

**AUDIT & STANDARDS COMMITTEE**  
**Wednesday 23 November 2022 at 7.30pm**  
**Council Chamber - Civic Centre**

**AGENDA**

1. Apologies for Absence and Substitutions
2. Declarations of Interest  
  
Councillors' declarations of interest (if any) in relation to any matters on the agenda.
3. Minutes (Pages 2 - 4)  
  
Minutes of the meeting held on 5 October 2022.
4. Matters Arising
5. Written Questions and Petitions
6. Non Contentious Business
7. Committee Work Plan (Pages 5 - 6)
8. Period 8 Internal Audit Activity Report (Pages 7 - 73)
9. Risk Management Progress Report (Pages 74 - 94)
10. References from other Committees  
  
Any references arising from meetings held after the publication of this agenda will be circulated separately.
11. Matters of Urgent Business  
  
To deal with any matters of an urgent nature.

**MINUTES OF THE AUDIT & STANDARDS COMMITTEE  
HELD ON**

5 October 2022

7.30 - 8.31 pm

**PRESENT**

**Committee Members**

Councillor Matthew Siggers (Chair)  
Councillor Colleen Morrison (Vice-Chair)  
Councillor Jean Clark  
Councillor Jodi Dunne  
Councillor Eddie Johnson  
Councillor Stacy Seales  
Councillor Chris Vince  
Laura Kirman, Independent Person

**Officers**

Hannah Marriott, Governance Support Officer  
Simon Freeman, Deputy Chief Executive and Director of Finance  
Nicole Parker, Admin Assistant

**Also Present**

Lisa Blake, BDO

15. **APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies for absence were received from Councillor Simon Carter.

It was noted that Councillor Chris Vince was running late but would be attending the meeting.

16. **DECLARATIONS OF INTEREST**

Councillor Jodi Dunne raised a pecuniary interest as a Non-Executive Director of HTS (Housing and Regeneration).

Councillors Eddie Johnson and Stacy Seales raised pecuniary interests as Non-Executive Directors of HTS Group Ltd and HTS (Property and Environment).

17. **MINUTES**

**RESOLVED** that the minutes of the meeting held on 15 June 2022 are agreed as a correct record and signed by the Chair.

18. **MATTERS ARISING**

None.

19. **WRITTEN QUESTIONS AND PETITIONS**

None.

20. **NON CONTENTIOUS BUSINESS**

None.

21. **COMMITTEE WORK PLAN**

The Committee received its current work plan.

Simon Freeman, Deputy Chief Executive and Director of Finance, confirmed that there would be a financial training session for committee members prior to the 2019/20 and 2020/21 Statement of Accounts coming to Committee.

Simon Freeman also advised the Committee that work on the 2019/20 accounts would re-start on 7 November 2022, therefore, the accounts may be able to come to Committee before the end of the financial year.

**RESOLVED** that the work plan is noted.

22. **INTERIM AUDIT COMPLETION REPORT 2018/19**

The Committee received the Interim Audit Completion report for 2018/19 prepared by the Council's appointed auditor BDO LLP.

Councillor Chris Vince arrived during the discussion on this item.

The Committee requested that BDO provide an estimate of the total fees payable for work on the 2018/19 audit. Lisa Blake, BDO, agreed to continue discussions with the Director of Finance in relation to the audit fees for 2018/19 audit work and that the outcome of these discussions would be provided to the Chair of the Committee

Councillor Colleen Morrison noted that many abbreviations had been used in the BDO report and not all of them had been fully explained. Councillor Morrison requested that, in future, all reports were written in plain English.

**RESOLVED** that the Committee:

- A Reviewed the Interim Audit Completion Report alongside the approval of the Statement of Accounts reported to this meeting.

- B Noted the Value for Money assessment of the Council's use of resources as contained within the attached report from the Council's appointed Auditor.

23. **AUDITED ANNUAL ACCOUNTS FOR 2018/19**

The Committee received the Audited Annual Accounts for 2018/19 and notwithstanding the agreement reached having considered the report requested that should there be any significant changes required as a result of the national accounting matter relating to Infrastructure Assets then revised accounts will be presented to the Committee for final approval.

**RESOLVED** that:

- A Upon consideration of the Auditor's Results Report earlier in the agenda, the Committee approved the latest 2018/19 Statement of Accounts presented as Appendix 1 to this report.

24. **REFERENCES FROM OTHER COMMITTEES**

None.

25. **MATTERS OF URGENT BUSINESS**

None.

CHAIR OF THE COMMITTEE

## AUDIT & STANDARDS COMMITTEE WORK PLAN 2022-23

<b>June 2022</b>	
○ Audit and Standards Committee Annual Report 2021/22	Sarah Marsh
○ Internal Audit Annual Report 2021/22	Sarah Marsh
○ Period 2 Internal Audit Activity Report 2022/23	Sarah Marsh
○ Risk Management Progress Report	Simon Freeman
○ Annual Governance Statement 2021/22	Simon Freeman
<b>July 2022</b>	
○ This meeting is traditionally set aside for presentation of the previous year's Audited Annual Accounts	Simon Freeman
<b>November 2022</b>	
○ Period 8 Internal Audit Activity Report 2022/23	Sarah Marsh
○ Review of Internal Audit Charter	Sarah Marsh
○ Review of Code of Corporate Governance	Sarah Marsh
○ Review of Anti-Fraud and Corruption Strategy	Sarah Marsh
○ Risk Management Progress Report	Simon Freeman
<b>March 2023</b>	
○ External Auditor - Audit Plan 2023/24	External Auditor
○ Internal Audit Strategy and Plan 2023/24	Sarah Marsh
○ Period 11 Internal Audit Activity Report 2022/23	Sarah Marsh
○ Audit & Standards Committee Work Plan and Training Programme	Sarah Marsh
○ Review of Audit & Standards Committee Effectiveness and Terms of Reference	Sarah Marsh
○ Risk Management Progress Report	Simon Freeman
<b>Standing Items</b>	
○ Register of Complaints which have been referred to Hearing Sub-Committee	Monitoring Officer

## AUDIT & STANDARDS COMMITTEE WORK PLAN 2022-23

Unallocated Items	
<ul style="list-style-type: none"> <li>○ Audited Annual Accounts 2018/19, 2019/20 and 2020/21</li> <li>○ External Auditors Audit Results Report 2018/19 (ISA 260), 2019/20 and 2020/21</li> <li>○ Management Letter of Representation 2018/19, 2019/20 and 2020/21</li> <li>○ Annual Report on the Certification of Grant Claims and Returns (including fees)</li> </ul>	Simon Freeman
Audit Committee Training Plan	Topic
<b>07 June 2022</b> – Online training. Starts 7.30pm	The role of Audit Committee and Internal Audit
<b>November 2022</b> – <del>starts 6.45pm ahead of the Committee meeting</del>	Anti-fraud and corruption <b>Cancelled</b>
<b>March 2023</b> – starts 6.45pm ahead of the Committee meeting	Assurance frameworks

**REPORT TO:** **AUDIT AND STANDARDS COMMITTEE**

**DATE:** **23 NOVEMBER 2022**

**TITLE:** **INTERNAL AUDIT ACTIVITY REPORT**

**LEAD OFFICER:** **SARAH MARSH, HEAD OF INTERNAL AUDIT  
(01279) 446884**

**RECOMMENDED that:**

- A** The Committee reviews the outcomes of the work of the Internal Audit service for the period July to November 2022 and identifies any issues for further consideration.
- B** The Committee approves the deferral of the IT Strategy and planned maintenance and major works audits.
- C** The Committee approves the revised Internal Audit Charter.
- D** The Committee approves the revised Code of Corporate Governance.
- E** The Committee approves the revised Anti-Fraud and Corruption Strategy.

**BACKGROUND**

**Progress Against the Audit Plan**

1. Work continues on the 2022/23 Audit Plan and timings have been agreed with the Senior Management Board and Wider Leadership Team to ensure a steady flow of audits throughout the year. Appendix A sets out the current status of the Audit Plan.
2. A new short and sharp audit has been added to the plan regarding safes. This was at the request of the Insurance and Risk Manager (and agreed with the Deputy Chief Executive and Director of Finance) to ensure the location of all the Council safes are documented correctly, that insurance limits are adequate and are not at risk of being breached and that effective controls to protect safe contents are in place and being adhered to.
3. Some of the audits currently in progress have been paused to enable five unplanned special audit investigations to be carried out by the Internal Audit team. The investigations are unrelated and where the work has been concluded the findings are summarised within this report. The Chair and Vice Chair of the Audit and Standards Committee have been advised and kept updated in respect of these specific investigations.
4. As a result of the additional demands placed upon the team in carrying out the additional unplanned audits and to better align with other work being carried out,

it is requested that the Committee agrees to the deferral of two of the planned audits to 2023/24:

- a) IT Strategy – it is proposed that in light of the fundamental review of the IT Strategy the audit will take place once this is completed and the new strategy has been adopted.
- b) Planned maintenance and major works – Once the outcomes from the Annual Service Charge audit have been agreed, a piece of work which is currently in progress, this audit will be re programmed into the work plan and will be informed by those outcomes.

### **Internal Audit Reports**

5. Three reports have been issued since the Committee received its last update in June 2022:

- a) Council Housebuilding – Reasonable Assurance

The Council House Building Programme has a defined programme of projects (development sites) that will deliver:

- i) Phase I: 99 new socially rented Council houses to be built over the next two financial years
- ii) Phase II: The production of a detailed programme by March 2023 identifying plans for more than 200 additional homes.

In line with good practice, a House Building Programme Board has been established to oversee the programme. It meets every six weeks. The Board will ensure that the programme delivery is joined up across all council service areas and provide direct liaison with the Housing Service as the client for the new properties that are delivered. This is underpinned by a House Building Delivery Board which has a more operational role and meets every four weeks.

The new Council House Building Programme was approved on the 24 March 2022 and some controls in relation to the delivery of the Council House Building were still being developed and embedded at the time of the audit.

Process notes have been established for the programme management and audit recommendations have been made on areas to further develop them with regards to financial approval and investment appraisals. Other audit recommendations are designed specifically to further strengthen programme and project management arrangements.

- b) Disabled Facility Grant Investigation

Following an alert from the Council's bankers Internal Audit looked into a number of contractor payments relating to Disabled Facilities Grants. The work is funded via a grant from Essex County Council but administered by Harlow District Council. The audit found no evidence of any fraudulent

activity in respect of the works or payments, but processes have been amended to improve the transparency of the procurement processes and invoicing for works.

c) Use of Sub-Contractors

A whistleblower raised concerns in relation to value for money and specifically the procurement practices employed to appoint a sub-contractor. The investigation that was undertaken found no irregularities in the procurement of the sub-contractor and that all appropriate checks had been carried out.

### **Ongoing Audit Work**

6. In addition to the Audit Plan, Internal Audit adds value by providing advice and guidance to various services across the Council. Internal Audit has:

- a) Continued to provide assistance with the post payment assurance verification for Covid-19 grants as required by the Department for Business, Energy and Industrial Strategy (BEIS). This ongoing work involves a sample review of grants and has confirmed the Council has implemented due diligence processes to provide assurance that claimants met the eligibility criteria, minimising the risk of fraud/error. To date no errors have been found.
- b) Continued overseeing the project plan for implementation of the new HR system, facilitating discussions between key departments to ensure there is a holistic approach to the project.
- c) Continued discussions with the Insurance and Risk Manager and HTS in respect of tree management following on from the 2019/20 Parks and Landscapes audit.
- d) Co-ordinated the submission of data for the National Fraud Initiative (NFI) data matching exercise 2022/23, in liaison with Licensing, Housing, Revenues and Benefits and Payroll. Council Tax and Electoral Register data will be submitted in December 2022 for the single persons discount data match in January 2023.
- e) Facilitated Senior Management Board's fundamental review of the Council's corporate risks and risk appetite in conjunction with the Insurance and Risk Manager.

### **Recommendation Tracker**

7. The Audit and Standards Committee receives details of all overdue recommendations, plus any high priority recommendations from final reports, regardless of their status. The two high priority recommendations highlighted in this report relate to the 2021/22 Waste Contract Management audit.

8. The current tracker, as set out in Appendix B to the report, contains 21 recommendations which have passed their due date. A comparison with previous periods is outlined in the table below. A significant number of the recommendations should be completed by the end of the calendar year, and therefore will not feature on the tracker going to the March 2023 meeting.
9. Internal Audit continues to work with the Wider Leadership Team to initially ensure agreed implementation dates are realistic and then to ensure the Council is not exposed to unacceptable risk where the implementation date has had to be revised. The Senior Management Board endorses this approach:

Recommendation Priority	Number (November 2022)	Number (June 2022)	Number (March 2022)	Number (November 2021)	Number (June 2021)
High - not yet due	1	3	0	0	2
High - passed due date	1	0	0	0	2
Medium - passed due date	20	19	16	14	16
Low - passed due date	0	2	1	1	0
<b>TOTAL</b>	<b>21</b>	<b>24</b>	<b>17</b>	<b>15</b>	<b>20</b>

### Internal Audit Charter

10. The Internal Audit Charter sets out the common practices of Internal Audit and requires an annual review in accordance with the Public Sector Internal Audit Standards (PSIAS). This was last undertaken in November 2021. The Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees practical guidance for Local Authorities and Police 2022 edition states that an Audit Committee should have a role in approving the internal audit charter. In addition, the Committee has a role in overseeing the independence, objectivity, performance and professionalism of the Internal Audit function.
11. A review of the current Internal Audit charter, as set out in Appendix C to the report, confirms it remains up-to-date and fit for purpose. The only changes being to reflect organisational structure changes that have occurred since November within the Council, and the title of the Internal Audit Manager has been changed to Head of Internal Audit to bring it in line with agreed post title of the Internal Audit shared service.

### Review of Code of Corporate Governance

12. The Code is a statement of the systems by which the Council directs and controls the exercise of its functions and how it relates to the local community. It is intended to provide confidence in the activities of the Council and how it goes about its business; focus the minds of those involved in decision making and ensures that those decisions are made in a proper and transparent way. The Code also seeks to ensure that the Council actively engages with local

stakeholders, assist the constant improvement in service delivery and the minimisation of associated risks.

13. This year’s review, as set out in Appendix D to the report, confirms the Code is still up to date, in line with good practice and fit for purpose. Minor changes have been made to ensure it is aligned with the Council’s current Corporate Strategy and references to Covid-19 have been removed as a result of the Council moving out of the reactive phase of the pandemic and into recovery. Changes have been identified through the use of **bold underlined** wording or ~~strike~~throughs.

### **Review of Anti Fraud and Corruption Strategy**

14. The Council’s Corporate Fraud Group meets quarterly, overseeing the implementation of the Council’s Anti-Fraud and Corruption Strategy and associated Action Plan. The Group has undertaken its annual review of the Strategy, as set out in Appendix E to the report, which has been ratified by the Corporate Governance Group. Only minor changes are proposed which have been **underlined in bold** for easy identification.

### **Progress Against the Annual Governance Statement**

15. The Corporate Governance Group (made up of the Deputy Chief Executive and Director of Finance, Director of Governance and Corporate Support, Legal Services Manager, Insurance and Risk Manager, Relationship and Commissioning Manager and the Head of Internal Audit) continues to monitor the actions set out in the Annual Governance Statement (AGS) on a regular basis, being a standing agenda item. The table below sets out the current position against the action plan:

Key improvement/review area	Progress of action to be taken in 2022/23
<p>Economic issues</p> <p>At the time of writing this AGS, both national and global events have led to a very volatile economic situation. Unprecedented increases in inflation compared to previous years are being seen and availability of raw materials etc. is a problem globally. This has a direct impact on the Council in terms of potential cost increases including major works and projects. There may also be an indirect consequence with a potential increase in demand by those accessing Council services</p>	<p>Implications are being monitored by SMB and will feature as key considerations in the reports presented to Cabinet through 2022/23 and in the development of the MTFS (Medium Term Financial Strategy) for 2023/24 and future years</p>

<p>Statement of Accounts</p> <p>As reported in last year's AGS, due to technical and resource issues there has been a delay in the final approval of the 2018/19 accounts</p> <p>Nationally, there has been an ongoing issue with councils being unable to get their final accounts audited. For Harlow, this has led to a knock-on effect regarding the 2019/20 and 2020/21 accounts, and in turn the 2021/22 accounts</p>	<p>Progress is being made as the Audit and Standards Committee approved the 2018/19 Statement of Accounts at its October 2022 meeting (subject to agreement of statutory override in respect of Infrastructure Assets).</p> <p>The Council continues to work with its External Auditors to agree a timetable for the outstanding audits. BDO will recommence the 2019/20 audit with effect from 7 November 2022.</p>
<p>Financial Management Code review</p> <p>Carried over from last year's AGS action plan</p>	<p>An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these, subject to resources and recruitment during 2022/23</p>
<p><b>Common themes from the Service Assurance Statements were:</b></p>	
<p>Risk management and business/service planning</p> <p>Further work is required to develop and embed operational processes</p>	<p>Work undertaken in 2021/22 to better align service/business plans and risk management processes has continued into 2022/23 driven by the Council's recently created Wider Leadership Team.</p>
<p>Project management processes – corporate approach</p>	<p>The work of the project governance working group has concluded and rolled out via the Wider Leadership Team following endorsement by SMB</p>

## IMPLICATIONS

### Strategic Growth and Regeneration

None specific.

**Author: Andrew Bramidge, Director of Strategic Growth and Regeneration**

### Finance

It is important that the organisation responds to and implements the recommendations flowing from the internal audit process in order to protect and improve the overall internal control environment of the Council.

**Author: Simon Freeman, Deputy Chief Executive and Director of Finance**

### Housing

None specific.

**Author: Andrew Murray, Director of Housing**

### **Communities and Environment**

None specific.

**Author: Jane Greer, Director of Communities and Environment**

### **Governance and Corporate Services**

Internal Audit provides a key element of assurance within the overall Governance framework within the Council and it is important that recommendations flowing from internal audit recommendations are acted upon and implemented within reasonable timescales if reliance on internal controls and procedures is to continue.

**Author: Simon Hill, Director of Governance and Corporate Support**

### **Background Papers**

Internal Audit Plan and Internal Audit monitoring reports

### **Appendices**

Appendix A – Audit Plan Monitoring

Appendix B – Audit Recommendation Tracker

Appendix C – Internal Audit Charter

Appendix D – Code of Corporate Governance

Appendix E – Anti Fraud and Corruption Strategy

### **Glossary of terms/abbreviations used**

AGS – Annual Governance Statement

BEIS - Business, Energy and Industrial Strategy

CIPFA - Chartered Institute of Public Finance and Accountancy

CGG- Corporate Governance Group

MTFS – Medium Term Financial Strategy

NFI – National Fraud Initiative

PSIAS - Public Sector Internal Audit Standards

**Appendix A - Audit Plan Monitoring 2022/23  
November 2022**

	Risk Area	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High risk Recommendations	Medium risk recommendations	Low risk recommendations
<b>2022/23 Audit Plan</b>										
Projects - Council housebuilding	Strategic Growth and Regeneration	12	Final report	■	■	■	Reasonable	0	3	5
Annual Service Charge (ASC) audit c/f from 2021/22	Housing	12	In progress	■						
Housing Health and Safety c/f from 2021/22	Housing	15	In progress	■						
Pets Corner	Communities and Environment	12	In progress	■						
KFC - Treasury Management	Finance	10	In progress	■						
Safes (new audit)	Finance	10	In progress	■						
Houses of Multiple Occupancy (HMO's)	Housing	12	Scoping	■						
Service Charge Major Works Replacement	Housing	12								
Corporate Performance indicators (underperformance)	Governance and Corporate Support	12								
Climate Change Strategy and Action Plan	Communities and Environment	12								
KFC - Payroll	Finance	15								
Value For Money (VFM) analytics - expenses	Finance	20								
IT Strategy	Governance and Corporate Support	8	Defer - subject to approval							
Planned Maintenance and Major Works	Housing	20	Defer - subject to approval							
<b>Not a specific audit</b>										
Information Governance Group and action plan	Governance	20	On-going	■						
Project Management	Governance	8	On-going	■						
Risk management and service/business planning	Finance	8	On-going	■						
Business grants - Post assurance verification checks	Finance	5	On-going	■						
<b>Totals</b>		<b>199</b>		<b>7</b>	<b>1</b>	<b>1</b>		<b>0</b>	<b>3</b>	<b>5</b>
<b>Key</b>										
c/f carried forward										
KFC - Key Financial Control										

14

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Assistant Director	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
15 <b>Business Continuity 2019/20 May 2020</b>	5	Training for key staff and plan holders should be undertaken. This includes more desk-top training, but also full scenario training.	Medium	Training will be most useful if it occurs after completion of Good Practice Action below	Assistant Director Corporate Services	31/07/21	<del>31/03/22</del> <del>31/07/22</del> 31/12/22	<p><b>Oct 21/ Feb 22:</b> The Essex resilience Forum Working group for Business Continuity will provide training and testing programme across Essex to ensure all authorities working at same level; which goes over and above the original recommendation for local level training.</p> <p><b>May 22:</b> The Essex Resilience Forum Working group for Business Continuity is working on business impact assessment best practice across the county, testing regimes will follow once this is in place for all authorities.</p> <p><b>Aug 22:</b> The Council's insurers (Zurich) will provide a bespoke scenario/ training covering Service Managers and SMB/Wider Leadership Team.</p> <p><b>Nov 22:</b> The Council's insurance company (Zurich) have created a bespoke training scenario and will deliver a test exercise on 1 December 2022. This exercise will initially involve SMB/Wider Leadership Team, and then service managers and their teams as the scenario is run. The test scenario will run for a full morning, with a debriefing session held at the end of the exercise.</p>	Overdue
<b>Corporate Health and</b>	2	A common and consistent H&S	Medium	A training matrix will be incorporated into	Assistant Director	30/09/21	<del>30/06/22</del> 31/03/23	<b>Oct 21:</b> Development with HTS of a comprehensive Health and	Overdue

<p><b>Safety</b> <b>2019/20</b> <b>May 2020</b></p> <p>16</p>	<p>Training Matrix be adopted and used across the Council. Human Resources should be consulted as part of the process to ensure a consistent approach.</p> <p>Responsibility should be given to Heads of Service to ensure their completed training matrices are submitted to the Council's Health and Safety Officer on a quarterly basis for review and ensure compliance.</p>		<p>the forthcoming health and safety management system. A proposal will be made to SMB regarding oversight of return of completed matrices</p>	<p>Environment</p>			<p>Safety management system has been paused throughout the COVID-19 emergency as corporate Health and safety resources have been Substantially diverted to responding to continually changing COVID-19 risks. It is proposed to re-examine the viability of this work as the impact of the COVID-19 emergency fully abates</p> <p><b>Feb 22:</b> The amount of additional work from Covid 19 appears to be abating. This will give the Health and Safety Team the opportunity to focus on completing the recommendation by the revised implementation date.</p> <p><b>May 22:</b> The training matrix was agreed by 28 April 2022 Safety Committee meeting. The intention is for managers and team leaders to review monitor and assess their teams' roles and risk assessments to determine what training is required for which team members and arrange this through HR/internally as necessary. The matrix would record this in a straightforward way that could be passed to HR on a quarterly basis so that Council-wide safety training could be monitored by Safety Committee as required.</p> <p><b>Aug 22:</b> The training matrix will be discussed at Wider Leadership Team in September.</p> <p><b>Nov 22:</b> The training matrix was discussed at Wider Leadership Team by Assistant Directors, it will</p>
---	--	--	--	--------------------	--	--	---

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

								be used flexibly depending on the differing training needs within teams. The corporate safety team will audit training matrices quarterly reporting any significant issues to the Safety Committee.	
<p><b>Harlow Gilston Garden Town 2019/20 July 2020</b></p> <p>17</p>	1	To clarify the accountability and extent of any liability of each partner in the HGGT a signed overarching agreement between the councils should be prepared. This will include a data sharing agreement.	Medium	<p>(1) Work is now well underway on the next steps to establish Combined Delivery Service following Board decision on 10 Feb 2020.</p> <p>(2) Legal work is underway to clarify arrangements and delegations for the CDS. Link to HIG delivery and governance</p>	Director of Strategic Growth and Regeneration	<p>(1) 31/03/21</p> <p>(2) 30/09/21</p>	<p><del>31/03/22</del> 30/09/22</p>	<p>(1) Political and corporate agreement to proposals by 31 March 2021 Shadow structures then up and running</p> <p>(2) Formal decision making will need to follow the local election period – 30 September 2021</p> <p><b>Feb 21:</b> HGGT legal advisors, Weightmans, have been instructed to develop a data sharing protocol for the HGGT. The most appropriate agreement is currently being evaluated.</p> <p><b>Oct 21:</b> An HGGT Governance Review Task and Finish Group has been established. A series of meetings with HGGT Partner Leaders and Chief Executives, and the Task &amp; Finish Group have been set up to take forward the formalisation of governance arrangements for HGGT.</p> <p>The Task and Finish Group agreed for further work to be undertaken towards the establishment of a Joint Committee. The Leaders of the HGGT Partner Councils are keen for this work to take place at pace and are seeking to have formalised arrangements in place by March 2022.</p>	Overdue

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

18								<p><b>Feb 22:</b> Work is ongoing but given the scale and complexity, the timescales have been pushed back and now looking for formal approval of the new governance arrangements in the summer 2022 and operation of the new Joint Committee to commence in September 2022.</p> <p><b>May 22:</b> Initial proposals for formalised governance arrangements will be taken to the Board in Summer 2022, with final proposals to be agreed in September 2022, with implementation to follow.</p> <p><b>Aug/Nov 22:</b> A report setting out the legal Joint Delegations Framework will go to HGGT Board 13 Sept 2022. This will also include a recommendation to return in Dec 22 with a Inter Authority Agreement (IAA) formally addressing cost and risk sharing. Subject to approval by all 5 council partners anticipate a go live to the Joint committee and IAA for start of municipal year 23.</p>	
<p><b>Commercial Rents 2019/20 September 2020</b> <i>(Re-issued October 2020)</i></p>	1b	<p>Create a commercial property policy, which covers; how rent is set the types of lettings operated, the content of leases, renting, rent free periods, rent deposits, maintenance, voids, and collection of income. (This list is not exhaustive).</p>	Medium	Agreed	Senior Property and Assets Manager Assistant Director Housing and Property	31/01/21	<p><del>31/01/22</del> <del>30/06/22</del> <del>30/09/22</del> 31/12/22</p>	<p><b>Oct 21:</b> The Property and Facilities Team have been utilising a number of checklists to guide the processes related to:</p> <ul style="list-style-type: none"> <li>• The grant of new leases;</li> <li>• Progressing of assignment requests;</li> <li>• Managing lease surrenders and expiries; and</li> </ul>	Overdue

19								<p>• Management of vacant properties</p> <p>An overarching policy/guidance document has been drafted to provide guidance for Officers and a framework under which they are to operate. A copy of the draft policy has been given to Internal Audit while waiting for Director of Finance sign off.</p> <p><b>Feb 22:</b> A full commercial lettings policy has been prepared; Member scrutiny and adoption are to be progressed.</p> <p><b>May 22:</b> A full commercial lettings policy has been prepared. Member scrutiny and adoption are to be progressed after Purdah.</p> <p><b>Aug 22:</b> The draft commercial lettings policy is awaiting Member approval.</p> <p><b>Nov 22:</b> The proposed adoption of the draft 'Commercial Property Management Policy' is due to go to Cabinet for approval 01 December 2022.</p>	
<p><b>Equality Act and Impact Assessments 2020/21 February 2021</b></p>	3	<p>To drive equality improvements and ensure buy-in from managers across the Council, there should be an 'equality champion' at Senior Management Board. Key messages from the Equality Working</p>	Medium	<p><del>(a) Head of Governance to be Equality Champion' at Senior Management Board (SMB).</del></p> <p><del>(b) An EWG Group has been established.</del></p>	<p>Corporate and Democratic Services Manager</p> <p>Assistant Director- Governance, HR and Legal</p>	<p><del>(a) Completed</del></p> <p><del>(b) Completed</del></p> <p>(c) 28/02/21</p>	<p>(c) 31/05/21 31/12/21 30/06/22</p>	<p><b>May 21:</b> (c) This has not been progressed as quickly as needed due to continued work being undertaken on Corona pandemic and the Elections. This will now fall in line with (d) and will be underway by late May 2021</p> <p><b>Oct 21:</b> The EWG has meet on occasions to ensure the documents were agreed and ready to be</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

20		Group (EWG) should be reported to the Third Tier Managers meeting to be filtered down to staff.		<p>(c) The Chair of EWG to develop key messages for the Third Tier Managers and their Teams.</p> <p>(d) The EWG will be expanded to include participants from the protected characteristics to work on the Action Plan and build on the other work required to meet the PSED.</p>		(d) May 2021 onwards	<p>31/12/22</p> <p>(d) <del>31/05/21</del> <del>31/12/21</del> <del>30/06/22</del> 31/12/22</p>	<p>presented at Cabinet.</p> <p>However the EWG has not has the opportunity to meet over the summer due to seasonal issues which have impacted Officers workloads.</p> <p>The dates for both (c) and (d) have been amended to Dec 21 to reflect this</p> <p><b>Feb 22/May 22:</b> The Service Manager leading on the EWG has not been able to arrange these meetings. This has now been taken to the Senior Management Board Meeting and the Wider Leadership Team to discuss a way forward.</p> <p><b>Aug/Nov 22:</b> The EWG reports to the WLT. The draft Local Government Association Equalities Framework has been completed. Once completed this will be forwarded to the LGA for their assessment and this will result in an action plan for the Council.</p>	
<b>Equality Act and Impact Assessments 2020/21 February 2021</b>	6	The process for assessing and recording the equalities impacts of policies (using an Equality Impact Assessment or other agreed methodology) should be clearly communicated as part of tailored training for staff and Members.	Medium	Provide a range of equality and diversity training and development to support staff deliver the Council's equality and diversity commitments.	Corporate and Democratic Services Manager  Assistant Director- Governance, HR and Legal	31/12/21	<del>30/04/22</del> <del>30/09/22</del> 31/12/22	<p><b>May 22:</b> Training on report writing and adding in the E&amp;D section has been completed, the next session on E&amp;D training for the whole Council has been sourced with a follow up session on filling in EIA's and is now awaiting the funding to be cleared to begin the training. This will be completed across the Council by end September 2022</p> <p>However, the process for completing and filling in the initial impact assessment and the EIA has been completed and the</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

								<p>recording structure is also in place. At present this is available on the Kaonet but will be widened to the internet once suitable quality checks on the information has been completed.</p> <p><b>Aug/Nov 22:</b> The training modules have been sourced and need to be rolled out. There will be two types of training: E-learning on the Kaonet One-off training session for committee report writers. The EIA form has been added to the Kaonet and this is working well. One-off training session for committee report writers has been completed.</p>	
<p><b>Accounts Payable 2020/21 July 2021</b></p>	1.1	<p>Invoices which exceed the KPI target of payment within 30 days of the invoice should be monitored and officers should be reminded of the requirement to process invoices for payment promptly.</p>	Medium	<p>Budget monitoring meetings are held between Accountancy and Service Managers monthly. In response to this recommendation exception reports from Accounts Payable will be provided to Accountancy by the Systems Team Leader. The issue of late payment of invoices and not raising purchase orders in advance will be included as part of that discussion. Instances of non compliance will be</p>	<p>Systems Development Officer</p> <p>Interim – Assistant Director of Finance (Deputy S151 Officer)</p>	31/03/22	<p><del>31/07/22</del> 31/03/23</p>	<p><b>May 22:</b> This was previously a manual process. System driven reports have now been written to identify invoices that are delayed and those being paid on time. The reports and will be used as part of the monthly monitoring review between services and Finance to ensure invoices are paid promptly.</p> <p><b>Aug 22:</b> In progress. An automated KPI report has been set up. The Services Business Partner (GF) Accountancy has generated reports and is having meetings with services however there is insufficient resource in Accountancy to implement this recommendation fully and monitor payment of invoices on a regular basis.</p> <p><b>Nov 22:</b> Agresso (General ledger IT system) generates a report of</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

				escalated to the relevant Head of Service and the Head of Finance and Property Exception reporting will be in place by the end of July 2021.				KPI on Invoices. Due to a lack of resources the Service Finance Manager has not had the capacity to monitor Invoice KPIs or remind officers of the requirement to process invoices for payment promptly.	
22	Accounts Payable 2020/21 July 2021	1.2 Management information for raising purchase orders and late payment of invoices will be provided to Accountancy (the Senior Service Accountant) on a monthly basis to highlight instances of poor practice/non compliance and used to challenge officers. The report should include: Officers who do not raise Purchase Orders (POs) in advance of the invoice Officers who do not include sufficient detail on the PO Invoices paid after 30 days (and there is not a valid reason)	Medium	This budget monitoring part of the process (1.3) will be introduced as part of the proposed restructure of the finance department and be embedded by the end of this financial year.	Systems Development Officer  Interim – Assistant Director of Finance (Deputy S151 Officer)	31/03/22	<del>01/09/22</del> <del>30/09/22</del> 31/03/23	<b>May 22:</b> The current priority is to achieve sign off of the 2018/19 accounts and complete the restructure of the Finance team and associated recruitment. Once this has been achieved management information reports will be produced for discussion with officers where improvements are required.  <b>Aug 22:</b> In progress. The Interim Agresso Consultant (Accountancy) has created the purchase orders report for March, April and May, however further work needs to be completed before it can be used by other Officers.  <b>Nov 22:</b> A draft report has been created and it will be used to highlight issues with purchase orders. Once the report has been finalised it will be used periodically to identify instances of non-compliance.	Overdue
	Accounts Payable 2020/21 July 2021	1.3 Instances of non compliance will be reported to Service Managers as part of the budget monitoring process. This process will be introduced as part of the proposed	Medium		Interim Assistant Director of Finance (Deputy s151 Officer)	31/03/22	<del>01/09/22</del> 31/03/23	<b>May 22:</b> As above. The current priority is to achieve sign off of the 2018/19 accounts and complete the restructure of the Finance team. Following that, management information reports will be produced for discussion with officers where improvements are	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

		restructure of the finance department and be embedded by the end of this financial year.						required. It is anticipated the this will be introduced as part of the budget monitoring process in July 2022.  <b>Aug 22/ Nov 22:</b> Instances of non compliance have been identified. However, due to resource issues there are currently no business partners in Accountancy to meet with budget holders on a monthly basis. This will be addressed when additional resource is available.	
<b>Accounts Payable 2020/21 July 2021</b> 23	2.1	Officers should be reminded to raise purchase orders at the time of ordering goods/services, and in advance of receiving the invoice so that goods received can be checked against the order without delay.	Medium		Systems Development Officer  Interim Assistant Director of Finance (Deputy s151 Officer)	31/07/21	<del>31/03/22</del> <del>30/09/22</del> 31/03/23	<b>Oct 21:</b> Monthly Agresso reports are being used to highlight purchase orders raised after the date goods/services are provided. Monthly budget monitoring meetings between Accountancy and Third Tier Managers have not been reinstated whilst the Finance team is undergoing a restructure.  <b>May 22:</b> Monthly budget monitoring meetings between Accountancy and service managers/budget holders will recommence after the year end close down has been completed which will be July 2022 at the latest.  <b>Aug 22:</b> Accountancy are aware of the issue of officers not raising purchase order at the time of ordering goods/services however, due to resourcing issues this not completed yet as the focus has been on finalising the 2018/19 accounts.  <b>Nov 22:</b> Accountancy have been focusing on finalising the 2018/19	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

								accounts and due to resource issues there has not been any capacity in the team. This will be addressed when additional resource is available.	
24	2	Disaster Recovery plans should be supported by comprehensive and up to date technical recovery procedures.	Medium	Accepted.	Senior ICT Manager  Assistant Director Corporate Services	31/12/21	<del>31/03/22</del> 31/10/22	<p><b>Feb 22:</b> As above, the IT Disaster recovery plan is being reviewed and updated.</p> <p><b>May / Aug 22:</b> The disaster recovery technical procedures are 70% complete but are having to be updated to incorporate changes to the integration requirements due to the Office365 implementation.</p> <p><b>Nov 22:</b> Technical procedures have been completed and testing of their effectiveness will be carried out by the end of December 2022.</p> <p><i>This will be removed once Internal Audit has seen evidence of the technical procedures.</i></p>	Complete?
	4	IT Disaster Recovery plans and procedures should be subject to annual rehearsal. Disaster Recovery and Business Continuity Plans should be updated to reflect the results of all recovery tests.	Medium	Accepted. A further IT DR test will be commissioned once work has been completed on the migration to Microsoft 365.	Senior ICT Manager  Assistant Director Corporate Services	31/03/22	<del>31/07/22</del> 31/03/23	<p><b>Feb 22:</b> Migration is ongoing. IT DR test will be completed following successful migration to Microsoft 365.</p> <p><b>May / Aug 22:</b> On completion of the migration to Office365 each major application will be tested based on the application/server priority list based on the Corporate Business Continuity Plan. A plan will be established to manage all tests and results for both networked systems and cloud based systems including Office 365. A maintenance upgrade of the Civic Centre generator has</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 02 November 2022

								<p>been completed and tested successfully.</p> <p><b>Nov 22:</b> Technical procedures have been completed and testing of their effectiveness will be carried out by the end of December 2022.</p>	
<p><b>Provision of IT Services to HTS 2020/21 August 2021</b></p> <p>25</p>	5	<p>HTS Disaster Recovery arrangements should be subject annual testing. The results of all tests should be reported to both HTS and Head of Finance (being responsible for IT).</p> <p>The HTS Disaster Recovery plan should be updated to capture all recommended improvements following each annual test.</p>	Medium	Accepted. Testing of HTS Disaster Recovery (DR) arrangements will be in built in to the scheduled DR test at Harlow Council.	<p>Senior ICT Manager</p> <p>Assistant Director Corporate Services</p>	31/03/22	<p><del>31/10/22</del></p> <p>31/03/23</p>	<p><b>May/ Aug 22:</b> This is under discussion with HTS to ensure the DR plan adequately support their requirements. It is proposed a phased testing will take place up to October 2022. A plan for phased testing will be put in place based on the HTS Management Team priorities.</p> <p><b>Nov 22:</b> This will be discussed at next SLA meeting to understand what is required for testing. They are transferring a number of systems to the cloud and therefore will not require testing.</p>	Overdue
<p><b>Cyber Security 2021/22 January 2022</b></p>	6	<p>Password Expiry settings should be invoked against all AD user accounts.</p>	Medium	Accepted. A review of AD accounts with non-expiring passwords will be concluded once implementation of Microsoft 365 has been completed.	<p>Senior ICT Manager</p> <p>Assistant Director Corporate Services</p>	30/06/22	<p><del>31/10/22</del></p> <p>30/11/22</p>	<p><b>May 22:</b> A purchase order has been raised with the supplier to carry out the annual external penetration testing which is booked in for July 2022.</p> <p><b>Aug 22:</b> The process of resetting passwords following the implementation of Office365 has commenced; to date 35% of passwords have been re-set within the last year and this task will be</p>	Overdue

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

								<p>reallocated to the service desk to ensure the remainder of passwords are reset by the deadline.</p> <p><b>Nov 22:</b> The service desk is carrying out the process of resetting passwords and included a reminder in the staff weekly bulletin. It has been decided that passwords will be reset on a 6 monthly basis to reflect current cyber security advice.</p>	
<p><b>Cyber Security 2021/22 January 2022</b></p> <p>26</p>	9	The Council should actively seek to renew their PSN Code of Connection as soon as practically possible.	Medium	Accepted. A further programme of external penetration testing will be initiated upon completion of the migration to Microsoft 365.	<p>Senior ICT Manager</p> <p>Assistant Director Corporate Services</p>	30/09/22	31/12/22	<p><b>Aug 22:</b> This will be completed by the end of September.</p> <p><b>Oct 22.</b> A penetration test has been booked in for November 2022; this has been scheduled based on taking advantage of server updates which took place during September and an action plan arising from any vulnerabilities identified will be put in place and used as part of submission to renew the PSN Code of Connection.</p>	Overdue
<p><b>Cyber Security 2021/22 January 2022</b></p>	10	A new information security staff training module should be produced and published on the Intranet.	Medium	Agreed and Accepted	<p>Senior ICT Manager</p> <p>Assistant Director Corporate Services</p>	31/05/22	<p><del>30/06/22</del> 31/03/23</p>	<p><b>May 22:</b> This has been delayed to due to ICT resources being committed to the migration to Office 365 across the Council.</p> <p><b>Aug 22:</b> The 2021 version of the cyber security training module is live and part of the mandatory two year training cycle. A refreshed version will be ready for 2023/24.</p> <p><b>Nov 22:</b> This has been completed</p>	Overdue

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

								and will be published on the intranet by the end of November.	
27	11	The Council's 'Acceptable Use' and 'Corporate Information Security Policy' is reviewed and updated to capture and inform users of all known and emerging cyber security threats and offer guidance on password best practice.	Medium	Agreed and Accepted	Senior ICT Manager  Assistant Director Corporate Services	30/06/22	31/12/22	<p><b>Aug 22:</b> The review of Information Security Policies has not been completed yet due to resource issues however updated password guidance has been circulated to staff and complexities of new passwords increased. As new potential cyber security threats are identified staff are updated via global emails.</p> <p><b>Nov 22:</b> This has not yet been completed due to resource issues in ICT. Best practice from other authorities will be used to bridge this gap. Internal Audit has shared good practice policies from the Council's in the shared service.</p>	Overdue
	1	Reconciliations between the benefits system (Civica) and housing rents (Orchard) and Council Tax (Civica) systems should be brought up to date before year end and thereafter carried out regularly (i.e. monthly).	Medium	Agreed.	Interim Assistant Director of Finance (Deputy s151 Officer)	30/04/22	<del>30/06/22</del> <del>31/12/22</del> 31/03/23	<p><b>May 22:</b> The reconciliation process has started but due to changes in staff there will be delays in completing the reconciliations.</p> <p><b>Aug 22:</b> All reconciliations up to the end of March 2022 have been completed, however due to resourcing issues in Accountancy further reconciliations have not been performed yet as the priority has been to finalise the 2018/19 accounts.</p> <p><b>Nov 22:</b> Due to ongoing staffing issues in Accountancy we do not have the resource to look at this at the moment.</p>	Overdue

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

<p><b>Development Management 2021/22 March 2022</b></p>	<p>1</p>	<p>Planning fee income on Uniform should be reconciled to Agresso on a quarterly to ensure that differences are promptly identified, investigated and corrected as necessary.</p>	<p>Medium</p>	<p>This will be reviewed as part of the close down procedures and resource allocated to carrying out the reconciliation.</p>	<p>Interim Assistant Director of Finance (Deputy s151 Officer)</p>	<p>30/09/22</p>	<p><del>31/12/22</del> 31/03/23</p>	<p><b>Aug 22:</b> Due to resourcing issues in Accountancy, work on this recommendation has not started, but has been added to a list of works to be completed</p> <p><b>Nov 22:</b> The resources of the Agresso specialist/Consultant is limited and their time is being directed to issues and reports that are more urgent</p>	<p>Overdue</p>
<p><b>Development Management 2021/22 March 2022</b></p> <p>28</p>	<p>2</p>	<p>The Assistant Director Planning and Building Control should address the following (including tailored training as required):</p> <ul style="list-style-type: none"> <li>• update and complete the Planning &amp; Building Control Record of Processing Activities (RoPA)</li> <li>• produce a Privacy Notice and publish on the Council's website</li> <li>• ensure a process is in place for evidencing the disposal of data from all systems in line with the Development Management retention schedule</li> </ul> <p>Advice should be sought from the Council's Data</p>	<p>Medium</p>	<p>The Privacy Notice has been published. The RoPA and retention schedule will be updated and completed in conjunction with the Data Protection Officer.</p>	<p>Assistant Director Planning and Building Control</p>	<p>30/04/22</p>	<p><del>31/07/22</del> 31/12/22</p>	<p><b>May 22:</b> Advice has been sought from the Data Protection Officer and a privacy notice has been adopted. The ROPA is being progressed by the Data Protection Officer and the Development Manager. The disposal of documents is underway, and we are working on a process plan.</p> <p><b>Aug 22:</b> The current Development Management data retention schedule and the RoPA needs to be revised to include all planning data. Once this has been completed the software used by the Development Team can be used to automatically delete data in line with the data retention schedule</p> <p><b>Nov 22:</b> Internal Audit is facilitating discussions with the Data Protection Officer and the Assistant Director Planning and Building Control to move this forward, and ensure the RoPA is updated and a process is in place for data retention and disposals for</p>	<p>Overdue</p>

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

		Protection Officer						Planning and Building control.	
29	2	The variable charges including the property uplift should be reconciled monthly to ensure the Council pays for services received. Documentation should be retained to demonstrate accuracy checks are completed.	High	Payment of the property uplift invoices has been made to avoid unnecessary delay in payments, but with a caveat that the figures are unvalidated and a reconciliation may be required. The reconciliation process has now started and once completed validation checks will take place every time the uplift threshold (50 additional properties) has been reached.	Assistant Director Environment	31/10/22	30/11/22	<p><b>Aug 22:</b> Additional property data is required and this has been requested from Veolia. The Council is awaiting a response.</p> <p><b>Nov 22:</b> Property data has been received from Veolia and is in the process of being reconciled to the Council's property records.</p>	Overdue
	3	The Council continues to work with Veolia to resolve the disputed rectification and default notices, ensuring that documentation is retained to evidence the process. In the event that penalty payments (for services not received by the Council) are not accepted by Veolia, supporting evidence should be retained to demonstrate the contract negotiations process.	High	This is Work in Progress	Assistant Director Environment	30/06/23		<p><b>Aug / Nov 22:</b> Some progress has been made as the Council continues to work with Veolia to resolve points of difference. This is in progress.</p>	In progress

**Internal Audit Recommendation Tracker (Overdue and High recommendations)**

**Appendix B**

Last Updated: 02 November 2022

<p><b>Waste Contract Management 2021/22 May 2022</b></p>	<p>4</p>	<p>Risks for the waste and recycling contract should be identified and managed in line with the Council's risk management framework. A Council owned risk register should be developed and monitored. The business continuity plan should be periodically tested and updated accordingly.</p>	<p>Medium</p>	<p>This is Work in Progress</p>	<p>Assistant Director Environment</p>	<p>31/10/22</p>	<p>30/11/22</p>	<p><b>Oct 22:</b> An updated Business Continuity plan has been received from Veolia. A formal risk register for the contract is still to be created.</p>	<p>Overdue</p>
<p><b>Waste Contract Management 2021/22 May 2022</b></p>	<p>5</p>	<p>To ensure that contract variations are accepted and promptly authorised by the Contract Authorisation Officer and the Veolia Contract Manager.</p>	<p>Medium</p>	<p>This is Work in Progress</p>	<p>Assistant Director Environment</p>	<p>30/06/22</p>	<p><del>30/10/22</del> 30/11/22</p>	<p><b>Aug / Oct 22:</b> One contract variation is almost ready to be signed off. The General Manager at Veolia has been chased for a response on contract variations.</p>	<p>Overdue</p>

30



# **Harlow District Council Internal Audit Charter**

**November 2022**

## **INTERNAL AUDIT CHARTER**

### **1. INTRODUCTION AND PURPOSE**

1.1 The purpose of this Charter is to set out the nature, role, responsibility, status and authority of Internal Audit within Harlow District Council, and to outline the scope of Internal Audit work. The Charter will also be used to monitor the performance of the Internal Audit function.

1.2 The United Kingdom Public Sector Internal Auditing Standards (UKPSIAS) define Internal Auditing as:

*'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 the effectiveness of risk management, control and governance processes'.*

1.3 Internal Audit work is conducted in accordance with the UKPSIAS and is consistent with the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing) which can be found on the Chartered Institute of Internal Auditors website.

### **2. REVIEW OF THE AUDIT CHARTER**

2.1 This Charter will be subject to annual review by the Head of Internal Audit and any significant changes presented to the Audit and Standards Committee for approval.

### **3. ROLE OF INTERNAL AUDIT**

3.1 Within local government there is a statutory requirement for an Internal Audit function. The Accounts and Audit (England) Regulations 2015 require that a local authority 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'.

3.2 In addition, the Council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. The S151 Officer relies, amongst other sources, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

- 3.3 Internal Audit's activities and responsibilities are defined and approved by the Audit and Standards Committee, via this Charter, as part of their oversight role, being the Committee charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.
- 3.4 The Head of Internal Audit reports functionally to the Director of Finance. In recognising the unique and critical role of the Head of Internal Audit, CIPFA's Statement on the Role of the Head of Internal Audit (HIA) sets out five key principles for delivering an effective internal audit function. Each of these five principles is underpinned by expected governance arrangements, core HIA responsibilities and personal and professional standards expected of the post holder. As part of the continuous assessment of the effectiveness of the Internal Audit function, these principles are benchmarked against current practices and reported accordingly.
- 3.5 Internal Audit's primary role is to assist the Council's senior management team, particularly the Director of Finance, the Monitoring Officer, the Chief Executive and Councillors in the effective discharge of their responsibilities. To this end, Internal Audit provides them with analysis, appraisals, recommendations, advice and information to enable effective control over the activities reviewed, including the Council's financial affairs.
- 3.6 Importantly, the Internal Audit Plan culminates in the Head of Internal Audit providing an annual audit opinion to senior management and Councillors on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control which, in turn, informs the Annual Governance Statement. Internal Audit has a significant role/input into the production of the Annual Governance Statement (AGS) which forms part of the published Annual Accounts.
- 3.7 Internal Audit has a role in understanding the key risks of the Council and to examine and evaluate the adequacy and effectiveness of the systems of risk management and internal control operated by the Council.

#### **4. MISSION AND AIMS OF INTERNAL AUDIT**

- 4.1 The Internal Audit function has adopted the Global Institute of Internal Auditors mission statement as follows:

Mission Statement: To enhance and protect organisational value by providing risk based and objective assurance, advice and insight. The core principles being:

1. Demonstrates integrity
2. Demonstrates competence and due professional care

3. Is objective and free from undue influence (independent)
  4. Aligns with the strategies, objectives and risks of the organisation
  5. Is appropriately positioned and adequately resourced
  6. Demonstrates quality and continuous improvement
  7. Communicates effectively
  8. Provides risk-based assurance
  9. Is insightful, proactive and future focussed
  10. Promotes organisational improvement
- 4.2 The provision of assurance services is the primary aim for Internal Audit, requiring the Head of Internal Audit to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control. Consultancy services are advisory in nature and are usually performed at the request of the Chief Executive or Service Directors, with the aim of improving governance, risk management and control and contributing to the overall opinion. The majority of Internal Audit's work is assurance rather than consultancy based.

## **5. RESPONSIBILITIES OF INTERNAL AUDIT**

5.1 Internal Audit is responsible for:

- The examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal control processes.
- Compliance with significant policies and procedures established by management and Members
- Conducting its work in accordance with UKPSIAS and associated codes of ethics and other guidance for the Professional Practice for Internal Auditing.
- Ensuring that it is appropriately resourced to be able to deliver the agreed Audit Plan.

5.2 The delivery of the Internal Audit function is predominantly via in-house resources supplemented where necessary by engaging external resources to cover for periodic shortfalls or, for example, to provide a specific expertise.

## **6. INDEPENDENCE AND OBJECTIVITY**

6.1 Internal Audit will develop its approach to its work in consultation with the Audit and Standards Committee but independently of any specific area of the Council, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective approach to its work.

- 6.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement. Internal Audit may, however, review systems under development and advise on appropriate controls without prejudicing its right to subsequently audit such systems.
- 6.3 Where the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. For example, the Head of Internal Audit may be asked to take on responsibility for compliance or risk management activities. These roles could impair, or appear to impair, the organisational independence of the Internal Audit function. Safeguards would include oversight by the Audit and Standards Committee, periodic evaluation of reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.
- 6.4 The Head of Internal Audit will confirm to the Audit and Standards Committee, at least annually, the organisational independence of the Internal Audit activity.

## **7. CONFLICTS OF INTEREST**

- 7.1 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 7.2 Each auditor is required to proactively declare any potential 'conflict of interest' prior to the commencement of each audit assignment. In addition, and where possible, audits are rotated within the team to avoid over-familiarity and complacency.
- 7.3 In any circumstances where a potential conflict of interest were to arise this would be reported and, where applicable, appropriate arrangements approved by the Director of Finance to avoid any compromise of Internal Audit independence.

## **8. STATUS OF INTERNAL AUDIT IN THE COUNCIL**

- 8.1 Internal Audit must have direct access to senior management, the Audit and Standards Committee, the Chief Executive and the Chair of the Audit

and Standards Committee. The Director of Finance will advise the Audit and Standards Committee in relation to the required level of Internal Audit resources required in order for the Committee to make a formed decision in such matters. The Head of Internal Audit will communicate and interact directly with senior management and the Audit and Standards Committee, including between meetings as appropriate. Outside of formal senior management meetings and meetings of the Audit and Standards Committee, the Head of Internal Audit will have direct access to the Chief Executive and to the Chair of the Audit and Standards Committee.

- 8.2 For the purposes of the Internal Audit activity, the following groups are defined:

### **Audit and Standards Committee**

The Audit and Standards Committee is responsible for overseeing the effectiveness of the internal audit function and holding the Head of Internal Audit to account for delivery, through the receipt of regular updates and reports. The Audit and Standards Committee is responsible for the effectiveness of the governance, risk and control environment within the Council, holding managers to account for delivery. The Audit and Standards Committee is also responsible for the overall operation of the Internal Audit function, including:

- Resourcing and financial performance.
- Performance indicators measuring operational effectiveness.
- The overall strategic direction of the service.

### **Senior Management**

The Council's senior management team is responsible for helping shape the programme of assurance work through an analysis and review of key risks to achieving the Council's objectives and priorities. Senior management provides leadership and direction for the Council.

- 8.3 For line management purposes, the Head of Internal Audit reports to the Director of Finance who approves all decisions regarding the performance evaluation, appointment, or removal of the Head of Internal Audit, in consultation with the Senior Management Board and the Internal Audit shared service Board, ensuring feedback is sought from the Chair of the Audit and Standards Committee.
- 8.4 The day-to-day operational management of the Internal Audit function lies with the Head of Internal Audit, who is accountable through the Director of Finance to the Audit and Standards Committee for standards of performance and the proper discharge of the audit function.

- 8.5 The Head of Internal Audit is responsible for the preparation of the Annual Audit Plan, agreeing it with Councillors and the effective implementation of the Audit Plan. Prior to drawing up the Audit Plan, the Head of Internal Audit will consult with Directors and Assistant Directors and Senior Management Board with regard to risks, concerns etc. and take account of any issues raised by them.
- 8.6 The term 'board' and 'senior management' is used in the Public Sector Internal Audit Standards. For Harlow these roles are held by the Audit and Standards Committee and SMB respectively.

## **9. AUTHORITY AND ACCESS FOR INTERNAL AUDIT WORK**

- 9.1. Internal Audit, with strict regard to confidentiality and safeguarding records and information, is authorised access to any and all Council records (paper and computerised), physical properties, IT systems and personnel pertinent to carrying out any engagement and subject to third party agreement as may be deemed necessary (e.g. external third party database access). Such access will be granted as and when it may be required with prior notice being given wherever possible. There may be instances when such access may not be subject to prior notice if agreed with the Director of Finance. However, Internal Audit will endeavour to give adequate and reasonable notice, where possible, when working on routine audit reviews.
- 9.2 Internal Audit also has free and unrestricted access to the Audit and Standards Committee and senior management. Internal Audit examines and evaluates, on a risk focused basis, the whole system of controls established by management, not just the controls over financial accounting and reporting, but all operational and management controls.

## **10. SCOPE**

- 10.1 The scope of Internal Audit work encompasses but is not restricted to the following:
- the adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the Council's defined goals and objectives;
  - the extent of compliance with, relevance of, and financial effect of, policies, strategies, standards, plans and procedures established by the Council and the extent of compliance with external laws and regulations;

- the extent to which the assets and interests are acquired, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause;
- the suitability, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;
- the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic aims;
- the suitability of the organisation of the areas audited for carrying out their function, to ensure that services are provided in a way which is economical, efficient and effective;
- the follow-up actions taken to implement recommendations made and remedy weaknesses identified by Internal Audit, ensuring that good practice is identified and widely communicated;
- the operation of the Council's corporate governance and risk management arrangements.

10.2 Internal Audit may undertake work outside of the approved annual Internal Audit plan (normally additional activity requested by management) where it has the necessary skills and resources to do this, and this will be determined by the Head of Internal Audit in consultation with the Director of Finance on a case by case basis.

## **11. PLANNING AND REPORTING**

11.1 A risk based approach is adopted in planning the work of the Internal Audit function. This involves a needs and risk assessment of all the activities carried out by the Council from which an Annual Plan is prepared. The type of audits covered include:

- Key financial systems reviews
- Systems/Operational Reviews – either high level assurance or full scope detailed reviews.
- Proactive anti-fraud work and fraud investigations
- Specialist audits (for example contract/computer/major projects)
- Corporate governance and risk management support work
- Audit advice
- Staff training and promotion of awareness.

- 11.2 The Head of Internal Audit submits to Councillors for approval an Annual Internal Audit Plan, setting out the recommended scope of audit work in the period based upon risk assessment criteria. The Annual Plan is developed with reference to a longer-term strategic outlook for Internal Audit work for the three year period, prepared in conjunction with management. The Audit Plan is a dynamic document, which is flexible and reactive to situations arising during the course of the period covered and hence may be subject to review and revision during the year.
- 11.3 In determining the Annual Internal Audit Plan and coverage, the Head of Internal Audit takes into account several factors including the Council's risk management arrangements and other assurance and monitoring arrangements for achieving the Council's objectives. The allocation of resources is based upon the relative knowledge, skills, experience and any specialisms that may be required. The Head of Internal Audit can also draw upon other parties to deliver internal work for example to meet "in-house" shortfalls arising from sickness, vacancies or to provide a particular specialism providing the costs can be managed within the approved operational budget for the audit service. If the Head of Internal Audit considers that the audit resources available in any way limit the scope of Internal Audit or prejudice the ability of Internal Audit to deliver a service consistent with the standards expected, then those charged with the governance of the Council would be advised accordingly.
- 11.4. Internal Audit carry out the work, as agreed, report upon the outcome and findings, and make appropriate recommendations on the action to be taken as a result. Services response will include a timetable for anticipated completion of action to be taken. The reporting arrangements will include both individual and composite reports to Directors, Assistant Directors and the Senior Management Board and where appropriate to the Audit and Standards Committee, at the agreed intervals.
- 11.5 Internal Audit is responsible for appropriate follow up on report findings and recommendations and will provide updates to the Audit and Standards Committee on the results.
- 11.6 Internal Audit will report to the Audit and Standards Committee, in accordance with the agreed arrangements, on the overall adequacy of the internal control system, governance and risk management arrangements and major findings, recommendations and management actions. Any significant deviation from the approved Audit Plan will be communicated through the periodic activity reporting process.
- 11.7 Based upon its work, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Senior Management

Board and to the Audit and Standards Committee, including fraud risks, governance issues, and other matters needed or requested by these bodies. This ensures that Internal Audit plays a key role in providing assurance on the effectiveness of the entire control environment.

## **12. FRAUD AND CORRUPTION**

12.1 Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. However, internal auditors should be alert in all their work to risks and exposures that could allow fraud and corruption to take place and to any indicators that fraud and corruption may have occurred. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

12.2 It is the responsibility of individual service areas to consider the risk and impact of fraud and to design and implement suitable safeguards to mitigate these risks. The role of Internal Audit in relation to countering fraud is to support services in minimising fraud-related risk. It does this in several ways including:

- Developing and reviewing the Council's Anti-Fraud and Corruption Strategy.
- Maintaining a Fraud Response Plan.
- Financial Regulations requiring all incidents of suspected or detected fraud to be notified to Director of Finance and the Head of Internal Audit.
- Developing and maintaining data and intelligence networks with appropriate bodies including the Cabinet Office (National Fraud Initiative), Police, other Local Authorities and Government agencies.

Internal Audit also aims to provide anti-fraud awareness training and guidelines to staff.

12.3 Once any suspected or detected fraud has been notified to the Head of Internal Audit, the appropriate course of action will be discussed with the Director of Finance and a decision taken as to who should lead any subsequent investigation, whether it is Internal Audit or service management, and whether to report to the police.

## **13. PERIODIC ASSESSMENT**

13.1 Internal Audit will, in conjunction with the Audit and Standards Committee, provide regular reports on its performance and effectiveness drawing upon both quantitative and qualitative measures including adherence to professional standards. Furthermore, there will be mechanisms for quality

control/continuous improvement in service delivery through such measures including internal self-assessments, peer reviews and independent external assessment, the latter to be conducted at least every five years.

#### **14. RESPONSIBILITIES OF SENIOR MANAGEMENT BOARD**

- 14.1 The Council's Senior Management Board has responsibility for determining the scope of Internal Audit work, in relation to relevant professional standards/guidelines, and for deciding the action to be taken on the outcome of, or findings from, their work.
- 14.2 They also have a responsibility to ensure that the Internal Audit function has:
- the support of management,
  - adequate resources; and
  - direct access and freedom to report to senior management and Councillors, including the Director of Finance, Monitoring Officer, Chief Executive and Cabinet / the relevant Committee.
- 14.3 The Senior Management Board also have primary responsibility for establishing and maintaining a proper and effective control environment and for managing risk, including proper accounting records and other management information for running the Council. In addition, there is also a primary responsibility for the prevention and detection of fraud, including the prompt reporting to all relevant parties of any evidence or reasonable suspicion of an irregularity.
- 14.4 During the course of an audit, Directors, Assistant Directors and their staff will be required to co-operate fully with the auditor's requirements, including the completion of action plans, signing off of reports and the timely implementation of specific and agreed recommendations made by Internal Audit.

#### **15. RELATIONSHIP WITH THE EXTERNAL AUDITORS / OTHER REGULATORY BODIES**

- 15.1 Internal Audit will consult and where appropriate work closely with others, including the external auditors, to minimise areas of duplication and to maximise the value obtained from the total audit resource. However, the work of Internal Audit will not be driven by external audit's own priorities.

Sarah Marsh – Head of Internal Audit  
November 2022

(Date of next review: November 2023)



# **Harlow Council Code of Corporate Governance**

## **November 2022**

## Contents

What do we mean by Governance .....	3
Core Principles of Good Governance .....	3
Key roles of the Council .....	4
Monitoring and Maintaining the Code .....	5
Monitoring the Code.....	5
Maintaining the Code.....	6
Applying the Seven Core Principles .....	7
Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. ....	7
Core Principle B: Ensuring openness and comprehensive stakeholder engagement. ....	9
<u><a href="#">Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefit</a></u> .....	12
<u><a href="#">Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</a></u> .....	13
<u><a href="#">Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it</a></u> .....	14
<u><a href="#">Core Principle F: Managing risks and performance through robust internal control and strong public financial management</a></u> .....	15
<u><a href="#">Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</a></u> .....	16

## What do we mean by Governance

Governance is about how Harlow Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. ~~In time of national emergency, maintaining good robust governance arrangements is very important.~~

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

**Governance is at the heart of the Council's Corporate** Strategy. ~~Harlow Council (the Council)~~ **and** is committed to effective leadership, which is the foundation for effective corporate governance. The Council commits itself to:

- Providing a vision for the local community and leading by example in decision making and other processes and actions.
- Councillors and Officers conducting themselves in accordance with the highest standards of conduct.

## Core Principles of Good Governance

There are seven core principles of corporate governance as identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) (2016).

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management

- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

### Key roles of the Council

The Council has three main roles to play:

- **Community leader**; representing the interests of Harlow and its community and holding others impacting on the town to account. Working with the community to agree and achieve shared objectives and ambitions, to ensure that Harlow keeps evolving as a community and as a place.
- **Service provider**; meeting the statutory duties placed upon it by Parliament to protect people, to exercise regulatory functions and to provide discretionary services where it is best placed to do so.
- **Commissioner** of services, where such services can best be provided by others.

~~The Council is committed to doing as much as it can within the financial realities it has to face to make Harlow an even better and more enjoyable place to live, work and visit. This has been made more challenging during the Covid-19 lockdown and recovery phases. It cannot do it all by itself and it will continue to work with the community and its partners to make the biggest impact it can for Harlow. As the Council's strapline for its logo states we are: Working Together for Harlow.~~

~~In these tough economic times and beyond we must ensure that Harlow receives the recognition it deserves, and that we invest in our high priorities whilst reducing expenditure and activity in low priorities; retaining robust governance arrangements at all times.~~

**The Council is committed to maximise its resources through innovative and new ways of working both internally and with partners, in both the public and private sectors. Helping the Council achieve its vision for Harlow in being the best town in the country, to live, to work and to raise a family, and retaining robust governance arrangements at all times.**

The Council is accountable to its taxpayers for its stewardship and use of resources and seeks to:

- **Deliver** value for money
- Make the best use of resources available to it
- Protect the interests of local people.

Harlow Council is committed to working with others to build a strong sense of community and to encourage individual citizens to play a full and constructive part in the lives and development of their communities. The Council is democratically accountable to its citizens.

## **Monitoring and Maintaining the Code**

Harlow Council is committed to the principles of good governance identified in the CIPFA/SOLACE guidance and confirms its on-going commitment and intentions through the development, adoption, monitoring and maintenance of the Local Code of Corporate Governance (the Code). The Council recognises that achieving high standards of corporate governance will encourage our stakeholders to have confidence in us and allow the Council to undertake its role as community leader more effectively.

## **Monitoring the Code**

Local Authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

An Annual Governance Statement is made by the Leader of the Council and the Chief Executive giving an opinion on whether the corporate governance arrangements are adequate and are operating effectively.

The Corporate Governance Group which comprises of the Monitoring Officer, the Section 151 Officer, the Relationship and Commissioning Manager, the Head of Internal Audit, the Insurance and Risk Manager, the Legal Services Manager and other officers when they have specific contributions to make have been given the responsibility for:

- Overseeing the implementation and monitoring of the Code
- Reviewing the operation of the Code in practice on an annual basis
- Reporting at least annually to the Council on the compliance with the Code and any changes that may be necessary to maintain and ensure its effectiveness in practice.

In addition, Internal Audit has been given the responsibility to review independently and to provide assurance within the annual report to the Audit and Standards Committee on the adequacy and effectiveness of governance arrangements.

The Annual Governance Statement will report on any aspects of the Code that are not yet in place and propose appropriate steps to address the areas to further enhance the corporate governance arrangements. This approach to annual reporting should ensure that the principles of corporate governance are embedded in the culture of the Council and are transparent to stakeholders and partners.

### **Maintaining the Code**

The Head Director of Governance and Corporate Services will be responsible for updating the Code and for ensuring on going relevance and application of the Code. The Council (via the Audit and Standards Committee) will discuss any significant revisions to the Code before its approval. Any significant changes will be reported to stakeholders and partners.

## Applying the Seven Core Principles

### Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
48	A1 Behaving with integrity	<ul style="list-style-type: none"> <li>• Having in place an agreed and regularly reviewed Code of Conduct for members and staff, which build on the Seven Principles of Public Life (the Nolan Principles) and are part of the Constitution.</li> <li>• Programme of Member training on the Code</li> <li>• Having in place well-structured and transparent decision-making processes and delegation arrangements</li> <li>• Corporate Governance Group (CGG) meeting on a monthly basis to consider governance and integrity issues</li> <li>• Regularly review its policies to ensure that they remain effective and compliant.</li> <li>• Regular meetings of the Senior Management Board (SMB) and Cabinet Councillors (Cab) to ensure coherent political direction.</li> <li>• Established staff procedures through HR; annual Personal Performance Plans (PPPs) for all staff</li> </ul>	<p>The Corporate Plan. Annual report. Constitution. Cabinet and Committee reports and minutes circulated to staff and available online for the public and staff to view. Induction and training programme for Members. Officer Code of Conduct. Councillors' Code of Conduct. Contracts Register. Anti-Fraud and Corruption Strategy and Action Plan. Corporate Information Security and Computer Use policies. Social Media policy. Register of Interests and Register of Gifts and Hospitality for both Members and Staff. Personnel policies and training programme. Investors in People Internal Audit plan, annual report and review of effectiveness. CCG and SMB minutes.</p>

**Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

49

<i>Supporting Principle</i>		<i>The Council does this by:</i>	<i>Supporting documentation and evidence of compliance</i>
A2	Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> <li>Appointing Experienced Section 151 / Monitoring Officers with appropriate qualifications and seniority within the Council to promote ethical values</li> <li>Council appointing an Audit and Standards Committee, and appointment of an independent Member onto the Committee</li> <li>Established processes for quickly investigating complaint / ethical standards issues.</li> <li>A supported, effective and regularly reviewed whistleblowing policy.</li> <li>Promoting ethical values through standard contract documentation.</li> </ul>	Constitution. Reporting of standards issues to the Audit and Standards Committee. Corporate Equalities Scheme. Whistleblowing Policy. Financial Regulations and Contract Standing Orders. Corporate Complaints procedure. Cabinet and Committee reports. Procurement Strategy.
A3	Respecting the Rule of Law	<ul style="list-style-type: none"> <li>A modern, up to date, Constitution approved by Full Council</li> <li>Ensuring Councillors and Officers demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations.</li> <li>Creating the conditions that the statutory Officer, other key post holders, and Councillors, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li> <li>Ensuring all decision-making reports containing relevant legal constraints.</li> <li>Ensuring decisions are only taken after advice from appropriate officers.</li> <li>Section 151 / Monitoring Officers are part of report clearing process.</li> <li>Ensuring corruption and misuse of power are dealt with effectively.</li> </ul>	Constitution. Financial Regulations and Contract Standing Orders. Cabinet and Committee reports. Anti-Fraud and Corruption Strategy and Action Plan – including Money Laundering and Terrorism Financing. Codes of Conduct. Declarations of Pecuniary Interests for Councillors publically accessible. Declarations of Gifts and Hospitality for Officers and Councillors publically accessible. Transparency agenda publications.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Supporting Principle	The Council does this by:	Supporting documentation and evidence of compliance
	<ul style="list-style-type: none"> <li>Dealing with any breaches of legal and regulatory provisions effectively.</li> </ul>	

Core Principle B: Ensuring openness and comprehensive stakeholder engagement		
Supporting Principle	The Council does this by:	Supporting documentation and evidence of compliance
50 B1 Openness	<ul style="list-style-type: none"> <li>Providing effective ‘critical friend’ challenge through the Council’s scrutiny processes</li> <li>Responding to FOI (Freedom of Information) and subject access requests in accordance with legal provision</li> <li>Using open data standards in our on-line data sites including spend and contract information</li> <li>Publishing on-line and properly documenting all decisions taken by the executive</li> <li>Maintaining a list of decisions due to be taken by the Cabinet including transparency/ notice of those decisions to be taken in private session</li> <li>Ensuring that emergency decisions made by the Head of the Paid Service follow constitutional arrangements</li> <li>Webcasting of Council meetings</li> <li>Maintaining an effective website</li> <li>Making publicly available agenda of and clear minuting of all meetings</li> </ul>	Corporate and Service Plans Communications protocol Constitution Scrutiny Committee reports to Council Customer care standards Website Corporate Equalities Scheme and Equality Impact Assessments Harlow Times magazine for residents Publication of agendas and minutes of meetings Annual Statement of Accounts Annual report Medium Term Financial Strategy Published Freedom of Information / Environmental Information scheme Cabinet workplan Staff training Publication Scheme

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
		<p>in accordance with statutory regulations.</p> <ul style="list-style-type: none"> <li>Adhering to the Transparency agenda</li> </ul>	
B2	Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> <li>Developing formal partnerships / making arrangements where an effective business case can be demonstrated.</li> <li>Ensuring that partnerships are based on:                             <ul style="list-style-type: none"> <li>trust;</li> <li>a shared commitment to change;</li> <li>a culture that promotes and accepts challenge among partners;</li> <li>that the added value of partnership working is explicit.</li> </ul> </li> <li>Attending and participating in meetings with other local authorities under 'duty to cooperate'</li> <li>Engaging with local organisations by Officer attendance / participation</li> <li>Appointing Members to other community organisations that request it.</li> <li>By monitoring and maintaining an effective record of the partnerships we participate in</li> <li>By providing effective 'critical friend' challenge through the Council's scrutiny processes</li> <li>Developing a new scrutiny/cabinet protocol in response to Government guidance</li> </ul>	<p>Partnership protocol                              Various Service Level Agreements (SLAs)                              Cabinet reports                              Constitution                              Board arrangements for key partnerships including Harlow Trading Service, the Harlow and Gilston Garden Town and the Growth Board</p>
B3	Engaging with individual citizens and service users	<ul style="list-style-type: none"> <li>Having a consultation policy and plans</li> <li>Ensuring meaningful consultation takes place during key service</li> </ul>	<p>Harlow Times magazine for residents                              Council website                              Corporate complaints procedure</p>

51

**Core Principle B: Ensuring openness and comprehensive stakeholder engagement**

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
52	effectively	<p>changes that involves communities, individual citizens, service users and other stakeholders to ensure that service provision is contributing to the intended outcomes</p> <ul style="list-style-type: none"> <li>• Ensuring statutory consultation processes are followed and consistently applied</li> <li>• Ensuring that communication methods are effective and that Councillors and Officers are clear about their roles in community engagement.</li> <li>• By having clear feedback mechanisms in order to demonstrate how views have been taken into account.</li> <li>• Using a combination of communication methods to engage with citizens</li> <li>• Having clear compliment and complaint procedures</li> <li>• Ensuring the Council and its Members take account of consultation in the context of its decision making and the financial impact on taxpayers.</li> </ul>	<p>Residents' surveys Range of consultation outcomes including Local Plan, planning policy, leaseholders and tenant forums. Policy &amp; Performance Team that provides advice on designing, running and analysing consultations and surveys.</p>

**Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
C1	Defining outcomes in terms of sustainable economic, social and environmental	<ul style="list-style-type: none"> <li>• A Corporate Plan that has a clear vision of the economic, social and environment of the district, with supporting service plans</li> <li>• A developed Vision statement for the ongoing <del>post-pandemic</del> recovery</li> </ul>	<p>Corporate Plan and Service Plans Sustainability Strategy Carbon Management Plan Harlow Times magazine for residents</p>

**Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

<i>Supporting Principle</i>		<i>The Council does this by:</i>	<i>Supporting documentation and evidence of compliance</i>
53	benefits	<p>of the town</p> <ul style="list-style-type: none"> <li>• Ongoing Local Plan that supports the Councils vision</li> <li>• Decision making takes account of these effects on its residents</li> <li>• Paying due regard to the Public Sector Equality Duty by ensuring the Council provides fair access to the services it provides.</li> <li>• Full engagement with the Safer Harlow Partnership</li> <li>• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</li> </ul>	<p>Tenant and leaseholder forums Safer Harlow Partnership Emerging Local Plan People Resources Plan</p>

**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

<i>Supporting Principle</i>		<i>The Council does this by:</i>	<i>Supporting documentation and evidence of compliance</i>
D1	<p>Determining interventions</p> <p>Planning interventions</p>	<ul style="list-style-type: none"> <li>• Decision making processes that receive objective and rigorous analysis including involvement of the Monitoring Officer and the Section 151 Officer</li> <li>• Processes that take account of service users when making decisions</li> <li>• Retaining control over preparation of strategic and operational plans</li> <li>• Developing a corporate approach to project management</li> <li>• Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Ensuring best value is achieved no matter how</li> </ul>	<p>Annual Report Quarterly and annual Joint Finance and Performance Reports Budget setting and approval process Annual Governance Statement Risk register Council website Corporate and Service Plans Cabinet and Committee agendas, reports and minutes People Resources Plan</p>

**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
54		<p>services are delivered.</p> <ul style="list-style-type: none"> <li>• A Corporate Plan with measurable objectives</li> <li>• Key Performance Indicators that are measurable / SMART and take account of Councils objectives</li> <li>• A robust budget preparation process that reflects the Council’s objectives and the Medium Term Financial Strategy</li> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</li> <li>• Ensure capacity exists to generate the information required to review service quality regularly.</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks.</li> <li>• Ensuring the achievement of “social value” through service planning and commissioning</li> </ul>	<p>Procurement Strategy Slavery and Human Trafficking Statement</p>

**Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
E1	<p>Developing the entity’s capacity</p> <p>Developing the capability of the entity’s leadership</p>	<ul style="list-style-type: none"> <li>• Members and staff have appropriate induction processes, access to personal development appropriate to their roles.</li> <li>• Staff have annual PPP’s and access to arrangements to maintain their health and wellbeing.</li> </ul>	<p>People Resource Plan Corporate and Member training programme Member and Staff training records and development plans</p>

**Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

<i>Supporting Principle</i>		<i>The Council does this by:</i>	<i>Supporting documentation and evidence of compliance</i>
55	and other individuals	<ul style="list-style-type: none"> <li>• Statutory Officers having the qualifications, skills, resources and support necessary to perform effectively in their roles</li> <li>• The Leader/ Head of Paid Service / Heads of Service have clearly defined leadership roles</li> <li>• Job descriptions with candidate specifications, and using interviews and tests during the recruitment process to assess the ability of candidates to carry out the duties set out in the job description</li> <li>• That the Council operations, performance and use of its assets are reviewed regularly to ensure their effectiveness</li> <li>• Having an effective workforce plan to enhance resource allocation so that defined outcomes are achievable.</li> <li>• Having clear systems of decision making and publishing effective delegation schemes</li> <li>• Participate in partnerships where there is a sound business case that it will add value</li> </ul>	Recruitment process Job description and person specifications Continuous Professional Development for professional Officers Constitution Reports to SMB, Cabinet and Committees

**Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

<i>Supporting Principle</i>		<i>The Council does this by:</i>	<i>Supporting documentation and evidence of compliance</i>
F1	Managing risk  Managing performance	<ul style="list-style-type: none"> <li>• Ensuring risk management is an integral part of the Councils activities and decision making</li> <li>• Having robust and integrated risk management arrangements with</li> </ul>	Constitution Risk Management Strategy Corporate Risk Register Regular risk management reports to Audit

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Supporting Principle		The Council does this by:	Supporting documentation and evidence of compliance
<p>Robust internal control</p> <p>Managing data</p> <p>Strong public financial management</p>	<ul style="list-style-type: none"> <li>regular and dynamic consultation of risk by SMB and Heads of Service</li> <li>• Clear responsibilities for managing individual risks and a Risk plan that allocates responsibility against each risk</li> <li>• An effective Overview and Scrutiny function to provide constructive challenge on policy and performance</li> <li>• Councillors receiving regular reports on Service / Council delivery plans</li> <li>• Having Anti- Fraud and Corruption arrangements in place and a Whistleblowing policy</li> <li>• Having an effective Money Laundering and Terrorism Financing policy in place.</li> <li>• An effective Internal Audit function to provide independent assurance on governance, risk management and control that <b>can be adapted to</b> take into account <b>emerging</b> areas of risk <del>including those associated with emergency response and recovery</del></li> <li>• An Audit and Standards Committee that is independent of Cabinet providing additional assurance within its power to ensure its recommendations are listened to and acted upon</li> <li>• Having effective arrangements in place for the safe management of data particularly Data Sharing with other bodies and a designated Data Protection Officer.</li> <li>• Effective financial management systems that include management of financial risks.</li> <li>• Making decision based on relevant clear objective analysis and advice pointing out the implications and risks inherent in the financial, social, environmental, legal position and outlook.</li> </ul>	<p>and Standards Committee</p> <p>Business Continuity Plans</p> <p>Data Sharing Agreements</p> <p>Internal Audit Plan, annual report and recommendations tracker</p> <p>Anti-Fraud and Corruption Strategy and Action Plan</p> <p>Whistleblowing Policy</p> <p>Cabinet and Committee report template</p> <p>External Audit reports</p> <p>Annual Governance Statement</p> <p>Reports to Council, Cabinet and Committees of the Council with implications provided that are clear and measured.</p>	

56

**Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**

<i>Supporting Principle</i>		<i>The Council does this by:</i>	<i>Supporting documentation and evidence of compliance</i>
57	<p>G1</p> <p>Implementing good practice in transparency</p> <p>Implementing good practice in reporting</p> <p>Assurance and effective accountability</p> <p>Managing data.</p>	<ul style="list-style-type: none"> <li>• Having a defined process to ensure that reports for the public / stakeholders are fair, balanced and easy to access and understandable for the audience</li> <li>• Reporting regularly on performance, value for money and on the use of resources</li> <li>• Requiring Managers to produce annual assurance statements</li> <li>• Ensuring that Management and Members have clear lines of responsibility for the performance results</li> <li>• Preparing an Annual Governance Statement on the robustness of this framework</li> <li>• Having processes to ensure external / internal audit recommendations are acted upon / responded to by Managers and the Council</li> <li>• Having effective internal audit and annual audit programs that are accessible for Member scrutiny and tracked subsequently</li> <li>• Ensuring that arrangements are in place for confidential reporting or 'whistleblowing' which are published to staff</li> <li>• The Scrutiny Committee undertaking constructive challenge</li> <li>• Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</li> </ul>	<p>Constitution</p> <p>Agenda and minutes of Cabinet and Committee meetings</p> <p>Transparency Code</p> <p>Data Sharing Agreements</p> <p>Internal Audit Plan, annual report and recommendations tracker</p> <p>Anti-Fraud and Corruption Strategy and Action Plan</p> <p>Whistleblowing Policy</p> <p>Agenda and minutes of Scrutiny Committee</p> <p>Annual work programme of Scrutiny Committee</p> <p>External Audit reports</p> <p>Annual Governance Statement</p>

## HARLOW COUNCIL ANTI-FRAUD AND CORRUPTION STRATEGY

**Responsible Officer: S151 Officer (Deputy Chief Executive and Director of Finance)**

**Date: November 2022**

**Next review date: November 2023**

### 1. Purpose of the strategy

Theft, fraud, corruption and bribery are criminal offences. Harlow Council is committed to the highest standards of integrity and will not tolerate them in any form. The Council's principle is zero tolerance towards offences and offenders.

The purpose of this Anti-Fraud and Corruption Strategy is to support the Council's **2021/22 – 2023/24** Corporate Strategy by protecting the public purse as every pound lost through fraud cannot be spent on services. In particular, this Strategy:

- Sets out the aims and long term vision of the Council's Anti-Fraud and Corruption framework
- Outlines the Council's approach to Anti-Fraud and Corruption
- Outlines the expected outcomes along with how the Council intends to achieve and monitor these

### 2. Key Objectives

The key objectives of the Council's Anti-Fraud and Corruption framework are to:

- protect the Council's resources and assets, ensuring they are used as intended;
- maintain a culture where fraud or corruption is not tolerated; and
- ensure staff and Members demonstrate the highest standards of honesty and integrity at all times.

This Strategy also supports the national Fighting Fraud and Corruption Locally Strategy 2020 which advocates turning strategy into action by councils considering their counter fraud response and performance against each of the six 'C' themes:

- **Culture** – creating a culture where fraud and corruption are unacceptable and that is measurable
- **Capability** - assessing the full range of fraud risks and ensuring that the range of anti-fraud measures deployed is
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance
- **Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity
- **Communications** – raising awareness internally and externally, deterring fraudsters, sharing information and celebrating successes

- **Collaboration** – working together across internal and external boundaries, with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice, innovation and information.

### 3. Definitions

In law, **fraud** is deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. The purpose of fraud may be monetary gain or other benefits, such as obtaining a home or a job with the Council by way of false statement

**Corruption** is a form of dishonest or unethical conduct by a person entrusted with a position of authority, often to acquire personal benefit. Corruption may include many activities including bribery.

Both can be encompassed by the term “economic crime”, which refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others.

### 4. Strategic response

The principles of the Council’s Anti-Fraud and Corruption Strategy are focussed on the following four pillars of activity (as taken from the 2020 Fighting Fraud and Corruption Locally Strategy): govern, acknowledge, prevent and pursue. These are supported by one further pillar; protect.

<b>Govern</b>	<b>Acknowledge</b>	<b>Prevent</b>	<b>Pursue</b>
Having a holistic approach to tackling fraud is part of good governance	Acknowledge and understanding fraud and corruption risks	Preventing and detecting more fraud and corruption	Being stronger in punishing fraud and corruption/recovering losses
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	Assessing and understanding fraud and corruption risks Committing the right support and resources to tackling fraud and corruption Maintaining and demonstrating a robust anti-fraud and corruption response Communicating the risks to those	Making better use of information and technology Enhancing fraud and corruption controls and processes Developing a more effective anti-fraud and corruption culture Communicating its activities and processes	Prioritising fraud recovery and the use of civil sanctions Developing capability and capacity to punish corruption and fraudsters Collaborating across geographical and sectoral boundaries Learning lessons and closing the gaps

	charged with Governance		
<b>Govern</b>	<b>Acknowledge</b>	<b>Prevent</b>	<b>Pursue</b>
<b>Some specific examples for Harlow Council</b>			
<ul style="list-style-type: none"> <li>• Corporate Fraud Group that reports into the Corporate Governance Group and SMB</li> <li>• Fraud included in the Audit Committee's Terms of Reference</li> </ul>	<ul style="list-style-type: none"> <li>• Risk management process</li> <li>• Fraud /corruption proofing policy and processes</li> <li>• Fraud and corruption awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Whistleblowing policy</li> <li>• Strong internal control culture</li> <li>• Staff and supplier vetting</li> <li>• Participation in the National Fraud Initiative and the pan-Essex Council tax matching campaign</li> <li>• Staff and Member Code of Conduct and Declarations of Interest</li> <li>• Information security and IT policies</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud response plan</li> <li>• Enforcement powers, application of sanctions and prosecutions</li> <li>• Collaboration and joint prosecutions with other Authority fraud teams</li> </ul>
<b>Protect</b>			
Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.			
<ul style="list-style-type: none"> <li>• Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.</li> <li>• For Harlow this will also cover protecting public funds, protecting the Council from fraud and cybercrime and also protecting itself from future frauds.</li> </ul>			

## 5. Key Fraud and Corruption Risks

It is important that the Council recognises and actively manages its risks relating to fraud and corruption, using its Risk Management Strategy to help achieve this. Fraud and corruption risks are considered as part of the Council's strategic risk management arrangements using both pro-active and reactive components.

The key fraud and corruption risk areas for councils have been identified in the Fighting Fraud and Corruption Locally Strategy 2020, and those relevant to Harlow District Council are listed below; although not an exhaustive list:

- *Tenancy*: Fraudulent applications for housing or succession of tenancy, subletting of the property
- *Right To Buy fraud*: Fraudulent applications under the right to buy/acquire
- *Procurement*: Tendering issues, split contracts, double invoicing
- *Payroll*: False employees, overtime claims, expenses
- *Council Tax*: Discounts and exemptions, council tax support
- *Business Rates*: Fraudulent applications for exemptions and reliefs, unlisted properties and rates avoidance
- *Grants*: Work not carried out, funds diverted, ineligibility not declared
- *Internal Fraud*: Diverting council monies to a personal account, accepting bribes, stealing cash, misallocating social housing for personal gain, working elsewhere while claiming to be off sick, wrongfully claiming benefit while working, abuse of position such as misuse of assets/resources
- *Identity Fraud*: False identity/fictitious persons applying for services/payments
- *Money Laundering*: Exposure to suspect transactions
- *Insurance Fraud*: False claims including slips and trips
- *Disabled Facility Grants*: Fraudulent applications for adaptations to homes aimed at the disabled
- *No Resource to Public Funds*: Fraudulent claim of eligibility
- *Local Enterprise Partnerships*: Voluntary partnership between local authorities and business, procurement fraud and grant fraud
- *Cyber Dependent Crime and Cyber Enabled Fraud*: Enables a range of fraud types resulting in for example diversion of funds, creation of false applications for services and payments
- *Commission of Services*: including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion

The United Kingdom Anti-Corruption Strategy 2017-22 sets out a long term framework for tackling corruption. For local government, including Harlow Council, this sets out the following goals:

- Greater procurement transparency, enabling better identification and mitigation of corruption risks.
- Strengthened awareness and capability within contracting authorities leading to a stronger awareness of corruption risks and more capability to detect and deter illegality.

## 6. Approach

The prevention and detection of fraud and corruption and the protection of the public purse is everyone's responsibility. The key components in achieving this are:

### *Proactive*

- Strengthening the anti-fraud culture to increase resilience to fraud
- Preventing fraud through the implementation of appropriate and robust internal controls including robust procurement and cyber security measures
- Increasing fraud and corruption awareness of Council officers, Members and residents
- Deterring fraud attempts by publicising the actions the Council takes against corruption and fraudsters

### *Reactive*

- Detecting fraud and corruption through data and intelligence analysis
- Implementing effective whistleblowing arrangements
- Investigating fraud and corruption referrals
- Applying sanctions, both civil and criminal
- Seeking redress, including the recovery of assets and money

The table below lists the suggested approach and expected outcomes against each of the four pillars of the Council's Anti-Fraud and Corruption Strategy, which will be supported by a rolling action plan.

<b>Principle</b>	<b>Approach</b>	<b>Expected Outcome</b>
Govern by having a holistic approach to tackling fraud	Oversight through the quarterly Corporate Fraud Group meetings  Performance monitored by the Corporate Governance Group and Audit and Standards Committee	Delivery of the Council's Anti-Fraud and Corruption Plan that tackles both internal and external fraud
Acknowledging and understanding fraud and corruption risks	Using the risk management process to assess current and future fraud and corruption risks  Continued cultural change and increase in fraud and corruption awareness both internally and outside of the Council  Annual fraud report through central collection of fraud data  Improved sharing of fraud and	Increased reporting of cases  Increased awareness of anti-fraud and corruption process and procedures throughout the Council

<b>Principle</b>	<b>Approach</b>	<b>Expected Outcome</b>
	corruption threats, information and intelligence both internally and externally	
Preventing and detecting more fraud and corruption	<p>Fraud and corruption proofing of policy and processes</p> <p>Better use of data and technology to prevent and detect fraud and corruption</p> <p>Assessment of the Council's internal controls framework to ensure it remains robust</p> <p>Supporting anti-fraud and corruption policies and procedures including whistleblowing and money laundering</p>	<p>Increased levels of anti-fraud and corruption awareness</p> <p>When fraud or corruption has occurred because of a breakdown in the Council's systems or procedures, the Section 151 Officer will ensure that the appropriate improvements in the control systems are implemented to prevent a recurrence.</p> <p>Any significant control issues are reported in the Annual Governance Statement along with actions taken to address the issue.</p>
Be stronger in punishing fraud and corruption and recovering losses	<p>Develop capacity and capability to investigate and prosecute fraud and corruption</p> <p>Consistent and effective response for dealing with fraud and corruption cases</p>	<p>Successful use of sanctions and/or prosecution</p> <p>Reduce the losses as a result of fraud or corruption</p>

## 7. Responsibility for implementing this Strategy

<b>Responsibility</b>	<b>Role</b>
Chief Executive	Ultimately responsible for preventing and detecting theft, fraud and corruption and promoting an anti-fraud and corruption culture.
Members	As elected representatives, all Members of the Council have a duty to the public to maintain the highest standards of conduct and ethics, and to ensure the Council is open and transparent in all the decisions it makes. Members are required to adhere to the Council's constitution, which incorporates a Member Code of Conduct.
Audit and Standards Committee	To satisfy itself there are adequate arrangements in place to manage risk (including that relating to fraud

Responsibility	Role
	and corruption) effectively. To monitor Council policies on Anti-Fraud and Corruption and to receive periodic reports on fraud and corruption. Monitoring the operation of the Code of Conduct.
Corporate Governance Group	Develop, review and maintain the Anti-Fraud and Corruption Framework through the Corporate Fraud Group.
Senior Management Board	Ensuring all Staff follow this Strategy and any related policies and procedures, supported by the Council's Internal Audit and Human Resources functions.
Section 151 Officer	Has a statutory responsibility under the Local Government Act 1972 for the proper administration of the Council's financial affairs. Where irregularities, fraud or corruption are suspected the S151 Officer should be informed. On being informed of an alleged irregularity, fraud or corruption the S151 Officer will determine the arrangements for investigating the matter in line with the Council's Fraud Response Plan.
Monitoring Officer	Under the Local Government Act 1972 has the specific duty to ensure that the Council, its Officers, and its Elected Councillors, maintain the highest standards of conduct in all they do. They also advise the Council on the legality of their decisions.
Managers (all levels)	Responsible for preventing and detecting fraud and corruption and ensuring they operate effective mechanisms in their area of control to: <ul style="list-style-type: none"> <li>• Prevent theft, fraud and corruption thereby safeguarding the Council's assets and interests</li> <li>• Promote employee awareness</li> <li>• Assess the risk of fraud and corruption and take appropriate action</li> <li>• Take prompt action in line with the Fraud Response Plan where they suspect or are alerted to possible theft, fraud or corruption</li> </ul>
All staff	All staff have a responsibility to prevent, detect and report on fraud and corruption or suspected cases.
Partners and Contractors	Required to comply with the Council's policies and procedures when undertaking work for and jointly with the Council
External Audit	Under the International Standard on Auditing 240, when conducting an audit External Audit are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

Responsibility	Role
Internal Audit	<p>Providing assurance on the effectiveness of systems and procedures to prevent and detect fraud and corruption (by undertaking audits).</p> <p>Supporting Managers in minimising fraud and corruption related risk and are alert in all their work to risks and exposures that could allow fraud and corruption to take place.</p>

## 8. Supporting Policies, Procedures and Processes

The Council has a range of policies, procedures and processes in place to formalise arrangements for the prevention, detection and investigation of fraud and corruption. These include:

- Anti-Fraud and Corruption Strategy (this document)
- Whistleblowing Policy and Procedure (located on the Council's Kaonet) <https://www.harlow.gov.uk/sites/default/files/documents/Whistleblowing%20policy%20and%20procedure.pdf>
- Anti-Bribery Policy Statement (Appendix 1 of this document)
- Fraud Response Plan (Appendix 2 of this document)
- Anti-Money Laundering and Terrorism Financing Policy and Procedure (located on the Council's Kaonet) **which was last reviewed and updated September 2022** <https://www.harlow.gov.uk/sites/default/files/documents/Anti-money%20laundering%20and%20terrorism%20financing%20policy.pdf>
- Employee and Member Codes of Conduct (located on the Council's website and published as part of the Constitution)
- Financial Regulations (located on the Council's Kaonet and published as part of the Constitution)
- Contract Standing Orders (located on the Council's Kaonet and published as part of the Constitution)

## 9. Policy Reporting, Review and Monitoring Performance

This Strategy can only be varied with the collective agreement of the Chief Executive, the Section 151 Officer and the Monitoring Officer.

The Director of Finance, as Section 151 Officer, will develop through the Corporate Fraud Group a rolling Anti-Fraud Action Plan to support the Strategy.

It will be the responsibility of the Senior Management Board, via the Corporate Governance Group, to ensure there are adequate resources to support the action plan.

The Audit and Standards Committee will receive regular fraud updates to assist in their oversight of the Council's Anti-Fraud and Corruption Strategy and arrangements.

## **Appendix 1**

### **ANTI-BRIBERY POLICY STATEMENT**

Bribery is a criminal offence. Harlow Council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor does it or will it, accept bribes or improper inducements. To use a third party as a conduit to channel bribes to others is also a criminal offence.

Harlow Council is committed to the prevention, deterrence and detection of bribery and has zero tolerance towards bribery.

#### **Bribery**

Bribery is defined as an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage. It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to expedite a routine procedure
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Council in return
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in activity in breach of this policy.

#### **Objective of this Policy**

This Policy provides a coherent and consistent framework to enable Officers to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach. The Council requires that all staff, including those permanently employed, temporary agency staff and contractors to:

- act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible
- comply with the laws and regulations of all jurisdictions in which the Council operates

#### **Scope of this Policy**

This Policy applies to all of the Council's activities. For partners, joint ventures, subsidiary companies and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this Policy.

Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the Council. It does not rest solely within assurance functions, but in all service areas.

### **The Council's commitment to action**

The Council commits to:

- Setting out a clear Anti-Bribery Policy and keeping it up to date
- Making all employees aware of their responsibilities to adhere strictly to this Policy at all times
- Raising awareness, and where appropriate offer training, so all employees can recognise and avoid the use of bribery by themselves and others
- Encouraging its employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Provide information to all employees to report breaches and suspected breaches of this policy
- Include appropriate clauses in contracts to prevent bribery.

### **Gifts and Hospitality**

This Policy is not meant to change the requirements of the Council's Gifts and Hospitality Policy (included in the Officer Code of Conduct). The Policy makes clear that sample tokens of modest value bearing the name or insignia of the organisation giving them (for example, pens, diaries or calendars) whether given personally, or received in the post, may be retained unless they could be regarded as an inducement or reward. You should refuse the offer or invitation (or return the gift) unless your Director has advised you that it may be accepted or retained.

### **Staff Responsibilities**

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All staff are required to avoid activity that breaches this Policy. Staff must:

- ensure that they read, understand and comply with this Policy
- raise concerns as soon as possible as they believe or suspect that a conflict with this Policy has occurred, or may occur in the future.

As well as the possibility of civil and criminal prosecution, staff that breach this Policy will face disciplinary action, which could result in summary dismissal for gross misconduct.

### **Raising a concern**

The Council is committed to ensuring that all of its Officers have a safe, reliable, and confidential way of reporting any suspicious activity. Officers have a responsibility to help detect, prevent and report instances of bribery. If an Officer has a concern regarding a suspected instance of bribery or corruption, they should report it.

There are multiple channels to help staff raise concerns and should refer to the Whistleblowing Policy to determine their favoured course of action. Staff who do not have access to the Kaonet should contact the Head of Internal Audit or their Director. Concerns can be raised anonymously.

In the event that an incident of bribery, corruption, or wrongdoing is reported, the Council will act as soon as possible to evaluate the situation. The Council has a clearly defined Whistleblowing Policy and Fraud Response Plan which set out the procedures for investigating fraud, misconduct and noncompliance issues. This is easier and quicker if concerns raised are not anonymous.

Staff who refuse to accept a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. The Council aims to encourage openness and will support anyone who raises a genuine concern in good faith under this Policy, even if they turn out to be mistaken.

The Council is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith. If you have any questions about these procedures they can be directed to the Head of Internal Audit, the Council's Section 151 Officer or the Council's Monitoring Officer.

### **Bribery Act 2010**

Under the Bribery Act 2010 there are four core bribery offences:

1. offering, promising or giving a bribe
2. requesting, agreeing to receive or accepting a bribe
3. bribing a foreign public official; and
4. a corporate offence of failing to prevent bribery.

A local authority, such as Harlow Council, could be liable to prosecution if an employee, agent, or subsidiary bribes another person, intending to obtain an advantage for the local authority.

For individuals, the penalties for committing a crime under the Act are a maximum of 10 years' imprisonment, along with an unlimited fine, and the potential for the confiscation of property under the Proceeds of Crime Act 2002.

**Appendix 2****HARLOW COUNCIL FRAUD RESPONSE PLAN****1. Introduction**

- 1.1 The Fraud Response Plan defines the way that Harlow Council applies its various policies and procedures to suspected theft, fraud, corruption and bribery.
- 1.2 It fits in with various other documents, including the Council's Anti-Fraud and Corruption Strategy and the Whistleblowing Policy and procedure. The procedures for dealing with suspected money laundering are different from other problems – see the Anti-Money Laundering and Terrorism Financing Strategy and procedure for the necessary actions.
- 1.3 Different rules apply to Benefits Fraud.
- 1.4 The aim of this Plan is to provide a toolkit for dealing with problems, and rapid access to expert advice. This Fraud Response Plan guides Managers on how to react to suspicions of fraud, theft, corruption and bribery.
- 1.5 Additionally, it gives an outline on how investigations will be progressed, the Manager's role and the role of the Investigating Officer.

**2. Purpose of the Fraud Response Plan**

- 2.1 The Fraud Response Plan is designed to ensure timely and effective action in the event of suspected fraud to:
  - Minimise fraud by taking prompt action
  - Prevent further losses where fraud has occurred
  - Maximise recovery of losses
  - Ensure the accuracy and integrity of evidence for successful disciplinary and court action
  - Identify lessons to be learned to improve fraud management
  - Maximise positive publicity when frauds are discovered and dealt with effectively
  - Deter others from fraud that they may be contemplating

In addition to obvious frauds involving theft of assets or the misappropriation of funds, the following are examples of the types of activity that may be regarded as fraud. The list is merely indicative and not exhaustive:

- Manipulation or misreporting of financial information.
- Misuse of the organisation's assets, including cash, stock and other assets
- Deception (e.g. misrepresentation of qualifications to obtain employment)
- Offering or accepting bribes or inducements from third parties
- Conspiracy to breach laws or regulations
- Fraudulent completion of official documents (e.g. VAT receipts)
- Time recording fraud

- Theft of intellectual property (e.g. unauthorised use of a brand name/logo, theft of customer data or product design)

### 3. The Manager's role in dealing with suspected fraud

#### *First response*

Where Managers suspect a fraud has taken place the first **course of action must be to contact the Director of Finance (as Section 151 Officer) and the Head of Internal Audit** who decide at what point to inform the Monitoring Officer and the Chief Executive.

The only exception to this is where the matter is clearly related to the Benefits system. In such cases, refer the matter direct to the Department of Works and Pensions (DWP), details of which can be found on the Council's web site.

The Director of Finance will retain overall responsibility and control for any investigation but will delegate responsibility for leading the investigation to an Investigating Officer ensuring they are independent of the Service area under investigation and appropriately experienced and trained. Internal Audit will provide advice and guidance to the Investigating Officer if they are not appointed as such. **Investigations of suspected fraud should only be undertaken by Officers authorised by the Director of Finance.**

There may be circumstances where it is appropriate for local Managers to undertake some preliminary exploration to check on the validity of an allegation or irregularity to establish whether there is a case to be investigated. Where this occurs, advice should be sought from the Director of Finance or Internal Audit as such activity may alert the fraudster, resulting in the destruction of evidence or compromising the collection of further evidence.

Human Resources will be consulted should action need to be taken against an individual staff member, such as suspension to protect evidence. Therefore, the Director of Finance will inform Human Resources and the relevant Director at the earliest opportunity, and if appropriate agree a way forward.

Where initial investigations point to the likelihood of a criminal act having taken place, the Director of Finance or Monitoring Officer will inform the Police. Crime numbers should be obtained and provided to Internal Audit and Insurance for reporting purposes.

#### *Initial Enquires*

Speed is of the essence, therefore the Investigating Officer should make discreet initial enquires to determine if there actually appears to be an irregularity. During this initial enquiry the Investigating Officer should:

- Determine the facts and factors that gave rise to the suspicion
- Examine the factors to determine whether a genuine mistake has been made or whether an irregularity has occurred
- Document their findings, ensuring access is restricted i.e. not held in an 'open area' of the network

- Secure any relevant documentation/records if this can be done without alerting the perpetrator

The Investigating Officer should not formally interview staff at this stage.

#### **4. Formal Investigation**

The Director of Finance will instigate a formal investigation, in consultation with Internal Audit and the relevant Director, to be undertaken by the appointed Investigating Officer. In the absence of the Director of Finance, their responsibilities are transferred to the Monitoring Officer or Chief Executive.

Consideration will be given by the Director of Finance whether to involve other agencies such as Police, HM Revenue & Customs, Cabinet Office, the Department for Work and Pensions, the National Anti-Fraud Network, the National Crime Agency, External Audit and other councils.

The Director of Finance, in consultation with Human Resources and the relevant Director of Service, will consider whether it is necessary to suspend one or more employees to protect evidence, colleagues or assets in line with disciplinary procedures.

#### **5. Conducting the Investigation**

The exact format of an investigation is fluid but some general principles will apply to all investigations:

- Investigate and report back to the Director of Finance promptly. If the investigation extends more than two or three days then the Director of Finance or Internal Audit should be given periodic updates.
- Comply with legislation on interviewing (Police and Criminal Evidence Act, PACE) and surveillance (Regulation of Investigatory Powers Act, RIPA). However, it is not normally necessary, even when there may be a criminal offence, to conduct interviews under PACE rules. The Police can re-interview witnesses and suspects later on in the process.
- Record all evidence received, ensuring that it is sound and adequately supported (see further guidance below).
- Keep written records of all fact-finding meetings and interviews.
- Email correspondence about the investigation should be discreet and use an agreed 'case name' rather than real names or locations.
- All sensitive attachments should be password protected (or, preferably, not emailed).
- Hold evidence securely, with appropriate restriction to access (both manual and electronic documentation)
- Maintain confidentiality and discretion throughout, and share information on a "need to know" basis. In particular, be mindful that Senior Officers may need to hear disciplinary cases, and therefore should not know details of cases.

- Where appropriate, contact other enforcement agencies e.g. Police, HM Revenue & Customs. This should be always enacted via Internal Audit as they may have established lines of communication and referral protocols.
- Investigators must not accept any offer of repayment of money or resignation at any stage, as this could prejudice the investigation. Any such offers should be recorded in the interview notes, and passed on to the Director of Finance for consideration (in conjunction with the HR Manager).

The Council has the right to suspend any employee involved pending the outcome of an investigation. Suspension does not imply guilt but suspension can prevent the removal or destruction of vital evidence. When suspects are not suspended, supervision will usually need to be increased. Always seek advice from Human Resources on suspensions and any subsequent disciplinary action.

The Director of Finance will report losses to the Council's Insurance Team at the earliest stage.

## **6. Actions Following the Completion of an Investigation**

Upon completion of an investigation, the Investigating Officer will report findings in an appropriate format (usually written) to the Director of Finance. The final report will also be issued to the Chief Executive, the Monitoring Officer and the Head of Internal Audit and if appropriate to the relevant Director, HR Manager and Members of the Audit and Standards Committee.

In all cases the Council's insurers should be informed of actual losses as soon as these have been firmly established.

The Director of Service must remedy the control weaknesses identified during the course of the investigation. Internal Audit will provide advice and support on effective controls.

Internal Audit will record all the investigations and the final outcomes in the Theft, Fraud, Corruption and Bribery Register, including crime numbers. This information informs future prevention strategies, and is used in reporting fraud and corruption at the Council.

The Communications Team should be informed (it is useful to have a protocol regarding publicity of frauds) so that publicity can be managed effectively.

Whenever fraud has been proved, the Council will make every effort to recover the losses. The method used will vary depending on the type of loss and the regulations and powers available. All means of recovery including recovery under social security legislation, attachments to earning, civil court proceedings and criminal court compensation will be used as appropriate to the offence.

**Simon Freeman**

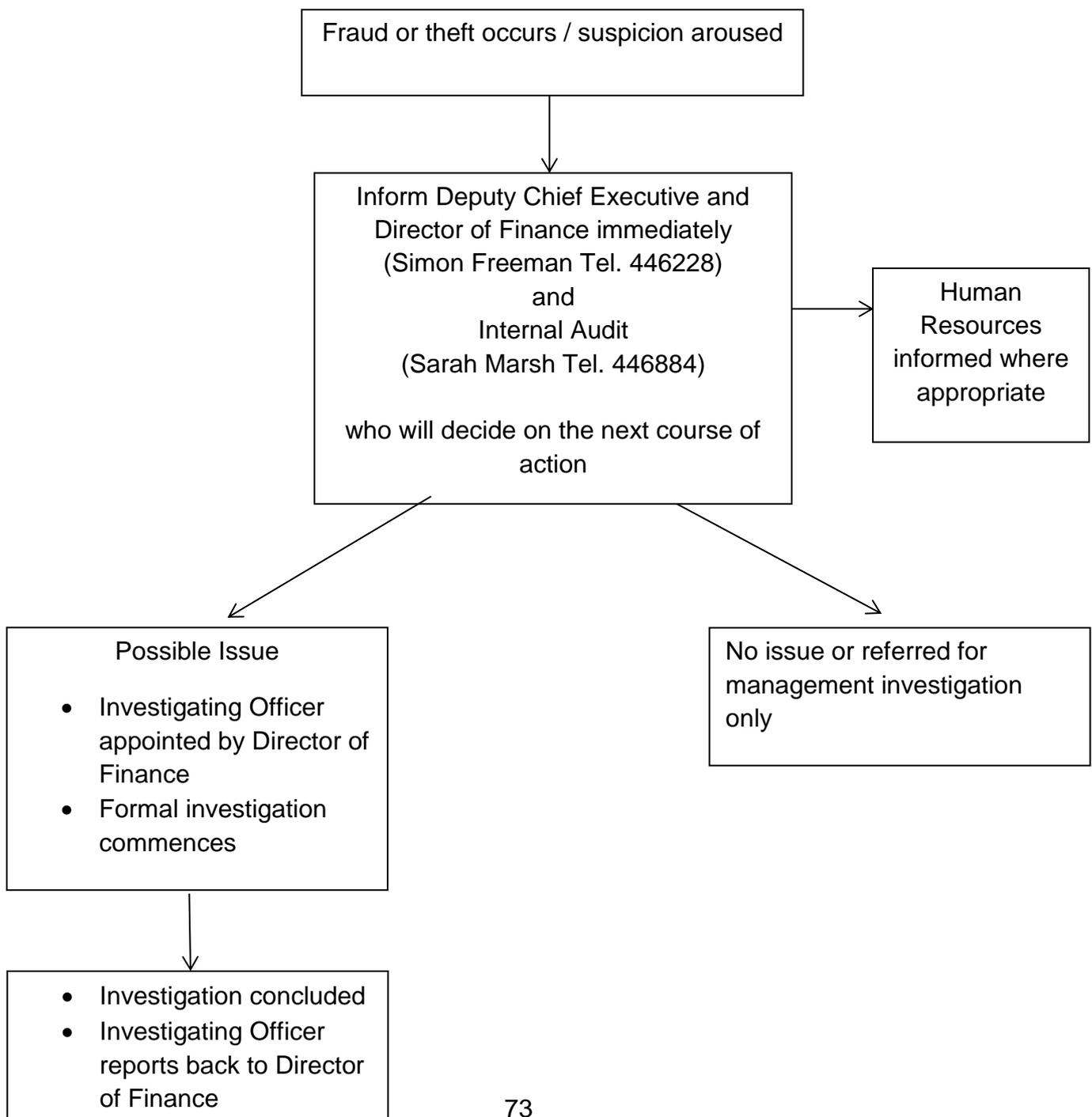
**Deputy Chief Executive and Director of Finance (Section 151 Officer)**

[simon.freeman@harlow.gov.uk](mailto:simon.freeman@harlow.gov.uk) 01279 44 6228

### Alternative Contacts

- Head of Internal Audit, Sarah Marsh 01279 44 6884 (mobile 07973 733332) [sarah.marsh@harlow.gov.uk](mailto:sarah.marsh@harlow.gov.uk)
- Director of Governance and Corporate Support (Monitoring Officer), Simon Hill 01279 44 6099 [simon.hill@harlow.gov.uk](mailto:simon.hill@harlow.gov.uk)
- **Interim** Chief Executive, **Rob Tinlin** 01279 44 6000 [rob.tinlin@harlow.gov.uk](mailto:rob.tinlin@harlow.gov.uk)

## Outline of Fraud Response Process



**REPORT TO:** **AUDIT AND STANDARDS COMMITTEE**

**DATE:** **23 NOVEMBER 2022**

**TITLE:** **RISK MANAGEMENT REPORT**

**LEAD OFFICER:** **STUART MOSELEY, INSURANCE AND RISK  
MANAGER (01279) 446215**

**RECOMMENDED that:**

- A** The Committee notes the Strategic Risks, risk scores and variation against risk appetite as at 30 September 2022.
- B** The Committee notes the revised Risk Matrix introduced at 1 April 2022.
- C** The Committee approves the revised Risk Appetite General Statement and risk appetite thresholds as set out by the Senior Management Board.

**BACKGROUND**

- 1. The Audit and Standards Committee's terms of reference includes the responsibility to monitor the effective development and operation of risk management within the Council.
- 2. The Council's Risk Management Strategy states that the responsibility of the Audit and Standards Committee is to:
  - a) Monitor the effective development and operation of risk management in the Council.
  - b) Understand, scrutinise and endorse the Council's risk management strategy and monitor the Council's risk appetite.

**ISSUES/PROPOSALS**

**Strategic Risks Update as at 30 September 2022**

- 3. The Senior Management Board has undertaken a comprehensive review of the strategic risk register in order to bring this in line with the current Corporate Strategy vision, priorities and themes. The strategic risks are set out in Appendix 1 to the report.
- 4. In addition to the listed strategic risks, the Senior Management Board have developed a draft strategic risk in respect of Commercialism. A Commercialism Strategy is currently due to go before Cabinet in the New Year. Once that has been agreed and respective commercial activity is due to be initiated, the draft strategic Commercialism risk can be finalized and will be added to the strategic risk register.

5. Risk scoring is now completed using a revised risk matrix, as set out in Appendix 2 to the report, which now adopts a more generally used 5x5 matrix scoring. This is in anticipation of risk being integrated with service planning using the council's performance management system Inphase.
6. The Senior Management Board have also reviewed and reassessed the council's Risk Appetite General Statement as set out in Appendix 3 to the report. The council's overall risk appetite is now defined as OPEN. This is defined as having a prudent approach to financial management but in pursuit of the council's wider aims and goals for the benefit of the town and its residents being prepared to consider higher risk delivery options when they have the highest probability of productive outcomes.
7. The Senior Management Board will continue to regularly monitor and review the strategic risks to ensure appropriate risk controls are maintained whilst ensuring optimum advantage is taken of opportunities.

### **Risk Strategy Update**

8. Following the revised council structure to include Assistant Director level, the Risk Strategy is undergoing a review. An external consultant is assisting in this process to ensure best practice is continued to be adopted
9. The revised Risk Strategy will be agreed with the Senior Management Board and presented to the next Audit and Standards committee for approval.
10. The consultant will also be assisting with storyboarding to enable the re-launch of Risk Management training via the council's e-learning training platform.

### **IMPLICATIONS**

#### **Strategic Growth and Regeneration**

None specific

**Author: Andrew Bramidge, Director of Strategic Growth and Regeneration**

#### **Finance**

None specific

**Author: Simon Freeman, Deputy Chief Executive and Director of Finance**

#### **Housing**

As outlined in the report.

**Author: Andrew Murray, Director of Housing**

#### **Communities and Environment**

None specific

**Author: Jane Greer, Director of Communities and Environment**

## **Governance and Corporate Services**

Defining risk appetite sets acceptable parameters for risk taking opportunities that is consistent throughout the Council, and reflects the Council' willingness to allow risk exposure in pursuit of core strategic objectives set out within its Corporate Strategy and the tone and direction for its governance.

**Author: Simon Hill, Director of Governance and Corporate Services**

## **Appendices**

Appendix 1 – Strategic Risks as at 30 September 2022

Appendix 2 – Risk Matrix

Appendix 3 – Risk Appetite General Statement

<b>Risk Name</b>	<b>CR01 - Financial Resilience</b>
------------------	------------------------------------

<b>Risk Owner</b>	Director of Finance	<b>Review Date</b>	30 September 2022
-------------------	---------------------	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If a sustainable budget is not secured, then the Council will lack financial resilience
<b>Background</b>	<p>Key Drivers –</p> <p>The Government's fiscal policy in respect of deficit reduction and the long term impact this has on reducing public sector funding coupled with ongoing uncertainty regarding local government funding reform and business rates retention.</p> <p>Ambitions to reduce the local taxation burden</p> <p>Economic situation locally, nationally, and globally post pandemic are providing significant challenges especially in respect of cost growth pressures.</p> <p>In this environment delivering a sustainable Medium Term Financial Strategy is a more significant challenge than the council has faced for several years. Innovative solutions will be required to deliver an outcome that increases efficiency and creates new revenue streams to ensure valued services can continue whilst prioritising the key strategic objectives and maintaining a balanced MTFS.</p>

<b>Risk Likelihood</b>	Options for increasing revenue to enable the Council to compensate for reduced Government Funding are becoming extremely limited considering changes made to financing options by the Government. Given the budget reductions already made in delivering previous budgets, further savings will be extremely challenging if services are to be protected. Pressures are now evident not only in the General Fund but also the Housing Revenue Account as a result of previous and newly proposed Government policy on rents.
<b>Risk Impact</b>	The impact of any further significant budget cuts to enable a balanced budget to be delivered could have a major impact on delivery of the Council's strategic objectives. Over the period of the MTFS there could be an impact on Council's ability to meet statutory responsibilities and community aspirations in respect of discretionary services.

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Development of the Council's MTFS and the detailed planning of future budgets is an on-going process rather than an annual review feeding from other management reporting processes. The council is revising its MTFS earlier for 2022/23 given the economic situation and the impacts this will have on budgets and financial planning. Inflationary pressures, especially in relation to materials and construction coupled with core funding uncertainty and the ongoing impacts from Covid-19 make financial forecasts difficult to make at the current time but this is being managed through scenario planning to assist. Regeneration ambitions and proposals are being supported with specific funding bids where possible.	<p>Commercial opportunities are being considered to help generate additional income streams and efficiencies will be investigated as a way for looking to reduce the overall cost base. Some reprioritisation may be required in the Housing and non-housing capital programme as a way of accelerating delivery whilst reducing financing costs.</p> <p>Reviews are underway across all services including the councils LATCo to help deliver the required efficiencies/income generation.</p> <p>The Council continues to seek available and innovative funding opportunities to facilitate the council's regeneration programme and other Capital expenditure.</p>

<b>Inherent Risk</b>		<b>Residual Risk</b>	
<b>Likelihood</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Impact</b>
Likely (4)	Major (4)	Moderate (3)	Major (4)
<b>16</b>		<b>12</b>	

<b>Risk Name</b>	<b>CR02 – Infrastructure and Housing</b>
------------------	--

<b>Risk Owner</b>	Director of Strategic Growth and Regeneration	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	Economic Growth (EG) An Efficient Council (EC) Social Cohesion (SC) Safeguarding the Environment (SE)
<b>Risk Appetite Definition and Threshold</b>	EG: Hungry (15), EC: Moderate (8), SC & SE: Open (10)

<b>Risk</b>	If we do not have sufficient and adequate infrastructure, then the town will not achieve its growth potential or risks being adversely impacted by growth in surrounding Districts.
<b>Background</b>	Housing and economic growth is supported by having critical mass and appropriate infrastructure to facilitate development. The council can influence this by working with stakeholders to accelerate development and to align this with essential infrastructure

<b>Risk Likelihood</b>	Lack of sufficient and/or adequate infrastructure at the appropriate time Investment costs Lack of funding Lack of private investment Lack of available good quality workspace Slow delivery of HGGT Poor availability of land supply for housing Constrained local transport network
<b>Risk Impact</b>	Poor infrastructure Inability to attract high value/high skilled business to Harlow Unaffordable housing Inability to deliver growth within required timeframe Stagnation of economic growth for Harlow

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Development of Rolling Infrastructure Fund Up to date Local Plan Development of Innovation Park and Enterprise Zones Affordable Housing Strategy Town Centre Master Plan Harlow Investment Fund Neighbourhood Renewal Plan	Further lobbying, development of Sustainable Transport Corridor network, River Stort Crossings

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Moderate (3)
<b>12</b>		<b>9</b>	

<b>Risk Name</b>	<b>CR03 – Community &amp; Business Resilience</b>
------------------	---

<b>Risk Owner</b>	Director of Communities and Environment	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	Economic Growth (EG) Social Cohesion (SC)
<b>Risk Appetite Definition and Threshold</b>	EG: Hungry (15), SC: Open (10)

<b>Risk</b>	If we fail to attract amenities, investment and skills, then the town will not achieve its economic growth potential
<b>Background</b>	Harlow must grow and attract of businesses that create higher value jobs together with providing opportunities and skills to enable local people to benefit

<b>Risk Likelihood</b>	Lack of sufficient resources Lack of engagement from business Lack of council interventions Failure to take opportunities to increase supply chains Inability to take advantage from Levelling Up agendas at county and national level Failure to capitalise on Innovation Park and Enterprise Zones
<b>Risk Impact</b>	Stagnation of town regeneration Less job opportunities and lower skilled workforce within the town Lack of investment Unaffordable housing costs for local residents Impact on Health and Wellbeing

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Economic Development Strategy Community Resilience Strategy Health and Wellbeing Strategy Community Safety Strategy	

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Moderate (3)
<b>12</b>		<b>9</b>	

<b>Risk Name</b>	<b>CR04 - Lack of adequate Council housing</b>
------------------	--

<b>Risk Owner</b>	Director of Housing	<b>Review Date</b>	30 September 2022
-------------------	---------------------	--------------------	-------------------

<b>Impacted Objective</b>	Social Cohesion (SC) An Efficient Council (EC) Safeguarding the Environment (SE)
<b>Risk Appetite Definition and Threshold</b>	EC: Moderate (8), SC & SE: Open (10)

<b>Risk</b>	If the Council does not provide sufficient and adequate Council Housing it will not be able to fulfil housing needs.
<b>Background</b>	Continued investment in the existing Council Housing stock together with building new council homes is required to fulfil housing needs, maintain Decent Homes standards and improve housing conditions and Housing Options for tenants.

<b>Risk Likelihood</b>	Lack of balanced MTFS Lack of investment in Council Housing stock. Delays in planned works to flat blocks due to leaseholder challenge Lack of suitable sites to build new council homes Inability/cost to build sustainable council homes Failure/delays obtaining planning permission for new build sites Failure/delay in attracting suitable contractors
<b>Risk Impact</b>	Lack of suitable mix and quality of Council Housing stock. Delays in planned building programme Increasing numbers on Housing Needs Register. Impact on homelessness. Adverse impact on tenants' cost of living

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Tenant and Leaseholder Engagement Strategy Allocations and Homelessness Strategies Affordable Housing Strategy Sub Regional Strategy (influence and actively seek partnership opportunities with other housing providers) Housing regulatory Plan HRA Business Plan (2021-2051 approved by Cabinet January 2022) Supported Housing Service	Revised House Building programme March 2022

<b>Inherent Risk</b>		<b>Residual Risk</b>	
<b>Likelihood</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Impact</b>
Moderate (3)	Moderate (3)	Moderate (3)	Moderate (3)
<b>9</b>		<b>9</b>	

<b>Risk Name</b>	<b>CR06 – Human Capital</b>
------------------	-----------------------------

<b>Risk Owner</b>	DIRECTOR OF GOVERNANCE AND CORPORATE SUPPORT	<b>Review Date</b>	30 September 2022
-------------------	--	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the council does not have a resourced People Resource Plan – that considers new ways of working, then this may create significant workforce issues around having the right skills, behaviours, productivity and capacity, each of which may adversely impact upon service delivery if not managed effectively.
<b>Background</b>	People Resource Planning is about: The link between the Council’s strategies and its people plans. Identifying the future skills and competencies needed to deliver new and improved services within a changing resource and partnership context. Understanding the current workforce, leading to a comparison between present and future skills and competencies and identifying any gap between the two. Developing strategies and plans to eliminate those gaps.

<b>Risk Likelihood</b>	Senior leadership fails to direct Lack of development and training opportunities Inability to recruit talent Lack of progression opportunities Inability to recruit and retain to key posts and as such unable to deliver service
<b>Risk Impact</b>	Leadership void Loss of knowledge or experience Service disruption Appointment of unsuitable person to a key role Talent not identified within existing employee pool Negative impact on staff morale, increase staff absenteeism Increase in employee turnover Increase in agency costs Increased workloads may disenchant existing experienced staff A major service delivery failure leaves the council exposed. Reputational issues. Financial cost to rectify/settle. Staff recruitment and retention issues. Maladministration. Employee relations issues

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T’s)</b>
Resourced People and Resource Plan that recognises and supports new ways of working Continued engagement with staff and trade union	Review of other key HR Policies and Procedures Increased Wellbeing initiatives for employees Continued investment and support in the development of digitising HR processes and data management via iTrent/i-Learn (or relevant HR system). Maximising expenditure from Apprenticeship Levy. Requirement of development and talent spotting programme across whole council to feed into succession planning Wider leadership development programme

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Major (4)
12		12	

<b>Risk Name</b>	<b>CR06 – Recession and Cost of Living</b>
------------------	--

<b>Risk Owner</b>	Director of Communities and Environment	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	Economic Growth (EG) Social Cohesion (SC)
<b>Risk Appetite Definition and Threshold</b>	EG: Hungry (15), SC: Open (10)

<b>Risk</b>	If the cost of living crisis continues on adverse trajectory, then a UK recession could be triggered which will impact quality of life of Harlow communities and local business
<b>Background</b>	High inflation is outstripping wage and benefit increases nationally, exacerbated by energy and commodity prices and global supply chain disruption. This has added to concerns that falling consumer spending will promote a UK recession.

<b>Risk Likelihood</b>	Increased prices – energy and inflation in particular Risk of recession increased (Oct 2022)
<b>Risk Impact</b>	Stagnation of town regeneration Lack of investment Unaffordable living costs for local residents Impact on Health and Wellbeing Increased use of foodbank More people on poverty line Increased likelihood of homes being repossessed. Increased homelessness Increased reliance upon benefits

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Economic Development Strategy Community Resilience Strategy Health and Wellbeing Strategy Community Safety Strategy	Support for “ Community Hub” ( Rainbow Service) Arrange “ warm places” Work with mortgage providers and residents at an early stage Provide advice in multi format – i.e. Social media, paper format, posters etc. Work with voluntary and community sector to support residents

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Likely (4)	Major (4)	Likely (4)	Major (4)
<b>16</b>		<b>16</b>	

<b>Risk Name</b>	<b>CR07 – Climate Change</b>
------------------	------------------------------

<b>Risk Owner</b>	Director of Communities and Environment	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	Safeguarding the Environment
<b>Risk Appetite Definition and Threshold</b>	Open (10)

<b>Risk</b>	If the council does not lead on carbon emissions reduction, then it is unlikely to meet its carbon net zero target of 2040
<b>Background</b>	Local authorities are well placed to drive and influence emissions reductions in their areas through the services they deliver, their role as social landlords, community leaders and major employers, and their regulatory and strategic functions. In addition to managing its own carbon reduction programme, it must encourage residents and business alike to play their part in reaching the ambitious target for the town.

<b>Risk Likelihood</b>	Lack of suitable environmental policies to protect green spaces Lack of investment in green initiatives Lack of engagement from local residents and business Inability to enforce or encourage sustainable housebuilding
<b>Risk Impact</b>	Failure to reach carbon net zero target Town's contribution to national climate change ambitions frustrated

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
PV panel project on council-owned buildings	Develop Climate Change Strategy Develop Tree Strategy

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Major (4)
12		12	

<b>Risk Name</b>	<b>CR08 – Supply Chain Disruption</b>
------------------	---------------------------------------

<b>Risk Owner</b>	Director of Housing	<b>Review Date</b>	30 September 2022
-------------------	---------------------	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If suppliers are unable to provide contracted services, then Harlow Council may not be able to comply with its statutory, strategic or service delivery obligations.
<b>Background</b>	Harlow Council contracts out several major services. Waste and recycling is currently contracted to Veolia and repairs, maintenance, landscape and streetscene services are currently contracted to HTS Group. In addition Energy supply chain is proving challenging. If those suppliers become unviable or fail to provide their contracted level of services, Harlow Council may need to arrange alternative provision to meet its obligation to residents

<b>Risk Likelihood</b>	Capacity of key suppliers to manage contractual obligations and delivery within agreed budget. Capacity of HDC management to adequately monitor contractor performance. Failure and/or insolvency of contractor Known rising costs of utilities and materials may trigger relief events within contracts at monetary cost or reductions in service delivered to the Council Energy supply chain challenge Inability to attract suitable contractors
<b>Risk Impact</b>	Significant reputational, contractual and compliance implications Additional costs, fines, or penalties from inadequate or unsatisfactory service provision. Costs and time delays in the Procurement of new contractor. Budget pressures due to shared impact of financial pressures.

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Legal contractual arrangements used to seek performance/other bonds and guarantees. HTS Group Ltd Business Plan (2022-2027) approved that aims to deliver a framework to move the group forward to improve performance and access new commercial opportunities that would increase the return to taxpayers. HTS contract performance monitoring. Waste contract performance monitoring arrangements in place.	Due diligence processes during procurement. Clear scoping and technical requirements set out in the procurement documentation. Tender evaluation process not solely focussed on pricing - Quality plays a significant part of the assessment to ensure appointed contractors/suppliers have responded adequately and clearly to the council's requirements.

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Major (4)
<b>12</b>		<b>12</b>	

<b>Risk Name</b>	<b>CR09 - Business Continuity</b>
------------------	-----------------------------------

<b>Risk Owner</b>	Director of Governance and Corporate Services	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the Council does not have adequate Business Continuity arrangements, then it may struggle to recover from events which prevent it delivering normal levels of service.
<b>Background</b>	Emergency Planning, Business Continuity Plans including Disaster Recovery, Insurance Policies including Terrorism, Property maintenance plans, Engineering Inspection Contract, Statutory Testing of equipment, heating systems, electrical, Fire Risk Assessments, Cyber Security

<b>Risk Likelihood</b>	<p><b>Meteorological</b> (e.g. extreme temperatures - hot and cold- flood, lightning, snow and ice, storms);</p> <p><b>Biological</b> (Food-borne illnesses, Infectious/communicable/epidemic/pandemic diseases);</p> <p><b>Accidental Cause</b> (building/structure collapse, entrapment, explosion/fire, fuel/resource shortage, hazardous material spill or release, equipment failure, transportation incident, unavailability of key employees);</p> <p><b>Intentional Cause</b> (arson, bomb threat, demonstrations/civil disturbance/riot, acts of war, cyber security incidents, robbery/theft/fraud, strike or labour dispute, suspicious package, terrorism, vandalism/sabotage);</p> <p><b>Technological</b> (Hardware, software and network connectivity interruption, disruption or failure, utility interruption, disruption or failure)</p>
<b>Risk Impact</b>	People (Employees, Residents); Property (Civic/operational Buildings, Housing, Commercial Property); Operations; Statutory Duties; Environment; Supply Chains, Reputation

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
As per sub risks: CR11a – Meteorological events CR11b – Biological events CR11c – Accidental cause CR11d – Intentional cause CR11e – Technological events	As per sub risks CR11a, CR11b, CR11c, CR11d and CR11e

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Almost Certain (5)	Major (4)	Moderate (3)	Moderate (3)
<b>20</b>		<b>9</b>	

<b>Risk Name</b>	<b>CR09a - Business Resilience: Meteorological events</b>
------------------	---

<b>Risk Owner</b>	Director of Governance and Corporate Services	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council: Business Continuity
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the Council does not have adequate Business Continuity arrangements, then it may struggle to recover from events which prevent it delivering normal levels of service
<b>Background</b>	Emergency Planning, Business Continuity Plans including Disaster Recovery, Insurance Policies including Terrorism, Property maintenance plans, Engineering Inspection Contract, Statutory Testing of equipment, heating systems, electrical, Fire Risk Assessments, Cyber Security

<b>Risk Likelihood</b>	<b>Meteorological</b> (e.g. extreme temperatures – hot and cold- flood, lightning, snow and ice, storms/strong winds);
<b>Risk Impact</b>	People (Employees, Residents); Property (Civic/operational Buildings, Housing, Commercial Property); Operations; Statutory Duties; Environment; Supply Chains, Reputation

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Emergency Planning severe weather plan, Business Continuity Plans including Disaster Recovery reviewed regularly, Partner business Continuity Plans in place for key services such as HTS Group and Veolia New ways of working allow flexibility for workforce, Insurance Policies including Terrorism, Property maintenance plans, Engineering Inspection Contract, Statutory Testing of equipment, heating systems, electrical, Fire Risk Assessments, Cyber Security	BCP Training/communication/Testing

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Almost Certain (5)	Major (4)	Moderate (3)	Moderate (3)
<b>20</b>		<b>9</b>	

<b>Risk Name</b>	<b>CR09b - Business Resilience: biological events</b>
------------------	---

<b>Risk Owner</b>	Director of Governance and Corporate Services	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council: Business Continuity
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the Council does not have adequate Business Continuity arrangements in respect of illnesses and disease, then it may suffer business interruption or disruption when such an event occurs
<b>Background</b>	The council should be prepared for biological risks such as food-borne illnesses and infectious/communicable diseases/pandemics to minimise disruption to council operations and coordinate local response where required.

<b>Risk Likelihood</b>	<b>Biological</b> (Food-borne illnesses, Infectious/communicable/epidemic/pandemic diseases)
<b>Risk Impact</b>	Employees and residents could become ill; Civic and commercial buildings may need to be shut, have restricted access or be repurposed. Housing property may be subject to restrictions, rules or guidelines. Recovery duty sits with the Council so interruption may last longer for Council service delivery than on other affected local organisations. Operations may be affected; Statutory Duties may be more difficult to fulfill; Supply Chains may be affected, Reputation may suffer or improve.

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
<p>Recently tested process for response and recovery via Covid-19 Response and Internal Recovery Group</p> <p>Multi-agency working structures tested via Covid-19 partner reporting mechanisms and SCG/working groups.</p> <p>Corporate Business Continuity Plan updated after Covid-19 response work.</p> <p>Cross party COVID-19 Recovery Working group</p> <p>Risk Assessments, New ways of working allow flexibility for workforce, Environmental Health operations (foodborne illnesses, such as salmonella or E. Coli, can usually be minimised by correct food processing and handling techniques)</p>	Continue to monitor Health surveillance briefings and Government direction

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Almost Certain (5)	Major (4)	Moderate (3)	Minor (2)
<b>20</b>		<b>6</b>	

<b>Risk Name</b>	<b>CR09c - Business Resilience: accidental cause</b>
------------------	--

<b>Risk Owner</b>	Director of Governance and Corporate Services	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council: Business Continuity
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the Council does not have adequate Business Continuity arrangements in respect of accidental events, then it may suffer business interruption or disruption when such an event occurs
<b>Background</b>	Human-Caused risks vary in degrees of severity. Accidental Human-Caused events can be avoided or mitigated through adequate risk management and adherence to standards plus adequate business continuity arrangements.

<b>Risk Likelihood</b>	<b>Accidental Cause</b> (building/structure collapse, entrapment, explosion/fire, fuel/resource shortage, hazardous material spill or release, equipment failure, transportation incident, unavailability of key employees);
<b>Risk Impact</b>	People (Employees, Residents) may be locked out of buildings. People could be injured; Property could be damaged; Operations could be restricted; Statutory Duties may be more difficult to achieve; Environment could suffer; Supply Chains might be disrupted, Reputation could suffer

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Property maintenance plans Electrical and Gas statutory inspections Engineering Inspection Contract Insurance Policies Emergency Planning Business Continuity plans reviewed regularly Fire Safety Plans Safety Committee Mandatory H&S at work training New ways of working allow flexibility for workforce	

<b>Inherent Risk</b>		<b>Residual Risk</b>	
<b>Likelihood</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Impact</b>
Unlikely (2)	Catastrophic (5)	Unlikely (2)	Moderate (3)
<b>10</b>		<b>6</b>	

<b>Risk Name</b>	<b>CR09d - Business Resilience: intentional cause</b>
------------------	---

<b>Risk Owner</b>	Director of Governance and Corporate Services	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council: Business Continuity
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the Council does not have adequate Business Continuity arrangements in respect of intentional or malicious events, then it may suffer business interruption or disruption when such an event occurs
<b>Background</b>	Human-Caused risks vary degrees of severity. Intentional Human-Caused events can be difficult to predict and minimize but business continuity arrangements may minimise disruption or interruption to operations if such an event occurs.

<b>Risk Likelihood</b>	<b>Intentional Cause</b> (arson, bomb threat, demonstrations/civil disturbance/riot, acts of war, cyber security incidents, robbery/theft/fraud, strike or labour dispute, suspicious package, terrorism, vandalism/sabotage);
<b>Risk Impact</b>	People (Employees, Residents) may be locked out of buildings or locked in. Employees could be attacked; Property may be attacked and damaged; Operations could be restricted; Statutory Duties may be more difficult to achieve; Supply Chains might be disrupted, Data breach could occur, Reputation could suffer

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Emergency Planning Business Continuity Plans reviewed regularly Disaster Recovery Plans reviewed regularly Fraud policy and procedures in place Terrorism Insurance	

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Rare (1)	Moderate (3)	Rare (1)	Moderate (3)
<b>3</b>		<b>3</b>	

<b>Risk Name</b>	<b>CR09e - Business Resilience: technological events</b>
------------------	--

<b>Risk Owner</b>	Director of Governance and Corporate Services	<b>Review Date</b>	30 September 2022
-------------------	---	--------------------	-------------------

<b>Impacted Objective</b>	An Efficient Council: Business Continuity
<b>Risk Appetite Definition and Threshold</b>	Moderate (8)

<b>Risk</b>	If the Council does not have adequate Business Continuity arrangements in respect of the technology it uses, then it may suffer business interruption or disruption when such an event occurs
<b>Background</b>	Technological risks to business are increasingly common due to a growing reliance on technology. The council should ensure it has necessary prevention measures in place and effective plans to minimise disruption or interruption to operations

<b>Risk Likelihood</b>	<b>Technological events</b> (Hardware, software and network connectivity interruption, disruption or failure, utility interruption, disruption or failure)
<b>Risk Impact</b>	Employees may be unable to connect to systems, Council may be unable to provide online services, Communication could be restricted or exploited; Residents may be unable to access website, contact the council or make payments to the council; Operations may be affected; Reputation

<b>Controls in Place</b>	<b>Additional Actions to mitigate risk (4T's)</b>
Disaster Recovery plans IT Maintenance and security testing (preventative measures) IT service contracts for delivery of patches where vulnerabilities are identified Back-up generator and testing Computer insurance Business Continuity Plans reviewed regularly	Continue to maintain and upgrade existing software and hardware. Cloud migration plans

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Moderate (3)	Unlikely (2)	Minor (2)
<b>9</b>		<b>4</b>	

<b>Likelihood</b>	<b>Almost Certain</b>	95% likely to happen or has happened on a regular basis over the last 12 months.	5	5	10	15	20	25
	<b>Likely</b>	75% likely to happen or has happened at least once or twice in the last 12 months.	4	4	8	12	16	20
	<b>Moderate</b>	50% likely to happen or has happened once or twice in the last 24 months.	3	3	6	9	12	15
	<b>Unlikely</b>	20% likely to happen or has happened once or twice in the last 5 years.	2	2	4	6	8	10
	<b>Rare</b>	5% likely to happen or hasn't happened within the last 5 years.	1	1	2	3	4	5
<b>Risk Rating Matrix</b>				1	2	3	4	5
				<b>Minor slippage</b>	<b>Minor</b>	<b>Moderate</b>	<b>Major</b>	<b>Catastrophic</b>
			<b>Impact</b>					
			<b>Financial</b>	Loss/overspend under £10K	Loss/overspend £10K-£50K	Loss/overspend £50K-£250K	Loss/underspend £250K-£1M	Loss/underspend over £1M
			<b>Service</b>	Marginal disruption to service capability	Short term disruption to service or marginal reduction in service.	Short term disruption to service or marginal reduction in service. Objectives of one department not met.	Short term loss of service or significant reduction service. Service objectives not met.	Medium/longer term loss of service. Failure to deliver at least one the Council's corporate objectives.
				Unlikely to cause complaint/litigation	Low potential for complaint/litigation	High potential for complaint with possible litigation	High potential for complaint with probable litigation	Litigation almost certain and difficult to defend.
			<b>Reputation</b>	No adverse publicity	Minor adverse publicity	Significant adverse local publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity
			<b>Legal/Regulatory</b>	Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of regulations/standards	Breaches of law punishable by fines	Breaches of law punishable by imprisonment
<b>Environmental/ Public Health</b>	Incident with no lasting effect	Short term incident (days)	Short term incident (weeks)	Medium term major incident (1 month – 1 year)	Long term major incident (1 year +)			
<b>Health and Safety</b>	'First Aid' level injury	Medical treatment required – short term injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality			

## RISK APPETITE GENERAL STATEMENT

The Council recognises that it must take risks. Indeed, only by taking risks can it achieve its aims and deliver beneficial outcomes to its stakeholders. It must, however, take risks in a controlled manner which reduces its exposure to a level deemed acceptable, from time to time, by the Cabinet.

Methods of controlling risks must be balanced in order to support innovation and the imaginative use of resources, especially when it is to achieve substantial benefit. The Council may accept some high risks due to the prohibitive measures or costs involved in controlling them or because there are related to statutory obligations that it must undertake.

As a general rule the Council will seek to control all highly probable risks which have potential to:

- Cause significant harm to service users, staff, visitors, residents and other stakeholders.
- Compromise severely the reputation of the Council.
- Have financial consequences that could endanger the Council's viability.
- Jeopardise significantly the Council's ability to carry out its core purpose and statutory duties.
- Threaten the Council's compliance with law and regulation.

The Council's current overall risk appetite is defined as **OPEN** (see Appendix A for definitions). The Council generally takes a prudent approach to financial management and in respect of its obligations to maintain delivery of statutory services. However, in pursuit of its wider aims and goals for the benefit of the town and its residents, the council is prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.

Risk appetite is not a single, fixed concept and there will be a range of appetites for different risks which may vary over time. The Council's general risk appetite by corporate themes is set out in Appendix B.

## Appendix A – Risk Appetite Definitions

Definition	Risk Appetite Statement	Risk Matrix threshold for internal reporting and review by SMB
<b>Avoid</b>	No appetite. Not prepared to take risk.	2
<b>Adverse</b>	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognizing that these will have little or no potential for reward/return.	4
<b>Cautious</b>	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.	6
<b>Moderate</b>	Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.	8
<b>Open</b>	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.	10
<b>Hungry</b>	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.	15

## Appendix B – Risk Appetite by Corporate Priority

<b>Corporate Themes</b>	Economic Growth	Hungry	We invest when there is a good likelihood of return and opportunities to grow, choosing innovative options in order to deliver a significant contribution. Our focus is on driving forward regeneration by taking on innovative projects which are resource intensive with long lead in times.
	Social Cohesion	Open	We take opportunities to promote community resilience by investing in strategies which promote inclusion, target residents who need support, and that improve wellbeing, financial resilience and social mobility of working families
	Safeguarding the Environment	Open	We promote green enterprise and technological innovation together with the use of more renewable energy sources.
	An Efficient Council	Moderate	Our aim is to create a sustainable future for the Council while focusing on what matters to our residents and adds value to their lives. While adopting a prudent approach to finance, we are prepared to consider higher risk delivery options which support operational efficiency and a commercial approach to regeneration and economic growth.