key financial systems and grant claims
    - providing advice and support
  - audit planning, managing audit plan delivery which includes managing contractors and reporting.

Therefore the Audit Plan, attached at **Appendix 2a**, reflects the results of the risk assessment and the information gathered about the Council's assurance framework. It shows how the work will provide evidence that risks relating to the delivery of the Council's Priorities, Objectives and Targets are being managed effectively. **Appendix 2b** maps audit work against the Council's corporate risks.

There is no contingency budget within the Audit Plan. Therefore, any risks that arise during the year will be considered against the risk profile of the work already planned before:

- a review is deleted and replaced by a new audit
- additional audit resource is purchased by the Council.

Consultancy engagements, if accepted in year, will also be included in the Audit Plan.

## **Appendix 2: Internal Audit Strategy**

Changes to the Audit Plan will be reported to the Executive Management Team and the Audit Committee for approval.

Fraud and corruption risks will be considered when determining the focus of each relevant audit. Any investigations into fraud, corruption, bribery, theft or financial irregularities that arise will be undertaken by the Counter Fraud and Investigation Directorate (the Directorate) under the terms of their Collaborative Working Agreement with the Council. The Internal Audit team will continue to work closely with the Directorate to ensure an effective and integrated service is provided.

### **Resources**

Southend-on-Sea Borough Council and Castle Point Borough Council have signed an Internal Audit Collaborative Working Agreement to use their combined internal audit resources to provide a service to both Councils. The core team is then supplemented as required, by resources obtained via framework contracts with external suppliers. This service is managed by a jointly appointed Head of Internal Audit.

The strategy will be to continue with this mixed economy approach to resourcing the service as long as costs remain competitive, productivity is high and quality standards are met, as measured by delivery of the agreed performance indicators.

Work will be allocated to staff with the appropriate skills, experience and competence to complete it. Where the Head of Internal Audit is responsible for an area being audited, arrangements will be made for the work to be supervised and reviewed by an appropriately qualified person from outside the service.

Up to date job profiles will be maintained reflecting modern professional requirements.

Staff will not be allowed to audit the same area for more than three consecutive years thus preventing over-familiarity and complacency that could influence objectivity.

### **Training and Development**

Staff development needs will be continually assessed and fed into the service's training plan to ensure that appropriate skills are available to deliver the Strategy. Consideration will also be given to the need for staff to meet mandatory continued professional development requirements.

Staff will maintain individual training logs that satisfy relevant professional standards. These will be reviewed by line managers at least every six months as part of the corporate performance appraisal process.

Opportunities to purchase tailored training with other organisations will continue to be explored.

### **Service Performance Indicators**

The performance indicators being proposed cover economy, efficiency and effectiveness; and consist of:

## **Appendix 2: Internal Audit Strategy**

- delivering 100% of the Audit Plan by the July Audit Committee
- operating in the manner set out in the Standards at team and individual audit level as evidenced by:
  - the annual internal review completed by the Head of Internal Audit
  - five yearly independent, external performance assessments.
- completing a representative sample of stakeholder surveys that assess compliance with elements of the Standards:
  - reporting the results regularly to the Audit Committee, with actions to be taken to improve performance, where required
  - reflecting the results in the annual performance assessment reported upon in the Head of Internal Audit Annual Report.
- discharging the duties set out in the CIPFA Statement on the Head of Internal Audit role
- assessing the competitiveness of cost, when reviewing the Collaborative Working Agreement.

When the service is more fully resourced and settled, the target of issuing draft reports to the Council within 15 days of the final meeting to discuss the findings from the fieldwork will be re-introduced.

Performance against relevant targets set will be reported to the Executive Management Team and the Audit Committee each quarter.

### **Service Risk Register**

Internal Audit will maintain a service risk register that supports the delivery of this Strategy. This will be reviewed and reported upon periodically in the quarterly performance reports to management.

### **Delivering Audit Assignments**

An audit manual will be maintained that guides staff in the performance of their duties. It will be reviewed regularly to reflect changes in working practices and standards. This will ensure that auditors obtain and record sufficient evidence to support their conclusions, professional judgements and recommendations.

The standard of files will be such that an experienced auditor, with no previous connection with the audit, will be able to ascertain what work was performed, re-perform it if necessary and support the conclusions reached.

The service will adhere to a clear desk policy.

Audit files will be retained in accordance with Council's file retention and disposal policy and comply with the General Data Protection Regulation requirements

Generally audit files and records are confidential. They will only be shared with the service being audited and external audit. If wider distribution is required, permission must first be obtained from the Head of Internal Audit.

## Appendix 2: Internal Audit Strategy

### How We Will Work With You

**Appendix 2c** sets out how the service will work with key officers, management and Members within the Council, which includes details of who will receive key documents and reports.

Internal Audit will liaise with senior management regarding the timing of individual assignments wherever possible.

Terms of Reference and Draft Reports will be discussed and agreed to be factually accurate with Group Managers before being finalised with Strategic Director or Head of Service.

Distribution lists are contained on the front of each report and are agreed with senior management.

Internal Audit reports contain a disclosure stating they should not be shared with anyone else without the permission of the Head of Internal Audit.

Audit reports will generally be designed to:

- give an opinion on the risk and controls in the area under review
- set out the issues arising, detail the action management is going to take to address them, identify who is accountable for each action and note appropriate delivery dates.

Those weaknesses giving rise to significant risks for which the proposed management action is not agreed will be brought to the attention of senior management and if necessary the Audit Committee.

The Head of Internal Audit Annual Report will include:

- an annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes
- a summary of work completed
- a statement of conformance with the Standards and the results of the Quality Assurance and Improvement Programme
- a comparison of actual work completed compared to what was planned as well as performance against its targets
- issues relevant to the preparation of the Annual Governance Statement
- progress in dealing with issues arising from any external performance assessment.

### Audit Committee

To support the work of the Audit Committee, Internal Audit will:

- contribute to the development of agendas and attend meetings
- facilitate the Committee's review of its own remit and effectiveness, if required
- help identify any training needs and work with others to ensure that these are met.

## **Appendix 2: Internal Audit Strategy**

### **External Audit**

Internal Audit will maintain an appropriate working relationship with the Council's external auditors, sharing documentation and reports as required to support the audit of the Statement of Accounts.

### **Partners**

Internal Audit will continue to explore opportunities to work effectively with internal audit services of partner organisations where this is beneficial. It will continue to look to make better use of joint audit resources as well as provide opportunities to share learning and good practice.

### **Quality Assurance and Improvement Programme**

The service will maintain a quality assurance and improvement programme that covers all aspects of internal audit activity. The internal assessment will reflect feedback obtained from:

- ongoing supervision and review of individual assignments
- stakeholder surveys
- regular monitoring of service delivery via agreed performance targets
- an annual self assessment of compliance with the Standards
- a periodic assessment of compliance with the CIPFA statement on the Role of the Head of Internal Audit in Local Government.

Opportunities for peer reviews or independent challenge of the self assessment will continue to be proactively explored.

The combined Internal Audit Service is required to have an external assessment of its compliance with the Standards, at least every five years by a qualified, independent assessor from outside the service. This was last undertaken by the Institute of Internal Auditors in October 2017.

When this assessment is due, the Head of Internal Audit will discuss and agree with the Council's senior management and Audit Committee the:

- form of external assessment
- qualifications and independence of the external assessor including any potential conflict of interest
- person who will act as the internal sponsor for this process.

The results of the quality assurance programme will be reported upon in the Head of Internal Audit's Annual Report and progress made against any improvement plans will be reported to the Executive Management Team and the Audit Committee.

## **Appendix 2: Internal Audit Strategy**

### **Appendices**

- Appendix 2a: Internal Audit Plan 2019/20
- Appendix 2b: Audit assurance linked to the Council's corporate risks
- Appendix 2c: How We Will Work With You Statement

## Appendix 2a: Internal Audit Plan 2019/20

Dept	Service Activity	Fraud risk	Focus of the Audit
<b>Managing the Business</b>			
<b>All Aims</b>			
Res	IT – Management of Capita contract and system upgrade/s	No	<p>To assess whether there are robust arrangements in place for management to ensure that the:</p> <ul style="list-style-type: none"> <li>Capita contract for IT services is being delivered properly in compliance with the specified performance and quality standards, at the correct cost / price; and</li> <li>system upgrades are in line with the IT strategy and that they have been successfully implemented and embedded into the day to day operation of the services.</li> </ul> <p><i>Planned Q2-Q3</i></p>
Res	Business continuity	No	<p>To assess whether the Council has effective arrangements in place to enable services (particularly critical ones) to continue to be provided in the event of a disaster occurring.</p> <p><i>Planned Q4</i></p>
<i>Implementing Action Plans</i>			
SD, MO	Information governance, General Data Protection Regulation	No	<p>To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service.</p> <p><i>Planned Q3</i></p>
<b>Managing Service Delivery Risks</b>			
<b>Aim: Environment</b>			
Env	Management and monitoring of Street Cleaning and Ground Maintenance contract with Pinnacle	No	<p>To assess whether there are robust arrangements in place for management to ensure that the street cleaning and maintenance contract is being delivered properly in compliance with the specified performance and quality standards, at the correct cost / price.</p> <p><i>Planned Q3</i></p>

## Appendix 2a: Internal Audit Plan 2019/20

Dept	Service Activity	Fraud risk	Focus of the Audit
Env	Management and monitoring of contract with JAD Security	No	<p>To assess whether there are robust arrangements in place for management to ensure that:</p> <ul style="list-style-type: none"> <li>the contract is being delivered properly in compliance with the specified performance and quality standards; and</li> <li>there are adequate controls in place to ensure that all cash collected has been paid over to the council.</li> </ul> <p><i>Planned Q2</i></p>
Env	Collection of income from other paid for services, such as garden and trade waste, pitch hire, community halls and bowling clubs	Yes	<p>To assess whether there are adequate controls in place to ensure that all income due is billed in full and collected in a timely manner.</p> <p><i>Planned Q1</i></p>
<b>Aim: Housing and Regeneration</b>			
H&C	HRA new property build projects		<p>To assess the robustness of the programme / project management framework in place to deliver the HRA New Build programme.</p> <p>To provide timely assurance at key stages when the project is being planned and procured in accordance with both EU and UK primary legislation and the Council's contract standing orders / financial regulations / policies / procedures.</p> <p><i>Planned Q4</i></p>
H&C	Housing management Service Level Agreement with South Essex Homes	Yes	<p>To assess whether there are robust arrangements in place for management to ensure that the SLA is being delivered properly in compliance with the specified performance and quality standards, and at the correct cost / price.</p> <p><i>Planned Q3</i></p>

## Appendix 2a: Internal Audit Plan 2019/20

Dept	Service Activity	Fraud risk	Focus of the Audit
Implementing Action Plans			
SD, MO	Building control	Yes	To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service. <i>Planned Q1 – Q4</i>
SD, MO	Development control	No	
All	IDOX system governance and mhange management.	Yes	
H&C	Licensing	Yes	
Aim: A Commercial and Democratically Accountable Council			
No specific audit work planned, although a number of the audits planned do contribute towards assurance over this aim.			
Aim: Health and Community Safety			
SD, MO	Safeguarding arrangements for adults and children		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. <i>Planned Q1</i>
Key Financial Systems			
All Aims			
All	Accounts receivable	Yes	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 Castle Point Borough Council's (the Council) Statement of Accounts. <i>Planned for Q2</i>
All	Accounts payable		
SD, MO	Payroll	Yes	To review the arrangements from beginning to end, including third party assurance, to assess whether the key controls effectively prevent or detect material financial errors, on a timely basis. <i>Planned Q2</i>

## Appendix 2a: Internal Audit Plan 2019/20

Dept	Service Activity	Fraud risk	Focus of the Audit
Grant Claims			
Env	Disabled facilities capital grant determination	Yes	To confirm the monies have been spent in accordance with the terms of the grant. <i>Planned Q1 – Q4</i>
SD, MO	Interreg Go Trade grant	Yes	
Advice and Support Work			
Res	Paddocks community hall	No	To provide advice and support on the development of the business plan for the future plans for the Paddocks community hall. <i>Planned Q3</i>
Managing Delivery of the Audit Plan			
	Audit Planning and Resourcing		
	Managing Audit Plan Delivery		
	Reporting to Executive Management Team and Audit Committee		

## Appendix 2a: Internal Audit Plan 2019/20

<b>Audit Activities</b>	<b>Resource allocation</b>
Managing the Business	15%
Managing Service Delivery Risks	50%
Key Financial Systems	12%
Grant Claims	5%
Advice and Support	4%
Managing Delivery of the Audit Plan	14%
<b>Total</b>	<b>100%</b>
<b>Total Council Audit Plan Days</b>	<b>274</b>

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

<b>Analysis Over Departments</b>		
Env	Environmental	17%
H&C	Housing	26%
Res	Resources	29%
SD, MO	Strategic Director, Monitoring Officer	11%
All	Cross cutting	3%
All	Managing Delivery of the Audit Plan	14%
	<b>Total</b>	<b>100%</b>

## Appendix 2a: Internal Audit Plan 2019/20

Risk Watch List	
Res	Renewal of Capita Contract
Env	Estate Management
H&C	Strategic Planning / Housing Strategy / Local Plan
H&C	Review of Northgate System
H&C	Governance arrangements for Grant and State Aid Funding
H&C	Case Management System
SD, MO	Thames Estuary 2100 Plan
SD, MO	Canvey Island Seafront
SD, MO	Hadleigh Town Centre Gateway Site
Res	Health and Safety of Employees, Agency Staff and Contractors
H&C	Restructuring of services following the introduction of Universal Credit
Res	Essex Procurement Hub
H&C	Private Sector Housing
All	Working with Community Groups and Partners

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

## Appendix 2b: Audit assurance linked to the Council's corporate risks

	Council Priority	Corporate Risks December 2018	Audit work providing assurance in 2019/20
1	Health and Community Safety	Partnership Arrangements are not fully effective and risks focus on work that does not always meet Council priorities.	No audit work has been planned but working with community groups and partners is on the Audit Risk Watch List.
2	Health and Community Safety	Approach to Safeguarding not fully effective and embedded in the organisation with lack of clarity on responsibilities.	Audit has been planned on Safeguarding arrangements for adults and children.
3	Health and Community Safety	Risk of large numbers of households currently residing in caravans designed for leisure purposes being required to leave caravans and become homeless households requiring support from the Council with limited resources to provide.	Homelessness audit was carried out in 2018-19. The first two phases on HRA new property Build projects were audited in 2018-19 and the remaining two will be audited in 2019-20.
4	Housing and Regeneration	The vision for Regeneration is not fully clear and the achievement of outcomes is limited (Local Plan & Regeneration Adviser)	Advice and Support work has been planned on the Paddocks community hall business plan. The Thames Estuary 2100 Plan, Canvey Island Seafront and Hadleigh Town Centre Gateway Site projects are on the Audit Risk Watch List.

## Appendix 2b: Audit assurance linked to the Council's corporate risks

	Council Priority	Corporate Risks December 2018	Audit work providing assurance in 2019/20
5	Housing and Regeneration	The Local Plan is not progressed satisfactorily and / or is not robust resulting in central government intervention and high legal costs	No audit work has been planned but the Local Plan is on the Audit Risk Watch List.
6	Housing and Regeneration	Inadequate strategic approach to Housing resulting in lack of development of Affordable Housing	No audit work has been planned but the Housing Strategy and private sector housing are on the Audit Risk Watch List and once a plan is determined for developing the Local Plan we will re-assess this area.
7	A Commercial and Democratically Accountable Council	Unable to provide full range of existing services for years 2019/20 and beyond due to reductions in government grant funding	Audit has been planned on collection of income from paid for services. We will also continue to discuss the financial position and financial plans at regular meetings with the Strategic Director (Resources).
8	A Commercial and Democratically Accountable Council	Potential for too many priorities and inadequate staff capacity to pursue all priorities / insufficient corporate resources to implement change	No audit work has been planned but strategic planning is on the Audit Risk Watch List.
9	A Commercial and Democratically Accountable Council	Rent income reduction proposals by Central Government will result in a Housing Revenue Account which is unsustainable in future years	Housing Rents was audited in 2018-19, no further audit work has been scheduled in 2019-20.
10	A Commercial and Democratically Accountable Council	Staff morale decreases due to impact of austerity	No audit work has been planned but strategic planning is on the Audit Risk Watch List.

## Appendix 2b: Audit assurance linked to the Council's corporate risks

	Council Priority	Corporate Risks December 2018	Audit work providing assurance in 2019/20
11	A Commercial and Democratically Accountable Council	Adequate Business Continuity (BC) arrangements in place that mitigate severe disruption to Council services	An audit has been planned on Business Continuity.
12	A Commercial and Democratically Accountable Council	Failure to deliver key ICT improvement and enhancement projects resulting from contract operating difficulties with Capita	An audit has been planned on the management of the Capita contract and system upgrades.
13	A Commercial and Democratically Accountable Council	Inadequate Health and Safety arrangements within Housing Services and the potential for a serious incident as a result	No audit work has been planned but health and safety of employees, agency staff and contractors is on the Audit Risk Watch List.
14	A Commercial and Democratically Accountable Council	Housing Services policies and associated working practices and management systems are not fully effective and do not provide value for money	No audit work has been planned but the case management system and Northgate systems are on the Audit Risk Watch List.
15	A Commercial and Democratically Accountable Council	Risk of Service Level Agreement (SLA) arrangements with South Essex Homes not being successful and resulting in inability to provide a housing property management service	An audit has been planned on the SLA arrangements with South Essex Homes.

## Appendix 2b: Audit assurance linked to the Council's corporate risks

	Council Priority	Corporate Risks December 2018	Audit work providing assurance in 2019/20
16	A Commercial and Democratically Accountable Council	Unable to fully implement the requirements of the General Data Protection Act Regulations (GDPR) 2016	A follow up audit has been planned on GDPR.
17	A Commercial and Democratically Accountable Council	Successful cyber security attack resulting in disruption to service, theft or loss of data / information, financial and reputational damage	Cyber security was audited in 2018-19, no further audit work is planned for 2019-20.
18	A Commercial and Democratically Accountable Council	Risk of Implementation of Universal Credit (UC) and wider digital requirements by Department of Work and Pensions (DWP) impacting service delivery and effectiveness	No audit work has been planned but restructuring of services following the introduction of Universal Credit is on the Audit Risk Watch List.
19	A Commercial and Democratically Accountable Council	Risk that contract re-tenders / renewals / extensions or other procurements or a lack of robust contract management may result in higher costs placing greater strain on the Council's financial position	Audits have been planned on the Pinnacle and the JAD Securities contracts.  The re-tendering of the Capita contract that expires in March 2021 and the Essex Procurement Hub are on the Audit Risk Watch List.

# How We Will Work With You Statement

# Appendix B3

<b>Internal Audit</b>	<b>Relevant Service Managers</b>	<b>Relevant Heads of Service</b>	<b>Strategic Director (Resources) (s151 Officer) (see note 2 below)</b>	<b>Executive Management Team (see note 1 below)</b>	<b>Audit Committee</b>
<b>Charter and Strategy</b>			<b>Receive annually February / March</b>	<b>Receive annually February / March</b>	<b>Approve annually March</b>
<b>Audit Plan</b>	<b>Discuss risk assessment as part of planning process</b>	<b>Discuss risk assessment as part of planning process</b>	<b>Discuss risk assessment as part of planning process Update quarterly</b>	<b>Receive annually March Update quarterly</b>	<b>Approve annually March Update quarterly</b>
<b>Terms of Reference for audits *</b>	<b>Discuss drafts and finalise with</b>	<b>Finalise with</b>	<b>Copy final</b>		
<b>Detailed audit work *</b>	<b>Discuss findings on an on-going basis</b>	<b>Brief if issues of concern arise during the review</b>	<b>Brief if issues of concern arise during the review</b>		

## How We Will Work With You Statement

## Appendix B3

Internal Audit	Relevant Service Managers	Relevant Heads of Service	Strategic Director (Resources) (s151 Officer) (see note 2 below)	Executive Management Team (see note 1 below)	Audit Committee
Individual audit reports *	Discuss drafts and finalise with	Finalise with	Copy final	Copy final to Chief Executive (Head of Paid Service)	
IA Performance Report (inc. follow up)			Receive quarterly	Receive quarterly	Receive quarterly
Annual report			Receive April / May	Receive April / May	Approve July

*\* This approach applies whether it is an original audit or whether we are revisiting an audit report to ensure agreed actions have been implemented and are embedded into the day to day operations of the service.*

**Note 1** This group includes the Council's Head of Paid Service, Monitoring Officer and Strategic Director (Resources) (s151 Officer)

**Note 2** All reports to Executive Management Team and the Audit Committee are reviewed by the Strategic Director (Resources) (s151 Officer)

**AUDIT COMMITTEE**

**28th March 2019**

**Subject: Audit Committee Work Programme for 2019/20**

---

**1. Purpose of Report**

To present the outline 2019/20 work programme for the Audit Committee for consideration.

**2. Background**

The timetable for approving the Statement of Accounts remains the same as last year. So for the 2018/19 Statement of Accounts that will be audited in 2019, the:

- Section 151 Officer has to sign and publish them by 31 May
- External Auditor has to issue an audit opinion on them by 31 July.

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 2019/20 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 March meeting
- annual governance reports as well as those relating to the Statement of Accounts will go to the July meeting
- September monitors progress in delivering in year work
- January considers progress made on delivering annual governance type action plans as well as the Treasury Management Strategy and Grant Claims report.

**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 it 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 2019/20 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 2019/20.**

### **Background Papers**

- The Accounts and Audit Regulations 2015
- 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 2019/20

**Report Author: Andrew Barnes, Head of Internal Audit**

## Appendix A: Audit Committee Work Programme 2019/20

Agenda items	Jul	Sept	Jan	Mar
<b>Governance, Risk and Control</b>				
<ul style="list-style-type: none"> <li>Good Governance Update and Local Code of Governance (bi-annual) (Next review due 2020)</li> </ul>				√
<ul style="list-style-type: none"> <li>Quarterly Monitoring Report of the Council's Governance Arrangements</li> </ul>		√	√	√
<ul style="list-style-type: none"> <li>Reports on individual key business management arrangements as required</li> </ul>		√	√	
<ul style="list-style-type: none"> <li>Risk Management Policy and Strategy (bi-annual) (Next review due 2020)</li> </ul>				√
<ul style="list-style-type: none"> <li>Risk Management Performance and Annual Reports, including the Corporate Risk Register</li> </ul>		√		√
<ul style="list-style-type: none"> <li>Policies and Strategies for:                             <ul style="list-style-type: none"> <li>Counter Fraud, Bribery and Corruption</li> <li>Counter Money Laundering</li> <li>Prosecution</li> <li>Whistleblowing</li> </ul>                             (bi-annual)                         </li> </ul>			√	
<ul style="list-style-type: none"> <li>Counter Fraud &amp; Investigation Directorate, Strategy and Annual Work Programme</li> </ul>	√			
<ul style="list-style-type: none"> <li>Counter Fraud &amp; Investigation Directorate, Quarterly Performance Report</li> </ul>		√	√	√
<ul style="list-style-type: none"> <li>Counter Fraud &amp; Investigation Directorate, Annual Report</li> </ul>	√			
<ul style="list-style-type: none"> <li>Annual Governance Statement (AGS)</li> </ul>	√			
<ul style="list-style-type: none"> <li>Progress made in delivering the AGS Action Plan</li> </ul>			√	
<b>Treasury Management</b>				
<ul style="list-style-type: none"> <li>Treasury Management and Investment Strategy</li> </ul>			√	

## Appendix A: Audit Committee Work Programme 2019/20

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