

# Audit and Risk Committee Agenda

**15 December at 7pm**  
**Remote Meeting**

## **Membership**

Councillor N.M. Walsh (Chair)  
Councillor M. Sismey (Vice Chair)

## **and Councillors**

D.J.R. Clark, N.A. Dudley, J. Galley, G.B.R. Knight, J.M.C. Raven,  
E.J. Sampson and A.B. Sosin

Local people are welcome to attend this remote meeting, where your elected Councillors take decisions affecting YOU and your City. There will also be an opportunity to ask your Councillors questions or make a statement. To find out more about attending please email [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk) or telephone on Chelmsford (01245) 606523

# Audit and Risk Committee

15 December 2021

## AGENDA

### 1. Apologies for Absence and Substitutions

### 2. Minutes

To consider the minutes of the meeting held on 16 June 2021

### 3. Declaration of Interests

All Members are reminded that they must disclose any interests they know they have in items of business on the meeting's agenda and that they must do so at this point on the agenda or as soon as they become aware of the interest. If the interest is a Disclosable Pecuniary Interest they are also obliged to notify the Monitoring Officer within 28 days of the meeting.

### 4. Public Question Time

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 20 minutes is allotted to public questions/statements, which must be about matters for which the Committee is responsible.

The Chair may disallow a question if it is offensive, substantially the same as another question or requires disclosure of exempt or confidential information. If the question cannot be answered at the meeting a written response will be provided after the meeting.

Any member of the public who wishes to submit a question or statement to this meeting should email it to [committees@chelmsford.gov.uk](mailto:committees@chelmsford.gov.uk) 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting.

### 5. Announcements

### 6. External Audit Verbal Update

7. Audit Planning Report (BDO)
8. Appointment of External Auditors
9. Annual Report - Corporate Health and Safety
10. Internal Audit Interim Report 2021/22
11. Risk Management Report – Autumn/Winter 2021
12. Counter Fraud and Investigations Report 2021
13. Annual Report of Procurement and Sourcing Activities
14. Modern Slavery Report
15. Audit and Risk Committee Work Programme
16. Urgent Business

To consider any other matter which, in the opinion of the Chair, should be considered by reason of special circumstances (to be specified) as a matter of urgency.

MINUTES OF THE  
AUDIT AND RISK COMMITTEE  
held on 16 June 2021 at 7.15pm

Present:

Councillor N.M. Walsh (Chair)

Councillors J.M.C. Raven, E.J. Sampson, M. Sismey and A.B. Sosin

### 1. Attendance and Apologies for Absence

Apologies for absence were received from Councillors D Clark, N Dudley, J Galley and B Knight.

### 2. Minutes

The minutes of the meeting on 17 March 2021 were confirmed as a correct record.

### 3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting, if they had not been previously notified.

### 4. Public Questions

There were no questions or statements from members of the public.

### 5. Announcements

No announcements were made.

### 6. Election of Vice Chair

Councillor Sosin, nominated Councillor Sismey to be the Vice Chair, this was seconded by Councillor Raven.

RESOLVED that Councillor Malcolm Sismey be appointed as the Vice Chair of the Audit and Risk Committee.

(7.16pm to 7.18pm)

## 7. Annual Audit Letter

The Chair had agreed to this item being accepted as an item of urgent business, due to it not being available for public inspection for five clear working days before the meeting. This was accepted on the grounds that the National Audit's Office Code of Audit Practice required the report to be submitted and considered by the Committee, as soon as reasonably practical after its completion.

The Committee received a report on the Annual Audit Letter from BDO. It was noted that the letter summarised the key issues arising from the work they had carried out in respect of the year ended 31 March 2020. It was reported that the letter provided the Council with an unqualified audit opinion on the financial statements and use of resources conclusion.

RESOLVED that the content of the Annual Audit Letter be noted.

(7.19pm to 7.21pm)

## 8. Provisional Revenue Outturn Report for 2020/21

The Committee received a report on the provisional revenue outturn position for 2020/21 which showed a projected overspend of £3.8m or 19.85%. The report included a list of key material variations that made up the overspend, the amount and the cause of each variation, and the actions recommended to manage each variation. For each affected service, action or variance, the report identified associated risks.

It was noted by the Committee that the pandemic had continued and would continue to have a significant impact on the Council's finances and there had been a £17m loss of income which had been partially made good by Government grants. It was also noted that underspends in certain areas had been achieved which had helped to mitigate losses elsewhere but the £17m loss was higher than the originally forecasted £13m. The Committee heard that this was due to the second lockdown in early 2021 which could not have been accurately forecasted.

RESOLVED that the provisional revenue position for 2020/21 and the actions associated with it set out in the report to the meeting be noted.

(7.22pm to 7.26pm)

## 9. Capital Programme Update and Provisional Outturn 2020/21

The Committee considered a report which detailed the capital expenditure incurred in 2020/21, updated the Committee on the approved Capital Schemes and variations in cost which had been identified at outturn and to date.

The report concluded that:

- The total cost of the Capital Schemes was forecast to be a net £151k less than the latest approved budget of £131.441m
- There were some large schemes which had not been delivered against originally agreed milestones, due to circumstances outside of the control of the Project Officers.
- There had been a £9.969m underspend on Capital Schemes in 2020/21 which had reduced the requirement to identify capital resources for the funding of the programme and had been beneficial in reducing the requirement for internal borrowing.
- The 2020/21 Asset Replacement Schemes were £647k less than the latest approved budget, £315k of this variation had been due to moving budgets forward into 2021/22.
- The 2021/22 Asset Replacement Schemes were forecast to be £1.305k less than the latest approved budget, mainly due to the realignment of budgets from 2020/21, an additional £269k and deferred budgets from 2021/22 to later years.

RESOLVED that the updated capital programme and provisional outturn for 2020/21 be noted.

(7.27pm to 7.31pm)

## 10. Internal Audit Annual Report 2020/21

Members received a report which reviewed the work of the Internal Audit Service in 2020/21, examined the key themes identified across the Council, highlighted how responsive management had been in implementing recommendations, and reviewed the effectiveness of Internal Audit.

It was noted by the Committee that 22 planned reviews had been completed along with covid related work and work on the new financial system. The Committee also heard that overall opinion was of Moderate Assurance. It was noted that one of the year's biggest changes had been the implementation of the new finance system, which Internal Audit have assisted with and it would be followed up now it was in place and being used organisation wide. The Committee also noted that there were two remaining high priority actions for corporate property. The Committee were informed that a new audit would now take place in the area once new strategies were in place and that this would be a more pertinent approach.

RESOLVED that the Annual Report on the Internal Audit Service for 2020/21 be noted.

(7.32pm to 7.37pm)

## 11. Audit & Risk Committee Annual Report 2020/21

The Committee considered its Annual Report for 2020/21, submitted in accordance with the code of best practice recommended by the Chartered Institute of Public Finance and Accountancy.

In response to a question from the Committee, it was noted that the training survey previously completed had indicated a view that general audit training rather than on a specialised area was preferred. The Committee heard that plans for this were underway and a further update would be provided at the next meeting.

RESOLVED that the Committee's Annual Report for 2020/21 be approved and submitted to the Council.

(7.38pm to 7.39pm)

## 12. Review of the Audit & Risk Committee's Terms of Reference

The Committee considered a report outlining the review of its terms of reference which had been carried out in accordance with the Chartered Institute of Public Finance and Accountancy recommended practice. No material changes had been made since last year.

RESOLVED that the terms of reference of the Committee be noted and confirmed.

(7.40pm to 7.41pm)

## 13. Risk Management Report – Spring/Summer 2021

The Committee received a report updating them on Risk Management. The report outlined the progress made in implanting the Council's risk management framework during 2020-21, summarised the Council's Principal Risks, taking into account Covid-19 and set out the Risk Management Strategy for 2021-22.

It was noted by the Committee that quarterly reporting to Management Team on the principal risk register had continued and the new framework and financial system had been implemented. The Committee heard that the new system had now been rolled out council wide and would be used to assist with reporting to Overview and Scrutiny Committee in the future. It was noted that section three of the report detailed the critical risk summary and that there had been four changes since the last report. The Committee was also informed that the last section of the report detailed the updated Risk Management Strategy for the next year.

RESOLVED that the report be noted.

(7.42pm to 7.46pm)

## 14. Audit and Risk Committee Work Programme

The Committee received a report updating them on the rolling programme of work. It was noted that the September date had been slightly changed.

During discussions on the work programme, members queried the timetable that the External Auditors would be working to during the new financial year. The External Auditors stated that positive meetings with officers had already taken place and it was hoped that the audit would be completed by the end of the calendar year. The auditors noted that this would miss the end of September deadline, but due to existing pressures and workloads they would prefer to set a realistic date they could meet, instead of pushing back the dates as in previous years. Both the Committee and officers confirmed they were not happy with the planned delay at this early stage, but were keen for a realistic timetable and deadline that could actually be met, to avoid consistently pushing back the date. Members of the Committee and officers also expressed concerns that the external auditors were pushing their delays and problems onto the Council, who were not responsible for this.

RESOLVED that the report be noted.


(7.47pm to 7.56pm)

## 15. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 7.57pm  
Chair





Report to the Audit and Risk Committee

# CHELMSFORD CITY COUNCIL

Audit Planning Report: year ending 31 March 2021

IDEAS | PEOPLE | TRUST



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# WELCOME

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### Introduction

Welcome

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We have pleasure in presenting our Audit Planning Report to the Audit and Risk Committee of Chelmsford City Council (the 'Council'). This report forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process with those charged with governance.

It summarises the planned audit strategy for the year ending 31 March 2021 in respect of our audit of the financial statements and use of resources; comprising materiality, key audit risks and the planned approach to these; together with timetable and the BDO team.

The planned audit strategy has been discussed with management to ensure that it incorporates developments in the business during the year under review, the results for the year to date and other required scope changes.

This report contains matters which should properly be considered by the Council as a whole. We expect that the Audit and Risk Committee will refer such matters to the Council, together with any recommendations, as it considers appropriate.

We look forward to discussing this plan with you and to receiving your input on the scope and approach.

In the meantime if you would like to discuss any aspects in advance of the meeting please contact one of the team.



Rachel Brittain

24 November 2021



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This report has been prepared solely for the use of the Audit and Risk Committee and Those Charged with Governance. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.

# SCOPE AND MATERIALITY

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This summary provides an overview of the key audit matters that we believe are important to the Audit and Risk Committee in reviewing the planned audit strategy for the Council for the year ending 31 March 2021.

It is also intended to promote effective communication and discussion and to ensure that the audit strategy appropriately incorporates input from those charged with governance.

### Audit scope

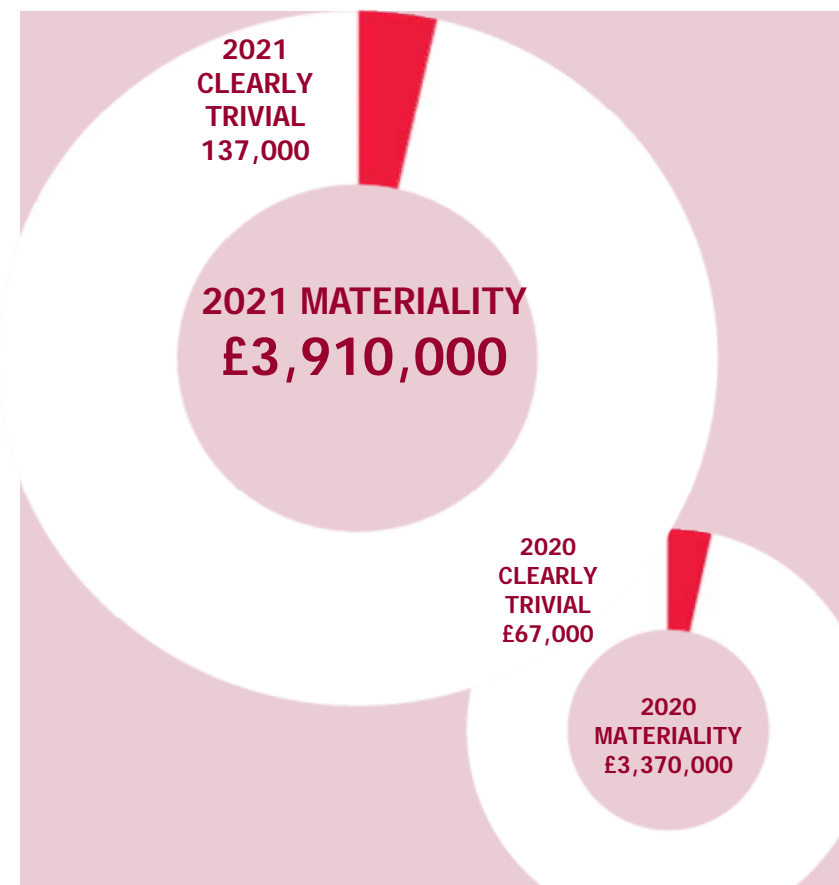
The scope of the audit is determined by the National Audit Office's Code of Audit Practice that sets out what local auditors are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. This includes: auditing the financial statements; reviewing the arrangements to secure value for money through the economic, efficient and effective use of its resources; and, where appropriate, exercising the auditor's wider reporting powers and duties. The Code of Audit Practice was updated with effect from 1 April 2020 and as a consequence the scope of the use of resources work has changed for the year ending 31 March 2021. More information on this change is included on page 18.

Our approach is designed to ensure we obtain the requisite level of assurance in accordance with applicable laws, appropriate standards and guidance issued by the National Audit Office.

### Materiality

Planning materiality for the Council will be set at 2.5% of gross expenditure for the year (prior year 2%). The increase reflects the outcome of the prior year audit, which did not identify any significant material matters.

Although materiality is the judgement of the engagement lead, the Audit and Risk Committee is obliged to satisfy themselves that the materiality chosen is appropriate for the scope of the audit.



# AUDIT STRATEGY

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Our audit strategy is predicated on a risk based approach, so that audit work is focused on the areas of the financial statements where the risk of material misstatement is assessed to be higher, or where there is a risk that the organisation has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have discussed the changes to the Council, systems and controls in the year with management and obtained their own view of potential audit risk in order to update our understanding of the Council's activities and to determine which risks impact on the numbers and disclosures in the financial statements, or on its arrangements for securing economy, efficiency and effectiveness in its use of resources. We will continue to update this assessment throughout the audit.

The table on the next page summarises our planned approach to audit risks identified.

The only change from the prior year to the audit risks identified in the current year is the new significant audit risk for the valuation of the Non-Domestic Rates appeals provision.

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Risk identified	Risk rating	Fraud risk present	Testing approach	Impact of significant judgements and estimates
Management override of controls	Significant	Yes	Substantive	Medium
Revenue recognition and expenditure cut off	Significant	Yes	Substantive	Medium
Valuation of land, buildings and investment properties	Significant	No	Substantive	High
Valuation of pension liability	Significant	No	Substantive	High
Valuation of Non-Domestic Rates appeals provision	Significant	No	Substantive	High
Related party transactions	Normal	No	Substantive	Low
Financial sustainability (use of resources)	Significant	N/A	N/A	N/A





# INDEPENDENCE AND FEES

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### Independence

We confirm that the firm complies with the Financial Reporting Council's Ethical Standard for Auditors and, in our professional judgement, is independent

### Fees

	2020/21	2019/20
Code audit fee	£46,985	£46,985
Additional audit fee: Use of Resources	<sup>1</sup> £4,699	-
Additional audit fee: ledger migration	<sup>2</sup> TBC	-
<b>Total audit fees</b>	<b>TBC</b>	<b>£46,985</b>

### Fees for non-audit services - audit related:

• Certification of housing benefits subsidy claim	<sup>3</sup> TBC	£19,200
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<b>Total non-audit services fees</b>	<b>TBC</b>	<b>£19,200</b>
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<b>Total fees</b>	<b>TBC</b>	<b>£66,185</b>
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### Amendments to the proposed fees

If we need to propose any amendments to the fees during the course of the audit, where our assessment of risk and complexity are significantly different from those reflected in the proposed fee or where we are required to carry out work in exercising our additional powers and duties, we will first discuss this with the Council. Where this requires a variation to the scale fee set by PSAA we will seek approval from Public Sector Audit Appointments Limited (PSAA). If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Committee.

### Fee variances

#### <sup>1</sup>Use of resources fee variance

The audit fee is based on audit scope under the Code of Audit Practice. A new Code is effective for periods commencing 1 April 2020, which significantly increases the work of auditors for reporting on a body's use of resources. We will agree a fee variation in respect of this once additional procedures have been fully completed. Initial estimates forecast the additional fee to be 10% of the audit fee.

#### <sup>2</sup>Ledger Migration

Additional work has been performed in respect of the ledger migration, as discussed on page 24.

#### <sup>3</sup>Housing Benefit Fee

The Housing benefit fee is based on the level of testing required. The final fee will be confirmed following completion of our work.



# OVERVIEW

## Audit scope and objectives

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Key components of our audit objectives and strategy for the Council are highlighted and explained on the following pages.

Audit planning is a collaborative and continuous process and our audit strategy, as reflected here, will be reviewed and updated as our audit progresses.

We will communicate any significant changes to our audit strategy, should the need for such change arise.

Reporting	Objectives
Auditing standards	We will perform our audit in accordance with International Standards on Auditing UK (ISAs (UK)) and relevant guidance published by the National Audit Office.
Financial statements	We will express an opinion on the Council’s financial statements, prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21 and other directions.
Statement of Accounts	In addition to our objectives regarding the financial statements, we will also read and consider the other information contained in the Statement of Accounts to consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.
Additional powers and duties	Where necessary we may be required to: issue of a report in the public interest; make a written recommendation to the Council; allow local electors to raise questions and objections on the accounts; or exercise legal powers to apply to the courts for a declaration that an item of account is contrary to law, issue an advisory notice or an application for a judicial review.
Audit Completion Report to the Audit and Risk Committee	Prior to the approval of the financial statements, we will discuss our significant findings with the Audit and Risk Committee. We will highlight key accounting and audit issues as well as internal control findings and any other significant matters arising from the audit.
Use of resources and Auditor’s Annual Report	We will provide an annual commentary on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken during the year and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the Council. The Auditor’s Annual Report is required to be published by the Council. The deadline for publishing the Auditors Annual Report is three months after the accounts opinion has been signed.



# BDO TEAM

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As audit engagement lead, I have primary responsibility to ensure that the appropriate audit opinion is given.

In meeting this responsibility, I ensure that the audit has resulted in obtaining sufficient and appropriate evidence to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement, whether due to fraud or error, and to report on the financial statements and communicate as required by the ISAs (UK), in accordance with our findings.

I will ensure that we have undertaken sufficient work to assess the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources against the guidance published by the National Audit Office.

I am responsible for the overall quality of the engagement and am supported by the rest of the team as set out here.



**Kirsty Slater**

**Manager**

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I will lead on the audit of the Council. I work closely with Rachel to develop and execute the audit strategy. I will be a key point of contact on a day-to-day basis and will ensure that timelines are carefully managed to ensure that deadlines are met and matters to be communicated to management and the Audit and Risk Committee are highlighted on a timely basis.



**Joe Smith**

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I will be responsible for the day-to-day supervision of the audit team and will be responsible for the delivery of the key audit work.

# OVERVIEW

## Audit risks

We have assessed the following as audit risks. These are matters assessed as most likely to cause a material misstatement in the financial statements or impact on our use of resources opinion and include those that will have the greatest effect on audit strategy, the allocation of audit resources and the amount of audit focus by the engagement team.

Key: **Significant** / **Normal**

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Description of risk	Significant risk	Normal risk	Overview of risk
1. Management override of controls			ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
2. Revenue recognition and expenditure cut off			Auditing standards presume that income recognition presents a fraud risk. For public sector bodies the risk of fraud related to expenditure is also relevant.
3. Valuation of land, buildings and investment properties			The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty.
4. Valuation of pension liability			The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty.
5. Valuation of Non-Domestic Rates appeals provision			There is a risk in relation to the estimation of the provision due to potential incomplete data and assumptions used in calculating the likely success rate of appeals.
6. Related party transactions			There is a risk that related party disclosures are not complete or accurate.
7. Financial sustainability (use of resources)			There is a risk that the Council may not have adequate arrangements in place to plan and manage its resources to ensure it can continue to deliver services in the medium term.

# MANAGEMENT OVERRIDE OF CONTROLS

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**ISA (UK) 240 notes that management is in a unique position to perpetrate fraud.**

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

## Risk detail

- Management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively. We are required to consider this as a significant risk of material misstatement due to fraud.

## Planned audit approach

Our audit procedures will include the following:

- Review and verification of journal entries made in the year, agreeing the journals to supporting documentation; we will determine key risk characteristics to filter the population of journals and use our IT team to assist with the journal extraction
- Evaluating estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias
- Assessing unadjusted audit differences for indications of bias or deliberate misstatement.

# REVENUE RECOGNITION AND EXPENDITURE CUT-OFF

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**Auditing standards presume that income recognition presents a fraud risk.**

**For public sector bodies the risk of fraud related to expenditure is also relevant.**

Significant risk

Normal risk

Fraud risk

Assess design & implementation of controls to mitigate

Significant Management estimates & judgements

Controls testing approach

Substantive testing approach

Risk highlighted by Council

## Risk detail

Under auditing standards there is a presumption that income recognition presents a fraud risk. For the Council, we consider the risk of fraudulent revenue recognition to be in respect of the accuracy and existence of revenue grants subject to specific performance conditions.

For net-spending bodies in the public sector there is also risk of fraud related to expenditure. For the Council, we consider the risk of fraud to be in respect of the cut-off of expenditure at year-end.

## Planned audit approach

Our audit procedures will include the following:

- Testing an increased sample of grants included in income to supporting documentation from grant paying bodies and check whether recognition criteria have been met
- Confirming that expenditure is recognised in the correct accounting period by substantively testing a sample of expenditure items around year-end. A financial threshold will be set to determine the samples to be selected for this testing. A lower threshold will be used to account for the significant risk.

# VALUATION OF LAND, BUILDINGS AND INVESTMENT PROPERTIES

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**The valuation of non-current assets is a significant risk as it involves a high degree of estimation uncertainty.**

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	
Risk highlighted by Council	

## Risk detail

Local authorities are required to ensure that the carrying value of property, plant and equipment (PPE) is not materially different to the current value (operational assets) or fair value (investment properties) at the balance sheet date.

The Council undertakes an annual review of its asset base alongside market data to identify assets whose value may have moved by a material amount. This exercise determines which assets will be subject to a formal revaluation in the current year. The Council uses an external valuer to undertake the valuation exercise and, as a minimum, aims to revalue each asset once every three years.

There is a risk over the valuation of these assets due to the high degree of estimation uncertainty and where updated valuations have not been provided for a class of assets at the year-end.

## Planned audit approach

Our audit procedures will include the following:

- Reviewing the instructions provided to the valuer and the valuer's skills and expertise in order to determine if we can rely on the management expert
- Confirming that the basis of valuation for assets valued in year is appropriate based on their usage
- Assessing accuracy and completeness of information provided to the valuer, such as rental agreements and sizes
- Assessing assumptions used by the valuer and movements against relevant indices for similar classes of assets
- Following up valuation movements that appear unusual
- Confirming that assets not specifically valued in the year have been assessed to ensure their reported values remain materially correct.

# VALUATION OF PENSION LIABILITY

**The valuation of the pension liability is a significant risk as it involves a high degree of estimation uncertainty**

Significant risk	
Normal risk	
Fraud risk	
Assess design & implementation of controls to mitigate	
Significant Management estimates & judgements	
Controls testing approach	
Substantive testing approach	
Risk highlighted by Council	

## Risk detail

The valuation of the defined benefit obligation is a complex calculation involving a number of significant judgements and assumptions. The actuarial estimate of the pension fund liability uses information on current, deferred and retired member data and applies various actuarial assumptions over pension increases, salary increases, mortality, commutation take up and discount rates to calculate the net present value of the liability.

There is a risk that the membership data and cash flows provided to the actuary at year end may not be accurate, and that the actuary uses inappropriate assumptions to value the liability. Relatively small adjustments to assumptions used can have a material impact on the Council's share of the scheme liability.

## Planned audit approach

Our audit procedures will include the following:

- Agreeing the disclosures to the information provided by the pension fund actuary
- Reviewing the competence of the management expert (actuary)
- Reviewing the reasonableness of the assumptions used in the calculation against other local government actuaries and other observable data
- Reviewing the controls in place for providing accurate membership data to the actuary
- Contacting the pension fund auditor and requesting confirmation of the controls in place for providing accurate membership data to the actuary and testing of that data
- Checking that any significant changes in membership data have been communicated to the actuary.

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# VALUATION OF NON-DOMESTIC RATES APPEALS PROVISION

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**There is a risk in relation to the estimation of the provision due to potential incomplete data and assumptions used in calculating the likely success rate of appeals.**

**Significant risk**

**Normal risk**

**Fraud risk**

**Assess design & implementation of controls to mitigate**

**Significant Management estimates & judgements**

**Controls testing approach**

**Substantive testing approach**

**Risk highlighted by Council**

## Risk detail

The council is required to estimate the value of potential refund of business rates arising from rate appeals, including backdated appeals. The Valuation Office Agency (VOA) provides information regarding the appeals currently being assessed and settled.

Management use this information to calculate a success rate for specific business types for settled appeals, and applies an appropriate rate to each type of business appeal still outstanding at year end. The council engage an expert to provide evidence on appeals.

There is a risk that the provision is not based on the appropriate data, or that the assumptions used are not appropriate.

## Planned audit approach

Our audit procedures will include the following:

- Reviewing the competence of the management expert (Analyse Local)
- Reviewing the accuracy of the appeals data to confirm that it is complete based on the VOA list, and that settled appeals are removed
- Reviewing the assumptions used in the preparation of the estimate including the historic success rates to confirm that the rates applied are appropriate.

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**There is a risk that related party disclosures are not complete or accurate.**

## Significant risk

### Normal risk

### Fraud risk

### Assess design & implementation of controls to mitigate

### Significant Management estimates & judgements

### Controls testing approach

### Substantive testing approach

### Risk highlighted by Council

## Risk detail

We are required to consider related party transactions in the context of fraud, as they may present greater risk for management override or concealment or fraud.

There is a risk that related party disclosures are not complete and in accordance with the Code of Practice on Local Authority Accounting requirements

## Planned audit approach

Our audit procedures will include the following:

- Reviewing management processes and controls to identify and disclose related party transactions
- Reviewing relevant information concerning any such identified transactions
- Discussing with management and reviewing councillors' and management declarations to ensure that there are no potential related party transactions which have not been disclosed
- Undertaking Companies House searches for potential undisclosed interests.



# FINANCIAL SUSTAINABILITY (USE OF RESOURCES)

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**There is a risk that the Council may not have adequate arrangements in place to plan and manage its resources to ensure it can continue to deliver services in the medium term.**

**Significant risk**

**Normal risk**

**Fraud risk**

**Assess design & implementation of controls to mitigate**

**Significant Management estimates & judgements**

**Controls testing approach**

**Substantive testing approach**

**Risk highlighted by Council**

## Risk detail

The medium term financial strategy, presented to the Council in the February 2021 budget report, and covering the period 2021/22 to 2025/26, forecast a cumulative budget gap of £2.792 million. This is primarily due to covid-19 income changes affecting the budget in 2022/23 and creating a £2.178 million budget gap in that year.

The council were able to identify savings, receive additional funding and make use of reserves to close the 2021/22 budget gap. However, remedies to the 2022/23 budget shortfall remain unidentified. It is likely that the council will need to, in part, rely on reserves in the medium term to balance the budget, alongside a savings plan.

Additionally, the medium term plan makes assumptions about the level of borrowing and the costs of carrying debt, associated with supporting the capital programme. As the councils capital receipts have now largely been deployed, there is a requirement to borrow. Delays in project delivery or any changes in the level of capital receipts received going forward, can affect the level of borrowing required and the impact on the councils financial position.

There is a risk that any overspends over the medium term will further diminish reserves to unacceptable levels, or that there may not be sufficient reserves to rely on. Additionally, any unidentified savings in the financial plan could substantially threaten the delivery of the plan. The uncertainty associated with the current climate further contributes to the risk.

## Planned audit approach

Our audit procedures will include the following:

- Evaluating the Councils in year budget monitoring processes, and the completeness and accuracy of management information reported for decision making purposes.
- Assessing the Councils medium term financial plan and annual budgets, including the reasonableness of the underlying assumptions made by management and the consideration of risks to sustainable finances.
- Evaluating the process by which the Council monitors its savings, and considering progress against savings targets, to determine if future targets are realistic and achievable.

# USE OF RESOURCES

## New Code of Audit Practice (“Code”)

The Comptroller & Auditor General has determined through a new Code and guidance that the key output from local audit work in respect of value for money (VFM) arrangements is a commentary as reported in the Auditor’s Annual Report, not a VFM arrangements ‘conclusion’ or ‘opinion’. There may be matters referred to in the auditor’s commentary that do not represent significant weaknesses in arrangements and where significant weaknesses are reported we are required to also report recommendations.

As auditors we need to gather sufficient evidence and document our evaluation of arrangements to enable us to draft our commentary under three reporting criteria. These criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** (‘Improving 3Es’) - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

In addition to new assessment criteria and commentary requirements, the scope of the new Code also considerably increases auditors’ requirements for documentation and management should expect an increase in requests for discussion and evidence to facilitate this requirement.

## Risk of Significant Weakness

We are required to report the results of our risk assessment to those charged with governance, including additional work planned in respect of any identified risks of significant weakness, and to keep our risk assessment under continual review, with any changes again communicated to those charged with governance.

Pertinent matters from early discussions with management include how the Council plans finances to support the sustainable delivery of services in accordance with its strategic and statutory priorities (Financial Sustainability), how the Council ensures it delivers its role, engages with stakeholders, monitors performance and acts for improvement within significant partnerships (Improving 3Es) and how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency (Governance). The risks identified to date are set out on page 17 above.

We will update the Audit and Risk Committee on risks of significant weakness and planned work when it meets on 15 December 2021.

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# GOING CONCERN

## Directors are required to make an assessment of the Council's ability to continue as a going concern.

### Directors' responsibilities

It is the directors' responsibility to make an assessment of the Council's ability to continue as a going concern to support the basis of preparation for the financial statements and disclosures in the financial statements. This is a requirement of the accounting standards.

This assessment should be supported by detailed cash flow forecasts with clear details of the key underlying assumptions, consideration of available finance throughout the forecast period, and a consideration of the forecast's sensitivity to possible variations in those assumptions along with any other relevant factors.

The going concern assessment should cover a minimum of 12 months from the date of the directors' approval of the financial statements. However, consideration should also be given to any major events or circumstances that may fall outside this period.

### Audit responsibilities

Our responsibilities in respect of going concern are:

- To obtain sufficient appropriate audit evidence regarding, and conclude on, i) whether a material uncertainty related to going concern exists; and ii) the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements
- To report in accordance with ISA (UK) 570.

We will obtain an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the Council's financial performance including forecasting and budgeting processes and the Council's risk assessment process. We will evaluate:

- The Council's method, including the relevance and reliability of underlying data used to make the assessment, whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other
- The Council's plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances
- The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist.

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## Fraud

Whilst the directors of the Council have ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit approach includes the consideration of fraud throughout the audit and includes making enquiries of management and those charged with governance.

We have not been made aware of any actual alleged or suspected incidences of fraud. We request confirmation from the Audit and Risk Committee on the risks and existence of fraud and a discussion on the controls and processes in place to ensure timely identification and action.

Management believe that there is low risk of material misstatement arising from fraud and that controls in operation would prevent or detect material fraud.

## Accounting policies

We will report to you on significant qualitative aspects of your chosen accounting policies. We will consider the consistency and application of the policies and we will report to you where accounting policies are inconsistent with the CIPFA Code of Practice on Local Authority Accounting 2020/21 under the circumstances.

## Significant accounting estimates and judgements

We will report to you on significant accounting estimates and judgements. We will seek to understand and perform audit testing procedures on accounting estimates and judgements including consideration of the outcome of historical judgements and estimates. We will report to you our consideration of whether management estimates and judgements are within an acceptable range.

## Internal audit

We will ensure that we maximise the benefit of the overall audit effort carried out by internal audit and ourselves, whilst retaining the necessary independence of view.

We will review the reports issued by the Council's internal audit function although we do not plan to place reliance on their work in respect of their assessment of control processes for the accounts audit. We expect to place reliance on internal audit's work on the Council's arrangements under the new methodology applicable for our use of resources work. If as a result of our review, we conclude that reliance is not possible, we will report this to you and also perform alternative procedures.

## Laws and regulations

We will consider compliance with laws and regulations. The most significant of these for your organisation includes VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We will make enquiries of management and review correspondence with the relevant authorities.

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### Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment of fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management.

### Financial statement disclosures

We will report to you on the sufficiency and content of your financial statement disclosures.

### Contingencies

We request input from the Audit and Risk Committee on recent claims.

### Any other matters

We will report to you on any other matters relevant to the overseeing of the financial reporting process. Where applicable this includes why we consider a significant accounting practice that is acceptable under the financial reporting framework not to be the most appropriate.



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We are required to include in our auditor's report an explanation of the extent to which the audit is considered capable of detecting irregularities (non compliance with laws and regulations), including fraud.

Our audit is designed to provide reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error. We design audit procedures to respond to the risk of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error.

Our audit work will focus on laws and regulations that could give rise to a material misstatement in the Council's financial statements and may include, where appropriate:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations
- Enquiries of management, those charged with governance and the Council's legal advisers
- Agreement of the financial statement disclosures to underlying supporting documentation
- Review of minutes of Council and Cabinet meetings throughout the year and of correspondence with regulatory authorities
- Written representations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.



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**Revision to ISA (UK) 540 means that we may need to update our approach to the audit of accounting estimates - including confirmation and documentation of our understanding of the Council's estimation process.**

We will need to obtain an understanding of how you control your estimation process including not only the design and implementation of the process, but also the policies and procedures you put in place to satisfy yourself that each step in the process is properly applied, and that the resulting accounting estimates are reasonable.

For significant accounting estimates, particularly those that are complex or where there is a high degree of estimation uncertainty we will also make enquiries about how you:

- Make those responsible for deriving or changing your accounting estimates aware of relevant significant transactions, conditions or events
- Review the outcome(s) of previous accounting estimates and respond to the results of that review
- Identify and comply with the relevant requirements in the applicable financial reporting framework regarding your accounting estimates and related disclosures including how they are affected by complexity and your judgment
- Account for regulatory factors relevant to the Council's accounting estimates; including, when applicable, regulatory frameworks related to prudential supervision
- Identify the need for, and apply, specialised skills or knowledge related to accounting estimates, including with respect to the use of a management's expert
- Identify and address risks related to accounting estimates through your risk assessment process

- Identify relevant methods (including models), assumptions and data and the need for changes in them, to select those to apply
- Address the degree of estimation uncertainty in selecting your final point estimates
- Describe in your financial statements matters related to your process for deriving your accounting estimates, and matters related to the degrees of estimation uncertainty underlying your accounting estimates
- Ensure there is oversight and governance in place over management's financial reporting process relevant to accounting estimates.

Under ISA (UK) 540 (revised) our audit approach will involve a more granular risk assessment relating to each significant estimate and separate consideration of the methods (or models) applied in calculating the estimate, the nature, source and reliability of data used and the significance, consistency and appropriateness of assumptions made.

We will also request written representations from you regarding the reasonableness of the methods, significant assumptions and the data used in determining the monetary amounts of accounting estimates, including the related disclosures, in accordance with the CIPFA Code of Practice on Local Authority Accounting 2020/21.



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IT General Controls (ITGCs) are the policies and procedures that relate to many IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. They commonly include controls over data center and network operations; system software acquisition, change and maintenance; access security; and application system acquisition, development, and maintenance.

ITGCs are an important component in systems of internal control, and sometimes have a direct impact on the reliability of other controls.

IT assurance is embedded in our audit strategy to ensure the IT systems provide a suitable platform for the control environment and is undertaken in conjunction with our IT Assurance team. Our testing strategy includes a tailored range of data analytics, system configuration and IT environment testing.

We will also obtain an understanding of the information system, including the related business processes relevant to financial reporting, to include:

- Total and TechnologyOne - Our specialist IT team will perform additional procedures to ensure the accurate migration of data between the two general ledger systems.
- iTrent - Payroll
- PARIS/Civica - Payment & Revenue Income
- CIPFA Asset Management - Asset Register
- Capita - Revenues and Benefits
- Omniledger - Housing Rents





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# FRC ETHICAL STANDARD (DECEMBER 2019)

In December 2019 the FRC published the Revised Ethical Standard 2019 ('ES'), which is applicable from 15 March 2020. There are some transitional provisions for services and arrangements that are not currently prohibited under the existing Standard. The ES aims to further strengthen auditor independence and enhance confidence in the profession. The table below provides a high level summary of the key headlines as applicable to our audit of the Council.

Key headlines	Impact
The objective, reasonable & informed third party test	Reinforcement that ethical principles take priority over rules. A need to take care where particular facts and circumstances are either not addressed directly by the rules or might appear to 'work around' the rules, or result in an outcome that is inconsistent with the general principles.
Contingent fees	Non-audit services with contingent or success-based fee arrangements will be prohibited for audited entities.
Secondments	All secondments/loan staff to audited entities are prohibited with the exception of secondments to public sector entities.
Recruitment and remuneration services	Prohibition on providing remuneration services to audited entities such as advising on the quantum of the remuneration package or the measurement criteria for calculation of the package. In addition, the prohibition on providing recruitment services to an audited entity that would involve the firm taking responsibility for, or advising on the appointment of, any director or employee of the entity.

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# INDEPENDENCE

**Under ISAs (UK) and the FRC’s Ethical Standard we are required, as auditors, to confirm our independence.**

We have embedded the requirements of the auditing standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement leads are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement.

This document considers such matters in the context of our audit for the year ending 31 March 2021.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Council.

We also confirm that we have obtained confirmation that external audit experts involved in the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of the Council.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

**Non-audit services**

Details of services, other than audit, provided by us to the Council during the period and up to the date of this report are set out in the fees table on page 7.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

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### Financial reporting

The Council is expected to have effective governance arrangements to deliver its objectives. To this end, the publication of the financial statements is an essential means by which the Council accounts for its stewardship and use of the public money at its disposal.

The form and content of the Council's financial statements, and any additional schedules or returns for consolidation purposes, should reflect the requirements of the relevant accounting and reporting framework in place and any applicable accounting standards or other direction under the circumstances.

The Council is also required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury's Whole of Government Accounts.

The Section 151 Officer is responsible for preparing and filing a Statement of Accounts and financial statements which show a true and fair view in accordance with CIPFA Code of Practice on Local Authority Accounting 2020/21, applicable accounting standards or other direction under the circumstances.

Our audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of materially accurate financial statements.

### Use of resources

Councils are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at their disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a Governance Statement.

In preparing its Governance Statement, the Council will tailor the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

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### Our responsibilities and reporting - financial reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members of the Council.

We read and consider the 'other information' contained in the Annual Report such as the additional narrative reports. We will consider whether there is a material inconsistency between the other information and the financial statements or other information and our knowledge obtained during the audit.

### Our responsibilities and reporting - use of resources

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This means that we have regard to relevant guidance issued by the National Audit Office and undertake sufficient work to be able to satisfy ourselves as to whether the Council has put arrangements in place that support the achievement of value for money and to provide an annual commentary on arrangements in the Auditor's Annual Report.

### What we don't report

Our audit is not designed to identify all matters that may be relevant to the Council and the Audit and Risk Committee and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.



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## Those charged with governance

References in this report to 'those charged with governance' are to the Council as a whole. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit and Risk Committee.

## Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two-way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered. We will meet with management throughout the audit process. We will issue regular updates and drive the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

## Audit Planning Report

The Audit Planning Report sets out all planning matters which we want to draw to your attention including audit scope, our assessment of audit risks and materiality.

## Internal Controls

We will consider internal controls relevant to the preparation of financial statements in order to design our audit procedures and complete our work. This is not for the purpose of expressing an opinion on the effectiveness of internal control.

## Audit Completion Report

At the conclusion of the audit, we will issue an Audit Completion Report to communicate to you key audit findings before concluding our audit opinion. We will include any significant deficiencies in internal controls which we identify as a result of performing audit procedures. We will meet with you to discuss the findings and in particular to receive your input on areas of the financial statements involving significant estimates and judgements and critical accounting policies.

Once we have discussed the contents of the Audit Completion Report with you and having resolved all outstanding matters, we will issue a final version of the report.

## Auditor's Annual Report

We will provide an annual commentary on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The commentary will explain the work that we have undertaken during the year and highlight any significant weaknesses identified, along with any recommendations for improvement. The commentary will also draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the Council. The Auditor's Annual Report is required to be published by the Council within three months of the accounts opinion.

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# TEAM MEMBER ROTATION

This table indicates the latest rotation periods normally permitted under the independence rules of the FRC’s Ethical Standard.

In order to safeguard audit quality we will employ a policy of gradual rotation covering the team members as well as other senior members of the engagement team to ensure a certain level of continuity from year to year.



## Independence - engagement team rotation

Senior team members	Number of years involved	Rotation to take place after
Rachel Brittain Engagement lead	1	5 years
Kirsty Slater Manager	1	5 years



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# MATERIALITY: DEFINITION AND APPLICATION

## Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality therefore has qualitative as well as quantitative aspects and an item may be considered material, irrespective of its size, if it has an impact on (for example):

- Narrative disclosure e.g. accounting policies, going concern
- Instances when greater precision is required (e.g. disclosure of senior officers’ remuneration and related party transactions).

International Standards on Auditing (UK) also allow the auditor to set a lower level of materiality for particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the entity, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- Assist in establishing the scope of our audit engagement and audit tests
- Calculate sample sizes
- Assist in evaluating the effect of known and likely misstatements on the financial statements.

## Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware.

Further, when we have performed all our tests and are ready to evaluate the results of those tests (including any misstatements we detected) we will reconsider whether materiality combined with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope.

**Definition of materiality under IFRS**

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.



# MATERIALITY: DEFINITION AND APPLICATION

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If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements (individually or in aggregate) are material.

You should be aware that any misstatements that we identify during our audit, both corrected and uncorrected errors, might result in additional audit procedures being necessary.

### Unadjusted errors

We will communicate to you all uncorrected misstatements identified during our audit, other than those which we believe are 'clearly trivial'.

Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate.

We will obtain written representations from the Audit and Risk Committee confirming that in their opinion these uncorrected misstatements are immaterial, both individually and in aggregate and that, in the context of the financial statements taken as a whole, no adjustments are required.

We will request that you correct all uncorrected misstatements. In particular we would strongly recommend correction of errors whose correction would affect compliance with contractual obligations or governmental regulations. Where you choose not to correct all identified misstatements we will request a written representation from you setting out your reasons for not doing so and confirming that in your view the effects of any uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as whole.

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# NEW ACCOUNTING STANDARDS, AUDITING STANDARDS AND OTHER FINANCIAL REPORTING DEVELOPMENTS

We would like to draw to your attention the following summary of key changes to standards, regulations and other financing reporting developments, their effective dates and an indication, based on preliminary discussions with management and our sector understanding, of their possible effect on the annual report.

New Accounting Standards, Auditing Standards and Other Financial Reporting Developments	Expected effect				Effective for periods beginning on or after 1 January	
	None	Low	Medium	High	2020	2021
Auditing standard - audit of accounting estimates						
Increased emphasis on understanding management’s processes, systems and controls estimation uncertainty and financial statement disclosures			●		●	
Auditing standard - going concern						
Increased emphasis on evaluation of management's assessment of the entity's ability to continue as a going concern			●		●	
Auditing standard - audit reports						
New audit report format with updated conclusion on going concern and reference to irregularities, including fraud			●		●	

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# AQR RESULTS 2019/20

## BDO Performance

### Overview

The FRC released their Audit Quality Review results for the 7 largest accountancy firms in July 2020 for the review period 2019/20. A copy of all of the reports can be found on the [FRC Website](#).

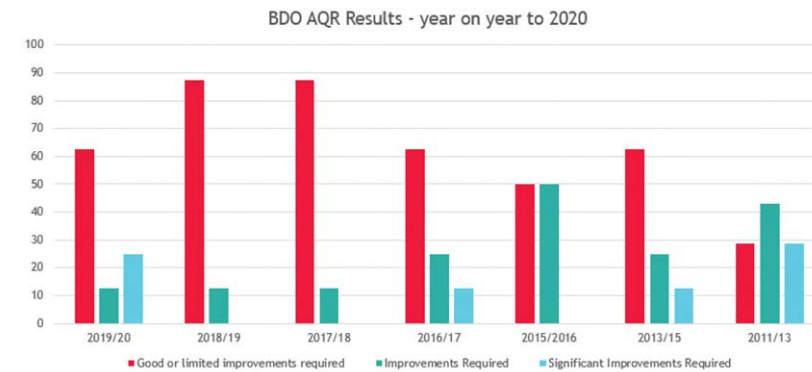
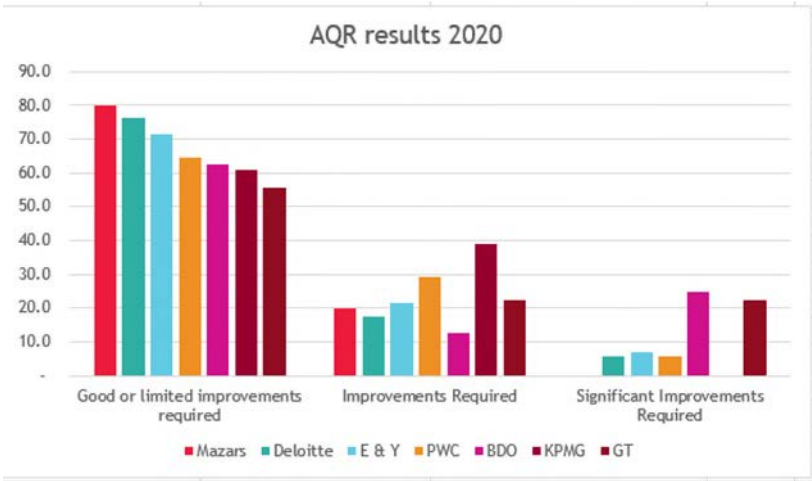
### Firm's Results

The graphs demonstrates our performance in relation to the other 6 largest firms. Having topped the table for audit quality for the last two consecutive years, we are disappointed to see a decline in our results. These scores remind us we must remain committed to continuous improvements and, having carefully considered the root causes of the AQR findings, we are in the process of implementing detailed action plans where required. We have made a number of enhancements to our Audit Quality Plan to address these issues to drive our key focus of a continuous improvement in audit quality including highlighting how we will make changes to our root cause analysis process which plays a key role.

We would encourage you to read our report which includes:

- Details of the root cause analysis we have been undertaking to address issues raised
- The actions we have/are undertaking to address the issues raised by the AQR
- A number of areas of good practice the AQR review team identified whilst undertaking their review.

More details will be included in our Transparency Report which will be available on our [www.bdo.co.uk](http://www.bdo.co.uk)



In addition, in October 2020 the FRC published the results of its audit quality inspection of major local audits for the review period 2019/20.

This report can be found at: <https://www.frc.org.uk/getattachment/da3446de-8d37-4970-828d-e816d7c0826c/FRC-LA-Public-Report-30-10-20.pdf>

# AQR RESULTS 2019/20 2

## BDO Performance

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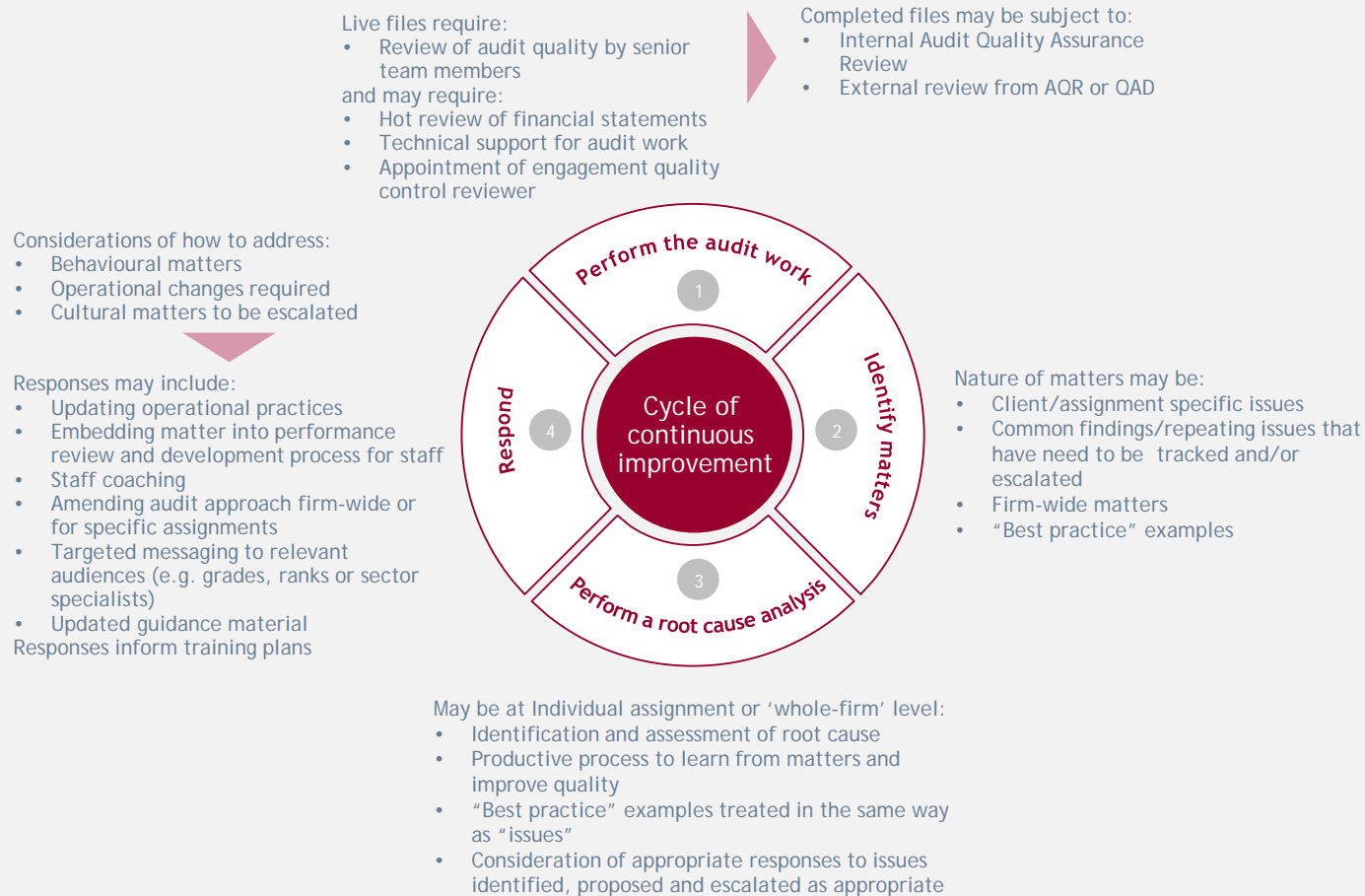
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FOR MORE INFORMATION:

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The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the company and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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## Chelmsford City Council Audit and Risk Committee

**15<sup>th</sup> December 2021**

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### Appointment of External Auditors

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#### Report by:

Accountancy Services Manager (Section 151 Officer)

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#### Officer Contact:

Phil Reeves, Accountancy Services Manager (S151), Email:  
phil.reeves@chelmsford.gov.uk, Tel: (01245) 606562

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#### Purpose

To allow the Committee to consider and make comments to Council in respect of appointing External Auditors from 1st April 2023.

#### Recommendation

1. That the Committee recommends to Council the use of PSAA to appoint the Council's external auditor from 1st April 2023 to April 2028.
-

## 1. Introduction

- 1.1. The Council is required to have an External Auditor.
- 1.2. The PSAA (Public Sector Audit Appointments Ltd) undertakes on behalf of local authorities (who opt into its services) procurement of external audit services.
- 1.3. The Council is required to make arrangements for appointing External Auditors following the end of its current PSAA contract on the 31st March 2023. To re-appoint PSAA a decision has to be made by Full Council by the 11th March 2022. So, a recommendation would need to be made at December Audit and Risk committee.
- 1.4. The City Council does have other routes to procure its external auditor and these are discussed below.

## 2. Procurement Options for the Appointment of External Auditors

- 2.1. Under the Local Government Audit & Accountability Act 2014 (“the Act”), the Council has three procurement options;
  - To appoint its own auditor, which requires it to follow the procedures set out in the Act (discussed below).
  - To act jointly with other authorities to procure an auditor following the procedures in the Act (discussed below).
  - To opt in-to the national auditor appointment scheme administered by a body designated by the Secretary of State as the ‘appointing person’. The body currently designated for this role is PSAA.
- 2.2. To appoint its own external auditor under the Act, requires the Council to:
  - Establish an independent auditor panel to make a stand-alone appointment. The auditor panel would need to be set up by the Council itself, and the members of the panel must be wholly or a majority of independent members. Independent members for this purpose are independent appointees, excluding current and former elected members (or officers) and their close families and friends. This means that elected members will not have a majority when assessing bids and choosing which audit firm to award a contract.
  - Manage the contract for its duration, overseen by the Auditor Panel.
- 2.3. Alternatively, the Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this will need to be constituted of wholly or a majority of independent appointees. Further legal advice would be required on the exact constitution of such a panel having regard to the obligations of each Council under the Act.

2.4. The national auditor appointment scheme. The PSAA is specified as the 'appointing person' for principal local government under the provisions of the Act and the Local Audit (Appointing Person) Regulations 2015. PSAA let five-year audit services contracts in 2017 for the first appointing period, covering audits of the accounts from 2018/19 to 2022/23. It is now inviting eligible bodies to opt in for the next appointing period, from the 2023/24 audit onwards, and to complete a procurement for audit services. PSAA is a not-for-profit organisation whose costs are around 4% of the scheme with any surplus distributed back to scheme members.

In summary the national opt-in scheme provides the following:

- the appointment of a suitably qualified audit firm to conduct audits for each of the five financial years commencing 1 April 2023;
- managing the procurement process to ensure both quality and price criteria are satisfied;
- ensuring suitable independence of the auditors from the bodies they audit and managing any potential conflicts as they arise during the appointment period;
- minimising the scheme management costs and returning any surpluses to scheme members;
- consulting with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed;
- consulting with authorities on the scale of audit fees and ensuring these reflect scale, complexity, and audit risk; and
- ongoing contract and performance management of the contracts once these have been let.

### 3. Recommendation to Appoint PSAA

3.1. The PSAA should provide the Council with the lowest audit costs due to its bulk buying power. Unfortunately, there are very few authorities who appointed their own auditors so there is little evidence to demonstrate this. No matter which route is taken there is a high risk that current external audit fee levels could increase when the current contracts end. The scope of audits have increased due to the requirements of national auditor regulators, reacting to the suspected failures of audits of Private sector companies. This has resulted in a higher audit workload for the external auditor and Council officers. Officers do believe that bulk buying of services does in most cases achieve savings. Therefore, the PSAA is more likely to deliver the most cost-effective procurement.

3.2. Working outside the PSAA arrangements would be more resource-intensive, as:

- there would be a need to establish an independent auditor panel to make a stand-alone appointment.



- joining with other authorities to establish a joint auditor panel will be complex to manage and agree. Officers have identified little appetite across Essex Local Authorities to opt out of PSAA arrangements.

3.3. There are concerns about capacity and sustainability in the local authority audit market. The method of appointing external auditors is not likely improve the resource available to undertake the Council's audit as this a national issue which effects all audit firms in the local authority audit market.

#### 4. Conclusion

4.1. The PSAA offer provides the appointment of an independent auditor with the least administrative cost to the council. By joining the scheme, the council would be acting with other councils to optimise the opportunity to influence the market and achieve best value. The recommended approach is therefore to opt in-to the national auditor appointment scheme for five financial years from 1 April 2023.

#### List of appendices:

None

#### Background papers:

Nil

#### Corporate Implications

##### Legal/Constitutional:

None

##### Financial:

There is a risk that current external audit fee levels could increase when the current contracts end (2020/21 Fees £81,000). Opting into a national scheme provides maximum opportunity to ensure fees are as realistic as possible.

If the national scheme is not used additional resource may be needed to establish an auditor panel and conduct a local procurement. Until a procurement is completed it is not possible to state what, if any, additional financial may be required for audit fees from 2023/24.

As detailed

##### Potential impact on climate change and the environment:

None

##### Contribution toward achieving a net zero carbon position by 2030:

None

##### Personnel:

None

Risk Management:

None

Equality and Diversity:

None

Health and Safety:

None

Digital:

None

Other:

None

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[Consultees:](#)

None

Relevant Policies and Strategies: None



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## Chelmsford City Council      Audit & Risk Committee

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### Annual Report Corporate Health & Safety

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Report by:  
Director of Public Places

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Officer Contact:  
Paul Brookes, Public Health & Protection Services Manager,  
[paul.brookes@chelmsford.gov.uk](mailto:paul.brookes@chelmsford.gov.uk) 01245 606436

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#### Purpose

To provide Members with the 2020/21 annual health & safety update.

#### Recommendations

That Members note the report

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#### 1. Background

- 1.1. Corporate health and safety's role is to ensure the Council fulfils its legal responsibilities in respect of health and safety when carrying out all its functions, and providing all of its services to the businesses and residents of Chelmsford.
- 1.2 The Council has a duty of care to its employees, members of the public that use or are affected by its services, and Members when they are carrying out Council duties.

- 1.3 The Council also enforces health and safety legislation in certain types of premises e.g. offices, shops, warehousing. This role is separate to its Corporate Health and Safety role. The Council cannot enforce against itself therefore the Health & Safety Executive is the enforcing authority for the Council irrespective of the work being carried out.
- 1.4 The Chief Executive has overall responsibility for health and safety. Roles and responsibilities throughout the Council are described in the Council's Health and Safety Management Plan which is available on the Council's intranet and can be accessed via this link [Organisational Health & Safety Management Plan](#)
- 1.5 Although Members have no responsibility or control of corporate health and safety management the Health & Safety Executive recommend that Members of a local authority are briefed on corporate health and safety activity and performance. This annual report fulfils this requirement.

## 2. Introduction

- 2.1 Chelmsford City Council is committed to high standards of health and safety management within a sensible risk management framework. This means having in place effective management arrangements within directorates to ensure the wellbeing of our staff, service users, members of the public and others affected by our organisation and services.
- 2.2 This report summarises the activity undertaken within corporate health and safety in the financial year 2020/21 and analysis of accidents that have occurred. In future it is intended that the annual health and safety report will be presented to the September meeting of this committee.
- 2.3 The Council uses external health and safety advisors to assist in managing the Council's high-risk services. The Council changed provider in February 2020 to Peninsula Group Limited, following a successful 12 month trial Peninsula were appointed for a further 3 years in February 2021. As well as providing advice Peninsula carry out audits across Leisure, Waste Collection and Street Care, and Parks Services thereby providing an external check on the Council's approach to and implementation of its health and safety systems.
- 2.4 The Council has a Health, Safety & Welfare Forum that has senior level representation from across the organisation. The aim of the Health, Safety and Welfare Forum is to promote co-operation in instigating, developing and carrying out measures to ensure and improve the health, safety and welfare at work of all employees. The Forum have been consulted on this report.

### 3. Training

- 3.1 The core training courses of Managing Safety and Working Safely continues to underpin the health and safety training provided by the Council with additional specific training provided depending on the job role. The majority of roles within the Council are required to carry out one or other of these two training courses; Managing Safety for managers and supervisors, and Working Safely for frontline operatives. Both of these courses are accredited by the Institute of Occupational Health & Safety.
- 3.2 Service areas are being encouraged to coordinate corporate wide training through HR to help ensure a central record is maintained and refresher training can be carried out in an effective and efficient manner.
- 3.3 The Council will continue to fund the necessary health & safety training to ensure employees comply with the relevant health & safety legislation

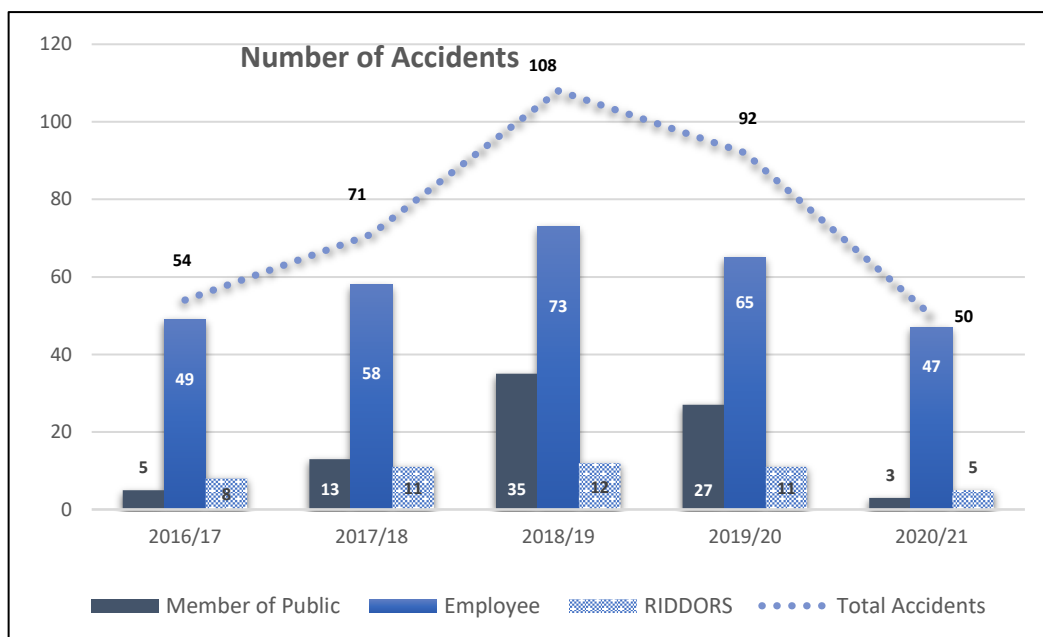
Table 1 – Employee Training Carried Out

Course	No. of Employees Trained			
	2017/18	2018/19	2019/20	2020/21
IOSH Managing Safety	17	17	16	13
IOSH Managing Safety Refresher	18	12	7	20
IOSH Working Safely	11	15	29	40
IOSH Working Safely Refresher	0	16		
Manual Handling Train the Trainer	5	12	16	7
Manual Handling	57	212	142	122
First Aid Train the Trainer	0	0	0	0
Emergency First Aid	23	24	18	0
First Aid at Work	0	23	0	0
First Aid at Work Refresher	15	19	14	26
Fire Marshall/ Fire Warden	57	62	20	37
Paediatric First Aid	0	0	0	2
Risk Assessment Refresher	16	44	6	35
Stress Management	19	26	15	0
Legionella Training for Operatives	12	12	12	10
Legionella Training for Supervisors	28	16	4	4
VDU Assessor Training	0	13	0	0
Conflict Resolution & Lone Working	6	57	25	19
Management of Contractors	22	0	0	50
Evac Chair		29	21	0
Evac Chair Refresher		7	3	0
Mental Health Awareness for Managers		24	32	0
<b>Total Trained</b>	<b>306</b>	<b>640</b>	<b>384</b>	<b>385</b>

## 4. Accidents

- 4.1 Accidents are a key indicator of the effectiveness of the Council's health and safety management system. The pandemic will not have had a direct effect on the accident trend in comparison to previous years as the high accident rate areas of waste collection and parks continued to work throughout the pandemic. However, there may be an unidentified indirect effect that has contributed to a reduced number of accidents in these areas and therefore the overall accident rate.
- 4.2 Figure 1 shows the total number of accidents over the last 5 years involving employees and members of the public, and the number of those accidents that are reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). RIDDOR reportable accidents are the more serious accidents or those resulting in more than 7 days off work.
- 4.3 There has been a decrease in the number of accidents in 2020/21 to both members of the public and employees and RIDDOR reportable accidents have also reduced. The accident trends are discussed in more detail below.

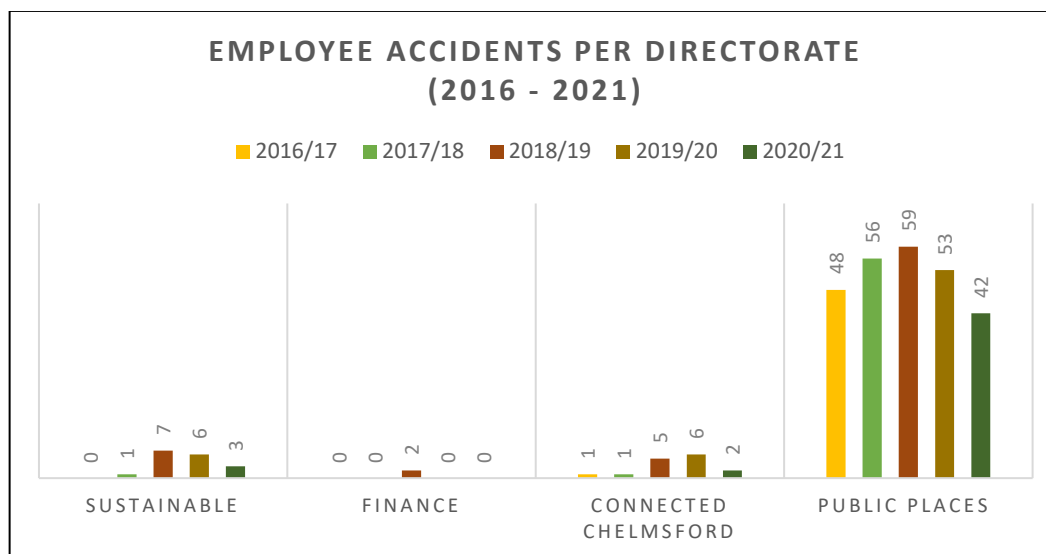
**Figure 1 – Total Number of Accidents**



- 4.4 There were five RIDDOR reportable accidents in 2020/21 which is six less than the previous year. Last year 8 RIDDOR accidents occurred in waste collection, this has reduced to 3 with no reduction in service delivery during 2020/21.
- 4.5 Figure 2 shows the incidence of employee accidents over the last 5 years. The majority of accidents occur in the Public Places Directorate which is expected

due to the number of employees within the Directorate and the high-risk operational services provided.

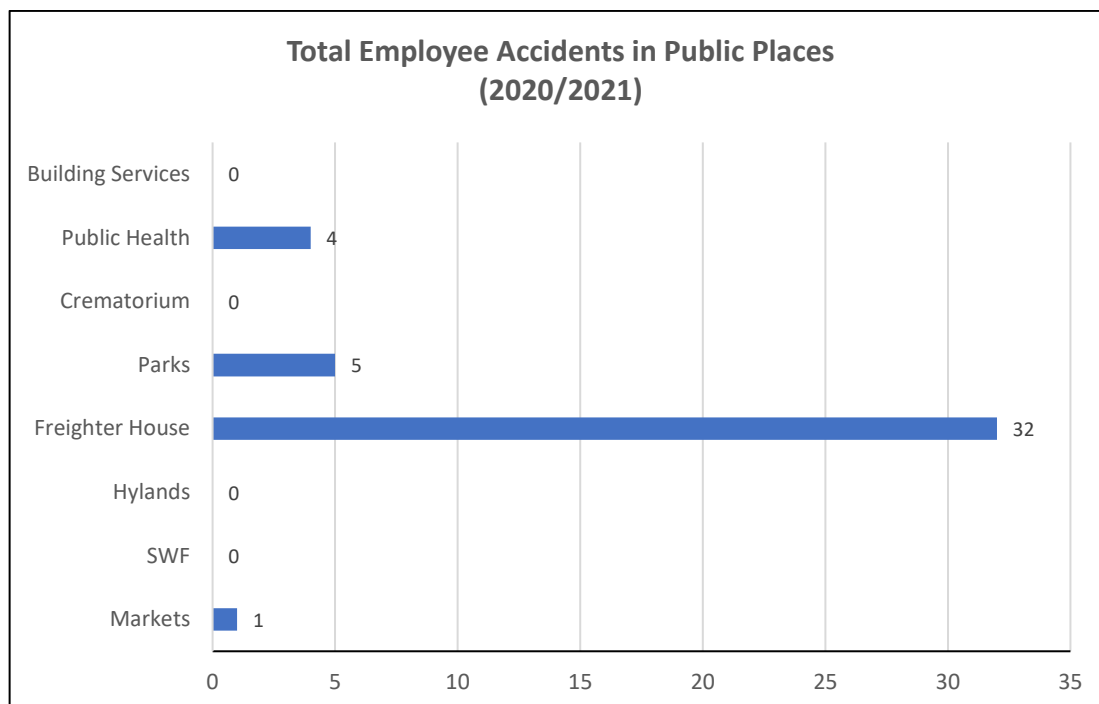
**Figure 2 – Employee Accidents**



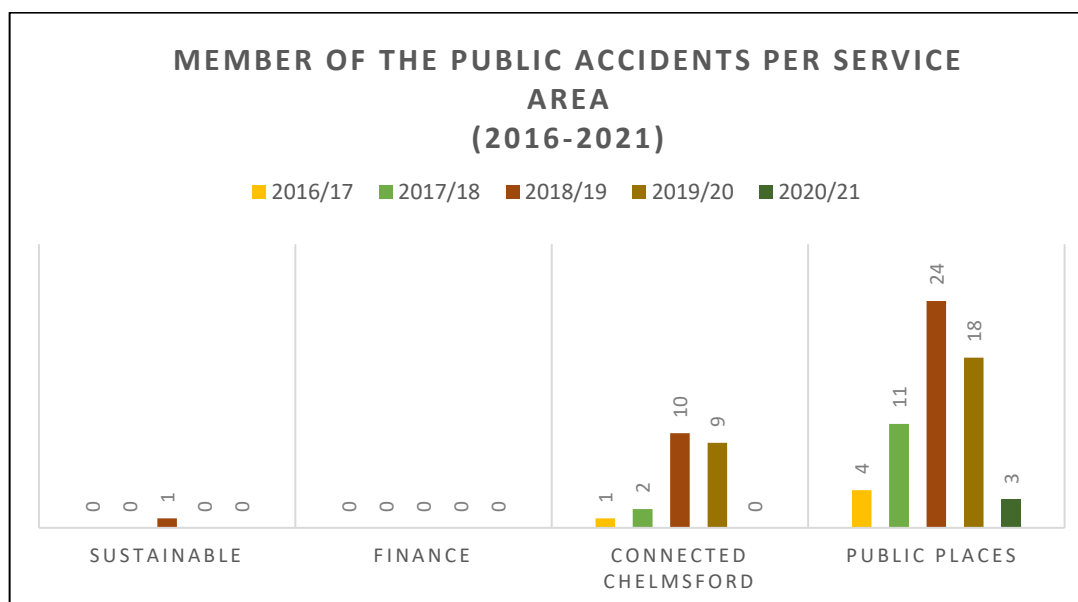
**Table 2 - Employee Accident Categories for 2020/21**

Category	2020/21	
	No. of Accidents	% of Overall Accidents
Slips/Trips	15	31.9
Impact	11	23.4
Manual Handling	10	21.2
Sharp Objects	5	10.6
Falls from Height	0	0
Acts of Violence	3	6.3
Road Traffic Accident (Employee Injured)	0	0
Other	2	4.2
Damage to Vehicle	1	2.1

- 4.6 Due to the relatively small number of accidents, it is difficult to determine any specific trends with regards to accident causation. The percentage of each type of accident remains similar to previous years.
- 4.7 Figure 3 breaks down the accidents in Public Places to the respective service areas. As expected, the highest number of accidents occurred in services based at Freighter House, although the number of accidents is low considering the size and frequency of waste collection and street cleansing activities that take place. In 2020/21 there was a decrease in the number of accidents for employees based at Freighter House down from 37 to 32. Accident rates for other services within Public Places remain low.

**Figure 3 – Breakdown of Accidents in Public Places Directorate**

- 4.8 Accidents to members of the public are shown in Figure 4. There has been a significant reduction which can be directly attributed to the restrictions put in place. The closure of theatres and the museum have had an impact on the number of accidents to members of the public as has the requirement for clinically vulnerable residents to shield as age and lack of mobility has previously been a contributing factor to having an accident in Council premises and parks.

**Figure 4 – Accidents to Members of the Public**



## 5. Performance Indicators

- 5.1 Table 3 gives details regarding the performance indicators. As discussed above the number of accidents to employees and members of the public remains low, with a slight decrease when compared to last year's figures. The number of accidents still remains at a very low level for the number of employees and scope of work activities carried out by the Council. The number of RIDDOR reportable accidents remains similar to previous years.

Table 3 – Performance Indicators

Performance Indicator	2016/17	2017/18	2018/19	2019/20	2020/21
Total Number of Accidents (Employees)	50	58	73	65	47
Total Number of Actual Accidents (Public)	3	13	35	27	3
Notifiable Employee Accidents (RIDDOR)	8	11	12	11	5
Number of lost time accidents	15	27	20	21	6
Fatal Accidents	0	1	0	0	0
Number of investigations carried out	1	1	1	3	1
Audit investigations as per audit schedule	95%	55%	50%	46%	55%
H&S Policies Reviewed	100%	100%	100%	100%	100%
Dangerous occurrences	0	0	0	0	0

## 6. Audit of Corporate Health & Safety

- 6.1 During 2021 corporate health & safety governance was subject to an internal audit. The audit report is attached at appendix 1.
- 6.2 No risks or issues were identified with health and safety risk management and compliance or health and safety policies and procedures.
- 6.3 It was recommended that management information and reporting be extended and improved by providing a summary of the Council's corporate health and safety activity including planned and completed audit activity, a summary of advisory activity, and enhanced training information. These recommendations will be implemented ahead of the 2021/22 reporting cycle.

## 7. Conclusion

- 7.1 The safety management systems at Chelmsford City Council continue to be effective in ensuring the safety of employees and members of the public. Where weaknesses have been identified remedial action has been taken to ensure more robust measures are implemented. Overall, the accident levels remain very low for an organisation delivering a wide range of services daily to 170,000+ residents and visitors to Chelmsford.

### List of appendices:

Appendix A – Internal Audit Report, Health & Safety Governance

### Background papers:

None

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### Corporate Implications

Legal/Constitutional: none

Financial: none

Potential impact on climate change and the environment: none

Contribution toward achieving a net zero carbon position by 2030: none

Personnel: none

Risk Management: none

Equality and Diversity: N/A

(For new or revised policies or procedures has an equalities impact assessment been carried out? If not, explain why)

Health and Safety: This report fulfils the HSE requirement to brief Members on corporate health and safety

Digital: none

Other: none

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### Consultees:

Management Team

Health & Safety Welfare Forum

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### Relevant Policies and Strategies:

None

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# Internal Audit Final Report 2020/21

## Health and Safety Governance – Ref XC20\_8

### 1. Executive Summary

<p><b>Directorate:</b> Public Places</p> <p><b>Audit Owner:</b> Paul Brookes – Public Health and Protection Services Manager</p> <p><b>Distribution List:</b> Paul Brookes – Public Health and Protection Services Manager; Kerry Mackay - Scientific Officer; Jonathan Russell - Risk Manager; Alison Chessell – Procurement and Risk Services Manager; Keith Nicholson – Director of Public Places; Nick Eveleigh – Chief Executive</p>	<p><u>Overall Opinion</u></p> <p><b>MODERATE ASSURANCE</b></p>	<p><u>Number of issues relating to Control Design</u></p> <p>0 Critical</p> <p>0 High</p> <p>1 Medium</p> <p>0 Low</p>	<p><u>Number of issues relating to Controls Operating in Practice</u></p> <p>0 Critical</p> <p>0 High</p> <p>1 Medium</p> <p>0 Low</p>
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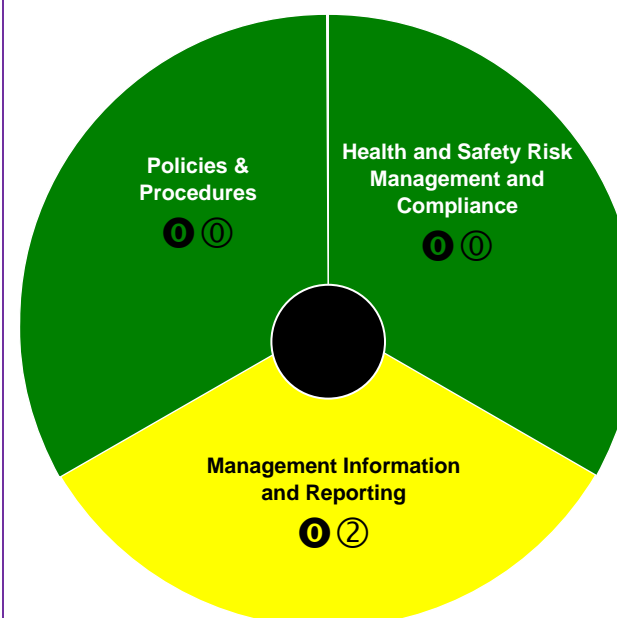
<p><b>Scope of the Review/Limitations:</b></p>	<p>The scope was limited to confirming that policies and procedures in place include health and safety requirements and that the Council have monitoring mechanisms in place to ensure that these are being complied with. We will not be confirming if the health and safety procedures are in line with current legislation. Our work over monitoring mechanisms will be limited to ensure the Council have oversight of compliance but we did not check the accuracy of these reports. Review of accident investigation and reporting is also outside the scope of this review.</p>
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#### Overview

There were no critical/high priority findings identified. The medium findings relate to management reporting, specifically for identification and completion of required training, and to demonstrate how assurance was reached for corporate health and safety monitoring through planned and completed inspections / reviews.

#### Areas of good practice identified

Policies and procedures have been reviewed by the Council's external advisors and are readily accessible via the comprehensive H&S Management System. The Health and Safety and Welfare Forum provides a good method of sharing and discussing issues and developments. The compliance function in OneCouncil has been utilised to monitor compliance obligations arising from Health and Safety Action Plans and to monitor outstanding actions using dashboards. A compliance update report has also been devised.



Each of the objectives for this review are shown as segments of the wheel. The key to the colours on the wheel are as follows:

- No / Low priority issues identified
- Medium priority issues identified
- High priority issues identified
- Critical priority issues identified

<b>Auditor:</b> Jo Russell, Senior Auditor <b>Fieldwork commenced:</b> April 2021 <b>Fieldwork completed:</b> May 2021 <b>Draft report issued:</b> June 2021 <b>Management comments:</b> July 2021 <b>Final report issued:</b> August 2021 <b>Signed:</b> Elizabeth Brooks, Audit Services Manager								
	<b>Issues raised and officers responsible for implementation</b>							
	<b>Name</b>	<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Total</b>	<b>Agreed</b>	<b>Latest Implementation Date</b>
	Paul Brookes, Public Health & Protection Services Manager	-	-	1	-	1	1	September 2021
	Debbie Wotton, HR Services Manager			1		1	1	September 2021

<b>Risks Reviewed</b>		
<b>Ref</b>	<b>Risk</b>	<b>Risk managed</b>
1.a	Documented policies and procedures may not have been devised, agreed and circulated to provide clear direction of the processes to be followed to allow effective management in line with relevant health and safety legislation.	●
1.b	Policy documentation and procedures may not up to date, and subject to regular review, which may result in outdated practices and lack of adherence to current legislation, and financial and reputational damage to the Council	●
1.c	Documentation and training may not be widely available, to ensure that managers and employees can effectively discharge their Health & Safety responsibilities.	●
2.a	A standard methodology for assessing H&S risks may not be used across all relevant services, resulting in a failure to identify, manage and reduce potential H&S risks and issues, and to reduce the health & safety risk to staff and the general public to a practicable level., which may lead to potential risks being inconsistently rated and treated through mitigation.	●
2.b	An appropriate and broad schedule of inspections / internal and external health & safety reviews, in conjunction with risk assessment outcomes, may not be undertaken and documented, which may lead to a failure to implement proportionate control measures. The Council may fail to meet its legal requirements, resulting in financial and reputational damage.	●
2.c	Risks identified through health & safety inspection and reviews may not be shared with other relevant services, in order to enhance control measures across all similar activities.	●
3.a	Management information regarding the performance of the Council's H&S processes may not be reported to and/or reviewed by relevant senior management. Issues may not be identified and acted upon in a timely manner.	●

## 2. Detailed Findings, Recommendations and Action Plan

Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response and agreed actions
1	<p><b><u>Management Information and Reporting - Training</u></b></p> <p>The Health and Safety Annual Report summarises the activity undertaken within Corporate Health and Safety in the last 12 months. It was noted from review of previous year's reports that this included a table of 'Employee Training Carried Out'. This comprises a listing of course titles, and the number of employees trained total (with 3 years data columns included for comparison). Reporting does not indicate whether the totals of employees trained is complete, e.g. as a given percentage of those eligible or required, how many have outstanding training or whether refresher or initial training has been completed.</p> <p>The Scientific Officer (with responsibility for Corporate H&amp;S) advised that this data is provided by HR. However, an ongoing project in conjunction with HR is in progress, has involved a task of identifying the H&amp;S training requirements of all employees, which has been recorded and shared with managers for validation. It was also advised that training is now on iTrent, and the aim is to improve the ability to flag when training is required. The update to Management Team in August 2020 detailed that service areas are being encouraged to coordinate corporate wide training</p>	<p>Training may not be widely available or completed, to ensure that managers and employees can effectively discharge their Health &amp; Safety responsibilities. Reporting may not clearly demonstrate omissions or lack of coverage, to enable remedial action by service managers.</p>	<p>Reporting of training activity currently included in annual reporting and updates to Management Team should be expanded, to ensure more visibility regarding outstanding initial or refresher training, to better demonstrate not just numbers completing but of the full establishment and take up / completion percentage.</p> <p><b>It is acknowledged that improvements to training needs identification, recording and central monitoring on iTrent should result in this data being more readily available.</b></p>	<p>● Medium</p>	<p><b>Agreed:</b> Agree with the recommendation but not the risk rating of medium. Fulfils the definition of 'low' as per section 3 but not 'medium'</p> <p><b>Action to be taken:</b> Breakdown in training as described in recommendation to be provided</p> <p><b>Responsible Officer:</b> Debbie Wotton, HR Services Manager</p> <p><b>Target Date:</b> In time for 2021/22 Annual Report</p>

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	through HR to help ensure a central record is maintained and refresher training can be carried out in an effective and efficient manner.				
2	<p><b><u>Management Information and Reporting – H&amp;S Auditing</u></b></p> <p>Annual reporting to Overview and Scrutiny Committee to 2018 included a section on H&amp;S Auditing undertaken internally and by the Council's H&amp;S advisors, which detailed the planned and actual activity of the Corporate H&amp;S reviews, and progress against the audit schedule (which was introduced to allow for compliance auditing for high risk services and lighter touch reviews for lower risk services). Reporting also included how many recommendations had been made and implemented. However, it is noted that this detail is no longer included in H&amp;S Annual Reports.</p> <p>The Public Health and Protection Services Manager advised that the six-monthly Compliance Report to Management Team, devised from May 2021 using data from One Council, provides a more robust way of monitoring outstanding actions arising from Health and Safety Action Plans.</p>	The number of outstanding H&S actions, without any indication of H&S audit coverage, may be insufficient to indicate the true level of H&S compliance across the Council.	Consideration should be given to Public Health and Protection Services extending the scope of the Compliance Report (or H&S Annual Report) by reintroducing a summary of the Council's corporate Health and Safety activity, including the risk-based H&S Audit Plan and schedule of planned reviews, and the actual reviews undertaken, a summary of advisory activity, and risk assessment outcomes. This would give a more complete and transparent oversight of the activity undertaken and the basis of any assurance provided.	<p>●</p> <p>Medium</p>	<p><b>Agreed:</b> Agree with the recommendation but not the risk rating of medium. Fulfils the definition of 'low' as per section 3 but not 'medium'</p> <p><b>Action to be taken:</b> Recommendation to be implemented.</p> <p>It must be noted though that the audit schedule is not completed if other higher priorities require attention within the fixed resources available, therefore non-completion of the audit schedule cannot be viewed as poor or unacceptable performance.</p> <p><b>Responsible Officer:</b> Paul Brookes, Public Health &amp; Protection Services Manager</p> <p><b>Target Date:</b> In time for 2021/22 Annual Report</p>

### 3. Basis of our opinion and assurance statement

Key to Risk Ratings for Individual Findings in Reports	
<b>Critical</b> ●	<b>Financial:</b> Severe financial loss; <b>Operational:</b> Cessation of core activities; <b>People:</b> Life threatening or multiple serious injuries to staff or service users or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc; <b>Reputational:</b> Critical impact on the reputation of the Council which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV; <b>Legal and Regulatory:</b> Possible criminal, or high-profile civil action against the Council, members or officers. Statutory intervention triggered impacting the whole Council. Critical breach in laws and regulations that could result in material fines or consequences; <b>Projects:</b> Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene.
<b>High</b> ●	<b>Financial:</b> Major financial loss. Service budgets exceeded; <b>Operational:</b> Major disruption of core activities. Some services compromised. Management Team action required to overcome medium-term difficulties; <b>People:</b> Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff. <b>Reputational:</b> Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion. <b>Legal and Regulatory:</b> Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies <b>Projects:</b> Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality.
<b>Medium</b> ●	<b>Financial:</b> Moderate financial loss. Handled within the team; <b>Operational:</b> Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required. <b>People:</b> Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some work days lost. Some impact on morale and performance or staff. <b>Reputational:</b> Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage <b>Legal and Regulatory:</b> Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation. <b>Projects:</b> Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.
<b>Low</b> ●	<b>Financial:</b> Minor financial loss; <b>Operational:</b> Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users. <b>People:</b> Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale. <b>Reputational:</b> Minor impact on the reputation of the organisation. <b>Legal and Regulatory:</b> Minor breach in laws and regulations with limited consequences. <b>Projects:</b> Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.
Key to Assurance Levels	
<b>No</b> ●	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
<b>Limited</b> ●	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
<b>Moderate</b> ●	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>Substantial</b> ●	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice.

## 4. Limitations and Responsibilities

### Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit shall endeavour to plan its work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, Internal Audit shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, the examinations of Internal Audit should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless Internal Audit is requested to carry out a special investigation for such activities in a particular area.

### Limitations inherent to the internal auditor's work

Internal Audit work has been performed subject to the limitations outlined below:

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the Audit Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate





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# Chelmsford City Council Audit and Risk Committee

**15<sup>th</sup> December 2021**

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## Internal Audit Interim Report 2021/22

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### Report by:

Audit Services Manager

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### Officer Contact:

Elizabeth Brooks, Audit Services Manager, [elizabeth.brooks@chelmsford.gov.uk](mailto:elizabeth.brooks@chelmsford.gov.uk)

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### Purpose

This report summarises the work that Internal Audit has undertaken from April to November 2021 and provides details on the high risk and priority issues which could impact on the effectiveness of the internal control environment, risk management and governance arrangements across the Council. It also highlights how responsive management have been in implementing recommendations.

### Recommendations

Committee are requested to note the content of this report.

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## 1. Introduction

- 1.1. The audit plan for 2021-22 was approved by Audit and Risk Committee in March 2021. Any changes to this original audit plan are noted below.
- 1.2. Current resourcing is as follows:
  - 0.5 FTE (Audit Services Manager seconded for 18 hours a week to deliver Internal Audit services to Uttlesford District Council).
  - 1.0 FTE (Senior Auditor) (0.5 FTE Senior Auditor currently on maternity leave)
  - Budget for external delivery - approx. 20 days
- 1.3. We are on track to complete the audit plan by end March 2022. Deferrals may need to be made to accommodate high priority/urgent pieces of work as necessary; these will, however, be discussed and agreed with management.

## 2. Conclusion

2.1. The Internal Audit Interim Report 2021/22 is attached for Audit & Risk Committee to note.

List of appendices: Internal Audit Interim Report 2021/22

Background papers: None

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### Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: Noted by Management Team December 2021

Relevant Policies and Strategies: None

## 1. Service Summaries: April to November 2021

### 1.1. Cross-Cutting Reviews

#### a) Work in Progress as at November 2021

Audit Title	Status
Community Funding Scheme	Final Report due December 2021.
Covid-19 Grants	Fieldwork in Progress. Draft Report due December 2021.

#### b) Work Scheduled to 31st March 2022

Audit Title	Indicative Scope
Business Continuity and Emergency Planning	Review of the Council's Business Continuity and Emergency Planning arrangements, including IT arrangements.
Procurement & Contract Management	To review the Council's procurement and contract management procedures to ensure they are in line with Council policy and regulations.
Information Governance	January 2022 at Management Request. To review the Council's control environment in relation to information governance. To include review of risks relating third party data and Data Protection Impact Assessments.

### 1.2. Connected Chelmsford

#### a) Work Scheduled to 31st March 2022

Audit Title	Indicative Scope
Theatres	Addition to plan at management request. To review the processes for Theatre income collection and expenditure, following the staffing and operational changes effected following the covid pandemic.
Payroll	January 2022 at Management Request. Review of the administration of salaries, addition of staff to payroll, removal, and amendments, plus other payments to staff.

Audit Title	Indicative Scope
Chelmsford City Culture	Review of the Council's shared Cultural Vision, Strategy and Action Plan and its framework for reporting progress.

### 1.3. Chief Executive's

#### a) Work in Progress as at November 2021

Audit Title	Status
Accounts Payable Follow Up	December 2021 at Management Request. Audit follow up of high priority recommendations made in 2020/21 KFS review to independently assess improvement in the control environment.

#### b) Work Scheduled to 31st March 2022

Audit Title	Indicative Scope
Key Financial Systems 2021/22	Q4 at Management Request. Exact scope TBC but will focus on how income and expenditure controls are operating in the services.

### 1.4. Public Places

#### a) Work Completed

Audit Title	
Disabled Facilities Grant 2020/21	Completion of verification to Essex County Council that DFG Grant conditions for 2020/21 have been complied with.

#### b) Work Scheduled to 31st March 2022

Audit Title	Indicative Scope
Waste and Recycling	Review of the Council's waste (including residential and trade waste) and recycling strategy and arrangements. Scope to include consideration of environmental factors, such as monitoring of waste reduction/increased recycling.

## 1.5. Sustainable Communities

### a) Work Completed

Report Title	Assurance Rating	Key Issues Arising
CIL/S106	Moderate	No critical/high priority findings were identified.

### b) Work Scheduled to 31st March 2022

Audit Title	Indicative Scope
On Street Parking and Enforcement	To review the arrangements for on street parking and enforcement practices.

## 2. Follow Ups scheduled to 31st March 2022

Original Audit Title	Original Assurance Rating
Use of Agency Staff	Limited Assurance. Follow Up postponed to January 2022 at management's request due to further recent changes in process.
Temporary Accommodation	Limited Assurance. Follow Up postponed to January 2022 at management's request due to the impact of Covid on the Temporary Accommodation service.
DPO	Moderate
Homeless and Housing Strategies	Moderate

3.2. Trials are also underway, led by the Corporate Risk Manager and Audit Services Manager, to determine how best to reflect Internal Audit information within the risk element of TechOne.

#### **4. Deferrals and Cancellations**

4.1. The following reviews have been deferred to the 2022/23 Audit Plan:

- **Cyber Security/Remote Working** – deferred due to significant work being undertaken by management in this area during 2021 in response to the external Cyber Risk Posture Review and subsequent development of the Cyber Risk Policy and Methodology, which will be used to inform future audit work.
- **Volunteers** – deferred to allow embedding of new Volunteers Policy developed in 2021.
- **Corporate Plan Performance Monitoring/Climate Change Action Plan** – deferred to allow embedding of new corporate approach to monitoring through TechOne.
- **Post Project Reviews** – to allow exploration of project evaluation tools within DPO and TechOne.

4.2. **Medium Term Financial Strategy** was last reviewed in 2020/21; agreed with S151 Officer that a further review in 2021/22 would not add value.

#### **5. Other Internal Audit Work**

5.1. Internal Audit have continued to provide ad hoc advice and guidance during 2021, including to HR, Finance and Digital Services.

5.2. The Audit Services Manager has also formed part of the Counter Fraud Corporate Governance Group Sub-Group, in an advisory capacity, and assisted with the development of a Fraud Risk and Control Assessment (FRCA), assessing the Council's existing anti-fraud controls and aligning the independent assurance provided by relevant Internal Audit assignments to the controls identified. Further detail is provided in the Counter Fraud and Investigations Report 2021.

#### **6. Review of the Effectiveness of Internal Audit**

6.1. Internal Audit's Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with Public Sector Internal Audit Standards (PSIAS)
- Operates in an effective and efficient manner
- Is perceived by stakeholders as adding value and continually improving its operations.

6.2. The work of Internal Audit and Risk is aligned, and this is reflected in the Internal Audit Methodology. Our protocol reflects the engagement of Risk at both terms of reference and reporting stage, to ensure that identified key risks are included in our scope and emerging risks from audit findings are captured by the risk framework and provide independent assurance on control activities

being undertaken. There is also clear alignment between the Council's risk definitions and internal audit risk ratings.

6.3. In accordance with PSIAS Standard 1311, internal assessments are undertaken through both on-going and periodic reviews. Ongoing assessments are conducted through:

- Audit Service Manager supervision of engagements and regular 1:1s with audit team to monitor progress with audit assignments.
- Audit Methodology, protocols and templates used for each engagement to ensure compliance with applicable planning, fieldwork and reporting standards.
- Monitoring of internal KPIs established to improve the effectiveness and efficiency of Internal Audit
- Prior to release, all draft and final terms of references, draft and final reports (or other outputs), as well as Risk and Control Matrices (and associated working papers) are reviewed and approved by Audit Services Manager.

6.4. Internal Audit's performance against its KPIs for 2021-22 will be formally reported in its 2021-22 Annual Report.

# Internal Audit Final Report 2020/21

## Health and Safety Governance – Ref XC20\_8

### 1. Executive Summary

<b>Directorate:</b> Public Places	<u>Overall Opinion</u>	<div><div></div><div></div><div></div><div></div></div>	<u>Number of issues relating to Control Design</u>	<u>Number of issues relating to Controls Operating in Practice</u>
<b>Audit Owner:</b> Paul Brookes— Public Health and Protection Services Manager	<b>MODERATE ASSURANCE</b>	<div><div></div><div></div><div></div><div></div></div>	<b>0</b> Critical	<b>0</b> Critical
<b>Distribution List:</b> Paul Brookes – Public Health and Protection Services Manager; Kerry Mackay - Scientific Officer; Jonathan Russell - Risk Manager; Alison Chessell – Procurement and Risk Services Manager; Keith Nicholson– Director of Public Places; Nick Eveleigh – Chief Executive			<b>0</b> High	<b>0</b> High
			<b>1</b> Medium	<b>1</b> Medium
			<b>0</b> Low	<b>0</b> Low

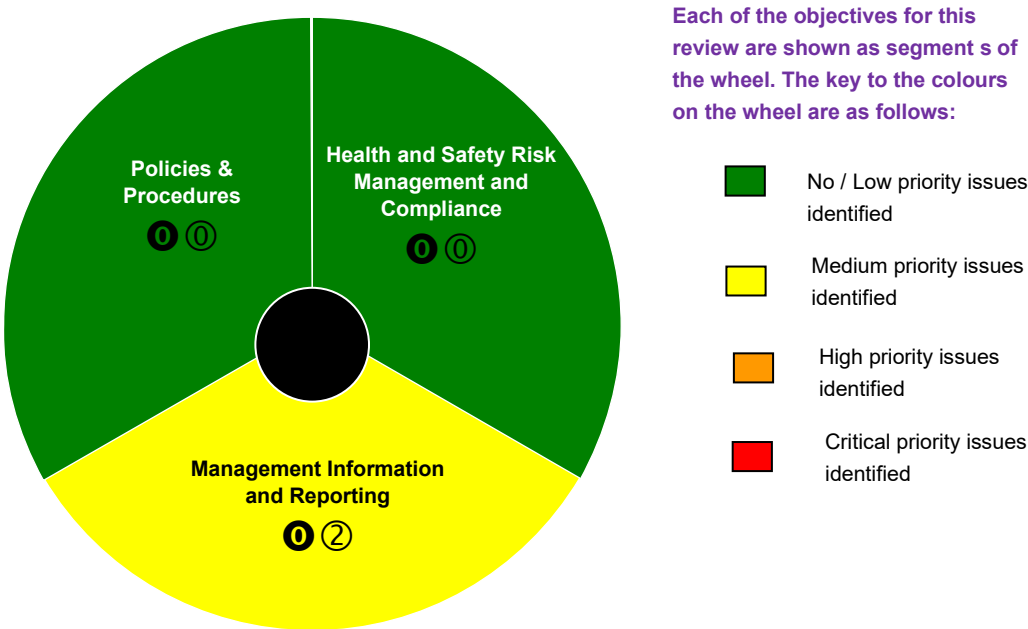
<p><b>Scope of the Review/Limitations:</b></p>	<p>The scope was limited to confirming that policies and procedures in place include health and safety requirements and that the Council have monitoring mechanisms in place to ensure that these are being complied with. We will not be confirming if the health and safety procedures are in line with current legislation. Our work over monitoring mechanisms will be limited to ensure the Council have oversight of compliance but we did not check the accuracy of these reports. Review of accident investigation and reporting is also outside the scope of this review.</p>
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**Overview**

There were no critical/high priority findings identified. The medium findings relate to management reporting, specifically for identification and completion of required training, and to demonstrate how assurance was reached for corporate health and safety monitoring through planned and completed inspections / reviews.

**Areas of good practice identified**

Policies and procedures have been reviewed by the Council's external advisors and are readily accessible via the comprehensive H&S Management System. The Health and Safety and Welfare Forum provides a good method of sharing and discussing issues and developments. The compliance function in OneCouncil has been utilised to monitor compliance obligations arising from Health and Safety Action Plans and to monitor outstanding actions using dashboards. A compliance update report has also been devised.





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
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<b>Ref</b>	<b>Risk</b>	<b>Risk managed</b>
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1.c	Documentation and training may not be widely available, to ensure that managers and employees can effectively discharge their Health & Safety responsibilities.	●
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2.b	An appropriate and broad schedule of inspections / internal and external health & safety reviews, in conjunction with risk assessment outcomes, may not be undertaken and documented, which may lead to a failure to implement proportionate control measures. The Council may fail to meet its legal requirements, resulting in financial and reputational damage.	●
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Ref	Matters Arising	Potential Risk Implications	Recommendations	Priority	Management Response and agreed actions
	through HR to help ensure a central record is maintained and refresher training can be carried out in an effective and efficient manner.				
2	<p><b><u>Management Information and Reporting – H&amp;S Auditing</u></b></p> <p>Annual reporting to Overview and Scrutiny Committee to 2018 included a section on H&amp;S Auditing undertaken internally and by the Council's H&amp;S advisors, which detailed the planned and actual activity of the Corporate H&amp;S reviews, and progress against the audit schedule (which was introduced to allow for compliance auditing for high risk services and lighter touch reviews for lower risk services). Reporting also included how many recommendations had been made and implemented. However, it is noted that this detail is no longer included in H&amp;S Annual Reports.</p> <p>The Public Health and Protection Services Manager advised that the six-monthly Compliance Report to Management Team, devised from May 2021 using data from One Council, provides a more robust way of monitoring outstanding actions arising from Health and Safety Action Plans.</p>	The number of outstanding H&S actions, without any indication of H&S audit coverage, may be insufficient to indicate the true level of H&S compliance across the Council.	Consideration should be given to Public Health and Protection Services extending the scope of the Compliance Report (or H&S Annual Report) by reintroducing a summary of the Council's corporate Health and Safety activity, including the risk-based H&S Audit Plan and schedule of planned reviews, and the actual reviews undertaken, a summary of advisory activity, and risk assessment outcomes. This would give a more complete and transparent oversight of the activity undertaken and the basis of any assurance provided.	<p>●</p> <p>Medium</p>	<p><b>Agreed:</b> Agree with the recommendation but not the risk rating of medium. Fulfils the definition of 'low' as per section 3 but not 'medium'</p> <p><b>Action to be taken:</b> Recommendation to be implemented.</p> <p>It must be noted though that the audit schedule is not completed if other higher priorities require attention within the fixed resources available, therefore non-completion of the audit schedule cannot be viewed as poor or unacceptable performance.</p> <p><b>Responsible Officer:</b> Paul Brookes, Public Health &amp; Protection Services Manager</p> <p><b>Target Date:</b> In time for 2021/22 Annual Report</p>

### 3. Basis of our opinion and assurance statement

Key to Risk Ratings for Individual Findings in Reports	
<b>Critical</b> 	<b>Financial:</b> Severe financial loss; <b>Operational:</b> Cessation of core activities; <b>People:</b> Life threatening or multiple serious injuries to staff or service users or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc; <b>Reputational:</b> Critical impact on the reputation of the Council which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV; <b>Legal and Regulatory:</b> Possible criminal, or high-profile civil action against the Council, members or officers. Statutory intervention triggered impacting the whole Council. Critical breach in laws and regulations that could result in material fines or consequences; <b>Projects:</b> Failure of major Projects and/or politically unacceptable increase on project budget/cost. Elected Members required to intervene.
<b>High</b> 	<b>Financial:</b> Major financial loss. Service budgets exceeded; <b>Operational:</b> Major disruption of core activities. Some services compromised. Management Team action required to overcome medium-term difficulties; <b>People:</b> Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff. <b>Reputational:</b> Major impact on the reputation of the Council. Unfavourable media coverage. Noticeable impact on public opinion. <b>Legal and Regulatory:</b> Major breach in laws and regulations resulting in significant fines and consequences. Scrutiny required by external agencies <b>Projects:</b> Key targets missed. Major increase on project budget/cost. Major reduction to project scope or quality.
<b>Medium</b> 	<b>Financial:</b> Moderate financial loss. Handled within the team; <b>Operational:</b> Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required. <b>People:</b> Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some work days lost. Some impact on morale and performance or staff. <b>Reputational:</b> Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage <b>Legal and Regulatory:</b> Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation. <b>Projects:</b> Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.
<b>Low</b> 	<b>Financial:</b> Minor financial loss; <b>Operational:</b> Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users. <b>People:</b> Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale. <b>Reputational:</b> Minor impact on the reputation of the organisation. <b>Legal and Regulatory:</b> Minor breach in laws and regulations with limited consequences. <b>Projects:</b> Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.
Key to Assurance Levels	
<b>No</b> 	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
<b>Limited</b> 	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
<b>Moderate</b> 	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>Substantial</b> 	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be advice and best practice.

## 4. Limitations and Responsibilities

### **Responsibilities of management and internal auditors**

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. Internal Audit shall endeavour to plan its work so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, Internal Audit shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, the examinations of Internal Audit should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless Internal Audit is requested to carry out a special investigation for such activities in a particular area.

### **Limitations inherent to the internal auditor's work**

Internal Audit work has been performed subject to the limitations outlined below:

- **Opinion**

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of our programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence, management and the Audit Committee should be aware that the opinion may have differed if the programme of work or scope for individual reviews was extended or other relevant matters were brought to Internal Audit's attention.

- **Internal control**

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

- **Future periods**

Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate

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# Chelmsford City Council Audit and Risk Committee

15 December 2021

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## Risk Management Report – Autumn/Winter 2021

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### Report by:

Director of Connected Chelmsford

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### Officer Contact:

Alison Chessell, Procurement and Risk Services Manager,  
[alison.chessell@chelmsford.gov.uk](mailto:alison.chessell@chelmsford.gov.uk)

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### Purpose

This report:

- outlines the progress to date in delivering the priorities set out in the Council's Risk Management Strategy for 2021-22
- summarises the current position for the Council's Principal Risks

### Recommendation

Audit and Risk Committee are requested to note the contents of this report.

## 1. Background

1.1. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated with our plans and strategies, so as to:

- encourage responsible, informed risk taking
- reduce exposure to a tolerable level using a justifiable level of resources

1.2. An effective risk management framework should:

- provide risk information to support decision-making and resource allocation
- improve compliance with policies, procedures, laws and regulations and stakeholder expectations; and

- provide assurance to internal and external stakeholders that the Council is well-managed

1.3. The risk management function assists the Council to identify, understand and manage its risks. The function reports twice a year to the Audit and Risk Committee to enable the Committee to monitor the effective development and operation of risk management in the Council.

## 2. Risk management activity – 2021/22 progress to date

2.1 The Council's Risk Management Strategy for 2021-22 was agreed by Management Team on 2 June 2021. Progress against the agreed priorities is summarised below:

Priority	Progress to date 2021-22
<b>Corporate Risk</b> – ongoing development of the risk management framework through TechOne, focussing on corporate risk reporting, and detailed risk work in specific areas according to need (e.g., Fraud, Cyber)	<ul style="list-style-type: none"> <li>• A new corporate risk reporting format has been developed which places greater emphasis on risk treatment (approved by Management Team on 7 April 2021)</li> <li>• A Cyber Risk Management Policy has been created to set out the Council's approach to detailed cyber risk assessment (policy and subsequent trial approved by Management Team on 20 October 2021)</li> <li>• A detailed Fraud Risk and Control Assessment has been collated, bringing together Risk and Internal Audit work to identify future areas of focus for Council counter-fraud activity. This is a live document which will continue to develop through the year.</li> </ul>
<b>Compliance</b> – facilitating the tracking of compliance items linked to the Council's Principal Risks (e.g., Fire, Health & Safety, Internal Audit actions) through TechOne, developing their use as sources of risk information to inform corporate risk reporting	<ul style="list-style-type: none"> <li>• A six-monthly compliance reporting cycle is now established using TechOne. The second detailed report of outstanding actions from the Council's Fire Risk Assessments and Health &amp; Safety audits was circulated to key stakeholders and submitted for Management Team consideration w/c 24 November 2021.</li> <li>• Tracking of Internal Audit recommendations through TechOne is also being trialled which, if successful, could provide a useful data to supplement the Council's existing, robust follow up process.</li> </ul>
<b>Strategic Planning and Performance</b> – developing	<ul style="list-style-type: none"> <li>• Risk Services has worked closely with the Director of Public Places to develop and support the</li> </ul>

Priority	Progress to date 2021-22
strategic plan reporting and facilitating corporate performance monitoring through TechOne to enable improved risk identification and assessment	<p>Council's integrated planning model in TechOne. The model tracks implementation of actions to support the priorities identified in 'Our Chelmsford, Our Plan', the Climate and Ecological Emergency Action Plan and the Health &amp; Wellbeing Strategy.</p> <ul style="list-style-type: none"> <li>• The first full Our Chelmsford, Our Plan Progress Report was submitted to Overview &amp; Scrutiny Committee on 22 November 2021.</li> </ul>
<b>TechOne training and awareness</b> – working to develop local/area administrators in the above areas to improve capacity and resilience to take the system forward	<ul style="list-style-type: none"> <li>• Risk Services has worked with local/area administrators to develop bespoke dashboards using the TechOne Analytics tool</li> <li>• Ongoing development needs for risk, compliance, strategy and performance have been identified as part of the wider TechOne Development Plan to 30 September 2022.</li> </ul>

### 3. Principal Risk Summary

- 3.1 The Principal Risk Register is central to the risk management framework. Principal Risks (which may include strategic, operational, project or compliance risks) are those which require regular oversight at senior level. Management Team receive information from the Register quarterly to inform their decision making, ensuring that, where necessary, prompt and effective action is taken to further mitigate risks outside the Council's indicative risk appetite.
- 3.2 A summary of the Council's Principal Risks can be found in [Appendix 1](#). Much of the detailed information contained within the underlying risk register is operational and may, in some cases, be sensitive. Councillors are, therefore, invited to request further detail on risks of particular interest or concern to them for circulation after the meeting. Changes since the previous submission in June 2021 are itemised below.
- 3.3 **PRR015 Homelessness:** With the lifting of Covid-19 restrictions, evictions have resumed, resulting in a sharp rise in demand for temporary accommodation, particularly for families, to the point where the usual emergency supplies (B&B's/nightly lets) are close to being exhausted. Consequences have been raised from 'Major' to 'Severe' due to the reputational impact of any breach of the duty to house. This also reflects the inevitable financial cost of any short-term mitigation, as all available options are being considered to increase capacity until medium-term solutions to increase the supply of affordable homes can be realised.
- 3.4 **PRR 014 Chelmer Waterside Development:** Potential consequences have been raised from 'Major' to 'Severe' due to an increase in the Council's short-



term financial exposure. This increases the overall risk level from 'High' to 'Very High' and is in line with expectations for a project of this nature. Consultant programme managers, Arcadis, are supporting the Council in delivery, monitoring and reporting monthly on programme risk and performance.

- 3.5 **PRR 019 Income and Financial Position:** Given that any revenue budget overspend this financial year is expected to be marginal, and the Council's reserves remain strong, potential consequences for the Council are reduced from 'Severe' to 'Major' and the overall risk rating is changed from 'Very High Risk' to 'High Risk'. The ongoing financial impacts of Covid-19 are being monitored and mitigated through the Council's Medium-Term Financial Strategy, with individual financial risks being identified and managed on an ongoing basis through Revenue Budget, Capital Programme, Treasury, and Investments reporting cycles.
- 3.6 **PRR 018 Independent Control Advice** has been removed, as no further 'limited assurance' Internal Audit reports have been issued and all existing ones have mitigations planned or in progress. The risk of an adverse Internal Audit opinion on the Council's overall control environment is, therefore, significantly reduced. The Principal Risk Register will continue to take account of Internal Audit findings under individual risk entries.
- 3.7 Any apparent lack of change in other risk scores is not a direct reflection of the level of work carried out by Services or the Council as a whole, as:
- Some risks may be heavily influenced by external factors outside the Council's control
  - Where inherent risk is increasing, additional work may have been undertaken to maintain the same current risk level

## 4. Conclusion

- 4.1 Members are invited to note the ongoing work by Directors and Service Managers to manage the Council's Principal Risks, along with the continuing development of the Council's risk management framework.

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### List of appendices:

Appendix 1 – Principal Risk Summary

### Background papers:

None

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## Corporate Implications

**Legal/Constitutional:** The Council has a legal duty to ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk (Regulation 3 (Part 2) of the Audit and Accounts Regulations 2015). The risk management framework encourages risk owners to consider the potential legal and regulatory consequences, should a risk event occur.

**Financial:** The risk management framework encourages risk owners to consider the potential financial consequences, should a risk event occur.

**Potential impact on climate change and the environment/ Contribution toward achieving a net zero carbon position by 2030:** Reputational consequences set out within the risk management framework encourage risk owners to consider environmental aspects of their activities.

**Personnel:** The corporate risk management framework is being implemented within existing staff budgets (approximately 1.0 FTE). See also Health & Safety below.

**Risk Management:** Effective risk management is an essential part of good governance, providing assurance to internal and external stakeholders that the Council is well-managed. This report is intended to enable the Committee to fulfil its role in overseeing the effective operation and development of risk management at the Council.

**Equality and Diversity:** Equalities implications of Council activities are considered at initiative level.

**Health and Safety:** The risk management framework encourages risk owners to consider the potential safety, health and wellbeing implications for staff and/or service users, should a risk event occur.

**Digital:** The Performance Planning module is part of TechOne, the Council's Enterprise Resource Planning (ERP) system. ERP aims to increase efficiency and improve performance by integrating back-office systems and is key to the Council's Digital Strategy.

**Other:** None

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## Consultees:






Management Team, Audit Services Manager, Section 151 Officer, Risk Owners







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## Relevant Policies and Strategies:

Risk Management Strategy 2021-22

Our Chelmsford, Our Plan

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
PRR 006	Homelessness	Operations	Fairer and Inclusive Chelmsford	David Green	Very High	22		Inability to meet our statutory obligations to the homeless (and/or use our statutory powers to assist the homeless) promptly, effectively and efficiently	Draft Housing Strategy sets out medium-term solutions; however, demand is spiking as evictions resume post-Covid 19. A range of short-term measures are under consideration. Increased provision for rough sleepers is in place.
PRR 001	Cyber Security	Operations	All Themes	Louise Goodwin	Very High	18		Malicious attack results in significant loss of sensitive data and/or significant disruption to Council operations	As the cyber threat continues to grow, the Council is continuing to improve cyber defences through an ongoing programme of work.
PRR 014	Health and Safety	Legal and Regulatory	Safer and Greener Place	Keith Nicholson	Very High	18		A serious health and safety incident occurs	The Council annual Health and Safety (H&S) audit programme continues using H&S specialists, Peninsula, with outstanding actions monitored on TechOne.
PRR 012	Chelmer Waterside Development	Projects	Safer and Greener Place	David Green	Very High	18		The housing and other development potential of Chelmer Waterside is not realised in accordance with the new Local Plan	Short-term financial exposure is increasing as the programme progresses, in line with expectations. Consultant project managers monitor and report monthly on programme risk and performance.
PRR 019	Income and Financial Position	Financial	All Themes	Nick Eveleigh	High	16		The sustainability of the Council's financial position is challenged	The ongoing financial impacts of Covid-19 are being monitored and mitigated through the Council's Medium-Term Financial Strategy

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
PRR 005	Fraud	Financial	All Themes	Nick Eveleigh/ Louise Goodwin	High	16		Major fraud attempt (potentially undetected) is successful and there is little or no recourse for the Council	Inherent risk remains high due to Covid-19 and cyber-enabled fraud attempts. Detailed fraud risk assessment and action planning underway.
PRR 004	Emergency Planning	Operations	Safer and Greener Place	Keith Nicholson	High	15		Ineffective emergency planning response breaches the Council's duties under the Civil Contingencies Act	The Council continues to work with Essex Resilience Forum to ensure it is well-placed to respond.
PRR 020	Beaulieu Station & Chelmsford NE Bypass	Projects	Fairer and Inclusive Chelmsford	David Green	High	15		Funding is partially or wholly withdrawn resulting in non-delivery of key infrastructure	Essex County Council continues to lead on programme risk management.
PRR 016	Information Governance	Legal and Regulatory	All Themes	Louise Goodwin	High	15		A serious data breach occurs and/or other significant instance of non-compliance with data legislation	Implementation of the Council's GDPR action plan continues.
PRR 021	Climate and Ecological Emergency	Reputation	Safer and Greener Place	Keith Nicholson	High	13		The Council fails to effectively engage with the environmental agenda	Implementation of the Council's Climate and Ecological Emergency Action Plan continues.
PRR 003	Business Continuity	Operations	All Themes	Keith Nicholson	High	13		Ineffective business continuity response enables an event to disrupt Council operations to a greater extent than planned for	Council strategy is being adapted (a) for changes to working patterns and the digital environment (b) to focus on operational resilience (rather than specific events). The Council is well-placed to respond.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Trend	Risk Event	Comments
PRR 017	Procurement Strategy	Financial	All Themes	Louise Goodwin	Medium	9		Procurement activity takes place which is not in the best interests of the Council and its stakeholders and/or is in breach of legislation	Central procurement processes are more agile and robust and wider contract oversight is improving with the use of TechOne. Residual risk lies with the Services.
PRR 010	Enterprise Resource Planning	Projects	All Themes	Louise Goodwin	Medium	9		The intended benefits of the TechOne system are not realised in full	TechOne development is under review by Management Team in conjunction with the Digital Portfolio Office and the newly formed TechOne Board.
PRR 015	Safeguarding	Legal and Regulatory	Safer and Greener Place	Keith Nicholson	Medium	9		A safeguarding incident occurs which, through action or omission by the Council, might otherwise have been prevented	A Section 11 child safeguarding audit (by moderated self-assessment) has been carried out and results are awaited from Essex Safeguarding Board.

POTENTIAL CONSEQUENCES		for achievement of objectives				
		Catastrophic	Severe	Major	Moderate	Minor

Risk score	Risk level	Management response
18 to 25	Very High Risk	<b>Critical</b> - Immediate/ sustained action required
10 to 17	High Risk	<b>Concerned</b> - Action required (exceeds appetite)
5 to 9	Medium Risk	<b>Cautious</b> - Action required (to ensure appetite is not exceeded)
1 to 4	Low Risk	<b>Comfortable</b> - monitor and review (low cost/ efficiency measures only)

Indicative risk appetite

POTENTIAL CONSEQUENCES	17	21	23	24	25
	10	15	18	20	22
	8	13	14	16	19
	3	7	9	11	12
	1	2	4	5	6
	LIKELIHOOD				

	FINANCIAL	OPERATIONS	PEOPLE	REPUTATION	LEGAL & REGULATORY	MAJOR PROJECTS	AUDIT
CATASTROPHIC	Catastrophic financial loss. (>£20 million*)	Permanent cessation of core activities	Multiple fatalities.	Future viability of the organisation threatened.	External control of the Council assumed.	Repeated failure of high-profile projects. All discretionary funding withdrawn.	Critical Priority
SEVERE	Severe financial loss (>£1 million *)	Extended disruption of core activities in excess of normal recovery timescales, with adverse impact on the wider community.	Life-threatening or multiple serious injuries (to staff or service users) or prolonged workplace stress. Severe impact on morale and service performance. Mass strike actions etc.	Critical impact on the reputation or brand of the organisation. Intense political and media scrutiny i.e., national front-page headlines, TV.	Possible criminal, or high-profile civil action against the Council, Members or officers. Statutory intervention triggered with impact across the whole Council. Critical breach in laws and regulations that could result in severe fines or consequences.	Failure of major projects and/or politically unacceptable increase on project budget/cost. Elected Members are required to intervene.	
MAJOR	Major financial loss. Service budgets exceeded (£200k to £1 million*)	Disruption to core activities. Some services compromised. Management Team action required to overcome medium-term difficulties.	Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale and performance of staff.	Major impact on the reputation or brand of the organisation. Unfavourable media coverage. Noticeable impact on public opinion.	Major breach in laws and regulations resulting in major fines and consequences. Scrutiny required by external agencies.	Key targets missed. Major increase on project budget/ cost. Major reduction to project scope or quality.	High Priority
MODERATE	Moderate financial loss. Handled within the team (£50k to £200k*)	Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required.	Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale and performance or staff.	Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage.	Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation.	Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team.	Medium Priority
MINOR	Minor financial loss (< £50k*)	Minor errors in systems/ operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users.	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale.	Minor impact on the reputation of the organisation.	Minor breach in laws and regulations with limited consequences.	Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality.	Low Priority

\*Please note financial limits are a guide only and may be overridden by other consequences.

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# Chelmsford City Council Audit and Risk Committee

15 December 2021

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## Counter Fraud and Investigations Report 2021

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### Report by:

Director of Connected Chelmsford

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### Officer Contact:

Alison Chessell, Procurement and Risk Services Manager,  
[alison.chessell@chelmsford.gov.uk](mailto:alison.chessell@chelmsford.gov.uk)

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### Purpose

This report outlines existing counter fraud arrangements, considers their effectiveness and sets priorities for the forthcoming calendar year.

### Recommendation

Audit and Risk Committee are requested to note the contents of this report.

## 1. Background

- 1.1. The role of the counter fraud function is to take steps to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. The counter fraud function supports the requirements of the Accounts and Audit Regulations 2015, which state that the Council must have measures in place “to enable the prevention and detection of inaccuracies and fraud”. In this context, the Council has taken fraud to include the risk of bribery and corruption.



## 2. Fraud Investigations

- 2.1. The Council is required to ensure that it has appropriate resources to manage the risk of fraud and corruption. Since the establishment of a separate counter fraud function in September 2015, the remit of the Council's Accredited Financial Investigator (1.0 FTE) has been to undertake both proactive and reactive counter fraud work, including:
- to investigate potential cases of fraud (including non-payment of debt) and error across the Council, both internal and external;
  - to undertake proactive work in key fraud risk areas; and
  - to investigate areas for sharing data and working jointly with partners, including registered housing providers, Department for Work and Pensions (DWP), Police and other local authorities.
- 2.2. The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between authorities and publishes regular bulletins on fraud cases and attempted scams. The Council also receives and circulates intelligence from other organisations such as the National Fraud Intelligence Bureau and from neighbouring authorities.
- 2.3. The services of the Council's Accredited Financial Investigator were also marketed to other authorities during the first half of 2021. However, since July 2021, their extended absence due to illness has meant that contingency arrangements have had to be invoked to ensure that the Council can continue to meet its responsibilities in respect of Investigations. These include:
- Cover of day-to-day enquiries and intelligence by the Procurement and Risk Services Manager
  - Outsourcing of ongoing prosecutions to Essex Trading Standards
  - In-house support for capacity for reactive fraud investigation from Internal Audit
- 2.4. Due to the current circumstances, it is not considered appropriate to put forward an Annual Investigations Work Programme for Committee consideration as in previous years. However, forward planning for counter fraud is discussed below.

## 3. Effectiveness of counter-fraud arrangements

- 3.1. The starting point for any review of the Council's counter fraud provision is to self-assess against recognised best practice. Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption ('the Code') was last undertaken in 2018-19. This exercise identified 90% compliance with the Code, classified as a "Good".
- 3.2. With the onset of the Covid-19 pandemic, however, the fraud landscape has changed significantly. In response to this, in Spring 2021 the Council

commissioned Internal Audit to carry out an independent assessment of the Council's position in relation to the revised counter fraud strategy for local government, Fighting Fraud and Corruption Locally ('FFCL 2020').

- 3.3. FFCL 2020 was produced by a group of local authorities in partnership with other sector stakeholders, including the Society of Local Authority Chief Executives (SOLACE), Local Government Association (LGA), and not-for-profit fraud prevention service, Cifas. FFCL principles cover development of anti-fraud culture, understanding the fraud risk, preventing fraud more effectively, sharing information and resources more effectively and detecting fraud loss.
- 3.4. Internal Audit found that, overall, the Council is meeting the principles outlined in FFCL 2020, but identified four medium-priority areas for further consideration:
  - detailed fraud risk assessment to better understand the fraud risk
  - further development of counter-fraud strategy, including monitoring against strategy and a supporting action plan
  - training and awareness to further strengthen the Council's anti-fraud culture
  - obtaining optimal value from existing data matching exercises
- 3.5. Counter fraud governance arrangements fall within the remit of the Corporate Governance Group (CGG), chaired by the Monitoring Officer. CGG has formed a sub-group, comprising the Accountancy Services Manager (and Section 151 Officer), the Procurement and Risk Services Manager and the Audit Services Manager (acting in an advisory capacity), to take these recommendations forward in consultation with CGG and Management Team.

#### 4. Fraud Risk and Control Assessment

- 4.1. Fraud risk is already identified in the Council's Principal Risk Register (PRR 005). Relevant information from the Register is reported in detail to Management Team every quarter and in summary to Audit and Risk Committee twice a year.
- 4.2. Principal Risks show a strategic view. To support this, the CGG sub-group has developed a Fraud Risk and Control Assessment (FRCA) which breaks down the overall fraud risk into 21 risk areas, assesses the Council's existing anti-fraud controls against each, provides a current risk rating, and compares the level of current risk to the Council's indicative risk appetite.
- 4.3. This more detailed assessment is based upon:
  - Fraud categories defined by CIPFA in their annual Counter Fraud and Corruption Tracker Survey (CFaCT 2020) and by FFCL 2020, adapted to suit the Council's circumstances
  - Summary assessment of controls by the Section 151 Officer, the Procurement and Risk Services Manager and certain Service Managers for specialist areas (e.g. Revenues and Benefits), taking account of where

officers may have already identified control weaknesses that may increase the risk of fraud

- Independent assurance provided by relevant Internal Audit assignments mapped against the controls identified

4.4. The FRCA is intended to be a live document which will continue to evolve:

- Where existing control weaknesses are identified and/or where a fraud risk area is considered to be outside risk appetite (i.e. exceeding 'Medium' on corporate scales), further mitigations are being devised
- As further relevant Internal Audit reports, or other sources of assurance, become available these will inform the control assessment, and therefore the current risk rating, in each fraud risk area
- Going forward, the assessment will consider new and emerging fraud risks

4.5. The ultimate aims are for:

- FRCA 'Next Steps' to form part of a Counter Fraud Action Plan for monitoring by CGG
- The FRCA to inform the Internal Audit planning process for 2022-23 ensuring that Internal Audit efforts in assessing anti-fraud controls as part of their normal audit work are directed to the areas most needed and consider inclusion of pro-active reviews
- Key FRCA outcomes to be escalated to Management Team through the Principal Risk Register
- The FRCA to be managed and monitored through the Council's Enterprise Resource Planning (ERP) system, TechOne

4.6. While the CGG sub-group has made significant progress on this exercise, some further investigation and evidence is required to give a truly representative picture of current fraud risk and controls across the wider Council. A summary of FRCA results will be made available at the next meeting of this Committee (March 2022).

## 5. Counter Fraud Strategy, Policies and Procedures

5.1. Effective policies and procedures are essential to ensure that all officers and Members are aware of their roles and responsibilities in identifying and managing the risk of fraud.

5.2. The Council's Anti-Fraud and Corruption Strategy was approved by this Committee in December 2019, including the Council's:

- Bribery Act Policy
- Anti-Money Laundering Policy (revised in 2020 for regulatory changes)
- Fraud Response Plan

- 5.3. During the course of 2022, the Strategy will be revisited to take account of updated FFCL Principles, as well as revised fraud governance arrangements following the recent restructuring of Management Team.

## 6. Counter Fraud Culture

- 6.1. The CGG sub-group is looking to refresh the Council's counter-fraud training provision in order to further strengthen fraud awareness across the Council. The programme's direction will be determined by FRCA outcomes and targeted towards those roles which are perceived to carry a greater risk of fraud, bribery and corruption.
- 6.2. The refreshed programme is expected to include, as a minimum:
- Raising awareness of the Council existing anti-bribery and corruption policies and procedures at senior management level
  - Anti-money laundering awareness for staff in roles with key financial responsibilities
  - General fraud awareness content to be made available to all staff

## 7. Data matching

- 7.1. The National Fraud Initiative, administered by the Cabinet Office, examines certain local authority datasets every two years, including data on Council Tax, Electoral Roll, Housing Benefit, Payroll, Creditor Payments, Insurance, Parking Permits and Licences. Resulting data matches should be investigated by the local authority to determine whether fraud may have taken place and if so, take the necessary steps towards recovery. While submission of most datasets is mandatory, the Council is not legally required to investigate all matches; however, the Council's performance in doing so forms part of a national performance review published by the Cabinet Office after each round of analysis.
- 7.2. Matches from the most recent biennial exercise became available in February 2021, with investigation of matches proceeding as resources have allowed. Council tax data submission is due again by early 2022 as part of an additional annual NFI exercise to review Single Person Discount fraud and failure to register (Rising 18's).
- 7.3. To bolster the Council's NFI response, and to extract optimum value from the process, a review will be undertaken in early 2022 to determine whether Services may be better placed to investigate their own matches, given that staff will be more familiar with the underlying data.
- 7.4. The Revenues and Benefits Manager continues to oversee the Council's participation in the Pan Essex Data Hub, which compares datasets between Essex local authorities. The counter fraud function will look to ensure that

outcomes from both initiatives are included in future Counter Fraud and Investigations Reports.

## 8. Conclusion

- 8.1 Members are invited to note that the Council has received independent assurance that its arrangements to manage the risk of fraud are, overall, in line with FFCL principles. Work will continue to ensure that the Council responds effectively to the risk of fraud.

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### List of appendices:

None

### Background papers:

Fighting Fraud and Corruption Locally: A strategy for the 2020s

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### Corporate Implications

Legal/Constitutional: The Council has a legal responsibility to manage the risk of fraud.

Financial: The Fraud Risk and Control Assessment (FRCA) considers the negative financial consequences, should a fraud risk event occur.

Potential impact on climate change and the environment/ Contribution toward achieving a net zero carbon position by 2030: Nothing specific, however fraud losses may divert resources from other Council objectives.

Personnel: The FRCA considers the potential for insider fraud, where appropriate.

Risk Management: Fraud has been identified as a Principal Risk. The FRCA is consistent with the wider corporate risk management framework, acting as a 'subsidiary risk register' under the Council's Risk Management Strategy.

Equality and Diversity: Noting specific, however fraud losses may divert resources away from other Council objectives.

Health and Safety: Nothing specific, however fraud losses may divert resources away from other Council objectives.

Digital: TechOne, the Council's Enterprise Resource Planning (ERP) system is a key part of the Council's Digital Strategy. In due course, the system will be used to manage fraud risk information.

Other: None

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### Consultees:

Management Team

Corporate Governance Group (including Monitoring Officer, S151 Officer, Audit Services Manager)

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**Relevant Policies and Strategies:**

Anti-Fraud and Corruption Strategy (Dec 2019)

Risk Management Strategy 2021-22

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## Chelmsford City Council Audit and Risk Committee

15 December 2021

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### Annual Report of Procurement and Sourcing Activities

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#### Report by:

Director of Connected Chelmsford

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#### Officer Contact:

Alison Chessell, Procurement and Risk Services Manager,  
[alison.chessell@chelmsford.gov.uk](mailto:alison.chessell@chelmsford.gov.uk) 01245 606598

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#### Purpose

This report provides details of:

- All formal procurement and sourcing activities undertaken by the Procurement Team
- Social value feedback – findings to date
- Any cross-functional working that has taken place
- New processes, policies and practices that have been introduced in the last 12 months
- The teams planned activities for the coming 12 months

#### Recommendations:

Committee to note the report and contents

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## 1. Introduction

- 1.1. During 2020/21 the Procurement Team has been consolidating its presence within the Council and working more closely with internal clients than ever before. This is reflected in the volume of procurement processes in which we have been involved. Please see Table 1 (below) for details.
- 1.2. In addition, we are now providing procurement services to Uttlesford District Council. This has meant a refocusing of resources, including a rationalisation of tasks to other teams and one task externally to an SLA provider.
- 1.3. External factors, predominantly the UK's exit from the EU and its emergence from the effects of the pandemic, have impacted on a number of procurements. The increases in material costs, lead times and capacity reported in the news have all impacted the Council's supply network.

## 2. Working Methodology

- 2.1. The team works across the Council providing advice, guidance and support with a variety of sourcing requirements. We use a e-procurement system (Delta eSourcing) that enables compliance, with the current public procurement regulations, the Council's contract rules and any incoming regulations following the UK's exit from Europe.
- 2.2. In other areas of the Council there is more of a cross functional partnership approach. With teams sourcing their requirements direct from frameworks. We aim to support teams in these processes, ensuring compliance but also that they apply the ethos of the Social Value Policy in their sourcing practices.

## 3. Achievements 2020/21

- 3.1. **Uttlesford District Council** – In April 2021 the team was approached by Uttlesford to submit a proposal for the provision of their procurement services. The proposal was successful. The contract covers the running of RFQ and tender processes, providing advice on the use of frameworks and general support and strategic advice on contract rules and public sector procurement regulations.

To date we have worked with them to:

- review and refresh their Contract Rules,
- deliver two digital solution processes through the CCS GCloud framework,
- undertake a full tender, over threshold, for their Electoral Printing solution,
- investigate fleet replacement options,



- provide support in renewal of a key digital solution contract, and
- provide advice on numerous smaller requirements.

3.2. **Raising Awareness** - The team has continued to raise its profile across the Council, but particularly within both the Connected Chelmsford and Sustainable Chelmsford directorates. An increase in support requests in these areas has resulted in a string of quick turnaround procurement exercises. This has included four procurement exercises undertaken with the Planning Team to meet a range of consultancy and project management requirements.

3.3. **Procurement Cards** – Introduced as a payment method to cover travel and expenses, small purchases and to reduce use of petty cash. The cards are now an embedded form of payment across the Council and from December 2021 the administration of the cards will be handled within Technology One. At that point day to day queries will move to the Accountancy Team.

3.4. **Social Value Policy** – Introduced in November 2020. A minimum of 10% weighting to be applied to all appropriate procurement exercises. Summary in Table 2 below.

The most notable benefit of this policy change is that local SMEs are more competitive in our processes. Suppliers are rewarded for using local businesses in their supply chain and we have a growing understanding of the policies and practices of our supply partners.

77% of the contracts let (listed below) were awarded to SMEs. 36% of contracts were awarded to Essex based companies 4 based in Chelmsford.

The social value process is still embedding however it is encouraging to note that four of the seven tenders where social value scoring was included the highest-ranking supplier won the contract, so the social value scoring is having an impact on awards. An update on the Social Value Action Plan in 2020 is shown in Table 3.

3.5. **Print Marketplace** – In response to the closure of the Council's print room we have been piloting the use of Crown Commercial Service's PMP (Print Marketplace). This is an online printing portal that operates by allowing users to seek quotes for printing jobs across a large number of suppliers. Users can select a quote based on price, locality, capacity and even the suppliers' green credentials. Rollout to the wider organisation will depend on user feedback.

3.6. **OneCouncil** – Consolidated the use of the Contract Module. We now have easy access to a contract register, the contracts themselves and all associated spend. We are currently reviewing the processes used to on board new suppliers.

- 3.7. **Procurement Processes** – Please see Table 1 on the following pages for details.
- 3.8. **Cost Reductions** – We have been able to realise fee reductions in a couple of areas following competitive procurement processes. For example, outsourcing pest control services has shown a reduction in call out fees of 5%. However, in general market conditions have made savings difficult to achieve.

## Procurement & Sourcing Activities – Oct 2020 to Oct 2021 - Table 1

*This does not include distributed procurement processes that were supported with advice and guidance.*

Requirement	Service	Contract Type / Value (when let)	Winning Supplier Location	SME?	Contract Length
<b>Process - RFQ (Request for Quotation)</b>					
<i>A Request for Quotation relates to a competition below threshold where quotations are sort from the open market or from a prequalified group of suppliers. The number of quotations required is dictated by the contract value and the Council's Contract Rules.</i>					
Air Quality Monitoring	Public Health	Services - £40,000	Hertfordshire	✓	3yr
Car Park Works – Compass Gardens	Parks	Works - £253,000	Ongar, Essex	✓	N/A
Outdoor Wedding Area at Hylands House	Hylands	Works - £58,000	Chelmsford, Essex	✓	N/A
Washroom Services	Bdg Serv	Services - £75,000	Tilbury, Essex	✓ (micro)	3yrs + 2yr extension
Car Park Works – Townfield St	Parking	Works - £340,000	Surrey	✓	N/A
Footbridge Remedial Works	Parks	Works - £30,000	Chelmsford, Essex	✓	N/A
Demolition – Galleywood Hall	Bldg Services	Works - £45,000	Chelmsford, Essex	✓	N/A
Hylands Visitor Toilets	Parks	Works - £140,000	Colchester, Essex	✓	N/A
Chelmsford Weir	Parks	Works - £22,000	Kent	✓	Postponed
Interior Designer – Theatre Front of House	Theatres	Works - £25,000	Essex	✓	N/A
Bailiffs	SEPP / Revs & Bens	Services - concession	Hampshire, Birmingham		SLA various up to 3 years.
<b>Process - Full Tender and PCR 2015 Applies (Over OJEU OR considered to be of Strategic Importance) #</b>					
Pest Control	Public Health & Ops	Services est. value £200,000	Chelmsford & Wider Essex	✓	5yrs + 2yr extension
<b>Procurements via Purchasing Framework</b>					
Building Control System	DPO / Building Control	Services - £133,000	Peterborough	✓	2yr + 2yr extension
Web Platform Partner	Digital	Services - £130,000	Cardiff, Wales	✓	2yr
Specialist Vehicles	Op Serv and Parks	Goods			N/A
Apprenticeships – various	HR	Services - £9-15,000 / apprenticeship			Various
Print Marketplace	All services	Online marketplace	Various	✓	N/A
E-signature Solution	DPO / various	Services - £20,000	Canary Wharf, London	✓	3yr

Requirement	Service	Contract Type / Value (when let)	Winning Supplier Location	SME?	Contract Length
Tindal Square	Planning	Works - £3.8m	Southampton		N/A
NEGC – Landscape Commission	Planning	Services - £31,000	Peterborough	✓	
Property – Development Consultancy	Finance	Services - £47,000	London	✓	5mths
Chelmer Waterside Project Management	Planning	Services - £200,000	London		1yr + 1yr extension
Contract Extensions Taken					
ERP	Finance	Technology One contract extended for a further 12mths			
Chauffeur	Corp Services	Extended for a further 12mths. Premier Cars – Local SME			
Other – renewals or procured under urgency					
Annual Billing Support Services	Finance	Capita – variation to current agreement.			
Park Kiosk	Parks	Renewed in line with other café contracts. 2yr extension. Maruo's - Local SME.			

\*These procurements were used to pilot the use of 10% weighting for social value in the scoring criterion.

# Please note property deals are not affected by PCR (Public Contract Regulations).

Social Value Priorities - Table 2

Procurement Process / Winning Bidder	SME	CM or Essex	SV Weighting	SV Score	SV Tender Ranking	Prompt Payment	Other comments
Visitor Toilets at Hylands refurbishment	Yes	Essex	10%	7%	1 out of 4	Unknown	
Pest Control Services	Yes	CM postcode	10%	7.6%	1 out of 8	Payment varies between 7-10 days	
Air Quality Monitoring	Yes	CM postcode	10%	7.6%	1 out of 4	SMEs paid in 10 days, all others 30	
Washroom Services	Yes	Essex	10%	6%	2 out of 7	Standard 30 days	
Tindal Square Refurbishment	No	No	25%	25%	1 out of 2	Signatory to prompt payment code	£1.4m of spend through SME's
Works at Townfield Street Multi-Storey Car Park	Yes	No	10%	5.6%	2 out of 2	Standard 35 days	
Compass Gardens Car Parking resurfacing works	Yes	CM postcode	10%	7.6%	2 out of 2	Standard 30 days	

### Action Plan – Update on Social Value 2021 Plan - Table 3

	Action	Objective	Details	Update
2021	Service spending plans published at start of financial year	1,2 & 3	Establish an outline procurement pipeline for the coming year – key capital purchases, planned project spend. Including proposed routes to market and timescales. Publish on Council website all up and coming key procurements. Warm up market. Increase transparency internally and externally. Focus on local suppliers. Allow procurement team to plan workload Identify key service procurement leads	A pipeline spreadsheet is now place. FUTURE: with the transition to the T1 contract register a dashboard could now be used to monitor upcoming contract renewals.  All appropriate opportunities are advertised on the Procurement webpage.  Procurement leads – not yet started.
	Review external environment incl. changes due to EU exit.	1	Review new guidance and legislation	Ongoing.
	Social Value Practitioner status	3	Train key staff as Social Value Practitioners	Procurement & Risk Service Manager trained.
	Contract Review	2	Review of key suppliers, and contract management framework and training	April 2021
	Participate in Social Value Event	3 & 5	Potentially host climate change Social Value session for local suppliers and partners	Postponed until 2022
	Complete CIPS Ethical Test	3	All Procurement Team members required to undertake Ethics Test	Annual training for all staff via CIPS.
	Training and Awareness	1	Procurement training for Councillors	Postponed until 2022
	Annual Procurement Report	1 & 2	Publish report to Audit & Risk Committee, including reporting of TOM's	Dec 2021 – this report.
	Monitor Quality of Spend Data	2	Ongoing assessment	

#### 4. Planned Activities November 2021 Onwards

- 4.1. **Exit from European Union** – Changes to public sector procurement regulations, as a result of our exit from the EU, are likely to be made law in early 2023. The green paper was published and consulted on in early-mid 2021.

The paper included proposals to move to a single, more flexible procurement process model, that would simplify the route to market decision. It also moves to a 'most advantageous tender' principle, giving more weight to alternative local factors (ecological, localism etc) over economic considerations.

- 4.2. **Continued Embedding of Social Value Policy** – We will continue to evolve the data gathering and reporting process.

- 4.3. **Electric Vehicles** – We have been working with the Public Health team to replace their current vans with electric alternatives as well as introduce 2 electric pool cars. Charging point installation is scheduled and the vehicles will be ordered before the end of 2021.

- 4.4. **Cross functional alliances** – We continue to work closely with key services and departments to enable them to undertake their own sourcing processes in a compliant, fair and transparent manner.

- 4.5. **Training** - Awareness raising across the organisation, at all levels, with the aim of increasing knowledge of the Council's internal contract rules and PCR 2015 (Public Contract Regulations).

- 4.6. **DPS (Dynamic Purchasing Systems)** – A DPS is a purchasing device that allows the Council to prequalify suppliers against a number of categories. The Council can then run procurement processes with just those suppliers. The Council benefits by being able to run quick processes amongst suitable suppliers. The Suppliers benefit as they need only register and provide their support documentation once. New suppliers can apply to join the DPS at anytime.

A new DPS for maintenance and small works contracts has been launched. Working alongside the Building Services team we have created a new mechanism for letting cyclical and small one-off works and maintenance contracts. The DPS went live in November 2021 with the first competitions to take place in 2022.

The DPS covers 29 trades from small one off works e.g. minor repairs etc. to bridge works and road works.

- 4.7. **Upcoming Capital Procurement Processes** – We are currently putting together procurement processes, using a variety of routes to market, for the following capital projects:

- Galleywood Hall Industrial Units – PUBLISHED
- Central Park Lake Bank Stabilisation – PUBLISHED
- Refurbishment of Aquila House – EARLY 2022
- Front of House Refurbishment of Civic & Cramphorn Theatres – TO BE PUBLISHED JAN 2022
- Chelmer Waterside: Bridge & Road Civil Works – AWARD CONTRACT DEC 2021

## 5. Conclusion

Members are invited to note the ongoing work of the Procurement Team.

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### List of appendices:

- None

### Background papers:

- Social Value Procurement Policy
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## Corporate Implications

**Legal/Constitutional:** All procurement activity must be compliant with Public Contract Regulations 2015 and Contract Procedure Rules

**Financial:** Procurement activity is aligned with the medium-term financial strategy and annual budget cycle

**Potential impact on climate change and the environment:** The Climate Emergency Action Plan is a key driver for the new Procurement strategy.

**Contribution toward achieving a net zero carbon position by 2030:** The procurement strategy specifically targets this action through the Theme Outcomes and Measures.

**Personnel:** None

**Risk Management:** Procurement strategy is a Principal Risk monitored by Management Team and Audit and Risk Committee

**Equality and Diversity:** None

**Health and Safety:** None



Digital: None

Other: None

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Consultees:

Accountancy Manager, Section 151 Officer

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Relevant Policies and Strategies:

- Procurement Policy
- Procurement Strategy
- Our Chelmsford Our Plan



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# Chelmsford City Council Audit and Risk Committee

15 December 2021

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## Modern Slavery Report

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### Report by:

Director of Connected Chelmsford

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### Officer Contact:

Alison Chessell, Procurement & Risk Services Manager, [alison.chessell@chelmsford.gov.uk](mailto:alison.chessell@chelmsford.gov.uk)  
01245 606598

Paul Brookes, Public Health and Protection Services Manager,  
[paul.brookes@chelmsford.gov.uk](mailto:paul.brookes@chelmsford.gov.uk), 01245 606436

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### Purpose

To update the Committee on the work undertaken within the Council on Modern Slavery reduction and awareness.

### Recommendation

The Committee are requested to note the contents of this report.

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## 1. Background

- 1.1 The Council signed the Charter Against Modern Slavery in June 2020 to commit to improve procedures to support measures to minimise the practice of Modern Slavery within the Council's supply chain and procurement practices.
- 1.2 A Modern Slavery Action Plan was produced in September 2020 to support the process and ensure delivery of actions across the organisation.

## 2. Modern Slavery Action Plan

- 2.1 The action plan produced in September 2020 has been updated with progress and is attached in Appendix 1.
- 2.2 There is just one action outstanding which is the review of Property Services and Housing Services, this will be carried out early in the new year.

## 3. Safeguarding work in progress

- 3.1 The Council's Community Safety Team, as part of the Safer Chelmsford Partnership, undertake a wide variety of work supporting the prevention of Modern Slavery. The Community Safety Partnership are currently awaiting a funding decision from the Police Fire and Crime Commissioners office to develop a multi-agency partnership which will enhance services and the response to Modern Slavery in the city.
- 3.2 The Community Safety Team have worked in collaboration with Essex Police in dealing with two potential human trafficking cases within the area, bringing together expertise and allowing for a partnership approach and better support of victims.
- 3.3 A male rough sleeper was being trafficked around Chelmsford and eventually to London to work tarmacking, gardening and general labouring. He was too scared to report to the police so came to CCC to seek housing and support. Community Safety Officers referred the case through the National Referral Mechanism (NRM). Support was provided by the Home Office and locally by CCC and Helping Hands, as a result of the NRM referral he was moved out of the area and provided accommodation.
- 3.4 An ongoing investigation is currently being undertaken by Essex Police and the Gangmaster Licensing Authority into trafficking within a specific service sector in Chelmsford. Community Safety Officers are actively involved in providing support to the investigation.
- 3.5 As well as the above cases, a number of potential modern slavery concerns have been flagged by Council staff carrying out their day-to-day work. These concerns are followed up by liaising with the police and speaking with the individuals of concern.
- 3.6 The partnership continues to work together to raise the awareness of human trafficking by training staff and conducting nights of action to safeguard the most vulnerable members of our community.
- 3.7 The partnership held a multi-agency mapping and awareness session in October 2020. The session allowed the Council to fully understand the services and partners already involved in Human Trafficking and Modern Slavery, allowing the Council to map areas of strength and weakness in the area and consider best practice from all organisations.

#### 4. Conclusion

- 4.1 The work to continue to raise awareness of Modern Slavery practices within the Council's operations and supply chain has continued during 2021 and will continue and develop further in 2022.

#### List of appendices:

Appendix 1 - Modern Slavery Action Plan 2021 Update

#### Background papers:

None

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#### Corporate Implications

Legal/Constitutional: It is a legal requirement for the Council to provide a Modern Slavery Statement which is published on the Council's website.

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: Modern Slavery checks are integrated into Human Resources processes.

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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#### Consultees:

Management Team

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#### Relevant Policies and Strategies:

Health and Wellbeing Strategy

## The Modern Slavery Action Plan - 2021 Update

Date	Action Details	Status
August	Dedicated area on website – with Charter Pledge details – Whistleblowing etc. Awareness raising Intranet <ul style="list-style-type: none"> <li>Public routes to report / check organisations – safe car wash app....</li> <li>Helplines etc</li> <li>Links to online resources</li> </ul>	Completed
Sept	Initial Report to – Audit & Risk Committee  Include Safeguarding reporting and align procedures on Modern Slavery.	Completed
Oct	Chelmsford Against Slavery Partnership – Stakeholder mapping session.	Completed
Nov	Supplier checks <ul style="list-style-type: none"> <li>Start with spend over £50k a year by category, approaching any industries that are vulnerable to MDS as priority e.g. car wash, nail bars, agriculture</li> <li>Explore supply chains for high value capital items and undertake a desk-based audit</li> <li>Modern Slavery Registry – resource for finding statement for large businesses – as part of supplier check.</li> </ul> Internal Training for all relevant staff as part of the new Contract Mgmt. process - T1	Completed  Audit result reported to Committee
Dec	Include information on update in annual Procurement Report to ARC.  Ethical Supplier - Risk Assessment	Completed  Completed
	Property Services and Housing Services review to be undertaken	Yet to be completed

## Charter Requirements and monitoring

No.	Activity	Measurement	Target	Status /Actions	Update
1	Train Procurement Team in CIPS Ethical Procurement & Supply Test	Percentage of staff completed	100%	Already undertaken as CPD and recently qualified team.	100% in 2021
2	Check Contractors comply with MSA 2105	Percentage of contracts checked	Report Only	Self-selected question when through formal tender. Part of T1 new supplier set up.	100% through formal tender
3	Challenge any abnormally low tenders	No. of tenders challenged	Report only	We do this as part of normal procedures.	2 Tenders in 2021
4	Highlight to suppliers – workers right to join unions	No. of suppliers checked	Report Only	Refresh information on website. Update T&C's	Not undertaken
5	Publish whistleblowing information	No. of whistle blowers	None	Not appropriate to target – just monitor. Already on website. Already done by Governance committee - MO.	Undertaken by Monitoring Officer arrangements
6	Contractors to adopt whistle blowing policy	No. of suppliers who have whistleblowing policy	None	Check high risk suppliers. Update website information.	Checks undertaken. Website to be updated
7	Review Contract Spend	Ethical Risk Assessment	None	Need to undertake a supplier ethical risk assessment.	Completed in Dec 2020
8	Suppliers Identified and referred to agencies	Number referred	None	Not appropriate for target – just reporting by qualified officers, safeguarding and procurement teams.	None
9	Contractors referred to NCS	Number referred / Awareness raising	None	Not appropriate for targets – reporting only Combine with safeguarding reporting.	None
10	Report Progress Publicly	Annual report to ARC.	Annually	Report to ARC Sept – showing as is position and plan.	Completed.

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# Chelmsford City Council Audit and Risk Committee

**15<sup>th</sup> December 2021**

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## **Audit and Risk Committee Work Programme**

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### **Report by:**

Audit Services Manager

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### **Officer Contact:**

Elizabeth Brooks, Audit Services Manager, [elizabeth.brooks@chelmsford.gov.uk](mailto:elizabeth.brooks@chelmsford.gov.uk)

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### **Purpose**

This report updates the rolling programme of work for this Committee.

### **Recommendations**

That the rolling programme of work for the Committee is agreed.

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## **1. Introduction**

- 1.1. The Audit & Risk Committee works to a standard programme of work to ensure that their work is spread evenly across meetings, as far as possible, and to ensure that core reports are produced at the appropriate time within the Council's reporting timetable.

## **2. Self-assessment and training**

- 2.1. In line with CIPFA Guidance: Audit Committees 2018, a self-assessment was completed by ARC Members in April 2021. The results highlighted that additional general training and awareness for the Audit & Risk Committee would be beneficial. To this end, several Committee Members attended the CIPFA: 'Introduction To The Knowledge And Skills Of The Audit Committee' in September 2021. Alternative dates will be provided to remaining Committee Members once known.

### 3. Rolling Programme of Work

3.1. Many of the reports submitted to this Committee are presented on a cyclical basis and can be timetabled for particular meetings. However, from time to time additional reports are requested which are presented to future meetings. The proposed rolling programme of work for this Committee for the next series of meetings is shown below.

#### 16<sup>th</sup> March 2022

Agenda Item	Report Owner
External Audit Update	BDO
Internal Audit Plan 2022/23 + Internal Audit Charter 2022	Audit Services Manager
Approval of Accounting Policies	Accountancy Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

#### 15<sup>th</sup> June 2022

#### (Joint meeting with Governance Committee)

Agenda Item	Report Owner
Review of the Local Code of Corporate Governance	Legal and Democratic Services Manager
Annual Governance Statement	Legal and Democratic Services Manager

#### (Audit & Risk Committee)

Agenda Item	Report Owner
External Audit Update	BDO
Revenue (Outturn)	Accountancy Services Manager
Capital Monitoring (Outturn)	
Internal Audit Annual Report 2021/22	Audit Services Manager
Audit & Risk Committee Annual Report 2021/22	
Review of the Audit & Risk Committee's Terms of Reference	
Risk Management Report	Procurement and Risk Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager



### 21<sup>st</sup> September 2022

Agenda Item	Report Owner
External Audit Update	BDO
Health and Safety Annual Report	Public Health and Protection Services Manager
Modern Slavery Report	Procurement and Risk Services Manager/ Public Health and Protection Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

### 14<sup>th</sup> December 2022

Agenda Item	Report Owner
External Audit Update	BDO
Internal Audit Interim Report 2021/22	Audit Services Manager
Risk Management Report	Procurement and Risk Services Manager
Counter Fraud and Investigations Report 2022	Procurement and Risk Services Manager
Procurement Update	Procurement and Risk Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

List of appendices: None

Background papers: None

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#### Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015). Numerous legislation also emphasises the importance of the audit committee, including:

- Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)
- PSIAS
- the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The role of the Audit & Risk Committee in relation to risk management covers: assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks; keeping up to date with the risk profile and the effectiveness of risk management actions and; monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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Consultees: None

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Relevant Policies and Strategies: None

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