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Robert Tinlin MBE
Interim Chief Executive

AGENDA

Committee: AUDIT

Date and Time: Thursday 28th April 2022 at 7.00p.m (NB Time)

Venue: Council Chamber

Membership: Councillors Riley (Chairman), Blackwell, Ms Drogman, May and A Thornton

Substitutes: Councillors Acott, Mrs Blissett, MacLean and Thomas

Officers attending:

Lance Wosko, Financial Services Manager

Ben Brook, Strategy Policy and Performance Manager

Andrew Barnes, Head of Internal Audit

Michael Dineen, Senior Manager, Counter Fraud & Investigation Directorate

Also attending

Debbie Hanson, Associate Partner, EY

Councillor Johnson – Cabinet Member Resources

Enquiries:

Ann Horgan, Ext. 2413

PART I

(Business to be taken in public)

1. Apologies:

2. Members' Interests:

3. Minutes:

A copy of the Minutes of the meeting held on 3rd February 2022 is attached.

4. Terms of Reference of the Audit Committee

At the Ordinary Council meeting on 23rd March 2022 Council approved the following amendment to the Committee's Terms of Reference:

- To examine and consider the financial outturn results and approve the Council's audited Statement of Accounts.

- 5. Update on Financial Results and Statement of Accounts for 2020/21**
A report is attached.
- 6. Monitoring Report of the Council's Governance Arrangements**
Report of the Strategy Policy and Performance Manager is attached.
- 7. Corporate Risk Register Update Report**
Report of the Strategy Policy and Performance Manager is attached.
- 8. Internal Audit: Quarterly Performance Report 2021/22:**
Report of the Head of Internal Audit is attached.
- 9. Internal Audit: Charter Strategy and Plan 2022/23**
Report of the Head of Internal Audit is attached.
- 10. Counter Fraud & Investigation Directorate: Quarterly Performance Report 2021/22:**
Report of the Senior Manager, Counter Fraud Investigation Directorate is to follow.

Information Item for Committee not forming part of the Agenda

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AUDIT COMMITTEE

3RD FEBRUARY 2022

PRESENT: Councillors Riley (Chairman), Cllr May Blackwell, and A. Thornton.

ALSO PRESENT: Councillor Acott and Cllr Johnson, Cabinet Member Resources.

Head of Internal Audit, Andrew Barnes, Lance Wosko, Financial Services Manager Michael Dineen Senior Manager Counter Fraud & Investigation Directorate, Ann Horgan Head of Governance and Loretta Hill, Governance Officer were also present.

APOLOGIES: Councillor Drogman

17. MEMBERS' INTERESTS

There were none.

18. MINUTES

The Minutes of the meeting held on 16th November 2022, were taken as read and signed as a correct record.

19. COUNTER FRAUD & INVESTIGATION: QUARTERLY PERFORMANCE REPORT 2021/2022

A report was considered updating the Audit Committee on the progress made in delivering the Corporate Counter Fraud & Investigation (CFI) strategy for the Council in 2021/22. The report covered the work completed during Q3 and realigned quarterly reporting after disrupted reports during 2021.

The team was making good progress in delivering the planned work identified in the agreed Counter Fraud Proactive Work Plan for this year (2021/22).

The CFI was also making great strides in developing the National Fraud Initiative, known as NFI within the Council. The offences that could be identified from this initiative were housing fraud, employee fraud and grant fraud.

During Q3 the CFI had been able to expand on the work they do and have resumed visiting and interviewing witnesses/suspects. Courts were starting to sit, with trials restarting for various offences, including fraud. However, there is still a significant delay in trial dates, with CFIs most recent trial being set for 2023.

The Court process was expected to take 2 years to recover from the disruption caused by COVID19. The CFI would still pursue offenders, but it was important for Members to understand the issues facing the prosecution of offenders.

The value of suspected fraud under investigation in 2021/22 was £647,450 and the number of closed investigations in 2021/22 was 67.

In response to Members questions examples were provided of reasons why investigations would be closed down; that payment would not avoid prosecution proceedings and that fraudulent claims had been made for Covid support grants.

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

20. INTERNAL AUDIT SERVICE, QUARTERLEY PERFORMANCE REPORT 2021/2022

The Audit Committee received an update on progress made in delivering the Internal Audit Strategy for 2021/22.

Appendix A set out the current status of the audit work planned for the year as of 21st January 2022.

There had been two changes to the audit plan since the update provided to the Audit Committee in November 2021. These were:

- The removal of the Housing Management Process Review advice and support work. It's inclusion on the audit plan for 2022/23 will be revisited during the annual audit planning cycle.
- The introduction of an audit on Senior Management Pay and Conditions had been added into the plan as a follow-on piece to the Workforce Management audit.

The high-level results of the audit work completed and reported upon since the last Audit Committee meeting were before the committee one high assurance and two partial opinions had been issued.

Members discussed and asked a number questions on the report regarding the Knightswick Centre, Go trade, Corporate Estate and Asset Management and formatting of reports.

In discussion of staff resources, like many Authorities it was proving to be a challenge to find experienced Auditors. To address this consideration was being given to apprenticeships providing learning and training programmes to encourage more Auditors in future.

Following consideration of the report it was:

Resolved – To note the progress made in delivering the 2021/22 Internal Audit Strategy.

21. TREASURY MANAGEMENT AND INVESTMENT STRATEGIES 2022/23

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 2022/23 were attached as an appendix to the report.

In December 2021, CIPFA published updated Treasury Management and Prudential Codes, with implementation required for 2023/24 onwards. During the coming year, the Council would review the new codes and any implications, with any required changes being made as part of the 2023/24 Treasury Management and Investment Strategies.

Members discussed and asked questions on the report. In response to a question it was confirmed that Member training could be arranged.

Resolved:

That following scrutiny, the Treasury Management and Investment Strategies for 2022/23 is approved for onward submission to Council on 23 February 2022 as part of the overall Policy Framework and Budget Setting Report.

22. EY UPDATE REPORT ON AUDIT PROGRESS

The Committee received an update to the External Auditor's Audit Planning Report to the Audit Committee for the year ended 2020/21.

Further to the Provisional Audit Plan dated 9 April 2021 and updated audit timetable dated 22 October 2021, Audit procedures for 2020/21 commenced in November 2021. Good progress was being made. It was anticipated the audit would be completed by the end of February 2022.

Resolved – To note the update.

Chairman

Committee: AUDIT COMMITTEE

Date: 28th April 2022

Subject: Monitoring Report of the Council's Governance Arrangements

1. Purpose of Report

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

2. Background

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

3. Monitoring Results for Key Governance Processes

3.1 Consultation and Engagement

- 3.1.1 Assurance arrangements remain satisfactory although the degree of engagement varies, with front-line services more likely to consult. Services undertake specific consultation as required to inform the development of new policies and shape future service delivery; service plans for 2021/22 include the results of any consultations and customer feedback, which are used to develop new service plan actions. Services also continue to carry out customer satisfaction surveys. For example, the Housing Service conducts surveys on repairs & maintenance works undertaken. The Leisure Service seeks regular feedback from service users which is used to improve the leisure offer. The priorities and objectives in the new Corporate Plan 2021-24 were subject to a consultation with residents. The same consultation also included questions about satisfaction with a range of Council services. A follow up public consultation on satisfaction with Council services is planned for late May 2022.

3.2 Business Planning and Strategy, including Partnerships

- 3.2.1 The arrangements for business planning and strategy are satisfactory. Service plans for 2022/23 have been finalised, with implementation from April. However,

plans took longer to produce and were finalised later than usual. The reasons for this are being explored and may relate to the template that service managers are required to use. Revision of the template and the service planning process is a likely action for 2022/23, to be included in the Annual Governance Statement for the 2021/22 financial year. A new corporate plan for 2021-24 was approved by Full Council in September 2021, with key actions from service plans forming part of this document. Progress of key activity in the corporate plan has been reported - albeit on an ad hoc basis - throughout the year at Executive Management Team (EMT) with an in-depth review of delivery against the corporate action plan scheduled for Corporate Management Team (CMT) in May 2022.

- 3.2.2 The Council's policy framework operates satisfactorily; policies and strategies are refreshed to varying degrees. A register of policies and strategies is in place, updated annually and was reported to Cabinet in October 2021. The policy framework is set out in the Policy Framework and Budget Setting report which went to Cabinet and Council in February 2022. The list of policies and strategies on the Council's website has been tidied up and re-ordered, making it easier for people to locate and download key policies and strategies that the Council has in place.
- 3.2.3 Partnership assurance processes have been subject to further development work in the 2021/22 financial year. A partnership strategy and framework is now in place; this gives guidance to those considering setting up new partnerships and advice on how to ensure that existing partnerships continue to be effective.
- 3.2.4 During 2021/22, work on some key partnerships was reported to members. For example, in September 2021, Cabinet considered a report about the Association of South Essex Local Authorities (ASELA) in relation to establishing a Joint Committee and, in November 2021, the Wellbeing Policy and Scrutiny Committee reviewed and gave feedback on a new strategy being developed by the Castle Point and Rochford Joint Health and Wellbeing Board.
- 3.2.5 For 2022/23, the work and impact of key partnerships is planned to be included in the policy and scrutiny committees' work programmes. At the time of writing, progress has been made implementing the recommendations from the Internal Audit of Partnerships, although these will run into the 2022/23 financial year.

3.3 Financial Planning, Reporting and Budgetary Control

- 3.3.1 Robust processes are in place and provide assurance that the arrangements for financial planning, reporting and budgetary control are effective. The processes in place give adequate officer and member assurance.
- 3.3.2 At year end, variances compared to budget are reported on all service areas, with commentary given on those more than +/- £10k. Analysis of changes in income and expenditure from the previous financial year is also provided. External assurance is provided by the annual audit of the Council's Statement of Accounts undertaken by the Council's external auditors.
- 3.3.3 The Council's Chief Finance Officer maintains a ten-year rolling financial forecast and reports a medium term (four-year) forecast to Cabinet at least three times a year as part of a comprehensive financial update report. The ten-year forecast is supported by three years detailed budget workings with the remaining years of the forecast being adjusted for future anticipated cost pressures and changes to Council Tax and other sources of funding. Assumptions adopted in the forecast are contained in a detailed report made to Cabinet and Special Council in February annually.

- 3.3.4 An all-member briefing session in relation to the Council's budget took place in April 2022. The purpose of the briefing was to bring Members up to speed on the Council's longer term spending plans and also to commence Member engagement with work which is required in order to close the Council's budget gap from the 2023/24 financial year.
- 3.3.5 The Council maintains a level of reserves more than the minimum level recommended by the Council's Chief Finance Officer and set a balanced budget for 2022/23. A significant funding gap is forecast for future years and this has been drawn to the attention of Members and is referenced in the budget setting report to Cabinet and Council in February 2022.
- 3.3.6 The Covid-19 pandemic had a significant impact on the Council's budget for 2020/21 and 2021/22 and is referenced in the Council's budget setting report.
- 3.3.7 Arrangements are in place to ensure value for money (VfM) and the assurance processes are operating appropriately. A new Commercial Strategy was approved by Members during 2021 and will have a positive impact on the Council's arrangements for securing VfM.
- 3.3.8 Budget monitoring reports are usually presented to EMT and to Cabinet via email on a monthly basis. During the second half of the 2021/22 financial year these reports were not provided due to conflicting work pressures within the finance team at the time the budget preparation for 2022/23 was taking place. This reporting practice will recommence from April 2022.

3.4 Asset Management

- 3.4.1 There are adequate routine assurance processes in place, which include programmed asset management sessions at Operational Management Team (OMT). Significant asset management issues are referred to the Strategic Asset Group.
- 3.4.2 A number of building improvement works were carried out on various corporate assets during the year, i.e. structural repairs to Woodside Cemetery Gravediggers' office, localised roof repairs at Long Road, Canvey Island and replacement of bird netting on the roof of the Kiln Road offices.
- 3.4.3 Lease renewals were completed with Carers Choices, CAVS and Wyvern Community Transport at the White House, with Trust Links in respect of the Green Room and Scott Petty, with regard land at Labworth. A new lease is currently being agreed with Monico Leisure with regard the Arnold Palmer Golf and Funfair.
- 3.4.4 The Corporate Asset Management Plan and the Housing Asset Management Plan both contain progress in asset management activities and plans which contribute towards the short-, medium- and long-term aims and objectives of the Council in relation to asset management.
- 3.4.5 Assets are now captured by services in a new section of service plans introduced as optional for 2020/21 and mandatory for 2021/22 onwards.
- 3.4.6 A biennial programme of planned repairs and maintenance is in place for corporate buildings. Funding provision has been earmarked and completion of all works is planned within the lifetime of the current medium-term financial forecast.
- 3.4.7 All ITC-related assets – including infrastructure such as servers, network equipment etc – are managed as part of the Council's contract with an external provider.
- 3.4.8 The Council owns a small fleet of vehicles and runs a vehicle maintenance workshop to carry out ongoing checks, servicing and repairs. We look to replace

these vehicles with new vehicles every seven to eight years and are exploring options for electric vehicles at the point of renewal.

3.5 Risk Management

- 3.5.1 The Risk Management Policy and Strategy was refreshed and approved by Audit Committee in January 2018 and a further refresh is now being developed. Two workshops have been delivered to all senior staff on the approach, but have particularly focused on:
- Designing and implementing efficient controls that have the right effect on Impact and Likelihood
 - Ensuring robust assurances are available when monitoring risk
 - Having a consistent understanding of the approved risk appetite of the Council
 - Everyone contributing to an effective risk management framework that ensures the Council's overall tolerance for risk is not breached.
- 3.5.2 A Risk Management Health Check has been performed by an external consultant and officers are delivering an approach to address the areas for improvement identified by that review, that will assist with the refresh of the Risk Management Policy and Strategy.
- 3.5.3 A corporate risk register continues to be in place and is reported to the Audit Committee and CMT in full twice a year, although updates are made to the register as and when risks change, or new risks emerge. Risks have been identified as part of the development of service plans for 2022/23 and risks get escalated to the corporate risk register should the identified issue be considered significant.
- 3.5.4 A revised format for the presentation of the corporate risk register has been developed to make this more accessible, and this was reported to the Audit Committee for the first time at the April 2021 meeting. The work to refresh the approach to risk management will seek to develop this further and to ensure that managers and services are engaged in the arrangements to assist them with the appropriate management of the risks faced by those services.

3.6 Health and Safety

- 3.6.1 As an employer the Council continues in its aim to meet its statutory Health and Safety duties and employs a competent person to assist with this. The competent person, who as the corporate health and safety lead, maintains an overview of Council arrangements and provides analysis on current management performance. Any significant health and safety issues are escalated to EMT.
- 3.6.2 The key functions of the corporate health and safety lead is to monitor and review departmental health and safety arrangements and advise the Council's OMT in embedding a positive health and safety culture, where risk is managed sensibly and balanced with specific aims to improve overall safety performance.
- 3.6.3 Although no significant/major corporate health and safety failings have been identified during the previous 12 months, the health and safety lead has continued to work with managers and staff in ensuring that high quality advice is provided wherever necessary, ensuring that lessons are learnt from incidents where appropriate and that we strive for continuous improvements in all areas of health and safety practice.
- 3.6.4 To assist in the continuous improvement in managing health and safety, the corporate health and safety lead will implement, during the 2022/23 financial year, the findings and recommendations from the internal audit report dated March 2022:

- The development of departmental specific Health and Safety Policies including detailing all roles and responsibilities.
- Simplification of the incident reporting system; and
- Implementation of a documented process to ensure lessons learned have been implemented.

3.7 Business Continuity

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

3.8 Performance Management

- 3.8.1 Core processes continue to operate satisfactorily, including the production of the corporate performance scorecard, which is reported each quarter to Cabinet, with a new design in place from September 2021. The indicators in the corporate scorecard help to show progress in the delivery of the objectives in the corporate plan. The service plans include performance indicators for both council-run services as well as for services provided on the Council's behalf by contractors or partners. These indicators are updated at least quarterly and are reviewed annually as part of the service planning process.

- 3.8.2 Control arrangements also include the production of performance reports by services from the performance database and Manager Assurance Statements which confirm compliance with performance management requirements.
- 3.8.3 At an individual level, all employees are set objectives at the beginning of each appraisal year and performance is discussed in one-to-one meetings and at annual appraisals. The approach to appraisals will be subject to some development work in 2022/23.

3.9 Data Quality

- 3.9.1 Arrangements are satisfactory. The service planning process includes a requirement for team managers and heads of service to sign a declaration which includes consideration of data quality and the commitment to spot checking of data. Manager Assurance Statements include a self-assessment against data quality arrangements. Internal Audit review the arrangements to ensure data quality where this is relevant to any audit work being undertaken.
- 3.9.2 A presentation on the importance of Data Quality was given at OMT at the meeting in March 2021 and a reminder email with this same presentation was sent to OMT in March 2022.

3.10 Information Governance

- 3.10.1 The Council has implemented an information governance strategy, which is underpinned by associated guidance. The Solicitor to the Council acts as the Senior Information Risk Owner. The 'How it Works' guidance also contains a section on information governance which was updated in December 2021.
- 3.10.2 The General Data Protection Regulations (GDPR) became a statutory requirement from 25 May 2018, and together with the new Data Protection Act 2018 which has superseded the Data Protection Act 1998 it expands the rights of individuals to control how their personal information is collected and processed and places a range of new obligations on organisations to be more accountable and transparent when processing personal data. The Council has made good progress in meeting the requirements of GDPR and this work is led by the Solicitor to the Council.
- 3.10.3 The Data Retention Policy was updated in June 2021 and was sent to OMT in June 2021 with a reminder to managers to follow the policy and ensure compliance in their service areas. The update included the addition of missing retention dates together with an expansion of planning documents covered under the policy for greater clarity and understanding. The GDPR online annual training module was also updated with the latest developments, an update on key legal personnel and how to report or obtain assistance in order to improve staff understanding of GDPR. Reminders were sent out to all staff due a refresher to undertake the training.
- 3.10.4 The Council undertook an externally provided survey of staff's understanding of GDPR requirements and the result of the survey informed the update of the GDPR online training module as detailed above. On 10 September 2021, the UK Government launched a GDPR consultation entitled: Data: A new direction. There is currently no date for when results of this consultation will be reported.

3.11 Procurement

- 3.11.1 There are satisfactory arrangements in place and the assurance processes are operating appropriately. Procurement is integrated into the meetings of OMT.

- 3.11.2 The Council's Commissioning and Procurement Strategy was updated in 2018 and the Procurement Toolkit also refreshed in 2018, to reflect changes in legislative requirements and internal procedures. The Procurement Green Paper was published in December 2020 with the Government's response to the consultation published in December 2021. It is envisaged that the Procurement Bill will become law in 2023, with a 6-month implementation period to follow. A fully revised toolkit setting out the new requirements and procedures to ensure compliance with the reforms will be issued next year.
- 3.11.3 Service plans will continue to be used, alongside the contracts register to create a register of planned procurement showing timescales and expected resource requirements. Some training was provided during the 2021/22 financial year and further training on effective procurement practices will be delivered over the 2022/23 financial year and continuously going forward.

3.12 Project Management

- 3.12.1 Assurance processes are subject to further development work. The service plans include an indication of expected projects in the upcoming financial year to help with resource planning.
- 3.12.2 A further advisory audit was conducted in August and September 2021, looking at the new project management toolkit and workbook which was developed in response to an earlier audit recommending a comprehensive revision of project documentation alongside training to raise awareness and improve consistency of approach to project management.
- 3.12.3 Over three days in March 2022, training was provided on the new toolkit and workbook to OMT and others in the Council who manage projects. The focus now shifts to ensure that the revised project toolkit and workbook are used as intended and that project boards operate effectively to keep track of project implementation.

3.13 Complaints

- 3.13.1 There is a complaints policy in place and complaints are managed in accordance with this policy. Work undertaken on the website has improved signposting to the organisation best placed to respond to the complaint. Recording of complaints in a consistent manner and sharing of learning from complaints is something which requires some development.
- 3.13.2 The Local Government Ombudsman Annual Review Letter for the period 1 April 2020 to 31 March 2021 reports there was one upheld decision. There was 100% compliance with Ombudsman recommendations. The Local Government Ombudsman received six complaints in total and made eight decisions of those four were referred to the Council for local resolution. Two were closed no action required and one where advice was given. Members requested a breakdown of the complaints. Five were in respect of Housing of those two were referred for local resolution, one was closed after enquiries, one was given advice and one was upheld. A Council Tax complaint and Planning complaint were referred for local resolution. A complaint in respect of Environmental services was closed after initial enquiries.
- 3.13.3 The Council also undertakes an annual self-assessment of complaints handling to ensure compliance with the Housing Ombudsman Complaints Handling Code as well as to learn from complaints and improve processes.

3.14 Ethical Governance including Fraud & Corruption and Whistleblowing

- 3.14.1 Satisfactory arrangements are in place. A common code of conduct is in place along with appropriate mechanisms, including a Review Committee. New

Members of the Council have received induction training on the code of conduct and have completed the necessary register of interests. The Council's Constitution is currently under review and will be presented to Council for approval no later than July 2022.

3.14.2 There are appropriate assurance arrangements in place to ensure high standards of officer conduct. This includes a range of human resource policies and procedures. The processes in place continue to give adequate assurance.

3.14.3 A member of the fraud team – provided through a service level agreement with Thurrock Council – now sits on OMT, raising visibility across a wider set of managers.

3.14.4 In March 2022, Internal Audit agreed with senior management the Terms of Reference for an audit of Ethical Governance which is planned for the first quarter of 2022/23.

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

4.1 This report includes, as Appendix 1, the action plan from the latest Annual Governance Statement with an update on progress against the actions.

5. Corporate Implications

a. Legal implications

There are no direct legal implications arising from this report.

b. Financial implications

There are no direct financial implications arising from this report, beyond those reported in 3.3.

c. Human Resource & Equality

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

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

d. IT and Asset Management implications

There are no direct IT or Asset Management implications arising from this report, beyond those reported in 3.4.

6. Links to Council's priorities and objectives

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

7. Timescale for implementation and risk factors

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

Recommendation:

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

Report Author: Ben Brook, Strategy Policy and Performance Manager
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Appendix 1 – Action plan to address significant governance issues identified in the Annual Governance Statement

| Number | Issue | Action 2020/21 | Date of implementation | Responsible officer | Update on progress |
|--------|---|--|---|---|--|
| 1. | Improve the organisation's understanding of the effectiveness of partnership working | Develop and introduce reporting mechanisms on key partnerships to members and senior managers Implement recommendations from the Internal Audit of Partnerships | Mar 2022 [some actions due in 2022/23] | Strategy, Policy and Performance Manager | During 2021/22, the work of some key partnerships was reported to members (e.g. ASELA and Castle Point and Rochford Health and Wellbeing Board). For 2022/23, reporting on the work of key partnerships is planned to be included in the policy and scrutiny committees' work programmes. At the time of writing, progress has been made implementing the recommendations from the Internal Audit of Partnerships and these will continue into the 2022/23 financial year. |
| 2. | Address awareness and training needs for project management | Develop and deliver a training programme for Operational Management Team and others in the Council who manage projects | Nov 2021 [delayed to March 2022] | Strategy, Policy and Performance Manager | Over three days in March, training was provided to Operational Management Team and others in Council who manage projects. The focus now shifts to ensure that the revised project toolkit and workbook are used as intended and that project boards operate effectively to keep track of project implementation. |
| 3. | Coordination of procurement activity to plan required resources to undertake this procurement | Procurement training | Sep 2021 | Senior Resilience and Procurement Officer | Service plans and the Contracts Register were used to identify planned procurements and provide Legal information required to ensure capacity. |

| Number | Issue | Action 2020/21 | Date of implementation | Responsible officer | Update on progress |
|--------|--|--|------------------------|--|---|
| | | | | | <p>Whilst some online training was offered during the Covid lockdown, other planned training was delayed.</p> <p>Due to the continuing homeworking arrangements, a new area within the intranet has been created to collate and publish procurement training. When updated, an email has been circulated to OMT for information and awareness.</p> <p>Further face-to-face training will be organised in due course, but it is envisaged that online training will be provided to bridge gaps in knowledge.</p> |
| 4. | Resurrect formal monitoring of the implementation of the corporate action plan | Re-introduce the highlight reporting at CMT against key corporate objectives and twice-yearly in-depth reviews of the corporate action plan which is established | Aug 2021 | Strategy, Policy and Performance Manager | <p>Progress of key activity in the corporate plan has been reported - albeit on an ad hoc basis - throughout the year at Executive Management Team (EMT) with an in-depth review of delivery against the corporate action plan scheduled for Corporate Management Team (CMT) in May 2022.</p> <p>In 2022/23, CMT will focus on the delivery of a Transformation Programme to help close the budget gap identified from 2023/24 onwards.</p> |
| 5. | Local Plan adoption | Progress the Local Plan through examination stage to formal adoption | Subject to revised LDS | Head of Place and Policy | Full Council approved the draft Local Plan for Regulation 19 consultation on 22 October 2019. The plan was submitted for examination in public on the 2 October 2020. The Council also approved the Local Development Scheme (LDS) in November 2020. |

| Number | Issue | Action 2020/21 | Date of implementation | Responsible officer | Update on progress |
|--------|--|---|------------------------------------|-------------------------|--|
| | | | | | <p>The Council received the Inspector's report in March 2022. He found that the Plan is sound, with modifications. The Inspector's findings were reported to Ordinary Council on 23 March 2022, with the recommendation to adopt the Plan. The Council voted not to adopt the Plan. The Council agreed that a report be made back in the event of non-adoption.</p> <p>The Council were advised that the Secretary of State has powers to approve the plan in the event of non-adoption.</p> |
| 6. | PPDP value and compliance | Review the PPDP process to ensure it brings value to individual performance management and compliance is in place for all services | Jan 2022 [Delayed to Jan 2023] | Human Resources Manager | A revised approach to PPDPs has been drafted and is subject to further work and consultation to refine and then implement in the New Year. |
| 7. | Improve the organisation's understanding and application of good risk management | Update the Risk Management Policy and Strategy and implement the remaining areas of focus identified in the health check of risk management | Jan 2022 [Delayed to Sept 2022] | Head of Internal Audit | Progress has been delayed but work will be undertaken to deliver by the end of September 2022. |
| 8. | Improve the organisation's approach to information governance | Implement the recommendations from the Zurich Municipal review of | Mar 2022 | Head of Law | <p>Date Retention policy was updated June 2021.</p> <p>GDPR refresher training course updated in order to address issues identified in the report.</p> |

| Number | Issue | Action 2020/21 | Date of implementation | Responsible officer | Update on progress |
|--------|-------|-------------------------------|------------------------|---------------------|---|
| | | Data & Information Governance | | | Reminders sent to all staff to complete training where due. |

AUDIT COMMITTEE

28th April 2022

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 Corporate Risk Register

3.1 The Corporate Risk Register has recently been reviewed by the Strategy, Policy and Performance Manager in consultation with Corporate Management Team (CMT).

3.2 The updated register is included as Appendix 1 to this report.

4 Corporate Implications

a Legal; b Financial; c Human Resources and Equality implications

Any Legal, Financial, Human Resources and Equality implications arising from risk management procedures and practices, and specifically from the risks on the Corporate Risk Register, will be considered through the Council's normal business management processes.

5 Timescales for implementation and risk factors

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

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

Recommendation:

That the Corporate Risk Register is noted.

Background Papers:

- Risk Management Policy Statement and Strategy

Appendices

- Appendix 1 – Corporate Risk Register

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Appendix 1

Corporate Risk Register

Last updated: April 2022

Guidance notes and explanation

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

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

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

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

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

RED items are HIGH RISK

AMBER items are MEDIUM-HIGH RISK

YELLOW items are MEDIUM-LOW RISK

GREEN items are LOW RISK

Guidance notes and explanation

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

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

Accordingly, for each item in the Corporate Risk Register:

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

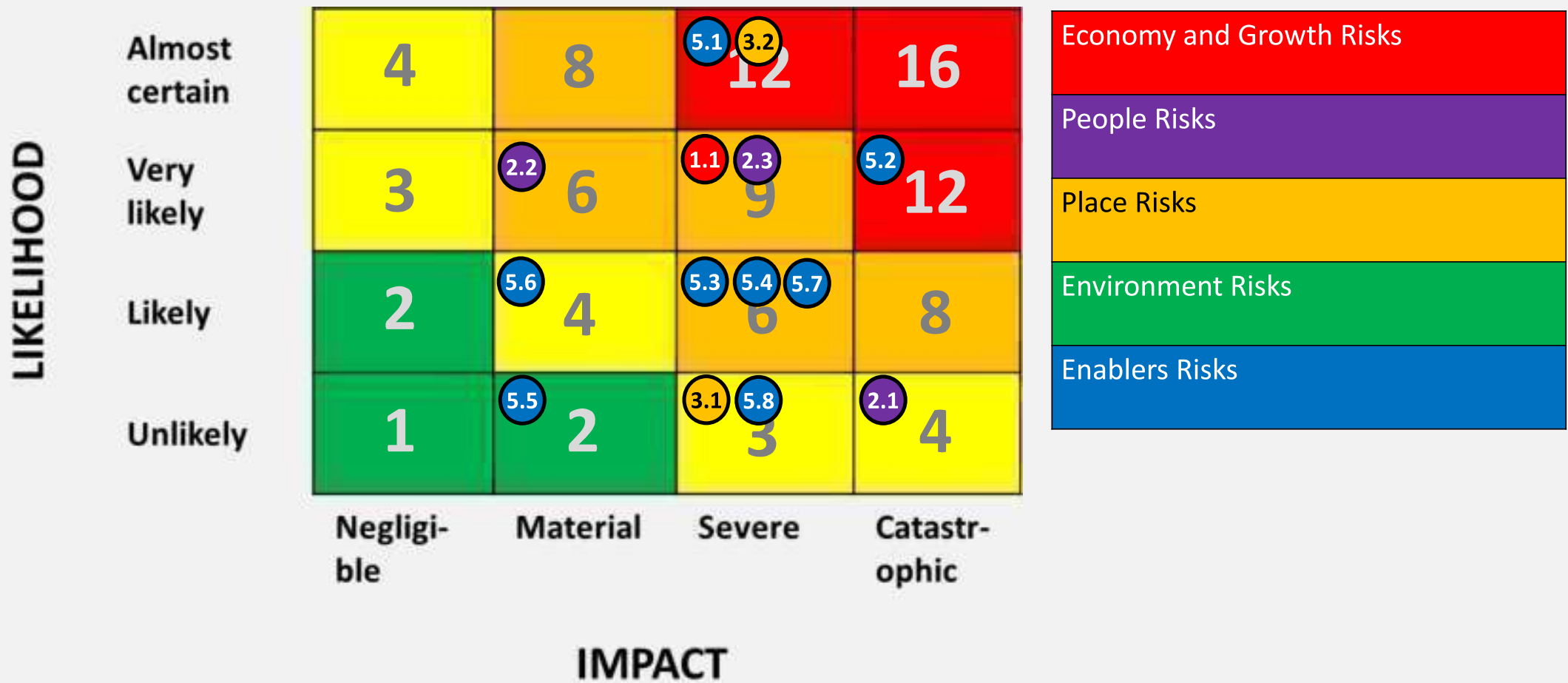
Guidance notes and explanation

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

| LIKELIHOOD | | | (NEGATIVE) IMPACT | | | |
|-----------------------|-----------------------|--|---------------------|------------------------------|--|---|
| Ranking | % chance of occurring | Time frequency of occurring | Ranking | One or more of: | | |
| | | | | Disruption to services | % impact on relevant GF or HRA budget(s) | Impact on Council reputation |
| Almost certain (4) | >85% | Occurs annually or bi-annually | Catastrophic (4) | Over three months | >20% | Significant reputational impact – national press coverage etc. |
| Very likely (3) | 50-85% | Occurs more than once in every three years | Severe (3) | One to three months | 10-20% | Impacts across the borough – local press coverage, etc. |
| Likely (2) | 10-50% | Occurs once in every three years | Material (2) | Up to one month | 5-10% | Impacts on a community group or particular area of the borough |
| Unlikely (1) | <10% | Occurs rarely | Negligible (1) | Minor disruption to services | >5% | Impacts on an individual or small number of individuals, but no wider dissemination |

Risk “Heat Map”

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



1. Economy and Growth

1.1

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

RESPONSIBILITY: Head of Place and Policy / Head of Environment

9

SUMMARY OF CURRENT CONTROLS

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

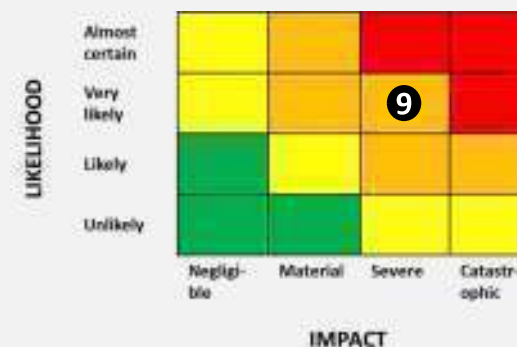
ASSURANCE THAT CONTROLS ARE IN PLACE

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

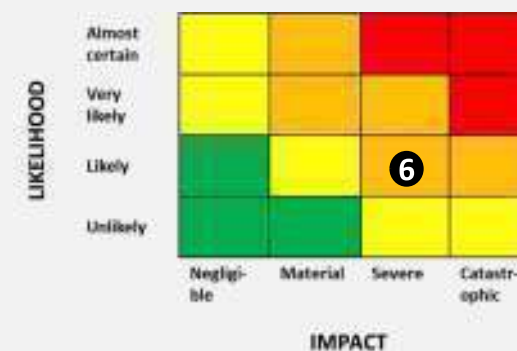
ACTIONS TO FURTHER MITIGATE RISKS

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

CURRENT RISK



TARGET RISK



2. People

2.1

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

RESPONSIBILITY: Head of Licensing and Safer Communities

4

SUMMARY OF CURRENT CONTROLS

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

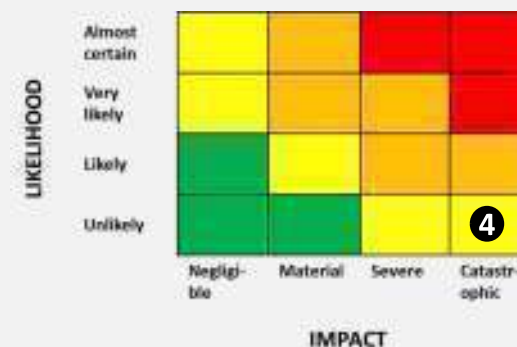
ASSURANCE THAT CONTROLS ARE IN PLACE

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

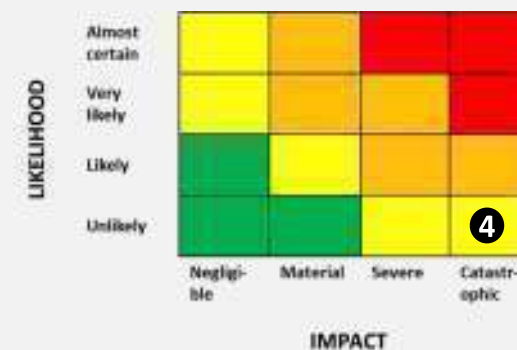
ACTIONS TO FURTHER MITIGATE RISKS

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

CURRENT RISK



TARGET RISK



2. People

2.2

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

RESPONSIBILITY: Head of Housing

6

SUMMARY OF CURRENT CONTROLS

| | |
|---|---|
| 1 | Ongoing watching brief on progress of site development into properties for sale; Engagement with landlords seeking early notification of proposals. |
| 2 | Monitoring of homeless applications received |
| 3 | Working with partner organisations CAB, social care to source homeless relief and support |

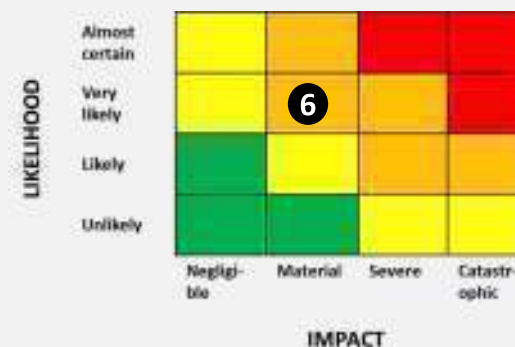
ASSURANCE THAT CONTROLS ARE IN PLACE

| | |
|---|--|
| 1 | Records of discussions and agreements with landlords/emails/briefings/file notes |
| 2 | Performance reports |
| 3 | Records of meetings and conversations |

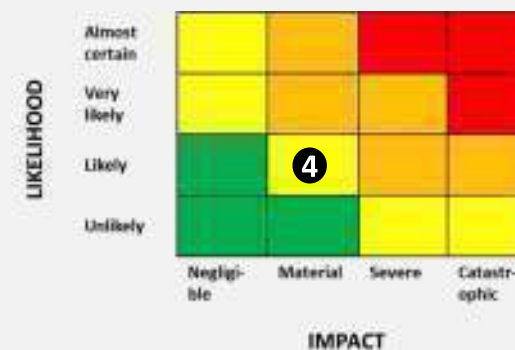
ACTIONS TO FURTHER MITIGATE RISKS

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

CURRENT RISK



TARGET RISK



2. People

2.3

Risk of households experiencing financial difficulties as a result of pressures on family budgets (National Insurance rise, inflation, rising energy costs etc.) resulting in multiple issues including debt, fuel poverty, missed rent/mortgage payments etc. that could also create additional pressures on council services

RESPONSIBILITY: EMT

9

SUMMARY OF CURRENT CONTROLS

| | |
|---|--|
| 1 | Working with partner organisations CAVS, CAB, Peabody, private and social landlords |
| 2 | Discretionary hardship grants |
| 3 | Support and advice to residents to maximise available financial support through Council Tax benefit, Housing benefit, Universal Credit |
| 4 | Support and advice to households who are at risk of homelessness because of missed rent or mortgage payments |

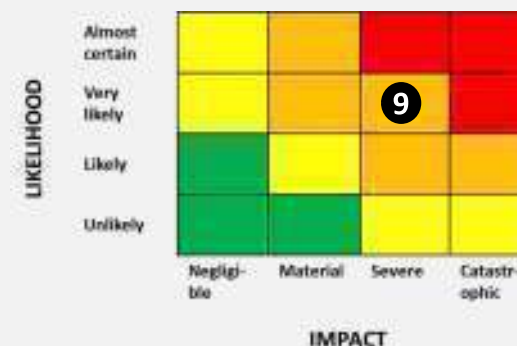
ASSURANCE THAT CONTROLS ARE IN PLACE

| | |
|---|---|
| 1 | SLAs in place; records of discussions and agreements with landlords |
| 2 | Grants in place |
| 3 | Pages on website; support available through the Benefits service |
| 4 | Pages on website; Housing Options service in place |

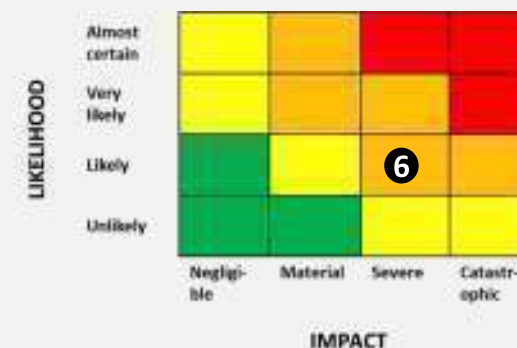
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|---|-------------------------------------|-----------------------------------|
| 1 | Updated advice and support page on the website with details of what the Council can do to help and with signposting to other organisations | Head of Customer & Digital Services | End March 2022 |
| 2 | Ensure that the Council is aware of and supports residents to access financial support to improve the thermal efficiency of their homes through insulation and other measures | Head of Environment | Ongoing throughout financial year |
| 3 | Administer the £150 Energy Bills Rebate to those eligible households | Head of Customer & Digital Services | End April 2022 |

CURRENT RISK



TARGET RISK



3. Place

3.1

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

RESPONSIBILITY: Head of Place and Policy

3

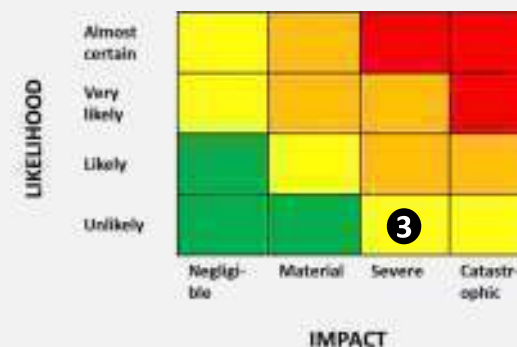
SUMMARY OF CURRENT CONTROLS

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

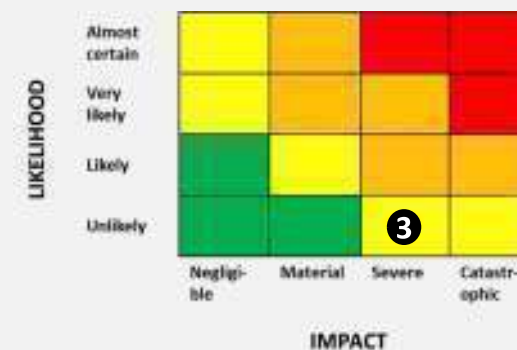
ASSURANCE THAT CONTROLS ARE IN PLACE

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

CURRENT RISK



TARGET RISK



3. Place

3.1

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

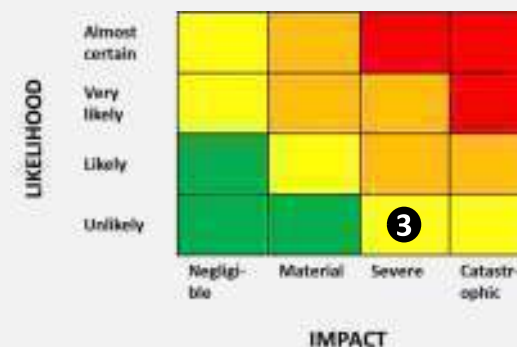
RESPONSIBILITY: Head of Place and Policy

3

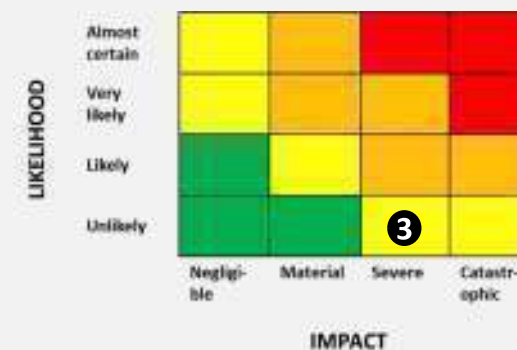
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|--|--------------------------|--|
| 1 | Local Plan considered by Full Council for pre-submission consultation | Head of Place and Policy | Completed 22 October 2019 |
| 2 | Publication and Regulation 19 consultation on Local Plan. | Head of Place and Policy | Held from 16 December 2019 to 14 February 2020 |
| 3 | Submission of plan to Secretary of State | Head of Place and Policy | Submitted Oct 2020 |
| 4 | Completion of updates to the Infrastructure Delivery Plan, Sustainability Assessment, whole plan viability and the evidence to support the soundness of the Plan | Head of Place and Policy | Ongoing |
| 5 | Examination hearings held | Head of Place and Policy | May to July 2021 |
| 6 | Inspectors Report (plan found sound) | Head of Place and Policy | March 2022 |

CURRENT RISK



TARGET RISK



3. Place

3.2

RISK: Emerging issues during the implementation of new Housing Management system cause project extensions resulting in additional budgetary requirements and impact on staff resource affecting Housing services capacity

RESPONSIBILITY: Head of Housing

12

SUMMARY OF CURRENT CONTROLS

| | |
|---|---|
| 1 | Project programme in place |
| 2 | Regular project meetings |
| 3 | Additional resources assigned |
| 4 | Profiling of contingency and regular review |
| 5 | Major milestone reviews |

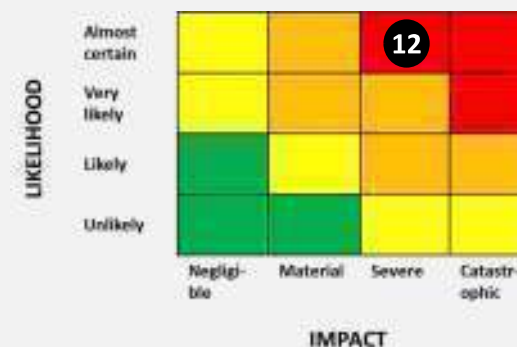
ASSURANCE THAT CONTROLS ARE IN PLACE

| | |
|---|--|
| 1 | Project board meetings and minutes |
| 2 | Audit reports and regular review |
| 3 | Review of training programme and reallocation of resources |
| 4 | Escalation with Civica and 3C |
| 5 | Risk and issue management |

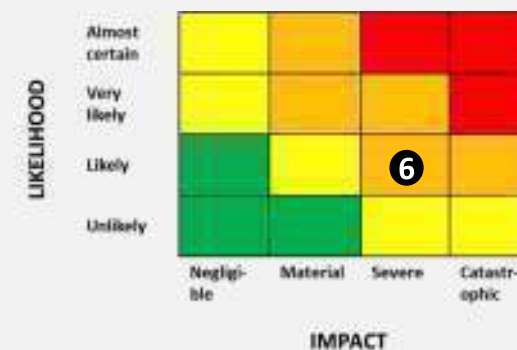
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|--------------------------------------|-------------------------|---------------|
| 1 | Agree change management process | Project Manager | 30 June 21 |
| 2 | Define and agree stage gate criteria | Project Manager | 30 June 21 |
| 3 | Continued review of resourcing | Housing Support Manager | Ongoing |
| 4 | Undertake review of options | Head of Housing | November 2021 |
| 5 | Decision on project next steps | EMT | March 2022 |

CURRENT RISK



TARGET RISK



4. Environment

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

5. Enablers

5.1

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

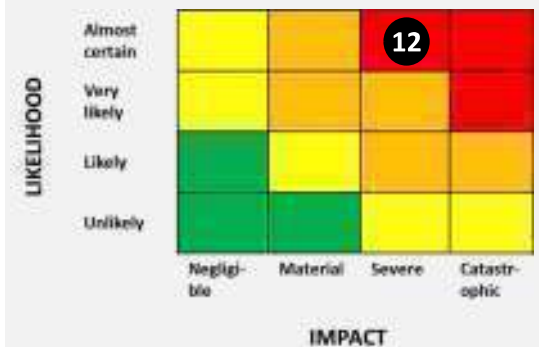
RESPONSIBILITY: Strategic Director (Resources)

12

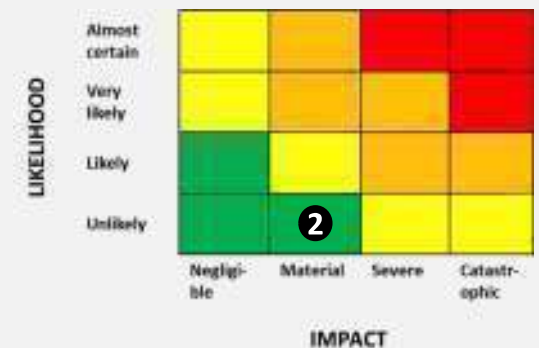
SUMMARY OF CURRENT CONTROLS

| | |
|---|---|
| 1 | Medium Term Financial Forecast (MTFF) identifies the value of efficiencies required in order to set a balanced budget for each respective financial year. These may be achieved through reductions in expenditure or achieving additional income. Ten year MTFF maintained by Strategic Director (Resources). |
| 2 | Budget process for 2022/23 completed and balanced budget set (not dependent on achievement of in-year savings). Budget gap currently predicted for 2023/24 c£1.3m and 2024/25 £2.6m . Assumptions supporting the budget are set out in a detailed report to Cabinet and Council in February each year as part of the annual budget and council tax setting process. |
| 3 | Financial management procedures remain unaltered. Regular financial monitoring and reporting is undertaken to EMT and Cabinet. Formal reports to Cabinet at least three times a year with regular updates on issues of a financial nature. |
| 4 | Commercial Principles have been adopted by the Council and Commercial Strategy approved by Cabinet. |
| 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 | The Council maintains a level of reserves more than the minimum level recommended by the Council's Chief Finance Officer and set a balanced budget for 2022/23. 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 with regular briefings to Cabinet Member for Resources and quarterly meetings with the Leader, Deputy Leader and Resources Cabinet Member which focus purely on financial themes. |

CURRENT RISK



TARGET RISK



5. Enablers

5.1

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

RESPONSIBILITY: Strategic Director (Resources)

12

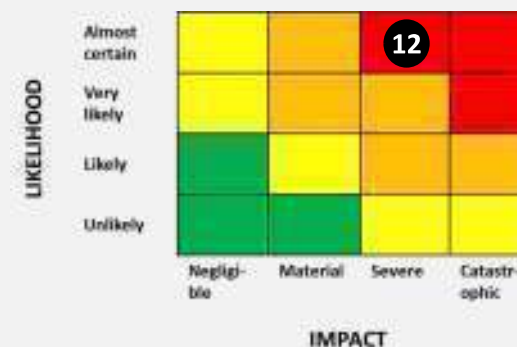
ASSURANCE THAT CONTROLS ARE IN PLACE

| | | | |
|---|---|---|---|
| 1 | Budget / MTFF agreed by Cabinet and Council in February annually and record of meetings. | 5 | Annual Statement of Accounts and accompanying reports to Cabinet and Council. |
| 2 | Financial update reports to Cabinet (at least 3 times a year) and record of meetings. | 6 | Financial Management reports to EMT & Cabinet and Assurance statements "signed off" by individual service managers. |
| 3 | Commercial Council Principles adopted by Cabinet in February 2018 and Commercial Strategy adopted by Cabinet in October 2021. | 7 | External Audit Annual Audit Letter. |
| 4 | Records of meetings, reports and business cases considered by Cabinet & EMT. | | |

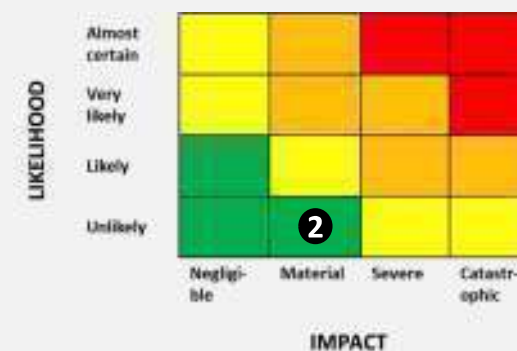
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|--|-------------------------------------|------------------------------------|
| 1 | Monitoring of financial developments and forecasting impact on MTFF. | Strategic Director (Resources) | Ongoing |
| 2 | Development of a Transformation Programme for 2022/23 and future years to deliver financial savings. | EMT / Heads of Service | Outline programme by end June 2022 |
| 3 | Implementation of technology roadmap | Head of Customer & Digital Services | Ongoing |

CURRENT RISK



TARGET RISK



5. Enablers

5.2

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

RESPONSIBILITY: Head of Housing

12

SUMMARY OF CURRENT CONTROLS

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

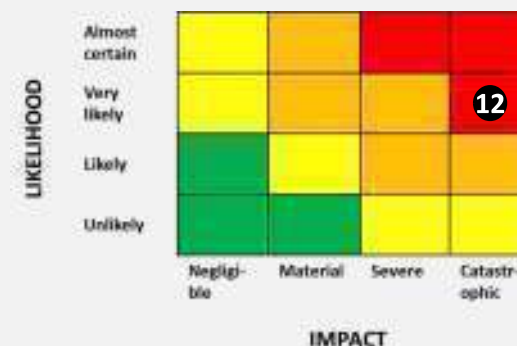
ASSURANCE THAT CONTROLS ARE IN PLACE

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

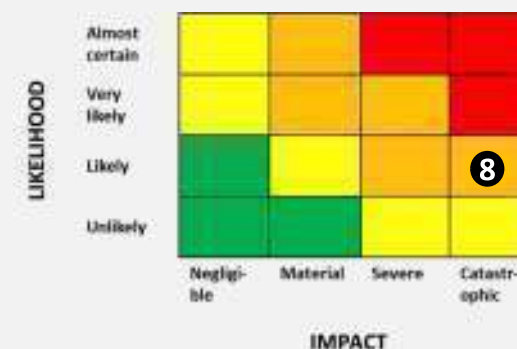
ACTIONS TO FURTHER MITIGATE RISKS

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

CURRENT RISK



TARGET RISK



5. Enablers

5.3

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

RESPONSIBILITY: Strategic Director (Corporate Services)

6

SUMMARY OF CURRENT CONTROLS

| | |
|---|--|
| 1 | Overarching corporate generic BC plan in place. |
| 2 | Service level BC plans in place outlining key activities and arrangements. |
| 3 | BC issues / presentations / workshops provided at OMT meetings. |
| 4 | (IT Contractor's) IT Disaster Recovery (DR) plan in place / Critical software list prepared / IT Disaster Recovery and software access testing |
| 5 | Guidance provided to Managers on Impact Analysis, BC plans completion and sharing plans. |
| 6 | BC plans desktop checks or tests undertaken annually. |
| 7 | Intruder and Fire alarm systems installed in key corporate buildings (some systems monitored out of hours). |
| 8 | EP/BC policy and framework documents outlining corporate response arrangements. |

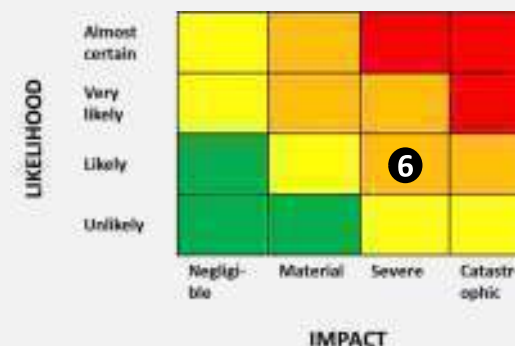
ASSURANCE THAT CONTROLS ARE IN PLACE

| | | | |
|-----|---|---|------------------------------|
| 1&2 | Copy of Corporate BC Plan, copied of Service level BC plans | 5 | Copy of guidance and emails |
| 3 | Copies of presentations and minutes of meetings | 6 | Results of desktop exercises |
| 4 | Copy of IT Disaster Recovery Plan, DR test results | 7 | Systems in place |
| 8 | Copy of documents | | |

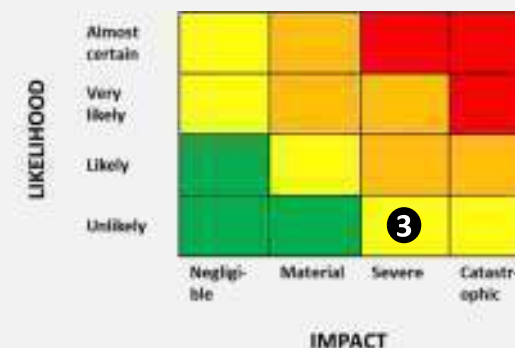
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|---|---|---------------------------------|
| 1 | Services to refresh their Service level BIAs on a revised template to capture additional information and more user friendly | Strategic Director (Corporate Services) / Senior Resilience and Procurement Officer | Completed Dec 2020 and annually |
| 2 | Refresh of Corporate Generic Business Continuity Plan | Senior Resilience and Procurement Officer | Completed Dec 2019 |
| 3 | ICT programme to expand mobile / remote working capability across all service areas | Strategic Director (Resources) / ICT Mgr | Completed Mar 2020 |

CURRENT RISK



TARGET RISK



5. Enablers

5.4

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

RESPONSIBILITY: Head of Customer and Digital Services

6

SUMMARY OF CURRENT CONTROLS

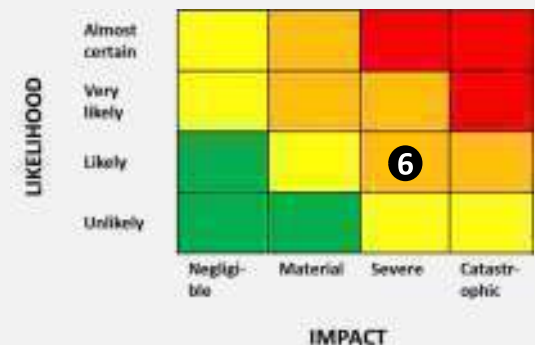
| | |
|---|---|
| 1 | Cyber security strategy in place supported by appropriate policies and procedures. Regularly reviewed and maintained. |
| 2 | Awareness of cyber threats raised periodically, and staff advised of new or potential threats as they arise. Frequent communications from ICT Team. |
| 3 | Quarterly checks (Nessus scans) undertaken by IT contractor to identify infrastructure vulnerabilities. |
| 4 | Vulnerabilities identified and addressed promptly. |
| 5 | Annual IT Health check undertaken which also checks for vulnerabilities and informs the Council's Public Sector Network (PSN) compliance certification with the Cabinet Office. |
| 6 | Compliance with principles of Cyber Securities Accreditation. |
| 7 | Use of Metaphish tool periodically (3 monthly) to check staff awareness, compliance and follow up. |

ASSURANCE THAT CONTROLS ARE IN PLACE

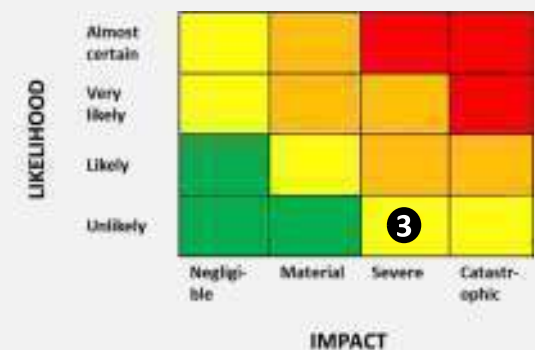
| | |
|---|--|
| 1 | Reports and action plans arising from quarterly Nessus scans provided by IT contractor and minutes of monthly Service Level Review (SLR) meetings. |
| 2 | LGA local authority survey of Cyber Security arrangements resulting "Amber/Amber" assessment for CPBC. |

ACTIONS TO FURTHER MITIGATE RISKS – See following page

CURRENT RISK



TARGET RISK



5. Enablers

5.4

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

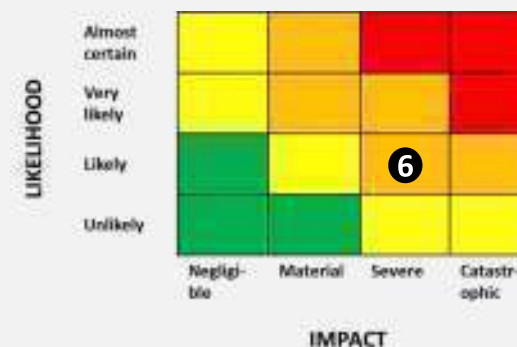
RESPONSIBILITY: Head of Customer and Digital Services

6

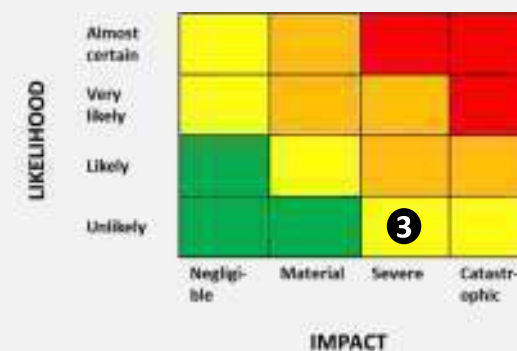
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|---|------------------------------------|----------------------------------|
| 1 | Metaphish exercise to be expanded to include Councillors/Freeman and outcomes reported to EMT [Quarterly exercise in conjunction with other EOLP members for comparison] | IT Service Manager / IT Contractor | Ongoing |
| 2 | Progress Cyber Security Actions – to include awareness sessions and communications for Councillors/Freeman | IT Service Manager | Ongoing |
| 3 | Work to ensure ongoing Public Services Network (PSN) compliance certification | IT Service Manager / IT Contractor | Ongoing (annual certification) |
| 4 | Apply to DLUHC for funding to implement additional measures outlined in line with Cyber Treatment Report/Plan | IT Service Manager | 28/01/2022 |
| 5 | Implement DLUHC Cyber Treatment Report actions | IT Service Manager | TBC - 6 months from funding date |

CURRENT RISK



TARGET RISK



5. Enablers

5.5

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

RESPONSIBILITY: Strategic Director (Resources)

2

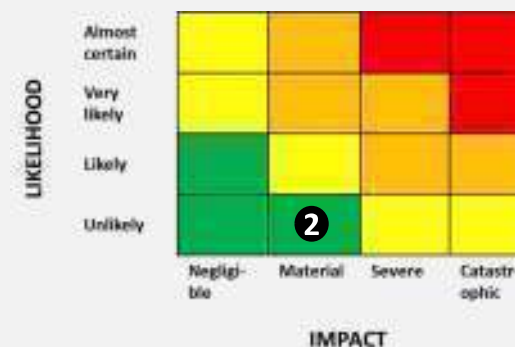
SUMMARY OF CURRENT CONTROLS

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

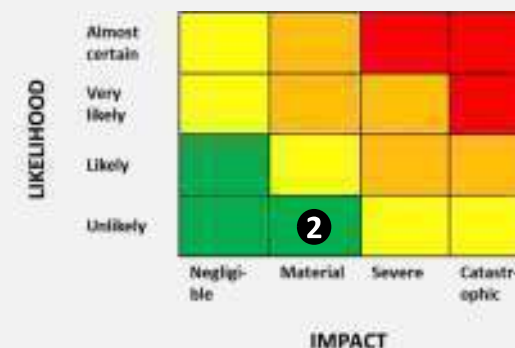
ASSURANCE THAT CONTROLS ARE IN PLACE

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

CURRENT RISK



TARGET RISK



5. Enablers

5.5

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

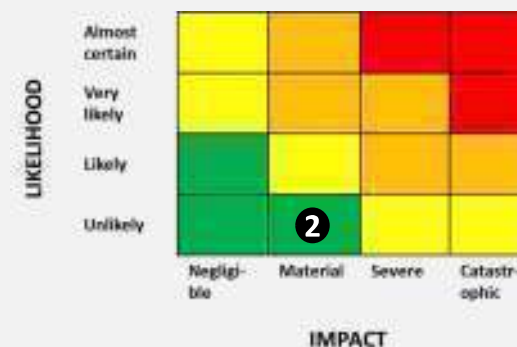
RESPONSIBILITY: Strategic Director (Resources)

2

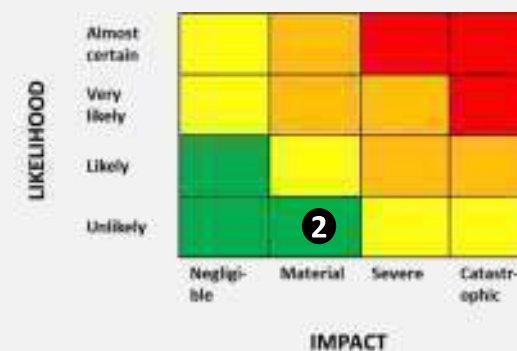
ACTIONS TO FURTHER MITIGATE RISKS

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

CURRENT RISK



TARGET RISK



5. Enablers

5.6

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

RESPONSIBILITY: Corporate Management Team

4

SUMMARY OF CURRENT CONTROLS

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

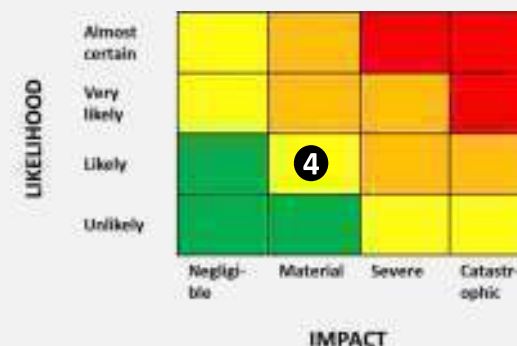
ASSURANCE THAT CONTROLS ARE IN PLACE

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

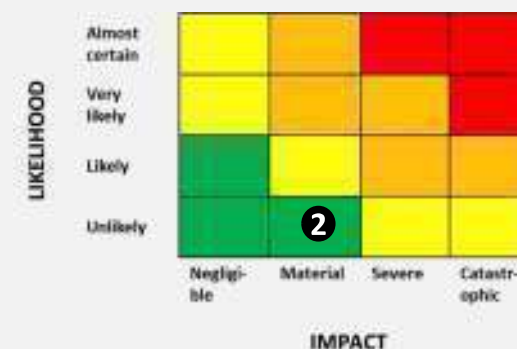
ACTIONS TO FURTHER MITIGATE RISKS

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

CURRENT RISK



TARGET RISK



5. Enablers

5.7

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

RESPONSIBILITY: Executive Management Team

6

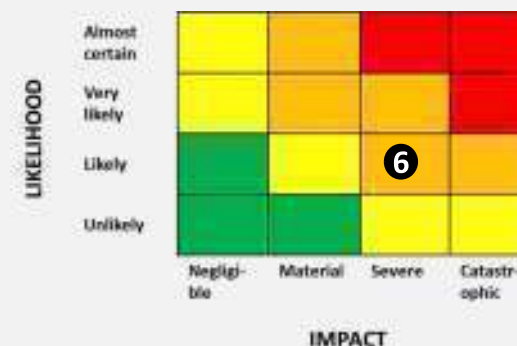
SUMMARY OF CURRENT CONTROLS

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

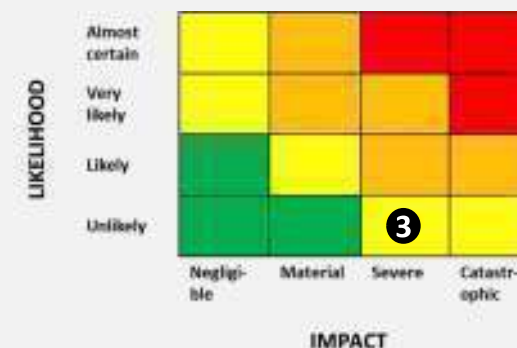
ASSURANCE THAT CONTROLS ARE IN PLACE

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

CURRENT RISK



TARGET RISK



5. Enablers

5.7

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

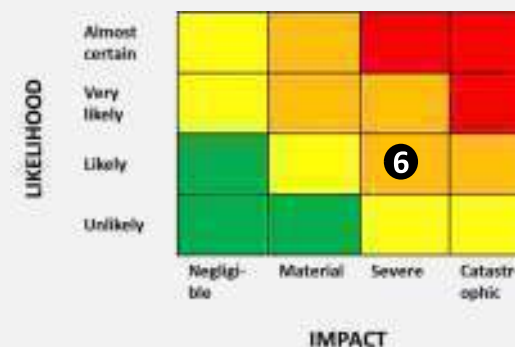
RESPONSIBILITY: Executive Management Team

6

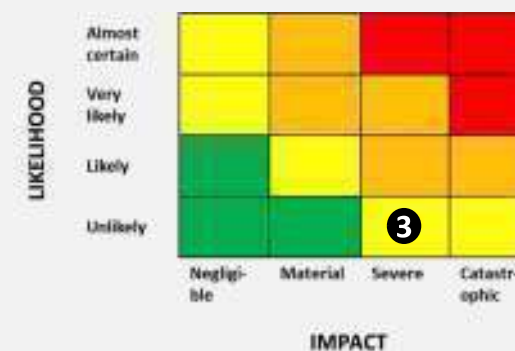
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|---|---|----------------------|
| 1 | Identify potential vulnerable staff i.e. age and/or underlying health issues and appropriateness for remote working | HR Manager | Completed March 2020 |
| 2 | Review and rollout of remote working where appropriate to mitigate spread of COVID-19 amongst staff | IT Manager | Completed March 2020 |
| 3 | Ongoing review of working arrangements in line with current restrictions | Senior Resilience and Procurement Officer | Ongoing |
| 4 | Issue guidance note to employees about "Living with Covid", including good hygiene and social distancing practices, testing if attending meetings in person, not presenting to work with Covid symptoms | Senior Resilience and Procurement Officer | Completed March 2022 |

CURRENT RISK



TARGET RISK



5. Enablers

5.8

RISK: Castle Point BC does not engage with others across Essex about Local Government Reform resulting in a new form of local government that is inappropriate and ineffective for the Borough

3

RESPONSIBILITY: Executive Management Team

SUMMARY OF CURRENT CONTROLS

| | |
|---|--|
| 1 | Extensive engagement with local authorities in ASELA |
| 2 | Ongoing attendance at Essex Chief Executives meeting |
| 3 | Watching brief on development of policy direction from central government and local government reform experience elsewhere |

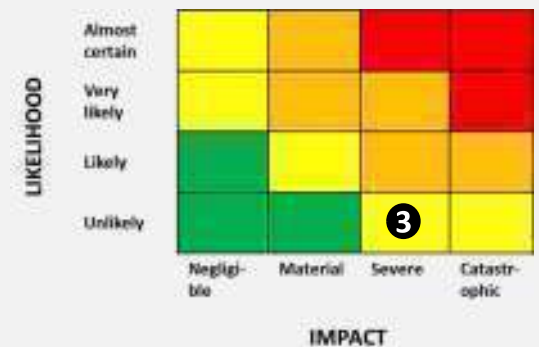
ASSURANCE THAT CONTROLS ARE IN PLACE

| | |
|---|-------------------------|
| 1 | Minutes of meetings |
| 2 | Minutes of meetings |
| 3 | Policy briefings/emails |

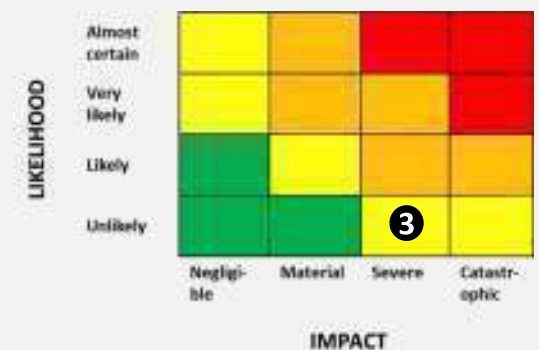
ACTIONS TO FURTHER MITIGATE RISKS

| | ACTION | RESPONSIBILITY | DUE DATE |
|---|---|----------------|----------|
| 1 | Continued engagement in networks across Essex, and wider geography where relevant, to ensure latest news about Local Government Reform is known and understood. | EMT | Ongoing |

CURRENT RISK



TARGET RISK



AUDIT COMMITTEE

28th April 2022

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 2021/22.

2. Internal Audit Plan Status

Appendix A sets out the current status of the audit work planned for the year as at 14th April 2022.

There has been one further change to the audit plan since the update provided to Audit Committee in February 2022. This is the removal of the General Ledger follow up audit due to the audit report still being finalised with the service.

Appendices B and C set out the high-level results of the audit work completed and reported upon since the last Audit Committee meeting.

3. Performance Targets

As outlined in the Strategy presented to the July 2021 Audit Committee, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.

As at 14th April 2022:

- For the period since 1st April 2021 the team had an average of 0.4 days sickness absence per person
- of the 25 jobs in the plan, including those outstanding from 2020/21:
 - ten are complete
 - six are at draft report stage
 - nine are work in progress

Stakeholder surveys are designed to assess compliance with some of the less tangible elements of the UK Public Sector Internal Audit Standards (the Standards). No stakeholder surveys were completed for the 2020/21 audit plan because of the impact of Covid-19 and the redeployment of the Business Support Officer to assist with the Council's track and trace team.

It was originally planned that these would be re-introduced for audits completed as part of the 2021/22 audit plan and reported to Audit Committee in due course. However, due to the Covid-19 Omicron variant and surge in cases, the Business Support Officer's redeployment was extended until the 31 March 2022. She has returned to the audit team from 1 April 2022, so surveys for completed works will now be re-commenced.

4. Resourcing

Since the last report to the Audit Committee in February 2022 there has been one change to the staffing of the team. An auditor has been appointed on a six-month fixed term contract to undertake the grant verification audits.

The salaries of the remaining vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.

In December 2021 the internal audit team engaged with the Learning and Development Team at Southend to facilitate a session to apply the team's analytical thinking into the current position of the internal audit team and the expected requirements of the internal audit service into the future, as this continues to evolve both at an industry level and at a local level. The results of this session have been used to develop an action plan for the team to assist with the development and delivery of the most appropriate team model, utilising the financial resources available.

5. 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 Accounts and Audit Regulations 2015 require that the Council undertakes 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 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

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.

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

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

7. Timescale for Implementation

The Audit Plan relates to the 2021/22 financial year.

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

8. Risk Factors

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

The main risks the team continues to manage are the:

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

Recommendations:

The Audit Committee notes the progress made in delivering the 2021/22 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 2021/22

Appendix B Opinions and Summaries – Other audits and grants

Appendix C Opinions and Summaries – Satisfactory Assurance

Report Author: Andrew Barnes, Head of Internal Audit

Appendix A: Internal Audit Plan 2021/22

| Dept | Service Activity | Fraud risk | Status as at 14 April 2022 |
|-----------------------|--|------------|---------------------------------|
| Managing the Business | | | |
| All Aims | | | |
| C&D | Implementation of the ICT Contract (2020/21) To assess the adequacy of arrangements in place to ensure the handover to and implementation of a new ICT contractor ensures continuity of service and minimal disruption to the Council. | No | Completed February 2022. |
| CS | Ethical Governance To assess the suitability of arrangement to ensure the Council's operations, conduct and leadership is aligned to required ethical standards and associated good practice, to enable ongoing public confidence in the local authority. | Yes | Work in progress. |
| All | Workforce Management To assess the effectiveness of arrangements to ensure the Council has an effective workforce with the right skills and level of knowledge, being appropriately managed to deliver the Council's vision, priorities and objectives for high quality services to residents. | No | Draft report with the business. |
| All | Senior Management Pay and Conditions To assess the adequacy of arrangements to ensure that senior management are effectively recruited, pay and conditions are properly governed, applied consistently and administered appropriately. | Yes | Work in progress. |

Appendix A: Internal Audit Plan 2021/22

| Dept | Service Activity | Fraud risk | Status as at 14 April 2022 |
|---|--|------------|----------------------------|
| All | Business Continuity and Response to Covid-19 To assess the effectiveness of the Council's response to the Covid-19 pandemic in ensuring minimal disruption to staff and service delivery, and revisit the work undertaken in 2019/20 to confirm the areas identified have been suitably addressed. | No | Work in progress. |
| C&D | Cyber Security: Incident Management To assess the effectiveness of arrangements in place to quickly identify a Cyber Security incident and the suitability of planned strategic and technical responses following an attack. | Yes | Work in progress. |
| Managing Service Delivery Risks | | | |
| Aim: A Commercial and Democratically Accountable Council | | | |
| CS | Corporate Estate and Asset Management (Property) To assess the arrangements in place to ensure assets within the Council estate are effectively managed in order to support delivery of the Council's duties, vision, priorities, objectives and plans for the borough. | Yes | Work in progress. |
| Aim: Health and Community Safety | | | |
| All | Partnerships (2020/21) To assess the effectiveness of arrangements to ensure the Council's strategic partnerships enable effective joint working and support the delivery of the Council's corporate priorities and objectives. | Yes | Completed January 2022. |
| SD, MO | Safeguarding (2019/20) To assess whether the Council has robust arrangements in place to discharge its statutory responsibilities with regard to safeguarding and promoting the welfare of adults and children in accordance with the statutory requirements. | No | Work in Progress. |

Appendix A: Internal Audit Plan 2021/22

| Dept | Service Activity | Fraud risk | Status as at 14 April 2022 |
|--|--|------------|---------------------------------|
| Aim: Environment | | | |
| Env | Health and Safety (2020/21) To assess the robustness of the arrangements in place to ensure health and safety risks within the workplace are effectively and efficiently identified, assessed, responded to, and reported against, in line with legislation. | No | Completed March 2022. |
| Aim: Housing and Regeneration | | | |
| H | Fire Safety To assess the adequacy of arrangements in place to ensure fire safety within residential properties is proactively and effectively managed in order to reduce the risk of harm to residents. | No | Work in progress. |
| Key Financial Systems: All Aims | | | |
| Res | Income Receipting and Banking (2020/21) To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts. | Yes | Draft report with the business. |
| Res | General Ledger (2020/21) To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts. | Yes | Draft report with the business. |
| <i>Implementing Action Plans</i> | | | |
| R | General Ledger To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service. | Yes | Removed from the audit plan. |

Appendix A: Internal Audit Plan 2021/22

| Dept | Service Activity | Fraud risk | Status as at 14 April 2022 |
|---------------------|---|------------|----------------------------|
| All | Accounts Receivable (2020/21) To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service. | Yes | Completed October 2021. |
| All | Accounts Payable (2020/21) To confirm that actions agreed have been effectively implemented and embedded into the day to day operation of the service. | Yes | Completed October 2021. |
| Grant Claims | | | |
| C&D | Test and Trace Support Payment Scheme To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with. | Yes | Work in progress. |
| E | Green Homes Grant To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with. | Yes | Work in progress. |
| E | Disabled Facilities Grant To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with. | Yes | Completed October 2021. |
| P&P | Interreg Go Trade Grant To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with. | | Completed September 2021. |

Appendix A: Internal Audit Plan 2021/22

| Dept | Service Activity | Fraud risk | Status as at 14 April 2022 |
|---|---|------------|--|
| Advice and Support Work | | | |
| Aim: A Commercial and Democratically Accountable Council | | | |
| All | Project Management Provide advice, support and challenge over the design of the revised project management framework and the effectiveness of its rollout and implementation within the organisation. | Yes | Completed December 2021. |
| Res | Knightswick Centre (2020/21) To provide advice, support and challenge over the contract management arrangements being developed to ensure the Knightswick Centre is well managed and remains financially viable. | Yes | Report being drafted. |
| P&P | Development Control Peer Review (2020/21) To provide advice, support and challenge over the arrangements in place to address the recommendations of the April 2019 Peer Review. | Yes | Completed and feedback provided December 2021. |
| Aim: Housing and Regeneration | | | |
| H | Housing Management System Project Implementation To provide independent advice and support to the Project Sponsors in their understanding and challenge of the information / project documentation presented to Project Board, at key project decision points. To monitor the ongoing implementation / application of robust project processes to ensure the new Housing Management System is fully operational within the intended timeframes as well as achieving the expected benefits. | Yes | Draft report being produced. |

Appendix A: Internal Audit Plan 2021/22

| Dept | Service Activity | Fraud risk | Status as at 14 April 2022 |
|------|------------------|------------|----------------------------|
|------|------------------|------------|----------------------------|

| | | | |
|-------------------------|--|-----|--|
| Aim: Environment | | | |
| E | Climate Change and Carbon Reduction To provide advice and support around the arrangements currently being developed to enable the Council to work effectively towards delivering its aims of carbon reduction and increased energy efficiency within the borough. | No | Draft report being produced. |
| E | Waste and Recycling Services To provide advice, support and challenge as service delivery options are explored, to ensure cost, environmental performance and compliance with the expected outcomes of the Government's Resource & Waste Strategy are suitably considered. | Yes | Complete and feedback provided January 2022. |

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

Appendix A: Internal Audit Plan 2021/22

| Audit Activities | Resource allocation |
|--------------------------------------|----------------------------|
| Managing the Business | 32% |
| Managing Service Delivery Risks | 17% |
| Key Financial Systems | 3% |
| Grant Claims | 8% |
| Advice and Support | 25% |
| Managing Delivery of the Audit Plan | 15% |
| Total | 100% |
| | |
| Total Council Audit Plan Days | 209 |
| | |

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

| Analysis Over Departments | | |
|----------------------------------|-------------------------------------|-------------|
| R | Resources | 3% |
| CS | Corporate Services | 9% |
| P&P | Place and Policy | 0% |
| C&D | Customer and Digital | 12% |
| E | Environmental | 14% |
| H | Housing | 18% |
| All | Cross cutting | 29% |
| All | Managing Delivery of the Audit Plan | 15% |
| | Total | 100% |

Appendix A: Internal Audit Plan 2021/22

| Risk Watch List | |
|-----------------|---|
| C&D | Cyber Security Arrangements |
| C&D | Business Rates |
| C&D | Council Tax |
| C&D | CRM Project |
| CS | Leases and Licences of Council Property |
| E / CS | The Paddocks |
| E | Food Premises Inspections |
| E | Private Sector Housing |
| H | Compliance with Construction, Design and Management Regulations |
| H | Housing Allocations |
| H | Sustainability of the Housing Revenue Account |
| H | Housing Rent Collection and Arrears Management |
| H | Management of Void Properties |
| H | Implementation of Health and Safety Legislation Post Grenfell |
| R | Procurement |
| R | Contract Management |
| P&P | Building a Safer Future |
| P&P | Regeneration Partnerships |
| P&P | Regeneration Project Delivery |
| P&P | Building Control |
| P&P | Community Infrastructure Levy and S106 Payments |
| All | Data Strategy |
| All | Council Commercialisation |
| All | Performance Management |
| All | Governance Arrangement for Grant and State Aid Funding |

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

Appendix B: Other Audits and Grant Claims

Implementation of the ICT Contract

Objective

To provide timely independent assurance that the handover and implementation of the new ICT contract is being effectively managed to ensure a smooth transfer of services.

Themes

Feedback to address immediate concerns regarding the handover was discussed with officers. This covered:

- Appending outstanding items that needed to be addressed ahead of handover to a risk register and RAG rating the items
- Identifying mitigating actions for each item
- Considering placing the payment for the final month of service with the current service provider on hold
- Seeking immediate confirmation of those employees who intend to transfer
- Identifying mitigating actions for each staff member in the event that they do not transfer.

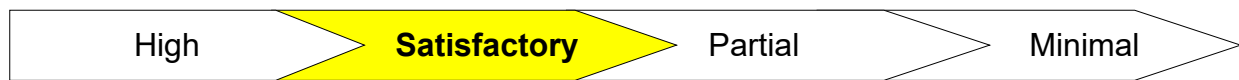
Responses from officers confirmed that action was taken to address the above issues.

RAG rating these items and seeing prompt assurance from the incumbent supplier aimed to give clarity of the Council's needs and / or expectations ahead of handover.

Number of actions agreed: 3

Appendix C: Audit Opinion and Themes

Assurance



Health and Safety (Employees)

Objective

To assess the robustness of the arrangements in place to ensure Health and Safety risks within the workplace are effectively and efficiently identified, assessed, responded to, and reported against, in line with legislation.

Themes

An assessment was undertaken to assess the robustness of the arrangements in place to ensure health and safety (H&S) risks within the Council's workplace are effectively and efficiently identified, assessed, responded to, and reported against, in line with legislation. This was undertaken through review of key documents and interviews with Council staff.

During this audit, general H&S controls in place throughout the Council, including home working were reviewed. Five departments / services (Council Offices, Housing, Revenues and Benefits, Parks and Open Spaces, and Refuse and Recycling) were chosen from which to select items for sample testing. Testing of specific H&S controls in place within each department / service has enabled us to report on a more diverse view of H&S across the Council.

H&S risk assessments are produced regularly and are fit for purpose. The council has adapted to emerging H&S risks that arose as a result of the Covid-19 virus. This included development of Covid-19 specific risk assessments and ensuring that Council offices were Covid-19 secure. Management are informed of H&S performance issues through monthly Operational Management Team (OMT) meetings.

Some feedback to improve the H&S controls in place has been discussed with the Corporate H&S Advisor. This covers:

- Development of departmental specific H&S Policies including detailing all roles and responsibilities where relevant
- Introduction of 'H&S first aiders' within each department, to complete the incident form, in the place of individuals filling out the form
- Development of a documented process to ensure lessons learned have been implemented.

Number of actions agreed: 5

AUDIT COMMITTEE

28th April 2022

Subject: Internal Audit Charter, Strategy and Audit Plan for 2022/23

1 Purpose of Report

To present to the Audit Committee the Internal Audit Charter with the supporting Strategy and Audit Plan for 2022/23.

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 vision, 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 2022/23
 - 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 July 2021. 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
- changes to Government department names.

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 don't 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 2022/23 (Appendix 2a)** is based upon the audit approach outlined in the Strategy, which complies with the requirements of the Standards.

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 timing of Audit Committee meetings.

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 usually delivered to its July meeting.

Human Resources

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.

Equality Implications

None.

8 Timescale for Implementation

The Audit Plan covers the 2022/23 financial year although work to deliver this will continue until the Head of Internal Audit's Annual report for that year is produced for the July 2023 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 Vision, 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 regular 'Monitoring Report of the Council's Governance Arrangements'.

The key team risks are:

- 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 2022/22.

Background Papers

- UK Public Sector Internal Audit Standards 2015
- 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 2019
- 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 2022/23
- 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

Annually review by Head of Internal Audit
Reported to Audit Committee: April 2022

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 is reviewed annually and presented to the Audit Committee for approval.

Purpose

The key purpose 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 the Council 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'*¹.

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.

¹ Institute of Internal Auditors

Appendix 1: Internal Audit Charter

It is a management responsibility to:

- establish and maintain appropriate governance arrangements and internal control systems
- ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

Statutory Role and Authority

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.

The Head of Internal Audit delivers the role of the Chief Audit Executive.

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.

Appendix 1: Internal Audit Charter

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

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

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. 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.

Appendix 1: Internal Audit Charter

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.

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 to the Audit Committee that the Strategic Director (Resources) also shares with 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 2), and the How We Will Work With You Statement (Appendix 2c).

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.

Appendix 1: Internal Audit Charter

Internal Audit Standards

There is a statutory requirement for Internal Audit to work in accordance with '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 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 **Department for Levelling Up, Housing and Communities** 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 2019, wherever possible, as required by the Delivering Good Governance guidance.

Appendix 1: Internal Audit Charter

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.

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 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

Annually reviewed by Head of Internal Audit
Reported to the Audit Committee: April 2022

Appendix 2: Internal Audit Strategy

Introduction

The Internal Audit Charter sets out the purpose and 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 Vision, 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 Vision, 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 regular 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 (eg. governance arrangements)
- the range of individual opinions arising from risk-based and other audit assignments delivered during the year (eg. 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 Vision, 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 Vision, 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 Vision, 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 (eg. plans and risk registers)
- regular discussions with the Strategic Director (Resources)
- 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 Vision, 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) 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 (from management or external sources)
- 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:
 - 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 Vision, 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, who is also the Chief Audit Executive for both Councils.

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.

Appendix 2: Internal Audit Strategy

Service Performance Indicators

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

- 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 is 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 the Council's file retention and disposal policy and comply with the General Data Protection Regulation requirements.

Appendix 2: Internal Audit Strategy

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.

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 the 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.

Appendix 2: Internal Audit Strategy

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.

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 and any other work undertaken.

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

Appendix 2: Internal Audit Strategy

- 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.

Appendices

- Appendix 2a: Internal Audit Plan 2022/2023
- 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 2022/23

| Dept. | Service Activity | Fraud risk | Focus of the Audit |
|----------------------------------|---|------------|---|
| Managing the Business | | | |
| All Aims | | | |
| All | Transformation | Yes | Objective to be determined once the scope of the transformation work has been set by the business. |
| R | Procurement | Yes | To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring procurement enables the delivery of quality services and achieves value for money. |
| All | Project Management | Yes | To assess the effectiveness of Project Management Toolkit in supporting the Council to deliver projects that support corporate priorities and deliver anticipated benefits, on time and within budget. |
| C&D | ICT audit work Disaster Recovery or ICT Strategy | Yes | Area and objective to be determined once the Transformation work (see above) has been scoped, as there may be crossover and / or timing considerations to be taken account of. |
| <i>Implementing Action Plans</i> | | | |
| All | Partnerships | Yes | To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service. |
| All | Workforce Management | No | |

Appendix 2a: Internal Audit Plan 2022/23

| Dept. | Service Activity | Fraud risk | Focus of the Audit |
|--|--|------------|---|
| Managing Service Delivery Risks | | | |
| Aim: People | | | |
| H | Tenancy Management | Yes | To assess the robustness of tenancy management arrangements to ensure ongoing compliance with tenancy agreements, good practice and applicable legislation, whilst pro-actively managing the risk of fraud. |
| Aim: Place | | | |
| H | Housing Health and Safety | Yes | To assess the adequacy of arrangements in place to ensure ongoing compliance with Health and Safety legislation within the Council's housing stock. |
| <i>Implementing Action Plans</i> | | | |
| CS | Corporate Estate and Asset Management | No | To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service. |
| Aim: Environment | | | |
| E | Waste Service Delivery | No | To assess the arrangements in place to run the service as efficiently as possible, with an agile approach allowing effective adaption to change, in order to deliver corporate priorities and work to evolving national waste strategies. |

Appendix 2a: Internal Audit Plan 2022/23

| Dept. | Service Activity | Fraud risk | Focus of the Audit |
|-------------------------------------|--|------------|--|
| | | | |
| Key Financial Systems: All Aims | | | |
| | | | |
| C&D | Council Tax | Yes | To assess the effectiveness of arrangements to ensure billing is accurate and income to the Council is maximised, while ensuring financial errors are prevented and / or detected in a timely manner so information can be relied upon when producing the Council's statement of accounts. |
| C&D | Business Rates | Yes | |
| | | | |
| Grant Claims | | | |
| | | | |
| H | Protect and Vaccinate | Yes | To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with. |
| C&D | Test and Trace | Yes | |
| H | Disabled Facilities Grant | Yes | |
| E | Homes Upgrade Grant | Yes | |
| | | | |
| Managing Delivery of the Audit Plan | | | |
| | | | |
| | Audit Planning and Resourcing | | |
| | Managing Audit Plan Delivery | | |
| | External Quality Assessment | | |
| | Reporting to Executive Management Team and Audit Committee | | |

Appendix 2a: Internal Audit Plan 2020/21

| Audit Activities | Resource allocation |
|--------------------------------------|----------------------------|
| Managing the Business | 32% |
| Managing Service Delivery Risks | 22% |
| Key Financial Systems | 10% |
| Grant Claims | 9% |
| Advice and Support | 6% |
| Managing Delivery of the Audit Plan | 13% |
| Total | 100% |
| | |
| Total Council Audit Plan Days | 242 |
| | |

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

| Analysis Over Departments | | |
|----------------------------------|-------------------------------------|------------|
| E | Environment | 26 |
| H | Housing | 43 |
| P&P | Place and Policy | 0 |
| C&D | Customer and Digital | 49 |
| R | Resources | 24 |
| CS | Corporate Services | 7 |
| All | Cross cutting | 62 |
| All | Managing Delivery of the Audit Plan | 31 |
| | Total | 242 |

Appendix 2a: Internal Audit Plan 2020/21

| Risk Watch List | |
|-----------------|--|
| All | Council Commercialisation |
| All | Corporate Data Strategy |
| All | Contract Management |
| All | Information Governance |
| All | Performance Management |
| C&D | ICT Data Security and Management |
| C&D | ICT Steering Group |
| C&D | ICT Strategy / Disaster Recovery |
| C&D | ICT Data |
| C&D | Housing Benefits |
| CS | Community Safety Partnership |
| CS | Licensing |
| Env | The Paddocks |
| Env | Food Premises Inspections |
| Env | Private Sector Housing |
| Env | Grounds Maintenance and Street Scene |
| H | Housing Strategy |
| H | Housing Rent Collection and Arrears Management |
| H | Sheltered Housing |
| H | Housing Allocations |
| H | Sustainability of the Housing Revenue Account |
| H | Management of Void Properties |
| H | Responsive Repairs |
| P&P | Regeneration |
| P&P | Community Infrastructure Levy & S106 Payments |

Appendix 2a: Internal Audit Plan 2020/21

| | |
|-----|--|
| P&P | Building a Safer Future |
| P&P | Building Control |
| Res | Workforce Management |
| Res | Financial Management and Budgetary Control |
| Res | Payroll |
| Res | Treasury Management |

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

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

| | Council Priority | Corporate Risks | Audit work providing assurance in 2022/23 |
|-----|--------------------|---|--|
| 1.1 | Economy and Growth | Non delivery of grant-funded regeneration projects resulting in project failure, loss of grant (current and future) and financial penalties to repay grant. | The Project Management audit planned for 2022/23 which will include some coverage of regeneration projects. |
| 2.1 | People | Approach to safeguarding not fully effective and embedded in the organisation with lack of clarity on responsibilities | A Safeguarding audit is currently underway, focusing on safeguarding arrangements for adults and children. |
| 2.2 | People | Risk of large numbers of households being evicted from rented accommodation causing them to become homeless households requiring support from the Council with limited resources to provide assistance. | No specific work planned around this risk, but the Tenancy Management audit will include some coverage of the support provided to households facing difficulties, and the Protect and Vaccinate grant audit will cover the funding received to place those at risk of homelessness in accommodation during early 2022. |
| 2.3 | People | Risk of households experiencing financial difficulties as a result of pressures on family budgets (National Insurance rise, inflation, rising energy costs etc.) resulting in multiple issues including debt, fuel poverty, missed rent / mortgage payments etc. that could also create additional pressures on council services. | No specific work planned around this risk, but the Tenancy Management audit will include some coverage of the support provided to households facing difficulties. |

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

| | Council Priority | Corporate Risks | Audit work providing assurance in 2022/23 |
|-----|------------------|--|--|
| 3.1 | Place | The Local Plan is not sound resulting in no local plan being in place and central government intervention and high costs. | No work planned for 2022/23. |
| 3.2 | Place | Emerging issues arising during the implementation of new Housing Management system cause project extensions resulting in additional budgetary requirements and impact on staff resource affecting Housing services capacity. | Advice and support audit on the project management arrangements completed in 2021/22. |
| 4. | Environment | No Environment risks within the CRR | The Waste Service Delivery audit will focus on the arrangements to run the service as efficiently as possible, in order to deliver corporate priorities and work to evolving national waste strategies. |
| 5.1 | Enablers | Unable to deliver a balanced budget and achieve financial self-sufficiency. | <p>The Transformation audit will focus on the plans being developed to enable the Council to deliver a balanced budget in future years.</p> <p>The Procurement audit will include some coverage of the Council's delivery of value for money.</p> <p>We will continue to discuss the financial position and financial plans at regular meetings with the Strategic Director (Resources).</p> |
| 5.2 | Enablers | A long term Housing Revenue Account business plan which is unsustainable in future years. | No specific work planned but Housing Rents and Arrears Management is on the risk watch list for future audit. As with risk 5.1, we will continue to discuss the financial position with the Strategic Director (Resources) and Head of Housing. |

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

| | Council Priority | Corporate Risks | Audit work providing assurance in 2022/23 |
|-----|------------------|---|---|
| 5.3 | Enablers | Adequate Business Continuity (BC) arrangements in place that mitigate severe disruption to Council services. | An audit on Business Continuity is currently underway as part of the 2021/22 audit plan. This is following up on the actions recommended as part of the audit undertaken early in 2020 and will also review the Council's response to Covid-19. |
| 5.4 | Enablers | Successful cyber security attack resulting in disruption to service, theft or loss of data / information, financial and reputational damage | An audit is underway as part of the 2021/22 audit plan focusing on Cyber Security Incident Management. |
| 5.5 | Enablers | Income streams from the Knightswick do not meet expectations and / or other unforeseen operational issues / costs result in the centre not being self-funding, with consequential impact on the General Fund. | Advice and support work covering the development of arrangements to oversee the management of the Knightswick Centre was undertaken during 2020/21. |
| 5.6 | Enablers | Partnership arrangements are not fully effective resulting in a focus on work that does not always support Council priorities. | An audit on Partnerships was completed in January 2022. The recommendations made will be followed up by Internal Audit during 2022/23. |
| 5.7 | Enablers | Risk of widespread staff absence from illness and self-isolation caused by Covid-19 pandemic resulting in interruption to service delivery. | An audit on Business Continuity is currently underway as part of the 2021/22 audit plan. This is following up on the actions recommended as part of the audit undertaken early in 2020 and will also review the Council's response to Covid-19. |

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

| | Council Priority | Corporate Risks | Audit work providing assurance in 2022/23 |
|-----|------------------|--|---|
| 5.8 | Enablers | Castle Point Borough Council does not engage with others across Essex about Local Government Reform resulting in a new form of local government that is not appropriate and ineffective for the Borough. | No work planned. |
| | | | |

| 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 |
|--|---|---|---|---|---|
| Charter and Strategy | | | Receive annually March | Receive annually March | Approve annually April |
| Audit Plan | Discuss risk assessment as part of planning process | Discuss risk assessment as part of planning process | Discuss risk assessment as part of planning process Update quarterly | Receive annually March Update quarterly | Approve annually April Update quarterly |
| Terms of Reference for audits * | Discuss drafts and finalise with | Finalise with | Copy final | | |
| Detailed audit work * | Discuss findings on an on-going basis | Brief if issues of concern arise during the review | Brief if issues of concern arise during the review | | |
| 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 May | Receive 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)