

AUDIT & STANDARDS COMMITTEE
Wednesday 1 March 2023 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 23 November 2022
4. Matters Arising
5. Written Questions and Petitions
6. Non Contentious Business
7. Committee Work Plan (Pages 5 - 6)
8. Internal Audit Strategy and Plan 2023/24 (Pages 7 - 31)
9. Period 11 Internal Audit Activity Report 2022/23 (Pages 32 - 54)
10. Risk Management Progress Report (Pages 55 - 71)
11. References from other Committees

Any references arising from meetings held after the publication of this agenda will be circulated separately.
12. Matters of Urgent Business

To deal with any matters of an urgent nature.

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

23 November 2022

7.30 - 8.45 pm

PRESENT

Committee Members

Councillor Matthew Saggars (Chair)
Councillor Colleen Morrison (Vice-Chair)
Councillor Simon Carter
Councillor Jean Clark
Councillor Jodi Dunne
Councillor Stacy Seales
Councillor Chris Vince
Laura Kirman, Independent Person

Officers

Simon Freeman, Deputy to the Chief Executive and Director of Finance
Karen Gardner, Internal Auditor
Sarah Marsh, Internal Audit Manager
Stuart Moseley, Senior Insurance Officer
Nicole Parker, Admin Assistant
Adam Rees, Senior Governance Support Officer

26. **APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

None.

27. **DECLARATIONS OF INTEREST**

Councillors Jodi Dunne and Stacy Seales both declared a pecuniary interest as Council appointed non-executive directors of HTS.

28. **MINUTES**

RESOLVED that the minutes of the meeting held on 5 October 2022 are agreed as a correct record and signed by the Chair.

29. **MATTERS ARISING**

Councillor Matthew Saggars asked the committee whether there had been any updates on the industrial infrastructure assets. Steve Bladen, BDO advised it would possibly be enforced on 25 December 2022, but this has not been finalised.

Steve Bladen also advised the committee that the 2023-2024 audit plan will not be ready for the next committee meeting.

30. **WRITTEN QUESTIONS AND PETITIONS**

None.

31. **NON CONTENTIOUS BUSINESS**

None.

32. **COMMITTEE WORK PLAN**

The Committee received its current work plan.

RESOLVED that the work plan is noted.

33. **PERIOD 8 INTERNAL AUDIT ACTIVITY REPORT**

The Committee received an internal audit activity report which was presented by Sarah Marsh, Internal Audit Manager.

RESOLVED that the Committee:

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

34. **RISK MANAGEMENT PROGRESS REPORT**

The Committee received the Risk Management Report, which was presented by Stuart Moseley, Insurance and Risk Manager.

RESOLVED that the Committee:

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

35. **REFERENCES FROM OTHER COMMITTEES**

None.

36. **MATTERS OF URGENT BUSINESS**

None.

CHAIR OF THE COMMITTEE

AUDIT & STANDARDS COMMITTEE WORK PLAN 2022-23

June 2022	
○ 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
July 2022	
○ This meeting is traditionally set aside for presentation of the previous year's Audited Annual Accounts	Simon Freeman
November 2022	
○ 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
March 2023	
○ Internal Audit Strategy and Plan 2023/24	Sarah Marsh
○ Period 11 Internal Audit Activity Report 2022/23	Sarah Marsh
○ Risk Management Progress Report	Simon Freeman
Standing Items	
○ Register of Complaints which have been referred to Hearing Sub-Committee	Monitoring Officer
Unallocated Items	
○ Audited Annual Accounts 2018/19, 2019/20 and 2020/21	Simon Freeman
○ External Auditors Audit Results Report 2018/19 (ISA 260), 2019/20 and 2020/21	
○ Management Letter of Representation 2018/19, 2019/20 and 2020/21	
○ Annual Report on the Certification of Grant	

AUDIT & STANDARDS COMMITTEE WORK PLAN 2022-23

<ul style="list-style-type: none"> ○ Claims and Returns (including fees) ○ Review of Audit & Standards Committee Effectiveness and Terms of Reference 	Sarah Marsh
Audit Committee Training Plan	Topic
07 June 2022 – Online training. Starts 7.30pm	The role of Audit Committee and Internal Audit
November 2022 – starts 6.45pm ahead of the Committee meeting	Anti-fraud and corruption Cancelled
March 2023 – starts 6.45pm ahead of the Committee meeting	Assurance frameworks Cancelled
22 March 2023 – 7pm	Audit Committee Effectiveness Review

REPORT TO: **AUDIT & STANDARDS COMMITTEE**
DATE: **1 MARCH 2023**
TITLE: **INTERNAL AUDIT STRATEGY AND PLAN 2023/24**
LEAD OFFICER: **SARAH MARSH, HEAD OF INTERNAL AUDIT**
(01279) 446884

RECOMMENDED that:

- A** The effectiveness and contribution of the Internal Audit Strategy and Plan within the Council's assurance framework be considered; and
- B** The Committee approves the Audit Strategy and Plan for 2023/24.

BACKGROUND

1. The Internal Audit function provides independent and objective assurance and consulting services to Harlow District Council. This Internal Audit strategy summarises the key principles for Internal Audit for the period 2023/24, with some longer term aims. The strategy supports the Audit Plan which sets out the work of the Internal Audit service for the year.
2. Internal Audit supports and contributes to the achievement of the Council's corporate priorities, principles and values as set in their 2021-24 Corporate Strategy. These have been taken into account whilst developing the Internal Audit Strategy and Plan, especially the associated risk in delivering this vision.

Council vision (key strategic themes)

- a) Economic Growth
- b) Social Cohesion
- c) Safeguarding the Environment
- d) An Efficient Council

ISSUES/PROPOSALS

Purpose

3. The purpose of the Internal Audit Strategy and Plan is to document the Internal Audit team's approach to:
 - a) Provide independent and objective assurance to councillors and senior management on the effectiveness of the Council's internal control framework.

- b) Ensure the recognition of the key risks the Council faces in meeting its objectives when determining and allocating the use of Internal Audit resources.
- c) Add value and support to senior management in providing effective control, whilst identifying opportunities for improving value for money.
- d) Deliver an Internal Audit Service that is compliant with the requirements of the Public Sector Internal Audit Standards.

Internal Audit Mission and Core Principles

- 4. The Global Institute of Internal Auditors has developed an International Professional Practices Framework (IPPF) for auditors. The IPPF includes a mission statement and ten core principles which continue to be adopted by the Shared Internal Audit Service, and are listed below:

Mission: To enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

Core principles:

- 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-focused.*
- 10. *Promotes organisational improvement.*

The Internal Audit Approach

- 5. While Internal Audit provides assurance through completing a programme of planned work the service is also flexible and responsive to changing and emerging issues.
- 6. Some audit work is delivered on a consultancy basis, contributing advice on risk and controls, for example ex-officio attendance at project meetings or undertaking a specific investigation of a newly identified issue.

7. The purpose, authority and responsibility of Internal Audit are formally defined in the Internal Audit Charter, which was approved by the Committee at its November 2022 meeting.

Key Deliverables

8. The key deliverables for the Internal Audit service during 2023/24 are:
 - a) Delivery of the Audit Plan - the Head of Internal Audit will ensure there is sufficient audit coverage in order to provide an annual Internal Audit opinion and report, which feeds into the Council's Annual Governance Statement.
 - b) Integrated approach to assurance – Providing ongoing assurance to management on the integrity, effectiveness and operation of the Council's internal control, governance and risk management processes. Working with other assurance providers to prevent duplication of work.
 - c) Management commitment - Ensure agreed management responses to audit recommendations made are implemented thereby improving the overall control framework.
 - d) Continually develop our approach – To develop, improve and deliver a quality assurance and improvement programme for the service, including working closely with the Audit and Standards Committee and senior management.
 - e) Business insight - working closely with Officers, Members and services to establish greater relevance to what matters most to the Council by contemplating current and future key risks and challenges.

Protocol for Audit Reviews

9. We will conduct each audit in line with our standard audit methodology which is aligned to the Public Sector Internal Audit Standards.
10. For each audit a Lead Auditee will be identified who will be involved in scoping to ensure the audit is appropriately focused on key risks areas, providing assurance and maximising added value. Terms of reference will be produced for each audit to ensure the scope, objectives and approach are agreed with the appropriate Director and/or Assistant Director.

11. Following fieldwork a draft Internal Audit report will be issued for discussion with the appropriate levels of management which is normally set out in the terms of reference.
12. Final reports will be issued after the agreement of draft reports and will contain completed management actions plans identifying those responsible for their implementation and appropriate timescales.
13. Agreed actions or recommendations will be followed up through the Internal Audit tracker process. All high priority recommendations and any passing their original implementation date are reported to the Audit and Standards Committee.

Quality Assurance and Performance Management

14. The Internal Audit Quality Assurance and Improvement Programme ensures the work of the Internal Audit function conforms with the Public Sector Internal Audit Standards (PSIAS), operates in an efficient and effective manner and is adding value and continually improving Internal Audit activity. This is achieved through internal and external assessment, monitoring, and reporting on performance.
15. In the summer of 2021 the Internal Audit function underwent an External Quality Assessment (EQA), which, in line with the PSIAS, must be conducted every five years by a qualified, independent assessor from outside the Council. The EQA, which covered the three Councils in the shared service, confirmed the Internal Audit service conforms to the Public Sector Internal Audit Standards and the results communicated to November 2021 the Audit and Standards Committee.
16. The exercise is being repeated at the end of March 2023 as St Albans joined the shared service in November 2022 and their EQA was out of date.
17. To achieve planned coverage, deliver a high standard of customer care and demonstrate effectiveness of the service, performance targets have been established based on best professional practice.
18. The following service performance targets will be reported on in 2023/24 and are the same as used in 2022/23:

Table One – Service Performance Targets

Aspect of Service	Performance Indicator	Target
Audit Plan	<ul style="list-style-type: none"> • Achievement of the annual Plan 	<ul style="list-style-type: none"> • Sufficient Internal Audit work in order that the Head of Internal Audit can give their annual opinion.
Internal Audit processes	<ul style="list-style-type: none"> • Issue of draft report after closing meeting • Issue of final report after draft report is agreed 	<ul style="list-style-type: none"> • 10 working days • 5 working days
Effective management engagement	<ul style="list-style-type: none"> • Management responses within 10 working days of draft report • Implementation of agreed audit recommendations 	<ul style="list-style-type: none"> • 10 working days • Within agreed timescales
Continuous Professional Development (CPD)	<ul style="list-style-type: none"> • Auditors maintain and improve their knowledge, skills and other competencies through directed and self-directed activities 	<ul style="list-style-type: none"> • 40 hours of CPD activity per auditor

Developing the Internal Audit Plan

19. The methodology for developing the Internal Audit Plan is focused on the quantification of the risks associated with the Council's objectives in consultation with key officers. This process also takes into account:

- a) Knowledge and experience accumulated in Internal Audit, including the results of previous audits.
- b) A review of audit themes against the Corporate Risk Register and Council priorities.
- c) The work of other assurance providers both internally and externally.
- d) The external environment including economic climate, and government initiatives such as Levelling Up and changes in funding.

- e) Harmonisation of themes with Borough of Broxbourne Council, Epping Forest District Council and St Albans City & District Council to enable benchmarking and sharing of good practice.

20. It is imperative there is good alignment between the Internal Audit Plan and the risks facing each Council. Through this, Internal Audit's work will help inform each Council's risk management framework, enabling greater recognition of key mitigating controls and other sources of assurances available. Where possible the risks identified in the Audit Plan, as set out in Appendix A to the report, have been taken directly from the Council's Risk Register.

21. In addition, an assurance map, as set out in Appendix B to the report, has been produced that provides a structured way to identify the main sources and types of risk assurances in the Council. This demonstrates sufficient Internal Audit work has either been undertaken or has been planned for the Council's key risks.

22. The Internal Audit Plan is indicative and changes may need to be made as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers and any significant changes brought to the Audit and Standards Committee for approval.

23. It is important for Internal Audit to plan ahead and allocate resources over the medium term but still maintain a flexibility of approach. This is achieved by documenting known risks over a three year period so that the three year plan includes an indication of proposed audit work for years two and three, based on current known risks if circumstances remain unchanged. However, as new risks emerge audit resources over the medium term will be focused accordingly.

24. The sections of the Internal Audit Plan include:

- a) Corporate Framework – key risk areas including those defined in the Council's strategic risk register.
- b) Strategic themes – including cross cutting issues some of which will be incorporated within operational audits or will be undertaken through consultative work.
- c) Service areas – operational audits determined on a risk assessment and/or business priorities.

Priority Areas for 2023/24

25. Having regard for the current risk profile of the Council the following have been identified as priority areas for Internal Audit work for 2023/24. These may not be audits in themselves, but cross cutting themes that will be fundamental to the scope of Internal Audit work undertaken.

- a) Risk Management – Internal Audit has a key role in promoting effective risk management and through its work continues to assist the Director of Finance in ensuring a robust risk management framework across the Council. The focus this year is assisting in strengthening the Council’s approach to service/business planning and risk management.
- b) Information Governance and Management: Internal Audit continues to work with the Council’s Data Protection Officer, helping to ensure and maintain compliance across the Council.
- c) Fraud – Internal Audit continues to support the Council’s anti-fraud and corruption strategy and is pivotal in ensuring a joined-up approach across the Council.
- d) Value for Money (VfM) – A focus on VfM is reflected in Internal Audit’s work mainly as a cross cutting theme within operational audits, benchmarking where appropriate with Broxbourne, Epping Forest and St Albans. Audits will consider how the Council makes the best use of resources and assets, the balance of cost and performance and meeting the needs of our residents; and providing challenge on whether services could be provided in a different way.
- e) Audit Planning, Strategy and Audit and Standards Committee Support – Internal Audit continue to work with the Audit and Standards Committee in developing its role in relation to best practice and to contribute to effective corporate governance of the Council.

26. At the operational level the key priorities of Internal Audit work in 2023/24 include:

- a) Regeneration Projects – the Council has ambitious plans for the town and has recently been awarded £20M via the government’s Levelling Up Fund to support town centre and high street regeneration, local transport projects, and cultural and heritage assets.

- b) Harlow Trading Services (HTS) – Internal Audit continues to actively seek assurances on the adequacy of internal control, governance and the management of risks regarding HTS from the Council’s perspective being a key partnership.
- c) Key Financial Systems – the effectiveness of controls and management of risks with the core financial systems and processes remains a part of Internal Audit work. Audits have been scheduled on a cyclical basis so not all key financial systems will be undertaken each year.
- d) Governance frameworks – Internal Audit will continue to assist the Council in enhancing its governance framework especially around information governance and project and programme governance.
- e) Data analytics – Internal Audit continues to use data analytics where possible to help inform its audits.

Resources

27. Internal Audit is a formal shared service between Harlow, Epping Forest, St Albans and Broxbourne Councils, with Broxbourne being the host authority and employer of the shared Internal Audit staff. A Shared Services Board meets quarterly to oversee the implementation and delivery of the Internal Audit function, monitor common issues or themes arising from audits, assess quality and performance and consider major changes to the service. The Board comprises of the Section 151 Officers from each authority as well as the Head of Internal Audit.

28. The Internal Audit function consists of the Head of Internal Audit (1.0 f.t.e), five Senior Auditors (2.65 f.t.e) and three Auditors (each 1.0 f.t.e). There are no vacancies and one of the auditors were taken on after successful completion of their apprenticeships. The other two auditors are currently following an apprenticeship scheme. Everyone in the team works across all four authorities. In addition, the service has a call off contract with an external provider of Internal Audit to undertake more specialist audits when required.

Audit Plan

29. The Audit Plan, as set out in Appendix A to the report, requires 340 days (compared to 354 for 2022/23) as summarised in the table below:

Thematic Area	Audit days 2023/24
Assurance framework including governance, fraud, value for money and risk management	54

Thematic Area	Audit days 2023/24
Cross cutting/themed audits	30
Operational audit	151
Follow Up work	24
Audit Committee Support including training	16
Advice, other engagement with the business and contingency	65
TOTAL	340

IMPLICATIONS

Strategic Growth and Regeneration

None specific.

Author: James Gardner, Assistant Director Regeneration

Finance

Failure to achieve the audit plan may lead to a lack of assurance that internal controls are effective and risks properly managed.

Author: Simon Freeman, Deputy to the 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

The responsibilities, duties and obligations of Internal Audit are set out in the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (2017) against which activity should be measured and determined.

Author: Simon Hill, Director of Governance and Corporate Services

Appendices

Appendix A – Harlow Internal Audit Three Year Plan (2023-24 to 2025-26)

Appendix B – Harlow Risk Based Assurance Map Background Papers

Background Papers

Public Sector Internal Audit Standards
Internal Audit Charter

Glossary of terms/abbreviations used

EQA – External Quality Assurance
f.t.e. – Full Time Equivalent
HTS – Harlow Trading Services
IPPF - International Professional Practices Framework
PSIAS - Public Sector Internal Audit Standards
VfM – Value For Money

17

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 <i>(to be finalised when the work is scoped)</i>
Corporate Framework					
<p>Governance & Probity</p> <p>The corporate priorities are underpinned by the following principles: being the community leader, sound resource, management and equalities and fairness</p>	<p>The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk</p>	<p>Town centre project governance</p> <p>Corporate Governance Group (not an audit)</p>	<p>Harlow and Gilston Garden Town (last audit 2019/20)</p> <p>Members expenses and allowances</p> <p>Corporate Governance Group (not an audit)</p>	<p>HTS (Harlow Trading Services) Group (last audit 2021/22)</p> <p>Conflicts of Interest (last audit 2019/20)</p> <p>Corporate Governance Group (not an audit)</p>	<p>The theme here is to review effectiveness of governance and oversight arrangements. Throughout the 2023/24 Plan reference is made to the town centre projects – this will include a review of the governance arrangements in place to oversee delivery of these</p> <p>In addition, Internal Audit as an active member of the officer Corporate Governance Group</p>
<p>Fraud</p> <p>Proactive fraud work</p>	<p>CR01 (Financial resilience) - any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery.</p>	<p>✓</p> <p>A tick signifies that Internal Audit work will take place but it is not formally defined as an audit</p>	<p>✓</p>	<p>✓</p>	<p>Member of the Corporate Fraud Group. Oversee the delivery of the Council's anti-fraud and corruption action plan.</p> <p>Potential for fraud considered in all audits. Co-ordinate the National Fraud Initiative (NFI) data matching process.</p>
<p>Assurance Framework incl. Risk Management and support to Audit Committee</p>	<p>Risk in achieving corporate priorities</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>	<p>Co-ordination of year-end assurance reporting, including the Annual Governance Statement. Member of the Corporate Governance Group. Assistance provided to the Director of Finance and the Insurance and</p>

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
					Risk Manager in enhancing and embedding the Council's risk management framework. Support and training to the Audit Committee.
Information Management and Governance - Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness	Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage.	Information Governance Group and support to the Data Protection Officer (DPO)	Data sharing with third parties (last audit 2016/17)	HTS General Data Protection Regulations compliance (last audit 2019/20)	Continue to assist the Council's Data Protection Officer (DPO) and officer led Information Governance Group by providing assurance in targeted areas.
Performance Management: Data integrity & quality (collection, collation, analysis and validation). Use of performance targets	Risk of non-achievement of corporate priorities and lack of transparency.	✓	Corporate Performance Indicators (PIs)	✓	The suitability and integrity of Performance Indicators (PIs) is considered within operational audits. The 2024/25 audit will assess the Council's approach to PIs, being revised during 2023/24, and look at in detail at those corporate PIs that regularly underperform to ensure the right PI is being used and is being calculated correctly before understanding the reasons for the underperformance and what is being done to address it.
Value for Money (VfM) - Guiding principle of the Council	VfM helps the Council manage its corporate risk	Software licences Service and business planning	✓	✓	Value for money and use of benchmarking is considered in all audits, including the 2023/24 software licence audit (also listed

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
	CR01 financial resilience and the efficient Council strategic theme in the Corporate Strategy.	(not an audit)			under IT audits) Also, working in conjunction with policy and performance, accountancy and risk services Internal Audit continues to help the Council develop its approach to service and business planning ensuring this is integrated with budget setting and risk management processes.
Joint Working, Shared Services, Outsourcing, subsidiary companies and significant Partnerships	CR08 – Supply chain disruption	Harlow Trading Services – see leaseholders audit later on	Harlow Trading Services Gilston and Harlow Garden Town (last audit 2019/20)	Harlow Trading Services	The theme here is to ensure joint arrangements are working in the best interests for the Council with appropriate governance and monitoring arrangements in place. Focus each year will be on HTS being the Council's most significant partnership, and for 2023/24 through the operational leaseholders audit
Projects Business case, project methodology, governance arrangements, contract management and viability	Poor project management increases the risk of projects not being delivered on time, to budget or does not meet the needs of the Council	Town centre projects (governance) Project and programme governance framework (not an audit)	Town centre projects (individual schemes) New housing IT system - progress check	IT projects and role of IT Governance	Time is set aside each year to examine a sample of projects. For 2023/24 and 2024/25 the focus will be on town centre projects. 2023/24 will look at the governance arrangements (see top of the Plan) and any assurances required by central government as part of their funding requirements. Also in 2023/24, Internal Audit will continue to assist the Council in developing and embedding its project and programme governance

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
					framework.
Contingency	Annual provision for responsive work, special investigations and/or key/emerging risk areas	✓	✓	✓	Will also take into account themes/issues coming out of the Annual Governance Statement and completion of audits from the 2022/23 audit plan.
Themed/cross cutting audits					
Income Streams Sound resource management is one of the corporate plan principles	To ensure financial resilience the Council needs to protect and maximise its income streams (CR01)	Harvey Centre See Council Tax and Business Rates under Key Financial Control audits	Parking (last audit 15/16) See Debtors and Housing Rents under Key Financial Control audits	✓	The 2023/24 Harvey Centre audit is to ensure the Council is getting an adequate return on their recent investment
Procurement Themed audits could include-compliance, VfM, fraud, goods and services. End to end processes (need, selection, appointment, contract management & exit strategies)	Risks include non-compliance with legislation, fraud, not achieving value for money, poor service delivery.	Town centre projects	Town centre projects	✓	Not a specific audit in itself, instead in 2023/24 and 2024/25 Internal Audit will ensure as part of the town centre projects audits officers are adhering to the Council's procurement rules and strategy with adequate contract management and monitoring arrangements

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
Health & Safety	Risk of compromising the health and safety of individuals and non-compliance with H&S legislation leading to fines or imprisonment.	Covered in the Harlow Museum audit detailed lower down	H&S framework (last audit 2019/20)	Staff H&S for those located in buildings away from the Civic Centre or working outside of core business hours	As well as keeping a watching brief of H&S, Internal Audit will provide assurances on how H&S is managed as part of the Harlow Museum audit, being a slightly more high-risk area than the Council's offices and not previously audited.
Business Continuity Planning (BCP) and climate emergency response	CR09 (Business continuity) CR07 (Climate change)	Emergency Planning	Climate change strategy and action plan	Business Continuity planning (last audit 2019/20)	In 2023/24 ensure there is a holistic approach to emergency planning across the Council underpinned with robust relationships with those agencies the Council needs to work with
Key Financial Controls (KFC) Four-year rolling programme of full system and key control audits (unless significant change in process/system or poor audit outcome)	CR01 (Financial resilience)	Council Tax and Business Rates (last audit 2016/17) General Ledger (last audit 2017/18).	Housing rents (last audit 2018/19) Debtors (last audit 2016/17)	Housing Benefits (last audit 2021/22) Creditors (last audit 2020/21) Fixed assets (last audit 2020/21)	Rolling programme of key financial control (KFC) audits, therefore, some audits do not feature in this 3-year plan being payroll, treasury management and cash and banking

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
IT Audits: IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects	Risks around data and asset security and loss of service. Opportunity for IT to be an enabler for delivering the Council's priorities. Links to CR09 Business continuity	Cyber security (last audit 2021/22) Software licences (last audit 2018/19)	IT Disaster Recovery (last audited 2020/21) IT Strategy (last audit 2014/15)	Cyber security (last audit 2021/22) IT assets (last audit 2018/19)	A specialist IT Auditor will be brought in for more technical audits. Due to the fast pace in IT technology changes and risk IT cyber security will be audited every two years. The software licences audit will ensure these are being adequately monitored and providing value for money to the Council
Operational/service audits - Audits post 2023/24 may change depending on the Council's risk profile					
Housing Operations (People): Housing Needs and Options, Supported Housing, Housing projects, Leah Manning Centre, housing assets and business systems, tenancy conditions, tenant and leaseholder engagement	CR04 - Lack of adequate Council housing	Leaseholders and S20 works (last audit 2018/19)	Social Housing Regulation Bill preparedness Allocations (last audit 2014/15) - following policy review in 2023/24	Leah Manning Centre Garages (last audit 2013/14)	The 2023/24 leaseholder audit builds on the 2022/23 Service Charge Major Works repayment audit The Social Housing Regulation Bill seeks to improve the regulation of social housing. The 2024/25 audit will assess how well the Council is prepared for this fundamental change which is currently going through Parliament
Housing and Property: Housing asset management	CR04 - Lack of adequate Council housing	Commercial rents (last audit 2019/20) – focus	Planned maintenance and major works (last	Housing property repairs and	The 2023/24 commercial rents audit is a discrete audit regarding Latton Bush to ensure all income due to the

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
and facilities, surveying and technical services, estates management, non housing asset, property and facilities, office facilities, home ownership	CR08 - Supply chain disruption	on Latton Bush	audit 2016/17)	maintenance (last audit 2018/19) Voids management (last audit 2013/14) or disrepair prevention	Council is being collected, leases and tenancy agreements are up to date and being adhered to
Environment: Environmental Health, licencing, Street Scene and trees, health and safety, environmental management including carbon management and GIS	CR08 - Supply chain disruption	Tree maintenance strategy and action plan progress check (last audit 2019/20)	Waste management (recycling)	Private Sector Housing	The 2023/24 tree maintenance strategy audit will follow up the 2020/21 limited assurance parks and landscapes audit to ensure there is a joined-up approach both across the Council and with HTS.
Community resilience: Safer Harlow Partnership/ Community Safety, health and wellbeing, youth and citizenship, safeguarding, Pets' Corner, Sam's Place, Harlow Museum,	CR03 - Community and Business Resilience	Harlow Museum	Playhouse (last audit 2019/20) Safeguarding (last audit 2018/19)	Events Management (last audit 2017/18) or Sam's Place (last audit 2017/18) Economic Development strategy (last audit 2018/19)	The 2023/24 Harlow Museum will be a non-technical audit of the site to ensure adherence to a range of Council policies and procedures including health and safety, security, procurement practices, cash handling, use of volunteers and safeguarding. A similar approach will be taken for the Playhouse audit in 2024/25

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
Harlow Playhouse, arts, culture and tourism, economic growth and development (incl visitor economy), community engagement					
Regeneration: Regeneration projects, Council housing delivery, Harlow Innovation Park	CR02 - Infrastructure and Housing CR04 - Lack of adequate Council housing	Town centre projects	Town centre projects	Council house building programme (last audit 2022/23)	The audit of the Council house building programme in 2022/23 and town centre projects in 2023/24 are the same audits as identified in the earlier project management section
Planning and Building Control: Planning policy, development management, building control	CR02 - Infrastructure and Housing	✓	Building control	Development management – quality of services provided to residents	No specific audit for 2023/24, instead Internal Audit will review the departmental risk register to gain assurance these have been adequately articulated and are being managed to an acceptable level The 2024/25 building control audit will assess the current collaboration with the Hertfordshire Building Control partnership
Corporate Services: Communications and media/website, performance management,	Risk of corporate priorities not being met should these service areas fail to deliver.	Covered in the IT audits section	Complaints (last audit 2018/19)	✓	The 2024/25 complaints audit will ensure the two stage complaints process introduced January 2022 is working as intended for both the Council and complainants, and lessons learnt are identified and acted upon

Audit Area and Context	Corporate Risks	2023/24	2024/25	2025/26	Outline/Scope of work for 2023/24 (to be finalised when the work is scoped)
project support, complaints/FOIs, Customer Services, print unit, ICT, business continuity	And fits in with the efficient Council strategic theme in the Corporate Strategy.				
Governance, HR and Legal: Corporate and Governance Support, Electoral services, HR, Legal Services, Local Land Charges	Risk of corporate priorities not being met should these service areas fail to deliver. And fits in with the efficient Council strategic theme in the Corporate Strategy.	iTrent implementation (not an audit – oversight instead)	Staff training and development (including mandatory training)	HR - Staff performance management (including appraisal arrangements)	Internal Audit will continue to monitor progress of the iTrent system implementation as new modules are introduced including absence monitoring and training records
Finance: Finance and accountancy, Internal Audit, insurance and risk, Revenues and Benefits	CR01 - Financial resilience	Budgetary control	See KFC audits above	See KFC audits above	The 2023/24 budgetary control audit will ensure there are robust processes to both set the budget and to monitor this closely throughout the year at an operational level
Follow Up Audits Review of progress against recommendations on the tracker	Tracker process ensures risks identified in audits have been managed to an acceptable level	✓	✓	✓	Includes specific follow up work especially where Limited assurance has previously been given. Includes maintaining the recommendation tracker, which is reported at each Audit and Standards Committee.

Appendix B: Risk based assurance map for Harlow to support the 2023/24 Internal Audit Plan

Ref	Corporate risk	Risk rating (residual)	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
CR01	Financial resilience	12 (amber)	Medium Term Financial Strategy, budget setting and monthly monitoring processes. Supporting policy and procedures including Financial Regulations and Contract Standing Orders	Council approval Medium Term Financial Strategy, annual budget setting and regular monitoring of the financial position	External Audit annual opinion on the Council’s financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources Internal Audit undertakes a rolling programme of key financial control audits for example 2022/23 treasury management (reasonable assurance), 2020/21 fixed assets (moderate assurance) and accounts payable (moderate assurance).
CR02	Infrastructure and Housing	9 (yellow)	Raft of activities and projects undertaken by dedicated Officers	Development of Rolling Infrastructure Fund Up to date Local	Internal Audit is assisting the Council in improving its project and

Ref	Corporate risk	Risk rating (residual)	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
				Plan Development of Innovation Park and Enterprise Zones Affordable Housing Strategy Town Centre Master Plan Harlow Investment Fund Neighbourhood Renewal Plan	programme governance framework following its moderate assurance 2020/21 capital programme audit
CR03	Community and Business Resilience	9 (yellow)	Officers delivering the Council Corporate Plan and supporting strategies Delivery of the Harlow and Gilston Garden Town	Economic Development Strategy Community Resilience Strategy Health and Wellbeing Strategy Community Safety Strategy The Chief Executive Officer and one Member sit on the Harlow and Gilston Garden Town Board.	2019/20 Harlow and Gilston Garden Town audit (substantial assurance) 2018/19 Economic Development audit (moderate assurance)

Ref	Corporate risk	Risk rating (residual)	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
CR04	Lack of adequate Council housing	9 (yellow)	Raft of activities and projects undertaken by dedicated Officers including the Council's house building programme and delivery Decent Homes Standard	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	2022/23 Council House Building audit (reasonable assurance) 2022/23 audit of housing H&S related inspections (substantial assurance)
CR05	Human Capital	12 (amber)	Raft of HR related policies and procedures People and Resource Plan	Overseen by the Assistant Director Governance, HR and Legal	2018/19 Starters, movers and leavers audit (substantial assurance)

Ref	Corporate risk	Risk rating (residual)	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
			Learning and development opportunities Pay award scheme Staff and trade union engagement		
CR06	Recession and cost of living	16 (red)	Officers delivering a range of initiatives	Economic Development Strategy Community Resilience Strategy Health and Wellbeing Strategy Community Safety Strategy	2021/22 Housing Benefit and Local Council Tax Support audit (substantial assurance) 2018/19 Housing Rents audit (substantial assurance)
CR07	Climate change	12 (amber)	Monitoring of utility costs Delivery of the climate change action plan Sustainability initiatives including PV panels and tree planting.	Carbon Reduction Plan Climate change strategy	An audit of the climate change strategy and action plan will take place when established
CR08	Supply chain disruption	12 (amber)	Officers working with a number of key partnerships	Shareholders Sub Committee oversees HTS	2021/22 waste contract audit (limited assurance)

Ref	Corporate risk	Risk rating (residual)	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
			including (this list is not exhaustive): Essex Waste Management Plan, Waste Collection Contract, Repairs, Street scene and landscapes 'contract' with HTS, NEPP (North Essex Parking Partnership) Legal contractual arrangements used to seek performance/other bonds and guarantees	arrangements HTS Best Value Review and action plan reported to Council Council representatives sit on the North Essex Parking Partnership Board Quarterly Joint Performance Review Meetings (JPRM) and Operations Board. Monthly performance reviews involving Portfolio holders.	2021/22 HTS (Harlow Trading Services) Best Value Review audit (substantial assurance) Internal Audit is monitoring progress against the 2019/20 parks and landscapes audit (moderate/limited assurance)
CR09	Business continuity	9 (yellow)	Emergency Planning, Business Continuity Plans including Disaster Recovery, Insurance Policies including Terrorism, Property maintenance plans, Engineering	Corporate Business Continuity Plan owned by SMB Safety Committee	2019/20 business continuity audit (moderate assurance) 2021/22 IT disaster recovery audit (moderate assurance) 2021/22 Cyber

Ref	Corporate risk	Risk rating (residual)	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
			Inspection Contract, Statutory Testing of equipment, heating systems, electrical, Fire Risk Assessments, Cyber Security		Security (moderate assurance)

REPORT TO: AUDIT AND STANDARDS COMMITTEE
DATE: 1 MARCH 2023
TITLE: INTERNAL AUDIT ACTIVITY REPORT
LEAD OFFICER: SARAH MARSH, HEAD OF INTERNAL AUDIT
(01279) 446884

RECOMMENDED that the Committee:

- A** Reviews the outcomes of the work of the Internal Audit service for the period December 2022 to February 2023 and identifies any issues for further consideration.
- B** Approves the deferral of the following two audits from the 2022/23 Internal Audit plan: Corporate Performance Indicators and Climate change action plan.
- C** Agrees the scope of the External Quality Assessment (EQA) of the Internal Audit service.

BACKGROUND

Progress Against Audit Plan

- 1. Work has progressed on the 2022/23 Audit Plan. Appendix A sets out the current status of the Audit Plan.
- 2. The following two audits (subject to approval) have been carried forward into the 2023/24 Internal Audit plan (detailed elsewhere on the agenda) for the following reasons:
 - a) Corporate performance indicators: The Council is reviewing its suite of key performance indicators and reporting timelines. Internal Audit will review these once processes have been established and embedded.
 - b) Climate change action plan: This audit is dependent on a Council climate change strategy and action plan being in place, which is being worked on.

ISSUES/PROPOSALS

Internal Audit Reports

- 3. Two reports have been issued since the Committee received its last update in November 2022 and a number of reports are close to being finalised:
 - a) Treasury Management - reasonable assurance

The Council has adopted CIPFA's (Chartered Institute of Public Finance and Accountancy) Treasury Management in the Public Services: Code of Practice (the Code). The Capital and Treasury Report 2022, which included the

Treasury Management Strategy 2022/23, was approved by Cabinet on 27 January 2022 and Council on 3 February 2022.

The audit confirmed the following:

- i) The Treasury Management Strategy 2022/23 included all the specified elements as set out in the Code;
- ii) A Liability Benchmark section was included, this is a new requirement of the 2021 Code of Practice; and
- iii) The Strategy was based on forecast cash held and borrowing as at the 31 March 2021 and future planned capital and revenue cashflows derived from planned budgets, including the capital programme.

A review of treasury management deposits in 2022/23 confirmed compliance with the use of designated counterparties and limits as set out in the Treasury Management Strategy 2022/23.

Whilst the Treasury Strategy details key treasury risks, there is no operational risk register which details Treasury Management risks and the detailed controls and mitigation measures for each risk.

b) Health and Safety Housing Overview – Substantial assurance

There are robust policies and processes in place for housing health and safety building compliance testing for asbestos, gas, electrical, fire safety, lifts and legionella for the Council's housing stock. A program of work is in place to ensure compliance testing is completed within set timescales according to risk and in line with legislation.

There are clear lines of responsibilities determining housing health and safety building compliance checks and effective management oversight at the compliance and health and safety committees which include: Annual Service Charge meetings, Shared Operations Performance Board, Safety Committee, and HTS Shareholder Sub Committee. Compliance records and documentation examined were complete and accurate.

As part of best practice, the Housing Directorate has procured a new compliance system to improve the recording of data and monitoring of health and safety building compliance checks which is currently retained in spreadsheets. To ensure records and documentation transferred and input into the new compliance system are accurate and complete, a quality check should be performed on the source input data (currently held in multiple spreadsheets). In addition, a follow up quality check should be performed once all records and documentation have been uploaded into the new compliance system to ensure they are accurate and complete.

Housing Officers effectively review health and safety building compliance test findings and monitor recommendations, ensuring recommendations are completed according to the level of risk. Performance Management of external contracts completing health and safety building compliance testing is

monitored by Officers and were found to be well managed ensuring a high quality of work.”

Ongoing Audit Work

4. 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) Facilitated a workshop between the Council and HTS to discuss the Council’s Severe Weather Plan and lessons learned from the severe weather (snow and ice) experienced in December 2022. An action plan with responsible owners and timescales has been agreed between both parties.
 - b) Reviewed the internal processes for recording telephone calls and storage of voice data to ensure compliance with General Data Protection Regulations (GDPR) requirements. Internal Audit findings have been shared with the Council’s Data Protection Officer who will ensure phone call recordings are for legitimate purposes and documented in the relevant Register of Processing Activities (ROPA).
 - c) At the November 2022 meeting Internal Audit reported back on two investigations undertaken by Internal Audit. A further two have been completed and reported back to management. One was around the potential misuse of assets by an operative following a concern raised by a whistleblower. The investigation found there was no case to answer and the whistleblower has been informed.
 - d) The other investigation was a post project review which found weaknesses in the following four areas: Project planning and mobilisation, contract management, lack of contingency (financial and timescales) and lack of overall ownership. Lessons learnt from this review are being built in to the Council’s project management framework.
 - e) Continued overseeing the project plan implementing the new HR system, facilitating discussions between key departments to ensure there is a holistic approach to the project.
 - f) Co-ordinated the review of data matches arising from the National Fraud Initiative (NFI) data matching exercise 2022/23, in liaison with Licensing, Housing, Revenues and Benefits, Payroll, Council Tax and the Electoral Register.

Recommendation Tracker

5. 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.
6. The current tracker, as set out in Appendix B to the report, contains 22 recommendations which have passed their due date. A comparison with previous periods is outlined in the table below.
7. 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 (March 2023)	Number (November 2022)	Number (June 2022)	Number (March 2022)	Number (November 2021)
High - not yet due	1	1	3	0	0
High - passed due date	1	1	0	0	0
Medium - passed due date	16	20	19	16	14
Low - passed due date	5	0	2	1	1
TOTAL	23	21	24	17	15

External Quality Assessment (EQA)

8. In line with the Public Sector Internal Audit Standards (PSIAS) an external assessment of the Internal Audit function needs to be undertaken at least once every five years by a qualified independent assessor from outside the Council. The form of the external assessment and the qualifications and independence of the external assessor, including any potential conflict interest, must be discussed with the Audit Committee.

In November 2022 St Albans City and District Council joined the shared service and on joining their EQA was due for renewal. The shared service at that time (Harlow, Broxbourne and Epping Forest) had an update to EQA having been undertaken in November 2022. It was envisaged that St Albans could 'piggyback' on the shared service EQA. However, the Chartered Institute of Internal Auditors has deemed this is not appropriate (even though St Albans now follow the same processes and methodology as the rest of the shared service) and a new EQA needs to be undertaken covering all four councils.

Gard Consultancy Services (GCS), who undertook the November 2021 EQA, has been appointed to undertake this EQA, which has been programmed in for the end of March 2023. The results of which will be reported to the Audit and Standards Committee. The EQA may be accomplished through a full external assessment, or a self-assessment with independent external validation. Like the November 2021 EQA, it will be undertaken through the self-assessment route.

Fieldwork will include interviews with the Audit Committee Chairs of all four councils and with each authority's Section 151 Officer. GCS's managing director, Ray Gard, will be undertaking the review and is an experienced finance and governance manager with extensive public sector experience. His last role being Assistant Director of Finance – Audit, Fraud and Risk Management at London Borough of Waltham Forest (2010-16). There are no potential conflicts of interest between GCS and the Head of Internal Audit (shared services).

Progress Against the Annual Governance Statement

9. 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 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>Some 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 and update the Audit and Standards Committee accordingly.</p>
<p>Financial Management Code review</p> <p>Carried over from last year's AGS action plan</p>	<p>Following the appointment of a permanent Assistant Director Finance and other appointments within the finance function an assessment will be undertaken in 2023/24 to ensure the Council can demonstrate compliance with the Code. Or if there are deficiencies, develop an action plan to address these.</p>

Common themes from the Service Assurance Statements were:	
Risk management and business/service planning Further work is required to develop and embed operational processes	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.
Project management processes – corporate approach	The work of the project governance working group has concluded and will be rolled out via the Wider Leadership Team following endorsement by SMB (Senior Management Board)

IMPLICATIONS

Strategic Growth and Regeneration

None specific.

Author: Andrew Bramidge, Chief Executive

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

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

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 Services

Background Papers

Internal Audit Plan and Internal Audit monitoring reports

Appendices

Appendix A – Audit Plan Monitoring

Appendix B – Audit Recommendation Tracker

Glossary of terms/abbreviations used

AGS – Annual Governance Statement

CIPFA - Chartered Institute of Public Finance and Accountancy

EQA - External Quality Assessment

GCS – Gard Consultancy Service

GDPR - General Data Protection Regulations

PSIAS - Public Sector Internal Audit Standards

ROPA - Register of Processing Activities

Appendix A - Audit Plan Monitoring 2022/23 March 2023										
	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
2022/23 Audit Plan										
Housing Health and Safety	Housing	15	Final report	■	■	■	Substantial	0	2	0
Council housebuilding	Strategic Growth and Regeneration	12	Final report	■	■	■	Reasonable	0	3	5
KFC - Treasury Management	Finance	10	Final report	■	■	■	Reasonable	0	1	2
Pets Corner	Communities and Environment	12	In progress	■						
Annual Service Charge (ASC)	Housing	12	In progress							
Safes (new audit)	Finance	10	In progress	■						
Houses of Multiple Occupancy (HMO's)	Housing	10	In progress	■						
Storage Area Network (SAN) - Replaced the IT Strategy audit	Governance and Corporate Support	10	In progress	■						
Service Charge Major Works Replacement	Housing	12	In progress	■						
KFC - Payroll	Finance	15	Scoping							
Value For Money (VFM) analytics - expenses (part of the payroll audit)	Finance	20	Scoping							
Not a specific audit										
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	Completed	■	n/a	n/a				
Deferred										
Planned Maintenance and Major Works	Housing	20	Approved at the November 2022							
Corporate Performance indicators (underperformance)	Governance and Corporate Support	12	Subject to Audit Committee approval							
Climate Change Strategy and Action Plan	Environment	12	Subject to Audit Committee							
			Total	12	3	3		0	6	7
Key										
KFC - Key Financial Control										

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Assistant Director	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
40	2	<p>A common and consistent H&S 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>	Medium	A training matrix will be incorporated into the forthcoming health and safety management system. A proposal will be made to SMB regarding oversight of return of completed matrices	Assistant Director Environment Health Manager	30/09/21	30/06/22 31/03/23 30/04/23	<p>Oct 21: Development with HTS of a comprehensive Health and 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>Feb 22: 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>May 22: 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>Aug 22: The training matrix will be</p>	Overdue

41								<p>discussed at Wider Leadership Team in September.</p> <p>Nov 22: The training matrix was discussed at Wider Leadership Team by Assistant Directors, it will 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> <p>Feb 23: Assistant Directors will send in their copies of updated H&S training matrices to the safety officer four times a year. We will keep a tally on what is and what is not coming in and report back to the H&S Committee. The H&S Officer will remind officers at the next Safety Committee meeting which will take place in April 2023.</p> <p>IA note <i>We will take this off the tracker when the Safety Committee meeting has happened</i></p>	
<p>Harlow Gilston Garden Town 2019/20 July 2020</p>	1	<p>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.</p>	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>31/03/22 30/09/22 31/03/23</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>Feb/Oct 21: HGGT legal advisors, Weightmans, have been instructed to develop a data sharing protocol for the HGGT.</p> <p>An HGGT Governance Review</p>	Overdue

42							<p>Task and Finish Group has been established.</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 seeking to have formalised arrangements in place by March 2022.</p> <p>Feb/May 22: 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 with final proposals to be agreed in September 2022,.</p> <p>Aug/Nov 22: 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 2023.</p> <p>Feb 23: The HGGT Board endorsed the legal Joint Delegations Framework in Sept 2022. The Inter Authority Agreement formally addressing cost and risk sharing will go to the Board in Feb/March 2023 subject to agreement by the five Council partners on which local authority</p>	
----	--	--	--	--	--	--	---	--

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

								will be the accountable body for the partnership in the future.	
43	Commercial Rents 2019/20 September 2020 (Re-issued October 2020)	1b	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).	Medium	Agreed	Senior Property and Assets Manager Assistant Director Housing and Property	31/01/21	<p>31/01/22 30/06/22 30/09/22 31/12/22 31/03/23</p> <p>Oct 21: 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"> • The grant of new leases; • Progressing of assignment requests; • Managing lease surrenders and expiries; and • Management of vacant properties <p>An overarching policy/guidance document has been drafted for Officers and a framework under which they are to operate.</p> <p>Feb/May 22: A full commercial lettings policy has been prepared. Aug/Nov 22: The draft commercial lettings policy is awaiting Member approval. The proposed adoption of the draft 'Commercial Property Management Policy' is due to go to Cabinet for approval 01 December 2022.</p> <p>Feb 23: The Commercial Property Management Policy has been approved by the Portfolio Holder, we are awaiting written confirmation. <i>IA note: This will be removed from the tracker when confirmation is received</i></p>	Overdue
	Equality Act	3	To drive equality	Medium	(a) Head of	Corporate and	(a)	May/Oct 21: (c) This has not been	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

<p>and Impact Assessments 2020/21 February 2021</p> <p>44</p>		<p>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 Group (EWG) should be reported to the Third Tier Managers meeting to be filtered down to staff.</p>		<p>Governance to be Equality Champion' at Senior Management Board (SMB).</p> <p>(b) An EWG Group has been established.</p> <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>	<p>Democratic Services Manager</p> <p>Assistant Director- Governance, HR and Legal</p>	<p>Completed</p> <p>(b) Completed</p> <p>(c) 28/02/21</p> <p>(d) May 2021 onwards</p>	<p>(c) 31/05/21 31/12/21 30/06/22 31/12/22</p> <p>(d) 31/05/21 31/12/21 30/06/22 31/12/22 31/03/23</p>	<p>progressed as quickly as needed due to continued work being undertaken on Corona pandemic and the Elections.</p> <p>The EWG has not had the opportunity to meet over the summer due to seasonal issues which have impacted Officers workloads.</p> <p>Feb 22/May 22: This has now been taken to the Senior Management Board Meeting and the Wider Leadership Team (WLT) to discuss a way forward.</p> <p>Aug/Nov 22: 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> <p>Feb 23: The proposal to have Equalities on the Wider Leadership Team agenda as a standing item will go to the Director of Governance and Corporate Support for sign off.</p>	
<p>Accounts Payable 2020/21 July 2021</p>	<p>1.1</p>	<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</p>	<p>Medium</p>	<p>Budget monitoring meetings are held between Accountancy and Service Managers monthly. In response to this recommendation exception reports</p>	<p>Systems Development Officer</p> <p>Interim – Assistant Director of Finance (Deputy S151</p>	<p>31/03/22</p>	<p>31/07/22 31/03/23</p>	<p>May/Aug 22: 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.</p> <p>The Services Business Partner (GF) Accountancy has generated reports and is having</p>	<p>Overdue</p>

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

45		payment promptly.		<p>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 escalated to the relevant Head of Service and the Head of Finance and Property</p> <p>Exception reporting will be in place by the end of July 2021. 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.</p>	Officer)			<p>meetings with services however there is insufficient resource in Accountancy to implement this recommendation fully</p> <p>Nov 22: Agresso (General ledger IT system) generates a report of 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.</p> <p>Feb 23: The KPI monitoring reports identify the invoices and the service area they relate to where late payments are occurring. The reports are ready to be rolled out to services, responsibility for sending and monitoring the reports is to be confirmed now that staffing has improved.</p>	
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:	Medium		Systems Development Officer Interim – Assistant Director of Finance (Deputy S151 Officer)	31/03/22	01/09/22 30/09/22 31/03/23	<p>May/Aug 22: The current priority is to achieve sign off of the 2018/19 accounts and complete the restructure of the Finance team and associated recruitment.</p> <p>The Interim Agresso Consultant (Accountancy) has created the purchase orders report for March, April and May, however further work needs to be completed</p> <p>Nov 22: A draft report has been created and it will be used to highlight issues with purchase orders. Once the report has been</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

		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)						finalised it will be used periodically to identify instances of non-compliance. Feb 23: The management information reports are ready to be rolled out to services, responsibility for sending and monitoring the reports is to be confirmed now that staffing has improved.	
46	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 restructure of the finance department and be embedded by the end of this financial year.	Medium		Interim Assistant Director of Finance (Deputy s151 Officer)	31/03/22	04/09/22 31/03/23	May 22: As above. The current priority is to achieve sign off of the 2018/19 accounts and complete the restructure of the Finance team. Aug 22/ Nov 22: 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. Feb 23: The management information reports are ready to be rolled out and used as part of the budget monitoring process.	Overdue
	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	31/03/22 30/09/22 31/03/23	Oct 21/May 22: 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 service managers/budget holders will recommence after the year end Aug/Nov 22: Accountancy have	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

								<p>been focusing on finalising the 2018/19 accounts and due to resource issues there has not been any capacity in the team. This will be addressed when additional resource is available.</p> <p>Feb 23: The management information report for monitoring purchase orders is ready to be rolled out to services. Responsibility for sending and monitoring the reports is to be confirmed, now that staffing has improved.</p>	
<p>Cyber Security 2021/22 January 2022</p>	9	<p>The Council should actively seek to renew their PSN Code of Connection as soon as practically possible.</p>	Medium	<p>Accepted. A further programme of external penetration testing will be initiated upon completion of the migration to Microsoft 365.</p>	<p>Senior ICT Manager</p> <p>Assistant Director Corporate Services</p>	30/09/22	<p>31/12/22 31/05/23</p>	<p>Aug 22: This will be completed by the end of September.</p> <p>Oct 22. 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> <p>Feb 23: A penetration test is booked for the middle of February which is based on third party availability.</p>	Overdue
<p>Cyber Security 2021/22 January 2022</p>	11	<p>The Council's 'Acceptable Use' and 'Corporate Information Security Policy' is reviewed and updated</p>	Medium	<p>Agreed and Accepted</p>	<p>Senior ICT Manager</p> <p>Assistant Director</p>	30/06/22	<p>31/12/22 31/12/23</p>	<p>Aug 22: The review of Information Security Policies has not been completed yet due to resource issues however updated password guidance has been circulated to</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

48		to capture and inform users of all known and emerging cyber security threats and offer guidance on password best practice.			Corporate Services			<p>staff and complexities of new passwords increased. As new potential cyber security threats are identified staff are updated via global emails.</p> <p>Nov 22: 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> <p>Feb 23: The Information Governance Group is currently reviewing all Information Governance related policies including these IT policies. The Acceptable Usage policy has been targeted first and the other policies are being prioritised on a risk basis. The Information Security policy will be reviewed in line with these priorities.</p>	
Housing Benefit and Local Council Tax Support 2021/22 February 2022	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	30/06/22 31/12/22 31/03/23 30/06/23	<p>May/Aug 22:</p> <p>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>Nov 22: Due to ongoing staffing issues in Accountancy we do not have the resource to look at this at the moment.</p> <p>Feb 23: This will be picked up</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

								over year end 22/23 and Q1 23/24 now that staffing has improved.		
49	Development Management 2021/22 March 2022	1	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.	Medium	This will be reviewed as part of the close down procedures and resource allocated to carrying out the reconciliation.	Interim Assistant Director of Finance (Deputy s151 Officer)	30/09/22	31/12/22 31/03/23 30/06/23	<p>Aug 22: 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>Nov 22: 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>Feb 2023: This will be picked up over year end 22/23 and Q1 23/24 now that staffing has improved</p>	Overdue
	Development Management 2021/22 March 2022	2	<p>The Assistant Director Planning and Building Control should address the following (including tailored training as required):</p> <ul style="list-style-type: none"> • update and complete the Planning & Building Control Record of Processing Activities (RoPA) • produce a Privacy Notice and publish on the Council's website • ensure a process is in place for evidencing the disposal of data from all systems in 	Medium	The Privacy Notice has been published. The RoPA and retention schedule will be updated and completed in conjunction with the Data Protection Officer.	Assistant Director Planning and Building Control	30/04/22	31/07/22 31/12/22 30/04/23	<p>May 22: 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>Aug 22: 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>Nov 22: Internal Audit is facilitating discussions with the Data</p>	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

		line with the Development Management retention schedule Advice should be sought from the Council's Data Protection Officer						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 Planning and Building control. Feb 23: The Assistant Director of Planning and Building Control is working with Internal Audit to update the RoPA and establish a process for data retention and disposals.	
Waste Contract Management 2021/22 May 2022 50	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 Environmental Health Manager	31/10/22	30/11/22 30/04/23	Aug 22: Additional property data is required and this has been requested from Veolia. The Council is awaiting a response. Nov 22: Property data has been received from Veolia and is in the process of being reconciled to the Council's property records. Feb 23: This work is ongoing and is anticipated to be completed by the end of April 2023.	Overdue
Waste Contract Management 2021/22 May 2022	3	The Council continues to work with Veolia to resolve the disputed rectification and default notices, ensuring that	High	This is Work in Progress	Assistant Director Environment Environmental Health	30/06/23	28/02/23	Aug / Nov 22: Some progress has been made as the Council continues to work with Veolia to resolve points of difference. This is in progress.	In progress

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

		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.			Manager			Feb 23: Discussions for a settlement have taken place between the Council and Veolia. The proposal has been agreed by Harlow Council and is awaiting agreement to this from Veolia, due the end of February 2023.	
Waste Contract Management 2021/22 May 2022	4	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.	Medium	This is Work in Progress	Assistant Director Environment Environmental Health Manager	31/10/22	30/11/22 30/04/23	Oct 22: An updated Business Continuity plan has been received from Veolia. A formal risk register for the contract is still to be created. Feb 23: This is outstanding but will be completed by April 2023.	Overdue
Waste Contract Management 2021/22 May 2022	5	To ensure that contract variations are accepted and promptly authorised by the Contract Authorisation Officer and the Veolia Contract Manager.	Medium	This is Work in Progress	Assistant Director Environment Environmental Health Manager	30/06/22	30/10/22 30/11/22 31/03/23	Aug / Oct 22: One contract variation is almost ready to be signed off. The General Manager at Veolia has been chased for a response on contract variations. Feb 23: Veolia are keen to sign off the variations and this is part of the ongoing discussion with the Council	Overdue
Waste Contract	7	The Council should consider increasing	Low	Proposals have been made for a new	Assistant Director	31/12/22	28/02/23	Feb 23: A proposal has been made for a new contract monitoring	Overdue

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

<p>Management 2021/22 May 2022</p>		<p>the volume of reviews of contractor performance by introducing regular post inspections and taking follow up action if improvement is required.</p>		<p>Contract Monitoring position to be created to monitor all of the contracts within the Environment Client Team's remit</p>	<p>Environment</p>			<p>officer post. Awaiting the outcomes of the budget review at Cabinet 16 February 2023.</p>	
<p>Council House Building Programme 2022/23 November 2022</p>	<p>3</p>	<p>The arrangement to update Members on the House Building Programme be reviewed, with consideration given to quarterly updates. The designated Project Manager for each site should draft a short communications strategy for each site for Delivery Board sign off, setting out the key stakeholder who will be engaged with and updated at each stage of the key stages of the development process.</p>	<p>Medium</p>	<p>Member briefings have been discussed with the Portfolio Holder and it is felt that quarterly is too frequent given that most projects will take place over a long period of time (c2 years) so six monthly is to be introduced. The comms strategy will be implemented with immediate effect with a process established for this being included in the stage 2 sign off by the Programme Board.</p>	<p>Director Strategic Growth and Regeneration</p>	<p>30/11/22</p>	<p>31/05/23</p>	<p>Feb 23: Member update to be given by Assistant Director on a six-monthly basis unless anything urgent requires Members to be briefed. The Communications team are part of the CHBP Delivery Board and are sent minutes of each meeting along with highlight reports. Close working regarding communications updates are now in place.</p>	<p>Overdue</p>
<p>Council House Building Programme 2022/23 November 2022</p>	<p>4</p>	<p>The House Building Programme Board needs to establish formal arrangements to measure how the success in delivering the programme aims will be evaluated and also how each site will be assessed against the six aims of the New Council House</p>	<p>Low</p>	<p>Agree – to be included in the Stage 2 approval by the Programme Board.</p>	<p>Director Strategic Growth and Regeneration</p>	<p>30/11/22</p>	<p>31/05/23</p>	<p>Feb 23: Measuring success in delivery can be at Stage 2 sign off with design features and decision on tenure together with local employment and housing needs whilst other elements can only be evaluated during and post construction.</p>	<p>Overdue</p>

52

Internal Audit Recommendation Tracker (Overdue and High recommendations)

Appendix B

Last Updated: 14 February 2023

		Building Programme.							
Council House Building Programme 2022/23 November 2022	5	It would enhance arrangements if each site had a control document which logs the approval grant to progress to the next stage and reference to the minutes or signed documents which grant that approval. This will assist in post project reviews when checking that approvals were all appropriately granted and where there were any delay in the progression of each site.	Low	Agreed – A site control document will be created for each site and amendment to the CHBP Process document will be made.	Assistant Director Regeneration	31/12/22	31/05/23	Feb 23: Still to be actioned but additional checklist will be developed to be included in the Highlight Reports to Programme and Delivery Board to show overall programme of all schemes.	Overdue
Council House Building Programme 2022/23 November 2022	6	The House Building Programme process document is enhanced with further details or a separate appendix on financial appraisal, review and approval arrangements, seeking advice from finance as required.	Low	Works are already underway for this section of the CHBP Process Document, and this is being complete in conjunction with Finance colleagues.	Assistant Director Regeneration	30/01/23	31/05/23	Feb 23: Meeting to be arranged with Finance re: financial appendix. Standing item of Programme and Delivery Board agendas to include discussion on programme finance which will be in conjunction with Regeneration Team and Finance Team.	Overdue
Council House Building Programme 2022/23 November 2022	7	The House Building Programme Board receive a quarterly update report on progress in the delivery of the recommendations set out in the Scrutiny	Low	Agreed – to be included on the agenda for every other meeting of the Programme Board	Director Strategic Growth and Regeneration	30/11/22	14/02/23	Feb 23: Scrutiny Report Tracker to be included in the next Programme Board meeting and every other meeting thereafter. The next Programme Board Meeting is scheduled for 14/02/23 and will be reviewed/discussed at this meeting.	Overdue

Last Updated: 14 February 2023

		report on The Delivery of the Council House Building. This progress report should also detail and conclude on the effectiveness of actions taken to ensure the matter raised has been addressed fully by the actions undertaken.							
--	--	--	--	--	--	--	--	--	--

REPORT TO: **AUDIT AND STANDARDS COMMITTEE**

DATE: **1 MARCH 2023**

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 31 December 2022.

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 31 December 2022

3. The Senior Management Board has reviewed the strategic risk register as at 31 December 2022 as set out in Appendix 1 to the report.
4. The risk matrix is set out in Appendix 2 to the report for reference to risk scoring. It should be noted that in order to aid risk owners to score a risk, the matrix provides details of circumstances around likelihood of an event occurring and related scoring together with details of types of event which would dictate a specific impact score.
5. The risk owners have also been requested to review risks taking into account Audit and Standards Committee commentary on 23 November 2022.
6. CR07 – Climate Change has been amended and enhanced to take account of the current initiatives and risk mitigation proposals.

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.

IMPLICATIONS

Strategic Growth and Regeneration

None specific.

Author: Andrew Bramidge, Chief Executive

Finance

None specific.

Author: Simon Freeman, Deputy to the 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

Risk Management is an important part of the council's overall governance Arrangements, therefore the Audit and Standards Committee should consider the adequacy of overall arrangements on a regular basis.

Author: Simon Hill, Director of Governance and Corporate Services

Appendices

Appendix 1 – Strategic Risks as at 31 December 2022

Appendix 2 – Risk Matrix

Risk Name	CR01 - Financial Resilience
------------------	------------------------------------

Risk Owner	Director of Finance	Review Date	31 December 2022
-------------------	---------------------	--------------------	------------------

Impacted Objective	An Efficient Council
Risk Appetite Definition and Threshold	Moderate (8)

Risk	If a sustainable budget is not secured, then the Council will lack financial resilience
Background	<p>Key Drivers –</p> <ul style="list-style-type: none"> • 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. • Ambitions to reduce the local taxation burden • Economic situation locally, nationally, and globally post pandemic are providing significant challenges especially in respect of cost growth pressures. • 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.

Risk Likelihood	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 Government rent policy.
Risk Impact	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.

Controls in Place	Additional Actions to mitigate risk (4T's)
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 2023/24 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.	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 and reviews are underway across all services including the councils LATCo to help deliver the required efficiencies/income generation. The Council continues to seek available and innovative funding opportunities to facilitate the council's regeneration programme and other Capital expenditure.

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Likely (4)	Major (4)	Moderate (3)	Major (4)
16		12	

Risk Name	CR02 – Infrastructure and Housing
------------------	--

Risk Owner	Director of Strategic Growth and Regeneration	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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.
Background	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

Risk Likelihood	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
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T's)
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, Agreement of S106 package for Gilston development to include infrastructure investment in Harlow.

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Moderate (3)
12		9	

Risk Name	CR03 – Community & Business Resilience
------------------	---

Risk Owner	Director of Communities and Environment	Review Date	31 December 2023
-------------------	---	--------------------	------------------

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

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

Risk Likelihood	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
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T's)
Economic Development Strategy Community Resilience Strategy Health and Wellbeing Strategy Community Safety Strategy Levelling Up (Essex CC) has identified skills and also education as a priority for Harlow Levelling up (govt) have invested funding into Harlow Town Centre	Due for adoption by Cabinet March23 Adopted by Cabinet 2022 Adopted by Cabinet 2022 Adopted by Cabinet 2022

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Major (4)	Moderate (3)	Moderate (3)
12		9	

Risk Name	CR04 - Lack of adequate Council housing
------------------	--

Risk Owner	Director of Housing	Review Date	31 December 2022
-------------------	---------------------	--------------------	------------------

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

Risk	If the Council does not provide sufficient and adequate Council Housing it will not be able to fulfil housing needs.
Background	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.

Risk Likelihood	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
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T's)
Tenant and Leaseholder Engagement Strategy- Regulatory Board "governance" determine priorities and monitor outcomes, Allocations and Homelessness Strategies- Partnership Resources prioritised. Affordable Housing Strategy-Affordability and need. Sub Regional Strategy (influence and actively seek partnership opportunities with other housing providers)-Active part in devolution discussions. Housing regulatory Plan-Enhanced performance management., and reporting. HRA Business Plan (2021-2051 approved by Cabinet January 2022)-use of resources, delivery plans, and regulatory requirement. Supported Housing Five Year Plan-aligning to government priorities and resources.	Revised House Building programme March 2022- financing, rent setting, and impact on Council Housing Needs register (HNR)

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Moderate (3)	Moderate (3)	Moderate (3)
9		9	

Risk Name	CR05 – Human Capital
------------------	-----------------------------

Risk Owner	DIRECTOR OF GOVERNANCE AND CORPORATE SUPPORT	Review Date	31 December 2022
-------------------	--	--------------------	------------------

Impacted Objective	An Efficient Council
Risk Appetite Definition and Threshold	Moderate (8)

Risk	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.
Background	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.

Risk Likelihood	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
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T’s)
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	

Risk Name	CR06 – Recession and Cost of Living
------------------	--

Risk Owner	Director of Communities and Environment	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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
Background	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.

Risk Likelihood	Increased prices – energy and inflation in particular Risk of recession increased (Oct 2022)
Risk Impact	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 Funding from other partners for Community Hub not made available

Controls in Place	Additional Actions to mitigate risk (4T's)
Economic Development Strategy Community Resilience Strategy Health and Wellbeing Strategy Community Safety Strategy Warm places set up around Harlow (HDC and other providers) Working with voluntary and community sector to support residents. Have provided advice in multi format – i.e. Social media, paper format, posters etc. Support for “Community Hub” (Rainbow Services), some funding secured via Shared prosperity fund that will cover part of costs until March 25. Work with mortgage providers and residents at an early stage.	On going dialogue with NHS, Essex CC, and Rainbow services from funding for Community hub to encourage others to contribute – this is ongoing and anticipated to be successful.

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Likely (4)	Major (4)	Likely (4)	Major (4)
16		16	

Risk Name	CR07 – Climate Change
------------------	------------------------------

Risk Owner	Director of Communities and Environment	Review Date	31 December 2022
-------------------	---	--------------------	------------------

Impacted Objective	Safeguarding the Environment
Risk Appetite Definition and Threshold	Open (10)

Risk	If the council does not lead on carbon emissions reduction, then it is unlikely to meet its carbon net zero target of 2040
Background	<p>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. Achieving Net Zero townwide emissions by 2040, including Council operations, homes and the built environment, and businesses will require.</p> <ul style="list-style-type: none"> • Working and influencing all residents, businesses, and public bodies. • Increasing our resilience to climate change through mitigation and adaptation. • Reducing our consumption of resources, reducing waste, and increasing reuse and recycling in Harlow. • Achieving a significant shift towards more sustainable means of transport. • Achieving significant retrofit of our housing stock.

Risk Likelihood	<p>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 Lack of availability of EV points</p>
Risk Impact	<p>Failure to reach carbon net zero target. Town’s contribution to national climate change ambitions frustrated. Reputational risk to Harlow Council if it does not meet government and self-set target.</p>

Controls in Place	Additional Actions to mitigate risk (4T’s)
<p>PV panel project on council-owned buildings EV charging points installed and opportunity for more being pursued. Landscape policy to be developed to identify biodiversity areas. Work in partnership with local and national organisations to share research, information, and best practice. Attend the appropriate conferences, training events and webinars. Keep abreast of best practice and new initiatives. Ensure opportunities for retrofit of the housing stock are pursued. Education events for SME to be hosted via the Business Forum (Harlow Council are organisers).</p>	<p>Develop Climate Change Strategy Develop Tree Strategy Climate Change officer to be recruited to drive development of strategy and action plan. Use information from IBEX report to guide action planning. Use expert consultants when specialist knowledge is required. Delivering training to staff and councillors Advice to be made available via various channels Work with Veolia to increase recycling rates. Ensure opportunities for retrofit of the housing stock continue to be pursued.</p>

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

Risk Name	CR08 – Supply Chain Disruption
------------------	---------------------------------------

Risk Owner	Director of Housing	Review Date	31 December 2022
-------------------	---------------------	--------------------	------------------

Impacted Objective	An Efficient Council
Risk Appetite Definition and Threshold	Moderate (8)

Risk	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.
Background	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

Risk Likelihood	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
Risk Impact	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.

Controls in Place	Additional Actions to mitigate risk (4T's)
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. HTS Group Ltd Business Plan -use of resources, and risk mitigation.	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)
12		12	

Risk Name	CR09 - Business Continuity
------------------	-----------------------------------

Risk Owner	Director of Governance and Corporate Services	Review Date	31 December 2022
-------------------	---	--------------------	------------------

Impacted Objective	An Efficient Council
Risk Appetite Definition and Threshold	Moderate (8)

Risk	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.
Background	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

Risk Likelihood	<p>Meteorological (e.g. extreme temperatures - hot and cold- flood, lightning, snow and ice, storms);</p> <p>Biological (Food-borne illnesses, Infectious/communicable/epidemic/pandemic diseases);</p> <p>Accidental Cause (building/structure collapse, entrapment, explosion/fire, fuel/resource shortage, hazardous material spill or release, equipment failure, transportation incident, unavailability of key employees);</p> <p>Intentional Cause (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>Technological (Hardware, software and network connectivity interruption, disruption or failure, utility interruption, disruption or failure)</p>
Risk Impact	People (Employees, Residents); Property (Civic/operational Buildings, Housing, Commercial Property); Operations; Statutory Duties; Environment; Supply Chains, Reputation

Controls in Place	Additional Actions to mitigate risk (4T's)
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)
20		9	

Risk Name	CR09a - Business Resilience: Meteorological events
------------------	---

Risk Owner	Director of Governance and Corporate Services	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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
Background	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

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

Controls in Place	Additional Actions to mitigate risk (4T's)
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)
20		9	

Risk Name	CR09b - Business Resilience: biological events
------------------	---

Risk Owner	Director of Governance and Corporate Services	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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
Background	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.

Risk Likelihood	Biological (Food-borne illnesses, Infectious/communicable/epidemic/pandemic diseases)
Risk Impact	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.

Controls in Place	Additional Actions to mitigate risk (4T's)
<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>	<p>Continue to monitor Health surveillance briefings and Government direction</p>

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

Risk Name	CR09c - Business Resilience: accidental cause
------------------	--

Risk Owner	Director of Governance and Corporate Services	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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
Background	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.

Risk Likelihood	Accidental Cause (building/structure collapse, entrapment, explosion/fire, fuel/resource shortage, hazardous material spill or release, equipment failure, transportation incident, unavailability of key employees);
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T's)
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	

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Unlikely (2)	Catastrophic (5)	Unlikely (2)	Moderate (3)
10		6	

Risk Name	CR09d - Business Resilience: intentional cause
------------------	---

Risk Owner	Director of Governance and Corporate Services	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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
Background	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.

Risk Likelihood	Intentional Cause (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);
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T's)
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)
3		3	

Risk Name	CR09e - Business Resilience: technological events
------------------	--

Risk Owner	Director of Governance and Corporate Services	Review Date	31 December 2022
-------------------	---	--------------------	------------------

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

Risk	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
Background	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

Risk Likelihood	Technological events (Hardware, software and network connectivity interruption, disruption or failure, utility interruption, disruption or failure)
Risk Impact	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

Controls in Place	Additional Actions to mitigate risk (4T's)
<ul style="list-style-type: none"> 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 BC exercise for power failures undertaken in December 2022 	<ul style="list-style-type: none"> Continue to maintain and upgrade existing software and hardware. Cloud migration plans Update all BC plans for a 'no comms' incident where mobile phones, internet and telephony is unavailable

Inherent Risk		Residual Risk	
Likelihood	Impact	Likelihood	Impact
Moderate (3)	Moderate (3)	Unlikely (2)	Minor (2)
9		4	

Likelihood	Almost Certain	95% likely to happen or has happened on a regular basis over the last 12 months.	5	5	10	15	20	25
	Likely	75% likely to happen or has happened at least once or twice in the last 12 months.	4	4	8	12	16	20
	Moderate	50% likely to happen or has happened once or twice in the last 24 months.	3	3	6	9	12	15
	Unlikely	20% likely to happen or has happened once or twice in the last 5 years.	2	2	4	6	8	10
	Rare	5% likely to happen or hasn't happened within the last 5 years.	1	1	2	3	4	5
<h1>Risk Rating Matrix</h1>				1	2	3	4	5
				Minor slippage	Minor	Moderate	Major	Catastrophic
			Impact					
			Financial	Loss/overspend under £10K	Loss/overspend £10K-£50K	Loss/overspend £50K-£250K	Loss/underspend £250K-£1M	Loss/underspend over £1M
			Service	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.
			Reputation	No adverse publicity	Minor adverse publicity	Significant adverse local publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity
			Legal/Regulatory	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
Environmental/ Public Health	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 +)			
Health and Safety	'First Aid' level injury	Medical treatment required – short term injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality			