Audit and Risk Committee Agenda

23 September 2020 at 7pm Remote Meeting

Membership

Councillor N.M. Walsh (Chair)

and Councillors

D.J.R. Clark, P.H. Clark, N.A. Dudley J.S. Lardge, J.M.C. Raven, E.J. Sampson, M. Sismey, and M.D. Watson

Local people are welcome to attend this meeting remotely, where your elected Councillors take decisions affecting YOU and your City. There is also an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. If you would like to find out more, please telephone Daniel Bird in the Democracy Team on Chelmsford (01245) 606523 or email daniel.bird@chelmsford.gov.uk.

Audit and Risk Committee 23 September 2020

AGENDA

1. Apologies for Absence and Substitutions

2. Minutes

To consider the minutes of the meeting held on 29 July 2020

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 15 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 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, provided they have indicated that they wish to do so and have submitted an email address to which an invitation to join the meeting and participate in it can be sent.

- 5. Announcements
- 6. External Audit Update (Verbal)
- 7. Internal Audit Update
- 8. Internal Audit Revised Audit Plan
- 9. Internal Audit Strategy
- Risk Management Update One Council RM Project Update
- 11. Modern Slavery Update
- 12. Work Programme
- 13. 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 29 July 2020 at 7pm

Present:

Councillor N.M. Walsh (Chair)

Councillors D.J.R. Clark, P.H. Clark, N.A. Dudley. J.S. Lardge, M. Sismey (present for part of Item 7) and M.D. Watson

1. Attendance and Apologies for Absence

The attendance of those present was confirmed. Apologies for absence had been received from Councillor J Raven.

2. Minutes

The minutes of the meeting on 17 June 2020 were confirmed as a correct record.

3. Declarations of Interest

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

There were no announcements for the meeting.

6. External Audit Update

The Committee received an update from their external auditors, BDO. The Committee was informed that regular discussions had been ongoing with the Finance team, along with preparatory work ahead of the audit commencing later in the year. The Committee was reminded of the revised deadlines and that a provisional start date had been agreed of 25th August. It was noted that field work would start in September up until around the first week of October. The Committee heard that BDO hoped the work would be substantially completed by early October, but there would be certain procedures that would need to take place closer to the final sign off. It was also noted that the Committee were timetabled to be approving the accounts towards the end of November and that regular discussions on Covid-19 issues would continue to take place with the Finance team ahead of then.

RESOLVED that the update be noted

(7pm to 7.10pm)

7. Draft 2019/20 Accounts

The Committee were informed that due to the deadline changes this was an exceptional year and therefore rather than just approving the final accounts, officers felt it was beneficial for the Committee to see the draft accounts and bring some increased risks to their attention. The Committee received a presentation from officers that explained the Committee's role in approving the accounts, what the accounts included and the areas of importance for 2019/20. The Committee were also reminded that the final approval of the accounts would be at the additional meeting on 25th November. The presentation from officers focused on the key areas below;

- Role of the Audit and Risk Committee
- The wider system other Council bodies, external partners, officers and the internal reporting suite
- Duties of the Audit and Risk Committee
- The steps taken to meet statutory and professional practices
- The amendments to the legislated deadlines due to Covid-19. These had been pushed back to 31st August for the preparation of accounts and 30th November for the final audited accounts
- What determined the format of the Accounts?
- The main chapters in the Accounts
- The dual use of the accounts
- Reconciling Revenue Outturn to the CI&ES
- The Statutory entries

29 July 2020

• The Risk of Mis-Statements, due to Covid-19 and the issuing of refunds for various services close to the end of the financial year. It was noted that a small error in which year a transaction was recorded, may be extrapolated by the external auditors. Valuation of the Council's property assets had been undertaken by a new valuer which may have led to changes in value due to their approach. In addition, the current circumstances had meant there were few market transactions to inform valuations, and therefore the valuations should be treated with a higher degree of caution than in normal years. Valuations would be subject to challenge by the external auditors, as is normal practice, and it was noted that a small percentage change could lead to large movements on the balance sheet, given the size of the figures involved.

The Committee heard that the auditors would complete their audit of the draft statement of accounts in September/October. This would then be reported along with the value for money judgements to the Committee in November where they would be asked to approve the accounts to be published by 30th November.

In response to questions from the Committee, it was noted that;

- In terms of pension liability, this was determined by a yearly investment strategy, but the City Council did not influence this. This was a County Council function.
- Cost Centres for individual areas/services were used by the Finance team and to help service managers manage budgets. Officers stated the information was available for members of the Committee but it would be of a significant size. Therefore, a discussion would take place after the meeting to agree which data was required.

RESOLVED that the Committee noted the draft statement of accounts for 2019/20.

(7.10pm to 7.52pm)

8. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 7.52pm

Chair



Chelmsford City Council Audit and Risk Committee

23rd September 2020

Internal Audit Update – September 2020

Report by:

Director of Financial Services

Officer Contact:

Elizabeth Brooks, Audit Services Manager, elizabeth.brooks@chelmsford.gov.uk

Purpose

This report summarises the work that Internal Audit has undertaken since the last update to Audit and Risk Committee in June 2020.

Recommendations

Committee are requested to note the content of this report.

1. Introduction

1.1. This report summarises the work that Internal Audit has undertaken since the last update to Audit and Risk Committee in June 2020. Whilst updates would be usually be provided to Committee through the bi-annual Interim and Annual Reports, given the unprecedented nature of 2020, it is pertinent to provide an additional update in this year, to advise Committee of the work Internal Audit are undertaking to support and review the Council's internal control environment, risk management and governance arrangements during this time.

2. Completion of 2019/20 Annual Plan

Report Title	Assurance Rating	Critical	High	Medium	Low	Key Issues Arising	
Capital Expenditure	Moderate	0	1	0	0	One high priority finding was identified in this review relating to post project review.	
Chelmsford Museum	Moderate	0	0	3	1	There were no critical/high priority findings identified. Medium priority findings related to Governance, Retail Arrangements and Salvage Arrangements.	
Housing Grants and Loans	Substantial	0	0	1	0	No critical or high priority findings were identified in this review. The medium priority finding related to management and monitoring information.	
Community Infrastructure Levy	n/a – reduced scope due to impact of C.19; as agreed with management, a full review of CIL will take place in 2021/22.						

3. Advisory and Assurance Work during the Council's Covid 19 Response

Area	Summary of Audit Input
Community Hub	Initial on-site advice was provided during set up of the Hub, to ensure that controls were incorporated into the new processes and were reviewed once operational to ensure they were operating effectively and consistently.
Business Grants	The Council were required to administer grant funding (including Small Business Grants Fund, the Retail, Leisure and Hospitality Grant Fund, and Local Authority Discretionary Grants Fund). The proposed process design was reviewed as it was developed and associated key control recommendations were provided. Due to the urgency of the grant payments, the guidance allowed for 'post payment assurance' to be undertaken. Advice regarding post payment assurance checks is being provided, to ensure that adequate review has been considered and undertaken where appropriate.
Council Refunds	Review of council refunds and invoice cancellations relating to sports centres, Hylands, and car parking has been undertaken.

In addition, over the last few months we have been providing ongoing control design advice and audit support for the implementation of the Council's T1 Finance System.

4. Current Work In Progress

Audit Title	Status
DPO – Review of Pilot	Final Report due September 2020.
Emerging Issues from C.19	Fieldwork in Progress. Draft Report due September 2020.
Housing Allocations	Fieldwork in Progress. Draft Report due September 2020.

5. Conclusion

5.1. This report outlines the work that Internal Audit has undertaken since the last update to Audit and Risk Committee in June 2020 for information.

List of appendices: None

Background papers: None

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

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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

Consultees: Noted by Service Managers and Management Team during August/September

2020

Relevant Policies and Strategies: None



Chelmsford City Council Audit and Risk Committee

23rd September 2020

Internal Audit Revised Annual Plan 2020/21

Report by:

Director of Financial Services

Officer Contact:

Elizabeth Brooks, Audit Services Manager, elizabeth.brooks@chelmsford.gov.uk

Purpose

This report seeks approval from the Audit & Risk Committee for the Revised Annual Internal Audit Plan for 2020/21.

Recommendations

Committee are requested to note the content of this report and approve the Revised Annual Internal Audit Plan for 2020/21.

1. Introduction

1.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of Chelmsford City Council's Internal Audit section is to provide independent, objective assurance and consulting services to the Council (via the Audit & Risk Committee, Chief Executive, S151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations.

- 1.2. The Audit Services Manager is also responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance statement. The annual opinion will also conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3. In order to achieve this, Internal Audit developed its proposed internal audit plan for 2020/21 based, as usual, on a prioritisation of the potential audit activities across the Council using a risk-based methodology, including input from Council staff, senior management and the Audit & Risk Committee, as well as consideration of local and national issues and risks.
- 1.4. However, following the impact of Covid 19 on Council services, it was not possible to commence the 2020/21 audit plan (originally approved by Management Team in November 2019 and due to be submitted to the postponed March 2020 Audit and Risk Committee) from April 2020 as intended. We have therefore reassessed and modified the original plan, still based on the Council's priorities/ highest risks, as well as the days/resources we have available remaining to 31st March 2021.
- 1.5. The Audit Services Manager will be responsible for delivery of this plan and will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver it. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of the Council.
- 1.6. In addition to planned work, Internal Audit can also provide advice and guidance to management on risk and control issues within individual systems

2. Preparation and consultation

- 2.1. The 2020/21 plan was prepared taking the following steps:
 - A list of all auditable systems was identified;
 - Auditable areas were evaluated and then ranked against:
 - Audit risk criteria
 - Our Chelmsford Our Plan
 - Principal Risk Register
 - Consideration of local and national issues and risks, including the IIA Publication - Risk in Focus (Hot Topics for Internal Audit 2020)
- 2.2. Discussions were originally held with Directorate management teams during November 2019. Management Team approved the original plan on 4th December 2019.
- 2.3. Following the Council's response to Covid-19, discussions were once again held with service managers and Directors to understand which areas on the original plan were still relevant and where Internal Audit could add value given the inevitable disruption to services, and the capacity to deliver the revised plan in the remaining months of 2020/21. The modified plan was subsequently approved by Management Team on 22nd July 2020.

3. Follow Ups

- 3.1. Follow-up procedures provide management with updated information about whether key risks have been properly mitigated through remedial actions.
- 3.2. All planned audit work undertaken is subject to a formal follow up to ensure that all agreed actions have been implemented. A budget for follow ups has been accounted for in the annual plan.

4. Internal Audit Budget and Resources

- 4.1. The revised annual plan has been drawn up to address the current key risks for the Council, taking into account available resources.
- 4.2. In order to ensure Internal Audit have an appropriate range of knowledge, skills, qualifications and experience that is required to deliver the audit plan, the Audit Services Manager will consider the external support required to deliver areas where specialist input would be beneficial, alongside in-house delivery (for 2020/21: 1.0 FTE Audit Services Manager and 1.0 FTE Senior Auditor).
- 4.3. Further changes to the annual plan may be necessary during the year to reflect changing priorities and risk environment. A contingency has therefore also been set aside to cover requests from management for ad hoc, advisory type work on risk identification and subsequent control design (as well as urgent, unplanned reviews arising during the year).

5. Assurance Levels/Basis of Opinion

- 5.1. Internal Audit may undertake work which does not contribute explicitly to the overall audit opinion and/or deliver an assurance statement. These may include activities where Internal Audit provide independent and objective advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary. For example, for example in 2020/21 this will include advice in relation to the Council's T1 implementation.
- 5.2. Where such work is undertaken, this will be set out as part of Internal Audit's annual report. In order to protect Internal Audit's independence and minimise the impact on the delivery of the overall plan, the Audit Services Manager will give due consideration to the appropriateness of undertaking such work.
- 5.3. Management Team and the Audit & Risk Committee will continue to receive details of critical/high priority issues raised in audit reviews which result in 'limited' or 'no' assurance statements, as part of the bi-annual reporting process.

6. Liaison with Risk Management and Investigations

6.1. In accordance with the annual audit plan, internal audit will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls and emerging risks. These will be reported

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immediately to the Investigations team and Procurement and Risk Services Manager/

Risk Manager and handled accordingly.

6.2. Internal Audit will continue to work closely with the Risk Manager, in line with our defined protocol, to discuss and exchange risk information, including progress updates on the development of the risk framework and any emerging issues. Risk impact criteria will be aligned to ensure that management and Services receive broadly

consistent messages to enable them to prioritise their risks.

7. Conclusion

7.1. This report indicates the level of work that will be undertaken by Internal Audit during the remainder of 2020/21 in order to provide assurance over the overall adequacy and effectiveness of Chelmsford City Council's framework of governance, risk management

and control.

List of appendices: Internal Audit Revised Annual Plan 2020/21

Background papers: None

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: The programme of audit work will be met from the Internal Audit Revenue budget,

as outlined in the report

Potential impact on climate change and the environment: None

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

Personnel: Delivery of the plan for 2020/21 will be resourced by a co-sourced mix of in-house

staff and external contractors as outlined in the report.

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Risk Management: The 2020/21 Annual Audit Plan has been based on a prioritisation of potential audit activities across the Council, using a risk-based methodology and has been discussed with the Council's Risk Manager and Procurement and Risk Services Manager

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Originally, Directorate Management Teams were visited and/or consulted by the Audit Services Manager during November 2019. Management Team approved the original plan on 4th December 2019. Further discussions were then held with Service Managers during the Council's Covid-19 response and Management Team approved the Revised Audit Plan on 22nd July 2020.

Relevant Policies and Strategies: Internal Audit Charter 2020 and Internal Audit Strategy 2020-22



Internal Audit Revised Audit Plan 2020-21

Ref	Audit Title	Link to Corporate Plan	Link to Principal Risk	Impacted by C.19	Indicative Scope	Planned Quarter	Planned Days			
CROSS-CU	CROSS-CUTTING (to also consider any emerging Brexit risks as necessary through 2020/21)									
XC20_1	Emerging Issues from Covid 19		PRR 003	Yes	To undertake an independent review of the Council's response to Covid- 19 beyond its initial incident management phase, to identify best practices and any lessons learned/emerging issues.	2	15			
XC20_2	Digital Portfolio Office	Connected Chelmsford	PRR 009		To assess the adequacy of the arrangements for DPO governance, reporting, financial management and benefits realisation following its pilot.	2	10			
XC20_3	Cyber Security & Information Governance	Safer and Greener Place	PRR 001 / PRR 016	Yes	To undertake Cyber Security and GDPR Follow ups from 2019/20 reviews and assess residual gaps. To review in conjunction with XC20_1.	2	15			
XC20_4	Housing Policy & Strategy (including Homelessness Strategy)	Fairer and Inclusive Growth	PRR 006	Yes	Provide design advice for the Council's governance framework for delivering its new Homelessness Strategy and for monitoring and reporting progress. Review of the Housing Strategy framework and governance of Affordable Homes Working Group.	2	10			
XC20_5	Medium Term Financial Strategy		PRR 019	Yes	Review of Council progress against MTFS; review of reporting and monitoring actions.	2	10			

Ref	Audit Title	Link to Corporate Plan	Link to Principal Risk	Impacted by C.19	Indicative Scope		Planned Days
XC20_6	Managing the Risk of Fraud		PRR 005	Yes	Deferred from 2019/20. To undertake a review of the Council's response to managing Fraud, Bribery and Corruption risks in line with CIPFA's code of practice.	3	10
XC20_7	Internal and External Comms (including use of Social Media/RIPA)				Review of Council's policy regarding internal and external comms and use of Social Media. To include the policies and procedures for reviewing social media sites for investigative purposes to ensure they are in line with regulations and best practice.	3	10
XC20_8	Health and Safety	Safer and Greener Place	PRR 014	Yes	To review the governance arrangements in place for monitoring Health and Safety across the Council such as policies and procedures, risk assessment approach etc, following the Council's review by external H&S consultants.	4	10
XC20_9	Volunteers	Connected Chelmsford	PRR 015 (Safeguarding)	Yes	Review of cross-service compliance with the Council's Volunteering Policy; to consider safeguarding risks.	4	10
CONNECTE	ED CHELMSFORD						
CON20_3	Mayor Office				Review of Mayoral processes and protocol	2	10
FINANCE AND HOUSING							
FIN20_1	T1 Implementation		PRR 010	Yes	To provide control design advice and audit support during the implementation of the Council's new finance system. Adhoc days to be used as required.	2 and 3	15

Ref	Audit Title	Link to Corporate Plan	Link to Principal Risk	Impacted by C.19	Indicative Scope		Planned Days
FIN20_2	Housing Allocations			Yes	Deferred from 2019/20.	2	15
FIN20_3	Key Financial Systems 2020/21			Yes	Scope and timing TBC (post T1 implementation)	4	30
PUBLIC PL	ACES						
PP20_1	Licencing				Review the arrangements for the issuing and monitoring of licences (Premises and Taxis), including renewals.	4	10
SUSTAINA	BLE COMMUNITIES						
SC20_1	S106 Contributions	Fairer and Inclusive Growth	PRR 011 / PRR 013	Yes	Review of the Council's compliance with S106 Planning obligations to ensure all funds are received and spent in line with policy and legal requirements. To consider in relation to the HIF Grant for Chelmsford North East Bypass and Beaulieu Station and delivery of the Garden Community (North East Chelmsford Garden Community Development Board)	4	15
SC20_3	On street parking and enforcement				To review the arrangements for on street parking and enforcement practices.	3	15

TO DEFER TO 2021/22

Directorate	Audit Title	Link to Corporate Plan	Link to Principal Risk	INDICATIVE SCOPE
Cross-Cutting	Apprenticeships	Connected Chelmsford		Review of the Council's Apprenticeship Scheme and Levy; monitoring of apprenticeship targets
Cross-Cutting	Community Funding Scheme	Connected Chelmsford		Review of the Council's new Community Funding Scheme; to review governance arrangements and compliance.
Cross-Cutting	Corporate Plan Performance Monitoring			Review of the Council's performance monitoring framework against the Corporate Plan; including reporting and monitoring actions
Cross-Cutting	Environment Plan	Safer and Greener Place	PRRO21	Review of the Council's measures for responding to the Climate Change Emergency and its framework for reporting progress.
Connected Chelmsford	Arts and Culture Strategy	Healthy, active and enjoyable lives		Review of the development and management of the Council's arts, cultural and entertainment facilities and services.
Connected Chelmsford	Electoral Registration	Connected Chelmsford		Review of the maintenance of the Electoral register including the annual canvass and voter engagement strategy (per the Chelmsford Policy Board Working Group)
Financial Services	Procurement & Contract Management		PRR 017	To review the Council's procurement and contract management procedures to ensure they are in line with Council policy and regulations.
Public Places	Waste and Recycling	Safer and Greener Place		Review 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.
Public Places	Community Safety Partnership			Deferred from 2019-20.
Public Places	Leisure Centres & Playschemes	Healthy, Active and Enjoyable Lives		Review of the management of leisure facilities - Riverside, Dovedale, CSAC, SWF. To include Leisure Plus Membership Card, hiring of facilities and arrangements regarding Playschemes. To include follow up of Riverside Report 2019

Directorate	Audit Title	Link to Corporate Plan	Link to Principal Risk	INDICATIVE SCOPE
Public Places	Parks and Open Spaces	Healthy, active and enjoyable lives		To review the arrangements for the maintenance and management of parks and open spaces. To include consideration of hiring, concessions, donations and sponsorship, events
Sustainable Communities	Planning Applications and Planning Enforcements			Review of the Council's administration and compliance with policies, procedures and regulations. To review arrangements for managing breaches of Planning Control/Permissions



Chelmsford City Council Audit and Risk Committee

23rd September 2020

Internal Audit Strategy 2020-22

Report by:

Director of Financial Services

Officer Contact:

Elizabeth Brooks, Audit Services Manager, elizabeth.brooks@chelmsford.gov.uk

Purpose

This report seeks approval from the Audit & Risk Committee for the Internal Audit Strategy 2020-22

Recommendations

Committee are requested to note the content of this report and approve the Internal Audit Strategy 2020-22.

1. Introduction

1.1. This document sets out the Internal Audit Strategy for 2020-22, covering how the service will be delivered and developed and is a key component of our compliance with Public Sector Internal Audit Standards. It is supported by the Internal Audit Charter (approved by Committee in June 2020) which outlines in detail the purpose, authority, responsibility and position of the Internal Audit Service within Chelmsford City Council.

2. Conclusion

2.1. This document outlines the mission and goals of the Internal Audit service for 2020-22 and forms part of our compliance with the Public Sector Internal Audit Standards.

List of appendices: Internal Audit Strategy 2020-22

Background papers: None

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

Consultees: Approved by Management Team on 22nd July 2020

Relevant Policies and Strategies: Internal Audit Charter 2020



Internal Audit Strategy 2020-2022

This document sets out the Internal Audit Strategy for 2020-22, covering how the service will be delivered and developed. It is supported by the Internal Audit Charter which describes the purpose, authority, responsibility and position of the Internal Audit Service within Chelmsford City Council.



Our Mission Statement

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps Chelmsford City Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The Council's response to Internal Audit activity should also lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives as set out in Our Chelmsford: Our Plan to make Chelmsford a fairer, greener, safer and better-connected place to live, work and visit. Internal Audit also embodies the Council's core values: Accountability, Creativity, Collaborative, Trust, Learning and Encouraging.



Our Goals

To deliver our Mission Statement and a successful and effective Internal Audit Service, we have four key goals for 2020-22:

1. Develop a planning process which identifies the Council's most significant internal and external risks and deliver an Annual Internal Audit Plan focussing on these key risks, and which meets stakeholder needs.

This will be met through:

- Collaboration internally and externally with other internal control, governance and risk management functions to coordinate and align coverage of the Council's risks and governance arrangements.
- Developing an audit planning methodology that links the Council's strategy to the auditable risks, governance and internal control arrangements.
- Validating the methodology and annual plan with key stakeholders.
- Being responsive to the Council's changing priorities and by adding value through proactive advisory work.

- 2. To contribute to the Council's delivery of its governance and assurance framework *This will be met through:*
- Continuing to champion the 3-Lines of Defence Assurance model, which promotes governance and management oversight responsibilities and align with the Council's Risk Management Strategy, as well as maximising the opportunities presented by close working with Investigations and Risk Management i.e. through the Internal Audit/Risk Management Protocol.
- Contributing to the development of the Council's Corporate Governance Group and delivery of the Council's Annual Governance Statement.
- 3. To be a trusted advisor to Senior Managers and the Audit and Risk Committee

This will be met through:

- Providing timely, effective and useful communications to key stakeholders.
- Bringing analysis and perspective on root causes of issues identified in audit findings, to help services design/take corrective actions.
- Providing value-added services and proactive strategic advice to services beyond the audit plan.
- 4. To monitor the critical skills and resource blend required to ensure Internal Audit deliver their mission and objectives.

This will be met through:

- Ensuring that the audit team continually develop their skills and knowledge, which also aligns with professional CPD requirements and best practice.
- Participating in exploring alternative partnership models for the delivery of Internal Audit Services across Essex to determine whether there are opportunities for authorities to work together to address resourcing issues/concerns and make the best use of total resources available.
- Where applicable and appropriate, continue to engage in a co-sourced arrangement with a suitable provider that encourages a partnering and development approach.



Key Internal Audit Outputs

- Production and delivery of a risk-based Annual Internal Audit Plan
- Head of Internal Audit Annual Opinion on the Council's overall internal control, risk management framework and governance arrangements in the Internal Audit Annual Report and Annual Governance Statement.
- Interim and Annual Reports to Senior Management and the Audit and Risk Committee which highlight any significant control deficiencies or potential areas for improvement in the Council's internal governance, risk and control arrangements.
- Internal Audit advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary.



Measurements of success

We have established key performance indicators (KPIs) to measure our performance, robustness and value of Internal Audit. *Our performance against these indicators will be reported alongside the Internal Audit Annual Report.*

- At least 90% of the Annual Internal Audit Plan delivered to draft report stage by 31st March of the financial year and 100% to be finalised by 30th April.
- Average customer satisfaction score for the year to meet or exceed acceptable level (i.e. very good or good) for at least 90% of completed surveys.
- Audit areas where the indicative level of assurance has improved from no assurance/limited assurance at the follow-up stage to demonstrate improvement in the control environment.



Provision of the service

- 1 FTE Audit Services Manager
- 1.5 FTE Senior Auditors

In order to ensure Internal Audit have an appropriate range of knowledge, skills, qualifications and experience that is required to deliver the audit plan, the Audit Services Manager will consider the external support required to deliver areas where specialist input would be beneficial, and to provide contingency in the event of any gaps in in-house staffing, alongside in-house delivery.



Compliance with professional standards

Public Sector Internal Audit Standards: Our Internal Audit service will operate in compliance with PSIAS, as confirmed by our last External Quality Assessment (2018). We will perform annual self-assessments of compliance until our next 5-year external review and report on this as part of our Internal Audit Annual Report.

International professional standards framework: Internal Audit will also operate in compliance with the IIA International Professional Practices Framework and Code of Ethics.



Our associated key strategic documents include:

- Internal Audit Strategy
- Internal Audit Charter
- Audit and Risk Committee Terms of Reference
- Annual Internal Audit Plan
- Internal Audit Annual Report
- Risk/Internal Audit Protocol
- Internal Audit Methodology
- Quality Assurance and Improvement Programme (QAIP)



Chelmsford City Council Audit and Risk Committee

23rd September 2020

Risk Management Update - One Council RM Project Update

Report by:

Director of Finance

Officer Contact:

Alison Chessell, Risk & Procurement Services Manager, <u>alison.chessell@chelmsford.gov.uk</u>, 01245 606598

Purpose

To update Audit and Risk Committee on developments regarding Risk Management and the implementation of the risk and compliance modules within the new Enterprise Resource Planning system that is being implemented throughout the Council.

Recommendations

The Committee note the report.

1. Introduction

- 1.1. The Council purchased the finance module of an Enterprise Resource Planning System One Council in April 2019 to replace the current Finance system Total was at the end of it's useful life.
- 1.2. After review, the Council then purchased the Performance Planning module of the same system to build on integration and provide holistic reporting and increased user experience.

- 1.3. This module replaced the standalone application Pentana which had come to contract expiry in 2020.
- 1.4. Currently the One Council system is being implemented with a projected go live date of Nov 2020.

2. One Council – System Overview

- 1. The One Council system is an Enterprise Resource Planning System, which has a wide variety of modules covering all resource management, finance, HR and performance, customer contact information. It is a software as a service solution and can be used by all staff from any device including smartphones, which fully supports flexible working.
- 2. The modules of the system currently purchased are:
 - General Ledger
 - Debtor Management and Processing
 - Budgeting
 - Purchase ordering
 - Supplier and Contract Management
 - Procurement cards purchasing
 - Corporate performance management and reporting
 - Risk, compliance monitoring and reporting requirements.
- 3. The One Council System is a fully integrated solution that provides multiple benefits to users and the organisation.
- 4. The benefits to the organisation include:
 - Reduces resource requirement on internal Digital Services staff of managing a locally hosted system.
 - Flexible integrations with both new and legacy systems including Civica Pay, Microsoft Dynamics (Commercial Waste Module) and Scuba pitch bookings.
 - One single source of truth regarding management information
 - Additional modules can be added as required such as HR/Payroll to increase efficiencies for users

- 5. Benefits for users include.
 - Single integrated sign on with standard O365 login authentication
 - Web based solution which can be accessed by any device
 - Integration which provides a single source of truth and instant data
 - Bespoke management information for each user profile
 - Modern user interface and improved workflow design

3. Performance Planning Module - PPLG

- 1. The Risk and Performance module of the system known as Performance Planning Local Government (PPLG) will provide detailed live risk and compliance data for operational users and also for management reporting.
- 2. System overview and project timetable is attached in Appendix 1
- 3. The PPLG project is currently on track in terms of timetable and agreed budget spend. The project delivery is being monitored by the One Council Project Board Chaired by the Director of Finance.

List of appendices:

PPLG Project Overview and Timetable

Background papers:

None

Corporate Implications

Legal/Constitutional: Risk Management Framework and Financial Reporting are legal requirements

Financial: Costs of the module are £36,172 in 20/21 and £12k per annum.

Potential impact on climate change and the environment: The increased management reporting delivered by the system will result in less printing of information, therefore reducing printing.

Contribution toward achieving a net zero carbon position by 2030: Monitoring of the Climate and Ecological Emergency Action Plan will be integrated within the Performance Planning Module of the system.
Personnel: Increased management information assists managers to perform their roles.
Risk Management: Improvements in linking risk information to performance indicators and compliance action is an improvement in reporting ability.
Equality and Diversity: None
Health and Safety: Corporate oversight of Health and Safety actions is a corporate governance improvement.
Digital: Integration of systems is an objective of the Digital Strategy
Other:
Consultees:
Accountancy Services Manager
Relevant Policies and Strategies:



technologyone - performance planning









Strategic Planning

Risk Management

Compliance

Performance

Module Overview/Timetable

Module Overview



technologyone - performance planning

Strategy – Our Plan/ CaEE Plan

Individual actions from approved plans

Prioritisation process undertaken

Allocated to individual officers with Senior Management oversight – updates input

Linked to relevant KPIs and risks

Integrated reporting

Risk Management

Principal Risks uploaded

Risk scores and treatments detailed

Links to Our Plan objectives to improve risk identification

Attach specific KRIs as needed.
Integrated reporting

Control assessment and assurance – link to Audit Plan

Compliance

Fire, Health & Safety, Business Continuity Planning, Internal Audit compliance actions

Allocate each action to an officer with action date

Senior Management oversight and reporting

Explore use of scheduled obligations

Performance

Upload relevant KPI historic data

Further mapping with MT of future requirements for performance measures

Explore integrated financial and non-financial information

Timetable



technologyone - performance planning

Planning

- CDD workshop May 2020
- Specification and spend approved June 2020

Configuration

- Begins July 2020
- Structure and hierarchies

Build Phase 1

- Begins July 2020
- Risk and Compliance

Build Phase 2

- Begins August 2020
- Strategy

In-house Work

- September to October 2020
- Data input/upload, user acceptance testing, training videos recorded

Initial Launch

November 2020



Chelmsford City Council Audit and Risk Committee

23rd September 2020

Modern Slavery Update

Report by:

Director of Finance

Officer Contact:

Alison Chessell, Risk & Procurement Services Manager, <u>alison.chessell@chelmsford.gov.uk</u>, 01245 606598

Purpose

To update the Committee on the work planned in the area of Modern Slavery reduction and awareness.

Recommendations

The Committee are requested to note the contents of this report and Modern Slavery Action Plan.

1. Background

1.1. At this current time, it is estimated there are 136,000 victims of modern slavery in the UK. This represents 2.1% of the population, meaning in Chelmsford there could potentially be approximately 370 victims. They could be children or adults who are

being subjected to crimes such as trafficking; sexual exploitation, forced labour, domestic servitude and forced criminality.

- 1.2. Full Council approved the signing of the Charter Against Modern Slavery in June 2020 which has ten specific commitments to embed within the embed within the Council's procedures in order to support measures to minimise the practice of Modern Slavery within the Council's supply chain and procurement practices.
- 1.3. There are however wider corporate implications of Modern Slavery within the Councils operations that will be included within the reporting and monitoring of the charter implementation to this Committee

2. Modern Slavery Action Plan

1. In order to deliver the actions required to implement the Charter commitments and to ensure the Council has reviewed its procedures across all relevant operations an Action Plan has been produced by Service Mangers with timetable to deliver the actions. The Action Plan is attached in Appendix 1

3. Safeguarding work already in progress

- 1. The Community Safety Team already undertake a wide variety of work supporting the prevention of Modern Slavery working with the Community Safety Partnership The Community Safety Partnership are currently working closely with community members in order to develop a partnership against slavery in Chelmsford. After initial discussions with SAMS (Southend Against Modern Slavery) a session with key stakeholders has been arranged to assess appetite for a Chelmsford partnership
- 3. The partnership will work together to raise the awareness of human trafficking whilst safeguarding the most vulnerable members of our community.
- 4. The session will provide insight to help us fully understand the services and partners already involved in Human Trafficking and Modern Slavery allowing us to map areas of strength and weakness in the area. There will be discussion of experiences as well as barriers and enablers to effective local practice.
- 5. This partnership will also allow interested members to become involved in the Councils work in this area.

4. Conclusion

1. The Council is committing to improving its procedures across all service areas to help fight modern slavery within society and its supply chain. The Council will work with partners to raise awareness of Modern Slavery and take preventative measures where possible within the local community. Delivery of the action plan attached will ensure this work is completed. An annual report to Audit and Risk Committee will be provided to monitor the implementation of the Action Plan,

List of appendices:

Modern Slavery Action Plan

Background papers:

Modern Slavery Charter

Corporate Implications

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

Financial: None

Potential impact on climate change and the environment: None

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

Personnel: All relevant checks for staff are made within HR processes.

The Modern Slavery Action Plan

August	Dedicated area on website – with Charter Pledge details – Whistleblowing etc. Awareness raising Intranet Public routes to report / check organisations – safe car wash app Helplines etc Links to online resources Implement Charter Actions - see table below
Sept	Initial Report to – Audit & Risk Committee
	Include Safeguarding reporting and align procedures on Modern Slavery.
Oct	Chelmsford Against Slavery Partnership – Stakeholder mapping session.
Nov	 Supplier checks 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 Explore supply chains for high value capital items and undertake a desk-based audit Modern Slavery Registry – resource for finding statement for large businesses – as part of supplier check.
	Internal Training for all relevant staff as part of the new Contract Mgmt. process - T1
Dec	Include information on update in annual Procurement Report to ARC.
	Ethical Supplier - Risk Assessment – Completed
	Property Services and Housing Services review to be undertaken

Charter Requirements and monitoring

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

These actions specifically relate to the Modern Slavery Charter commitments.



Chelmsford City Council Audit and Risk Committee

23rd September 2020

Audit and Risk Committee Work Programme

Report by:

Director of Financial Services

Officer Contact:

Elizabeth Brooks, Audit Services Manager, elizabeth.brooks@chelmsford.gov.uk

Purpose

This report updates the rolling programme of work for this Committee

Recommendations

That the rolling programme of work for the Committee is agreed

1. Introduction

- 1.1. It is important that the Audit & Risk Committee has sufficient skills to discharge its duties. The Council will provide training on a rolling basis to Audit & Risk Committee members on key topics that form part of the duties under their Terms of Reference.
- 1.2. The Audit & Risk Committee also 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. Due to the Covid-19 pandemic and the impact on the timing of the Council's Annual Accounts, an additional meeting has been included for November 2020.

2. Rolling Programme of Work

2.1. 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.

25th November 2020

Agenda Item	Report Owner
Sign-off 2019/20 Accounts/Audit Opinion and Completion Certificate	Director of Financial Services
International Standard on Auditing (ISA) 260 - requires the Council's External Auditors to report to those charged with governance those relevant matters arising from the audit prior to issuing the Statement of Accounts	BDO

16th December 2020

Agenda Item	Report Owner	
External Audit Annual Audit Letter	BDO	
Internal Audit Interim Report 2020/21	Audit Services Manager	
Risk Management Report	Procurement and Risk Services Manager	
Anti-Fraud and Investigations Annual Report 2020	Procurement and Risk Services Manager	
Procurement Update	Procurement and Risk Services Manager	
Audit & Risk Committee Work Programme	Audit Services Manager	

17th March 2021

Agenda Item	Report Owner	
External Audit Annual Audit Plan 2021/22	- BDO	
Certification of Claims Returns		
Internal Audit Plan 2021/22	- Audit Services Manager	
Internal Audit Charter 2021		
Risk Management Report	Procurement and Risk Services Manager	
Approval of Accounting Policies	Accountancy Services Manager	
Audit & Risk Committee Work Programme	Audit Services Manager	

June 2021 (Joint meeting with Governance Committee)

Agenda Item	Report Owner
Review of the Local Code of Corporate Governance	Legal and Democratic Services Manager
LAnnual Governance Statement	Legal and Democratic Services Manager/ Director of Financial Services

(Audit & Risk Committee)

Agenda Item	Report Owner	
External Audit Update	BDO	
Revenue (Outturn)	Accountancy Services Manager	
Capital Monitoring (Outturn)		
Internal Audit Annual Report 2020/21	Audit Services Manager	
Audit & Risk Committee Annual Report 2020/21		
Review of the Audit & Risk Committee's Terms of Reference		
Audit & Risk Committee Work Programme	Audit Services Manager	

July 2021

Agenda Item	Report Owner
Sign-off 2020/21 Accounts	Director of Financial Services
International Standard on Auditing (ISA) 260 - requires the Council's External Auditors to report to those charged with governance those relevant matters arising from the audit prior to issuing the Statement of Accounts	BDO

List of appendices: None

Background papers: None

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). A number of recent legislative changes have emphasised the importance of the Audit & Risk Committee. Key developments include:

- the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)
- updates to the PSIAS in 2016 and 2017
- 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

Agenda Item 12

Health and Safety: None
Digital: None
Other: None
Consultees: None
Relevant Policies and Strategies: None