

Audit and Risk Committee Agenda



22 January 2025 at 7pm

Marconi Room, Civic Centre, Chelmsford

Membership

Councillor N. Walsh (Chair)

and Councillors

N. Bugbee, H. Clark, N. Dudley, K. Franks, J. Raven, M. Sismey, A. Sosin, and R. Whitehead

Local people are welcome to attend this 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. These have to be submitted in advance and details are on the agenda page. To find out more about attending please email committees@chelmsford.gov.uk or telephone on Chelmsford (01245) 606480

Audit and Risk Committee

22 January 2025

AGENDA

1. Apologies for Absence and Substitutions

2. Minutes

To consider the minutes of the meeting held on 11 December 2024.

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 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. Procurement Update

7. Risk Management Report

8. Internal Audit Interim Report 2024/25 and Update on Global Internal Audit Standards

9. Internal Audit Strategy 2025-27

10. Work Programme

11. 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 11 December 2024 at 7pm

Present:

Councillor N. Walsh (Chair)

Councillors, H. Clark, N. Dudley, J. Raven, M. Sismey and A. Sosin,

Independent Person –
Ms J Hoeckx

1. Apologies for Absence and Substitutions

Apologies for absence was received from Councillors Bugbee, Franks and Whitehead. No substitutions were made.

2. Minutes

The minutes of the meeting on 18 September 2024 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. None were made.

4. Public Questions

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

5. Announcements

The Committee held a minutes silence in memory of Cllr Ian Grundy, who had previously been the Vice Chair of the Committee and had sadly recently passed away.

6. Audit completion 2021/22 & 2022/23

The Committee considered and were asked to formally approve the Council's Statement of Accounts for 2021/22 and 2022/23. The Committee were informed that the two sets of accounts being looked at by the Committee related to the existing audit backlog. The Committee heard that the accounts had been published on time within their relevant years, but as part of the national audit backlog they had not been audited (a disclaimed audit opinion) due to a lack of external auditor resources. In effect the Committee were not being provided with any assurance from the external auditors, regarding the quality or content. Prior to the meeting the s151 officer obtained confirmation from the auditor that the lack of audit was in no way due to the Council.

The Committee were informed that by approving the unaudited accounts it would be taking a step to enable the new Auditor over the next few years to return to undertaking full audits of the accounts. It would also assist the new auditor who must produce an audit report for 2023/24, by the end of February 2025, even if as expected they do not complete a full audit.

In response to questions from members of the Committee, officers confirmed that;

- The external auditors had not started any significant work on the 21/22 accounts, after being delayed on the previous set. This was common position repeated nationally.
- The legal requirements for auditors do not allow performance clauses to be inserted into their contracts, although the newly issued contracts did have additional performance measures. However, they would be difficult to use to enforce a timely completion of an audit.
- It was anticipated that it would still take three to four years, for the position of external audits to get back to the expected timescales.
- There would still need to be an obligatory payment made to the external auditors, as required by the PSAA contract, as they had produced a report, but it was not clear yet what the amount would be.
- The new external auditors would have a difficult starting position, due to having no validated closing figures from the previous set of accounts.
- The third recommendation would ensure that any formalities with regards to signing off the accounts would be completed before the deadline.

RESOLVED that;

1. The Committee noted;
 - a. the Auditor's report 2021-23 (Appendix 1)
 - b. the audit completion reports –
 - i. 2021/22 (Appendix 2)
 - ii. 2022/23 (Appendix 3)
 - c. the disclaimed Audit opinions for
 - i. 2021/22 (Appendix 4)
 - ii. 2022/23 (Appendix 5)
 - d. that they have reduced assurance over the 2021/22 and 2022/23 accounting years, due the failure nationally and locally of the external audit sector to complete their work.

2. The Committee approved the Statement of Accounts for
 - a. 2021/22 (Appendix 6)
 - b. 2022/23 (Appendix 7)
3. A delegation be approved by the Committee for contingency purposes in the unlikely event further formal actions are needed after the meeting to approve the accounts; that the Section 151 officer and Chair be given authority to finalise the audits and approve the accounts.

(7.02pm to 7.14pm)

7. Urgent Business

There were no matters of urgent business.

The meeting closed at 7.14 pm.

Chair



Chelmsford City Council Audit and Risk Committee

22nd January 2025

Annual Procurement Report

Report by:

Accountancy Service Manager (s151)

Officer Contact:

Emma Till, Procurement Officer, Email: emma.till@chelmsford.gov.uk Tel: (01245) 606774

Purpose

The report identifies recent procurement activity, planned workloads and provides an update on changes to Team structure and the legal procurement framework.

Recommendations

1. Audit and Risk Committee note the report and contents.
-

1. Introduction

- 1.1. Effective and efficient procurement activities support the Council's purchase of Goods, Services and Works in a regulated environment. The Council let contracts totalling £9,100,000 for procured goods and services between 1st November 2023 and 31 October 2024.

1.2. This report identifies the following:

- Overview of Procurement activities, savings and achievements undertaken by the procurement team since last reported to the committee
- Update on the Procurement Team Structure
- Overview of key changes pertaining from the implementation of the Procurement Act 2023 set to be introduced on 24th February 2025.
- Summary of planned activities November 2024 onwards

2. 2023/2024 Procurement Achievements

2.1. Between the period of 1st November 2023 and 31st October 2024 the procurement team undertook 32 procurement processes, 12 contracts were awarded to Essex based suppliers and 17 were awarded to SMEs.

2.2. Examples of achievements by Procurement working with services at Chelmsford

- The team has led on the renewal of the Housing Choice Based Letting system on behalf of the whole HEHOC housing group covering several local authorities.
- Through a procurement process the Council has implemented a no cost supplier funded EV charging contract for use across Council car parks. The contract is set to bring income to the Council through a revenue sharing agreement set a 5% of gross charge point revenue income.
- Advise and support on the award of a contract for a Modular Leasing requirement under the Prisoner Build Home Scheme. Providing 20 units of Temporary accommodation, which should save the Council £260k per annum if implemented.
- A tender process for the provision of Temporary Accommodation. Block booking a number of private rent houses will create an ongoing saving of £70,000 annually with a move away from nightly booking of private sector accommodation.
- Across the Council there is now in place a compliant contract with Amazon Business to allow miscellaneous purchases through the online platform. Since July 2024 this has achieved saving on delivery and use of business prices of approximately £3500. The Council can also now make use of free Next Day Delivery.
- The Council received a £4,000 rebate for the compliant use of Crown Commercial Services Frameworks.

2.3. Social value was used within the evaluation process of 4 Works tender processes with weightings of 10%. This enabled the Council to award additional points within the tender process to those contractors with more

social value initiatives in place. Two of the awarded bidders achieved the highest social value scores in the process. This provides consistency across the same period across 22/23 in which 3 works procurement processes involved social value. The Council currently targets large Works contracts for the provision of social value tender initiatives with the use of a set of standard weighted criteria. In the 25/26 period. The Council aims to broaden the use of social value in procurement processes by creating a set of criteria which align more closely with high value Service based contracts. This would enable to Council to improve the number of contracts awarded involving Social Value.

3. Procurement Team

- 3.1. As the result of a recent restructure, following the resignation of the Risk and Procurement manager (for career progression) the Procurement team now consists of two staff members managed by the Accountancy Services Manager. The team structure is currently being reviewed to ensure we can retain the staff and continue to offer an effective service
- 3.2. Both members of the procurement team continue to work towards their CIPS qualifications with both Procurement Manager (recently completed CIPS advanced diploma at level 5) and Procurement Officer (studying CIPS diploma level 4).

4. Legislation – Procurement Act 2023

- 4.1. After recent delays, The Procurement Act 2023 is now due to come into force on the 24th of February 2024, which will make the new Act the law that regulates public procurement in England, Wales and Northern Ireland. The Act will replace the current Public Contracts Regulations 2015, the Concessions Contracts Regulations 2016 and the Utilities Contracts Regulations 2016. The main objectives of the act include:
 - Increased flexibility in the procurement process
 - Embed transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised
 - To open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts
- 4.2. The current Procurement Goods, Services and Works thresholds are not set to change under the new act. They will remain at: Goods & Services (£214,904), Works (£5,372,609) and Light-Touch (£663,540) inclusive of VAT. All Council purchases above these thresholds will be required to follow the new regulations. Any below the threshold follow the Council's own internal contract rules, set out in the constitution.

4.3. The new rules will have a significant impact on the procurement team's workload and will also place an extra burden on services. It is worth highlighting some of changes:

- A new national consolidated single central digital platform to be put in place by central government for placing notices.
- Increase in the number of required notices throughout the life of a commercial contract. For example, contract termination notices will be required for all above-threshold procedures even if they come to a natural end. Additional payment reporting regulations will come into force. This will require any contracts with a value exceeding the thresholds listed in 4.2 to report on individual contract payments exceeding £30,000.
- Supplier debarment list: The Act introduces the concept of a supplier debarment list requiring contracting authorities to exclude suppliers mentioned on the list. The list will need to be checked before the commencement of every procurement.
- Changes to the format of feedback required upon tender evaluation. Unsuccessful bidders will now also be provided the scoring and feedback of the winning bidder for comparison purposes.

4.4. All members of the procurement team have completed and passed their 'Transforming Public Procurement (TPP)' training course run by the Government Commercial Function and are qualified as Skilled Practitioners for the Procurement Act 2023. All members of the team have additionally undertaken a further Deep-Dive course on the legislation to understand how the new regulations should be put into practise.

5. Planned activities November 2024 onwards

5.1. The Procurement and Legal team are and need to continuously review new guidance and updates on the Procurement Act 2023 as they are released.

5.2. Current procurement template documentation, training guidance, council contract procedure rules and legal documentation will be updated to reflect changes required by the new regulations.

5.3. Online Sessions/Training and drop-in sessions surrounding the new act will be offered up by the procurement team early next year to any Council staff involved in procurement processes.

5.4. A review and renewal of the current Procurement Strategy 2020-2025 as found on the Council's website will take place.

5.5. Several procurements of note:

- Chelmsford City Council are leading on a joint Procurement process involving both Maldon District Council, Epping District Council to implement a CCTV maintenance, and installation contracts.

- Full tender process for the refurbishment of Office block located down Springfield Lyons Approach, Chelmsford

5.6. A post implementation review of the Council's compliance with the new procurement processes and reporting will be undertaken by the procurement team approximately 6 months after the new regulations commence.

5.7. Review and Renewal of several of the Council's other high value contracts coming to an end including contracts covering:

- Electoral Print Services
- HVO Fuel
- Agency Staff- Loaders, Drivers, Park Operatives
- Banking Services
- Merchant Acquiring Services (processing of customer card payment)

6. Shared Service Provision

6.1. The Procurement Team continue to provide strategic advice and full procurement activities for Uttlesford District Council. The City Council is paid a fee for this work. The main achievements implemented by the Procurement Team for Uttlesford include:

- Joint procurement activities involving requirements from both Uttlesford and Chelmsford, including current work on joint procurement of security services for both Local Authorities.
- 33 processes including full tenders led by the Procurement team between 1st November 2023 and 31st October 2024

List of appendices:

None

Background papers:

Social Value Procurement Policy

Procurement Strategy 2020 - 2025

Corporate Implications

Legal/Constitutional:

New procurement rules must be complied with.

Financial:

As detailed

Potential impact on climate change and the environment:

None

Contribution toward achieving a net zero carbon position by 2030:

Procurement of supplies and equipment necessary to achieve plan.

Personnel:

None

Risk Management:

None

Equality and Diversity:

None

Health and Safety:

None

Digital:

None

Other:

None

Consultees:

Management Team

Relevant Policies and Strategies:

Procurement Strategy

Social Value Procurement Policy 2020 - 2025



Chelmsford City Council Audit and Risk Committee

22nd January 2025

Risk Management Report – January 2025

Report by:

Risk and Insurance Manager

Officer Contact:

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

Purpose

This report summarises the current position for the Council's Principal Risks and outlines risk management activity for 2024/25.

Recommendations

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 within our risk appetite
- ✓ 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 for 2024/25

- 2.1. The Risk and Insurance Manager facilitated a review of the Council's Risk Register to ensure it is up to date and reflects the current risk profile and risk appetite. A revised Risk Register has been produced and subsequently approved by Management Team. Some new risks were added, and others reviewed and their risk profile changed to reflect the current risk category. All risks were replotted on the heat map to provide a visual resume of the risks facing the Council. The Risk Register was reviewed again by the Management Team in November 2024, and the Risk Register and heatmap have been upgraded to reflect this latest review.

3. Principal Risk Summary

- 3.1 The Principal Risk Register is central to the risk management framework. The Principal Risks (which may include strategic, operational, project or compliance risks) are those which require regular oversight at senior level. Management Team receive detailed information from the Register to ensure that, where necessary, 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 Register is operational and may, in some cases, be sensitive.
- 3.3 We have implemented a slightly different approach to risk identification and risk capture in 2024, resulting in an increased number of risks on our risk register and heat map. This change relates to the increased volatility facing local councils and we feel it is important for there to be senior level visibility of all the key risks identified in the risk review. These have been reviewed and rated by the Management Team.
- 3.4 Risk Management process is a subjective management tool and is designed to assist the strategic direction, and operational running of the Council and ensure key issues are highlighted and resources allocated appropriately. It is essential to consider that:
 - 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
 - Risks are constantly changing.

4. Future Work

- 4.1. Options for resourcing the Risk Management and Insurance Manager role following its restructure is currently being considered. This also includes consideration around options for risk management reporting.
- 4.2. Once these key areas are clearer, a new Risk Management Strategy will be developed to set out new strategic objectives for the service including corporate risk, compliance reporting for Fire and Health and Safety risk management, the management of insurance risk and operational risk.

5. Conclusion

- 5.1. The Principal Risk Summary & Heat Map is attached for Audit & Risk Committee to note

List of appendices:

Appendix 1 - Principal Risk Summary & Heat Map

Background papers:

None

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.

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: Risks relating to cyber security are considered within the risk management framework

Other: None

Consultees:

Management Team noted the Risk Management Report in January 2025

Relevant Policies and Strategies:

None

Principal Risk Register and Heat Map (January 2025)

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 031	Local government review	Legal and regulatory	All Themes	Nick Eveleigh	Very High	22	Unification, devolution, legislative changes	MT are monitoring and assessing the development of LGR and its impacts and will be establishing plans accordingly.
PRR 024	Asset management funding and replacement	Operations	A greener and safer place	Keith Nicholson	Very High	22	Inadequate planning and investment in key assets which impacts of the ability to provide services or degrades income earning capacity	There are a number of properties that require refurbishment or replacement, condition surveys identify requirements, but the necessary work must be planned and budgeted for.
PRR 032	Budget and Financial Position	Financial	All Themes	Nick Eveleigh	Very High	22	The sustainability of the Council's financial position is challenged	Ongoing financial pressures are being monitored and mitigated through Council's Medium-Term Financial Strategy, budget setting, and capital and revenue monitoring cycles.
PRR 023	Governance - Key person/Succession planning/recruitment and retention	Operations	All Themes	Nick Eveleigh	Very High	20	Loss of key staff may result in a significant loss of knowledge and experience which could seriously impact on service delivery.	Identify dependencies on key persons and implement succession planning
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	The Council continues to respond to the increasing cyber threat by completing a programme of work coordinated by its consulting Chief Information Security Officer.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 012	Chelmer Waterside Development	Projects	A fairer and more inclusive place	Keith Nicholson	Very High	18	The housing and other development potential of Chelmer Waterside may not be realised in accordance with the new Local Plan	Consultant project managers monitor and report monthly on project risk and performance.
PRR 014	Health and Safety	Legal and Regulatory	A greener and safer 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.
PRR 026	Pandemic	Operations	A greener and safer place	Nick Eveleigh	Very High	18	Occurrence of another pandemic severely impacts ability to provide key services	Maintain up to date contingency plans and measures to minimise the potential impact
PRR 036	A12 Widening Project	Projects	Local Plan	Paul Brookes	Very High	18	A decision to not fund the previously agreed widening of the A12 (a decision is due in Spring 2025).	If improvements to Junction 19 are not provided, key strategic sites in the Local Plan may not be deliverable. May result in reputational damage and increased cost.
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	Detailed fraud risk assessment has been completed and a fraud action plan is in place.
PRR 006	Homelessness	Operations	A Fairer and more inclusive place	Paul Brookes	High	16	Inability to meet our statutory obligations to the homeless (and/or use our statutory powers to assist the homeless) promptly, effectively and efficiently	Measures currently being implemented should reduce demand whilst increasing availability of temporary accommodation whilst reducing cost, although high level of risk remains.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 033	Commercial Strategy	Projects	A greener and safer place	Keith Nicholson	High	16	Involvement in commercial investment properties	Review commercial investment plans and ensure these are within the current appetite.
PRR 004	Emergency Planning	Operations	A greener and safer 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 025	Impact of climate change	Operations	A greener and safer place	Keith Nicholson	High	14	Inadequate understanding of the potential impact of climate change and failure to mitigate the risks	Implementation of the Council's Climate and Ecological Emergency Action Plan to address the potential impacts of climate change, including improving flood resilience in Chelmsford
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 remains well-placed to respond.
PRR 016	Information Governance	Legal and Regulatory	All Themes	Louise Goodwin	High	13	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. Inherent risk of the very highest financial penalties for non-compliance being issued to local government bodies appears reduced.
PRR 030	Change in government policy on waste	Operations	A greener and safer place	Keith Nicholson	High	12	The cost of new obligations are not fully covered by additional resources being made available	Ensure the Council is positioned to meet the new requirements and has adequate capacity to meet future demand.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 028	Impact of cost of living crisis	Operations	A greener and safer place	Keith Nicholson	High	11	Increased poverty, homelessness, civil unrest	Linked to PRR 006 & PRR 004 – ensure strategies in place to consider impact of cost of living on residents.
PRR 029	Public Health	Operations	A greener and safer place	Keith Nicholson	High	11	Major public health emergency	Undertake separate risk assessment to establish potential emergency situations, liaise with Essex Resilience Forum. (Linked to PRR 004)
PRR 034	Loss or damage to the crematorium	Operations	A greener and safer place	Keith Nicholson	High	11	The Council is unable to meet its obligations as the burial and cremation authority for the area	Complete condition surveys and complete required maintenance regimes. Set up reciprocal arrangements with alternative suppliers. Source alternative location to increase burial and cremation capacity and improve resilience
PRR 010	Enterprise Resource Planning	Projects	All Themes	Nick Eveleigh	Medium	9	The intended benefits of the TechOne system are not realised in full including Asset Management Module	Priorities for TechOne development are under review by TechOne Board/ Management Team.
PRR 015	Safeguarding	Legal and Regulatory	A greener and safer place	Keith Nicholson	Medium	9	A safeguarding incident occurs which, through action or omission by the Council, might otherwise have been prevented	A recent Section 11 child safeguarding audit (by Essex Safeguarding Board-moderated self-assessment) gave positive assurance that child safeguarding objectives are being met.
PRR 035	Elections	Legal and regulatory	A fairer and more inclusive place	Louise Goodwin	Medium	7	Recruitment of staff to run elections, election fraud/failure	Ensure staff are available to run elections effectively.

Ref	Risk Title	Category	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Potential Risk Event	Comments
PRR 020	Beaulieu Station & Chelmsford NE Bypass	Projects	A fairer and more inclusive place	Paul Brookes	Low	2	Funding is partially or wholly withdrawn resulting in non-delivery of key infrastructure	Essex County Council continues to lead on risk management, and good progress on both projects.

Principal Risk Heat Map

POTENTIAL CONSEQUENCES ON COUNCIL OBJECTIVES	Catastrophic					
	Severe		Emergency Planning	Cyber H&S	Governance	Local Gov Review
				Pandemic		Asset Mangement & replacement
				Chelmer Waterside		Budget & Financial Position
				A12 Widening		
	Major		Info Governance Business Continuity	Climate Change Impact	Fraud Commercial Strategy Homelessness	
Moderate			Elections	ERP System Safeguarding	Impact of Cost of Living Crisis Public Health Incident Loss or damage to Crematorium	Change in Government policy on waste
	Minor		Beaulieu Station & NE Bypass			
		Remote	Unlikely	Possible	Likely	Very likely
		< 2%	2% - 30%	30% - 50%	50% - 70%	> 70%
LIKELIHOOD OF OCCURRENCE						

Risk score	Risk level	Management response
18 to 25	Very High Risk	Critical - Immediate/ sustained action required
10 to 17	High Risk	Concerned - Action required (exceeds appetite)
5 to 9	Medium Risk	Cautious - Action required (to ensure appetite is not exceeded)
1 to 4	Low Risk	Comfortable - 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.	
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.	Critical Priority
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



Chelmsford City Council Audit and Risk Committee

22nd January 2025

Internal Audit Interim Report 2024/25

Report by:

Audit Services Manager

Officer Contact:

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

Purpose

This report summarises the work that Internal Audit has undertaken from April to December 2024 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 provides an update on Internal Audit's preparation for the new Global Internal Audit Standards.

Recommendations

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

1. Introduction

- 1.1. The audit plan for 2024/25 was approved by Audit and Risk Committee in March 2024.
- 1.2. Current resourcing is as follows:
 - 1.0 FTE – Audit Services Manager
 - 1.5 FTE – Senior Auditor
- 1.3. We are on track to complete the audit plan by end of March 2025, taking into consideration any high priority/urgent pieces of work which require accommodation, as discussed and agreed with management.

2. Conclusion

2.1. The Internal Audit Interim Report 2024/25 is attached for Audit & Risk Committee to note.

List of appendices:

Appendix 1 - Internal Audit Interim Report 2024/25

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:

Noted by Management Team January 2025

Relevant Policies and Strategies:

None

Internal Audit 2024/25 Interim Report (April to December 2024)

1. Audit Output Summary: April to December 2024

1.1. Work Completed

Report Title	Assurance Rating	High	Medium	Low	Key Issues Arising
Officer and Member Conflict of Interest	Limited	3	3	0	<p>The assessment of the framework around officer conflicts of interests identified high priority findings in relation to staff awareness, assessing and mitigating the risks arising from declarations, and improving Council policy. A further medium priority recommendation was made regarding simplifying declaration routes.</p> <p>Due to the level of inherent risk associated with the potential for bribery and corruption involving staff with more significant financial or other decision-making powers, a limited assurance opinion was provided although it should be noted that no concerns relating to actual or perceived conflicts were identified during the audit.</p> <p>The roll out of anti-bribery and corruption training across the council in 2024 alongside the new anti-bribery and corruption risk assessment should support improvements in the control framework in this area. Other management actions already in progress include the soft launch of the online declaration of interest form in January.</p>
Corporate Approach to Additional Hours (Overtime)	Management Letter (indicative limited)	3	0	0	<p>While it is understood that services have different requirements for the use of additional hours and therefore manage this locally accordingly, some areas of risk have been identified including policy and procedures, management of hours and management information.</p>
Internal/External Communications	Moderate	1	1	1	<p>One high priority finding was identified relating to the monitoring and management of social media accounts, including access restriction, managing the risk of unofficial/ duplicate social media accounts and methods of posting to the Council's official channels. One medium priority finding was identified relating to the internal agreement of communications.</p>
Licensing	Moderate	0	2	1	<p>No high priority findings identified. Two medium priority findings related to the public register and management reporting.</p>

1.2. Follow Ups - Completed

Audit Title	Key Findings
Museum (Limited)	<p>In the previous report, seven recommendations (three high and four medium priority) were made. Based on the evidence presented, our follow up audit confirmed that two high priority recommendations have been implemented, one high priority recommendation relating to the Museum catalogue has not been implemented and four medium priority recommendations (relating to insurance, acquisitions, policies and procedures and security of assets) have been partially implemented. The full implementation of the recommendations has been delayed due to staff turnover, however, they are due to be completed by end of January 2025.</p> <p>The findings from the original audit were indicative of a 'limited' assurance opinion. Although progress has been made, as five recommendations (including one outstanding high priority) have not yet been fully implemented, the assurance level remains at 'limited'. We will undertake a further follow up review in April 2025 to assess the progress of implementation of these outstanding actions.</p>
UKSPF (Substantial)	<p>In the previous report, one medium recommendation relating to monitoring and reporting was made. Based on the evidence presented, our follow up audit revealed that this has now been implemented.</p>

1.3. Audit Plan - Work in Progress as at December 2024

Audit Title	Status
Key Financial Systems (Accounts Payable; Debtors and Housing Benefits)	Report due January 2025.
Building Control	Report due January 2025.
Hylands House	Review of the operational and financial arrangements at Hylands Estate, including corporate sales and hires. Report due January 2025.
Payroll (Data Analytics)	Review of the key Payroll controls within the Council's iTrent System using Data Analytics testing to give assurance on the effectiveness of these controls, with a specific focus on anti-fraud controls. Following the data analysis by PWC completed in December 2024, Internal Audit will follow up on any risk-based exceptions highlighted.
Use of Off-Payroll Workers	Review of the Council's arrangements for engaging off-payroll workers. Report due January 2025.
Decision Making	Review of the effectiveness of the Council's approach to strategic decisions, including assessing democratic reporting processes and key officer oversight. Report due January 2025.
Cyber Security and Data Breaches	Review of review the Council's control environment in relation to cyber security and data breaches. Report due February 2025.

1.4. Work Scheduled to 31st March 2025

Audit Title	Indicative Scope
Emergency Planning & Business Continuity	Review of the Council's Business Continuity and Emergency Planning arrangements.
Volunteers	Review of cross-service compliance with the Council's Volunteering Policy.
Safeguarding & Modern Slavery	Review of the Council's arrangements for Safeguarding and Modern Slavery.
Corporate Property	Review of governance arrangements for Council's Corporate Property.
Health and Safety	Review of the arrangements for monitoring, oversight and reporting of operational risks such as results of Health and Safety and Fire Risk Assessments.

1.5. Follow Ups scheduled to March 2025

Original Audit Title	Original Assurance Rating
Housing Rents	Management Letter (indicative limited)
Project Management Governance	Management Letter (indicative limited)
Procurement	Moderate
Safer Recruitment	Moderate
Members Allowances and Expenses	Moderate
Key Financial Systems - Council Tax and Housing Benefit	Moderate
Theatres	Moderate
Parks and Open Spaces	Substantial
Council Surveillance	Substantial

The recommendation of including awareness of the Bribery Act in staff training and awareness made in audit reviews of Planning, Waste and Recycling, Environmental Health and On Street Parking will be implemented following the roll out of wider corporate anti-bribery training.

1.6. Deferrals/Cancellations due to timing and/or to accommodate other work

These reviews will be covered by the 2025 Audit Plan:

- Affordable Accommodation and Garden Communities (Local Plan)
- Cultural Strategy
- Information Governance
- Financial Resilience
- Car Parks
- Temporary Accommodation
- Community Sports & Wellbeing
- Fleet Management/Vehicle Maintenance
- Climate emergency declaration and action plan
- Air Quality Grant
- Insurance

2. External Quality Assessment

- 2.1 Public Sector Internal Audit Standards requires an external quality assessment (EQA) to be undertaken to provide the Council with an independent opinion about internal audit's conformance with the Standards and Code of Ethics.
- 2.2 It also requires the assessment to be undertaken by a qualified, independent assessor from outside the organisation. Across London, the London Audit Group has organised a system of independent externally validated self-assessments against the standards by suitably qualified individuals. To this end, the review of Chelmsford's internal audit's performance was undertaken by Christopher Martin who is the Head of Assurance for London Borough of Barking and Dagenham.
- 2.3 The review took place in December 2024 and the full report will be presented to Management Team and Audit and Risk Committee in March 2025.

3. Preparation for Global Internal Audit Standards

- 3.1 From 1st April 2025, the current framework for Public Sector Internal Audit Standards will be superseded by new Global Internal Audit Standards (GIAS). This report provides an overview of the new Standards and relevant information for Management Team and Audit and Risk Committee to be aware of.
- 3.2 The new GIAS which will guide the worldwide professional practice of internal auditing, are principle-based, and serve as a basis for evaluating and elevating the quality of Internal Audit. At the heart of the Standards, are 15 guiding principles across five domains that enable effective internal auditing.
- 3.3 Each principle is supported by standards that contain requirements, considerations for implementation, and examples of evidence of conformance. Together, these elements help internal auditors achieve the principles and fulfill the Purpose of Internal Auditing.



Global Internal Audit Standards

Five Domains, 15 Principles



I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity 2. Maintain Objectivity 3. Demonstrate Competency 4. Exercise Due Professional Care 5. Maintain Confidentiality

III. Governing the Internal Audit Function

- 6. Authorized by the Board
- 7. Positioned Independently
- 8. Overseen by the Board

IV. Managing the Internal Audit Function

- 9. Plans Strategically
- 10. Manages Resources
- 11. Communicates Effectively
- 12. Enhances Quality

V. Performing Internal Audit Services

- 13. Plan Engagements Effectively
- 14. Conduct Engagement Work
- 15. Communicate Engagement Conclusions and Monitor Action Plans

(Source: Chartered Institute of Internal Auditors)

3.4 Domain I – Purpose of Internal Auditing

Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.	
Internal auditing enhances the organization's:	Internal auditing is most effective when:
<ul style="list-style-type: none"> • Successful achievement of its objectives. • Governance, risk management, and control processes. • Decision-making and oversight. • Reputation and credibility with its stakeholders. • Ability to serve the public interest. 	<ul style="list-style-type: none"> • It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest. • The internal audit function is independently positioned with direct accountability to the board. • Internal auditors are free from undue influence and committed to making objective assessments.

(source: Global Internal Audit Standards / CAE's Guide to Domain III)

- 3.4.1 The elements embedded in the Purpose are reinforced throughout the GIAS and therefore will help Management Team and Audit and Risk Committee better understand the essential conditions contained in Domain III as well as the standards that affect the ability of Internal Audit to support organisational success.

3.5 Domain II – Ethics and Professionalism

- 3.5.1 This encompasses Internal Audit's Code of Ethics and Professionalism. It introduces the term 'Professional Courage' i.e. professional discussion and using escalation protocols as appropriate to ensure that the message reaches Management Team and Audit and Risk Committee as appropriate. Internal Audit must also be aware of, and conform with, the ethical standards expected by the profession.

3.6 Domain IV – Managing the Internal Audit Function

- 3.6.1 The Audit Services Manager is responsible for managing the internal audit function in accordance with the internal audit charter and GIAS. This responsibility includes strategic planning, obtaining and deploying resources, building relationships, communicating with stakeholders, and ensuring and enhancing the performance of the function.

3.7 Domain V – Performing Internal Audit Services

- 3.7.1 Performing internal audit services requires internal auditors to effectively plan engagements, conduct the engagement work to develop findings and conclusions, collaborate with management to identify recommendations and/or action plans that address the findings, and communicate with management and the employees responsible for the activity under review throughout the engagement and after it closes.

3.8 Domain III – Governing Internal Audit

- 3.8.1 The success of the Council's internal audit service requires the support of both Management Team and Audit and Risk Committee. This domain sets out the expectations of the interaction between the Audit Services Manager, Management Team and Audit and Risk Committee and emphasises the critical dialogue that must occur between the parties.
- 3.8.2 The specific Principles and Standards which provide the requirements of the Audit Services Manager and the essential conditions for Management Team and Audit and Risk Committee are:

- **Principle 6 – Authorised by Audit and Risk Committee**

Why it is important: The purpose of this principle is to engage Audit and Risk Committee in establishing the internal audit mandate, thus assuring the service meets the needs and expectations of Management Team and Audit and Risk Committee. Failure to achieve this principle may cause misalignment between internal audit's performance and the expectations of Audit and Risk Committee and/or Management Team, ultimately making it difficult for the internal audit team to achieve the Purpose of Internal Auditing and enhance organisational success.

What it says: Audit and Risk Committee establishes, approves, and supports the mandate of Internal Audit.

- Internal Audit receives its mandate from applicable law and/or regulation i.e. for the Council this is the Accounts and Audit Regulations 2015.
- The mandate specifies Internal Audit's authority, role, and responsibilities and is documented in the internal audit charter.
- The mandate empowers Internal Audit to provide Management Team and Audit and Risk Committee with objective assurance, advice, insight, and foresight.
- Internal Audit carries out the mandate by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes throughout the organisation.

- **Principle 7 – Positioned Independently**

Why it is important: Independence has long been a cornerstone of the internal audit profession and is critical to enabling an effective internal audit function. Failure to achieve this principle may result in an internal audit function that is not adequately positioned to carry out its mandate and support organisational success.

What it says: Audit and Risk Committee establishes and protects Internal Audit's independence and qualifications.

- Audit and Risk Committee is responsible for enabling the independence of Internal Audit.
- Independence is defined as the freedom from conditions that impair Internal Audit's ability to carry out its responsibilities in an unbiased manner.
- Internal Audit can only fulfill the Purpose of Internal Auditing when the Audit Services Manager reports directly to Audit and Risk Committee, is qualified, and is positioned at a level within the organisation that enables Internal Audit to discharge its services and responsibilities without interference.

- **Principle 8 – Overseen by Audit and Risk Committee**

Why it is important: Principle 8 focuses on Audit and Risk Committee's ongoing oversight role to help ensure the effectiveness of Internal Audit. Failure to achieve this principle may result in Internal Audit's performance not remaining aligned with the expectations of Management Team and Audit and Risk Committee, making it difficult for Internal Audit to achieve the Purpose of Internal Auditing and enhance organisational success.

What it says: Audit and Risk Committee oversees Internal Audit to ensure the function's effectiveness.

- Audit and Risk Committee oversight is essential to enable the overall effectiveness of Internal Audit.
- Achieving this principle requires collaborative and interactive communication between Audit and Risk Committee and the Audit Services Manager as well as Audit and Risk Committee's support in ensuring Internal Audit obtains sufficient resources to fulfill the internal audit mandate.
- Additionally, Audit and Risk Committee has the oversight to ensure that the Audit Services Manager develops an effective program to assure the quality and improvement of Internal Audit's performance. Audit and Risk Committee receives assurance through the quality assurance and improvement program.

4. CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government

4.1 As explained above, the new standards include essential conditions for the governance of internal audit. When the IIA published GIAS, it recognised that in the public sector, governance structures or other laws or regulations may impact on how these essential conditions can be applied. This is the case in UK local government, where there isn't a straightforward replacement for the 'board' as described in GIAS. Audit committees are non-executive advisory bodies with limited decision-making powers. Internal audit's primary mandate comes from statutory regulations rather than the decision of the audit committee.

4.2 The GIAS also provides for the Audit Services Manager to reach agreement with those in governance roles and Management Team on alternative conditions that still allow for conformance with the standards. The Code provides the route to satisfying the essential conditions in GIAS (UK public sector), tailored for UK local government. The GIAS (UK public sector) directs the local government sector bodies to apply this Code. This Code meets the objectives of the essential conditions, by providing for the necessary governance of internal audit, but in a way that is appropriate for UK local government bodies. It includes roles and responsibilities of the audit committee, Management Team, and those charged with governance towards internal audit.

4.3 By following the Code, both the authority and the Audit Services Manager can be confident that governance in their authority is working in the way that is expected in the Principles and Standards in Domain III of GIAS (UK public sector). The Audit Services Manager must, of course, conform with the full standards to achieve overall conformance. But by using the Code alongside GIAS (UK public sector), local government bodies are better placed to achieve that conformance. The Code builds on existing CIPFA guidance, including:

- Position Statement: Audit Committees in Local Authorities 2022
- The Role of the Head of Internal Audit (2019) (the Code replaces the governance aspects)

- The Financial Management Code (2019)

4.4 Much of the Code is already recognised good practice as per existing CIPFA guidance, and many authorities will have these arrangements, or close to them, in place. Bringing them together into a code will strengthen the position of internal audit in local government and support its professionalism. Strengthening governance arrangements will ensure authorities are better able to meet their challenging service priorities and make best use of their resources.

4.5 The authority should explain how it complies with the Code in its annual governance statement. CIPFA is currently updating its guidance on annual governance statements for publication in 2025. It is anticipated that conformance with both the Code and GIAS (UK public sector) will be featured in the new guidance. Effective arrangements for the governance of internal audit, as well as effective internal audit, are vital parts of an authority's governance arrangements. The Code must also be included in the Audit Services Manager's annual internal quality assessment report to the Audit Committee. The Code should also be used for the external quality assessment that authorities need at least once every five years.

5 Topical Requirements

5.1 Topical Requirements will ensure that all internal audit functions apply consistent audit methodology when assessing the effectiveness of governance, risk management, and controls of a particular topical area.

5.2 The use of Topical Requirements will be mandatory when an internal audit function scopes an audit engagement that includes the topic covered such as Cyber Security, Third Party Risk Management, Business Resilience and Culture. These are likely to be mandatory from 2026.

6 Relevant Internal Audit Standard Setters (RIASS) - Application Note

6.1 The GIAS include a section on Applying the Global Internal Audit Standards in the Public Sector, and recognise that differences in governance structures, regulations and funding in the public sector may sometimes demand different approaches to maintain appropriate quality, efficiency and effectiveness in delivering internal audit. This application note provides UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.

6.2 Auditors working in the UK public sector must follow the requirements of the GIAS subject to the interpretations and additional requirements set out in this Application Note. When expressing conformance with standards, auditors must be clear that they are conforming to the GIAS subject to the Application Note and must refer to this as conformance with Global Internal Audit Standards in the UK Public Sector.

6.3 The requirements of the Application Note and associated requirements of the Global Internal Audit Standards apply to work on internal audit engagements conducted on or after 1 April 2025.

7 Work Underway

7.1 The results of the EQA in December 2024 although assessed against the previous PSIAS standards, should provide assurance that Internal Audit are already broadly compliant with the fundamental requirements GIAS, Code of Practice and Application Note, however some process updates may be necessary to ensure full compliance with any additional requirements arising from the implementation of the new Standards.

- 7.2 A detailed self-assessment is therefore currently underway, and an action plan will be created and shared with Management Team and Audit and Risk Committee to address any identified gaps in compliance.
- 7.3 GIAS also require an internal self-assessment of compliance to be undertaken annually and reported to Management Team and Audit and Risk Committee. Formal assessment of compliance by an external assessor will be required by 2029.



Chelmsford City Council Audit and Risk Committee

22nd January 2025

Internal Audit Strategy 2025-2027

Report by:

Audit Services Manager

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 2025-2027.

Recommendations

Audit and Risk Committee are requested to note the contents of this report and approve the Internal Audit Strategy 2025-2027.

1. Introduction

- 1.1. This document sets out the Internal Audit Strategy for 2025-2027, covering how the service will be delivered and developed and is a key component of our compliance with the new Global Internal Audit Standards. It is supported by the Internal Audit Charter (approved annually by Committee) which outlines 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 2025-2027 and forms part of our compliance with the new Global Internal Audit Standards.

List of appendices:

Appendix 1 - Internal Audit Strategy 2025-2027

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: Management Team January 2025

Relevant Policies and Strategies: None

Internal Audit Strategy

Vision: To be a leading provider of risk-based Internal Audit services, empowering Chelmsford City Council to create a fairer, greener and more connected community.

Mission: We enhance and protect organisational value by providing advice, insight, foresight and risk-based and objective assurance through a planned programme of work based on an annual assessment of the major risks facing the Council.

State in 2024

Strategy

State in 2027

2024 Status	Strategic Internal Audit Objectives	Strategic Internal Audit Initiatives	Priority	Key Performance Indicators
<ul style="list-style-type: none"> - 67% of the Audit Plan was delivered to Draft Report Stage by 31st March and to Final Report Stage by 31st May. - 83% of the Audit Plan directly aligned with organisational Principal Risks 	Deliver an annual Internal Audit Plan which identifies the Council's most significant internal and external risks, remains flexible to respond to new and emerging risks, and which meets stakeholder needs.	<ul style="list-style-type: none"> - Collaborate 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. - Deliver timely, effective and useful communications to key stakeholders. 	High	<ul style="list-style-type: none"> • Percentage of audit plan completed: 90% to 31st March (Draft Report issued); 100% to 31st May (Final Report issued) • Days elapsed to issue draft audit report (10 working days from end of fieldwork meeting): 80% • Percentage of audit plan directly aligned with Principal Risks: 80%
<ul style="list-style-type: none"> - 100% of completed surveys resulted in an overall customer satisfaction score of good or very good 	Provide value-added services and proactive strategic advice to services beyond the audit plan	<ul style="list-style-type: none"> - Bring analysis and perspective on root causes of issues identified in audit findings, to help services design/take corrective actions. - Develop a management action tracker to support delivery and reporting. 	High	<ul style="list-style-type: none"> • Percentage of applicable management actions implemented within one year of issue of final report: 90% • Overall 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 • CPD requirements met per auditor including minimum 2 hours ethics training per year.
<ul style="list-style-type: none"> - 2 reviews in 2024 utilised Data Analytics 	Embed technology and analytics into audit for workflows and applicable reviews.	<ul style="list-style-type: none"> - Develop in-house capabilities for utilising data analytics and/or exploring the use of AI in Internal Audit. 	Medium	<ul style="list-style-type: none"> • Innovative audit techniques or tools implemented to enhance decision making by offering insights and foresights.



Chelmsford City Council Audit and Risk Committee

22nd January 2025

Audit and Risk Committee Work Programme

Report by:

Audit Services Manager

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. 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. Compliance with CIPFA Position Statement on Audit Committees

2.1. Committee Training

- 2.1.1. An Introduction to Audit Committees E-Learning Module by the LGA was rolled out in November 2024. The module gives an overview of the purpose of the Audit Committee and how it goes about its function. It is ideal for Councillors who sit on an Audit Committee and for new members to learn how this part of the Council operates. When all sections of the module have been completed, you will obtain a certificate of completion which needs to be sent to Kerry Knowles in HR who will update your learning record accordingly. If you have not yet received an email from the LGA with instructions on how to register onto the course, please advise Elizabeth Brooks straightaway.

2.1.2. An LGA Councillor Workbook on Bribery and Fraud Prevention is also being sent out to all Councillors to help recognise what constitutes bribery and corruption and whistleblowing, understand why it is important that organisations prevent bribery and corruption and understand your responsibility as a Member and how to report concerns.

2.2. **Committee self-assessment** – a self-assessment will be circulated by the Audit Services Manager to Committee Members for Committee to evaluate its impact and identify any further areas of improvement in March 2025.

3. Rolling Programme of Work

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.

19th March 2025

Agenda Item	Report Owner
External Audit Update	Accountancy Services Manager (S151)
Internal Audit Plan 2025 + Internal Audit Charter	Audit Services Manager
Internal Audit External Quality Assessment Report	Audit Services Manager
Global Internal Audit Standards Readiness Assessment	Audit Services Manager
Accounting Policies	Accountancy Services Manager (S151)
Audit & Risk Committee Work Programme	Audit Services Manager

11th June 2025

(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	Accountancy Services Manager (S151)
Revenue (Outturn)	Accountancy Services Manager (S151)
Capital Monitoring (Outturn)	
Internal Audit Annual Report	Audit Services Manager
Counter Fraud Annual Report	

Agenda Item	Report Owner
Audit & Risk Committee Annual Report & Review of TOR	
Audit & Risk Committee Work Programme	Audit Services Manager

17th September 2025

Agenda Item	Report Owner
External Audit Update	Accountancy Services Manager (S151)
Health and Safety Annual Report	Public Health and Protection Services Manager
Internal Audit Plan to March 2026	Audit Services Manager
Risk Management Report	TBC
Audit & Risk Committee Work Programme	Audit Services Manager

10th December 2025

Agenda Item	Report Owner
External Audit Update	Accountancy Services Manager (S151)
Internal Audit Interim Report	Audit Services Manager
Counter Fraud Strategy 2026	Audit Services Manager
Procurement Update	Procurement Manager
Audit & Risk Committee Work Programme	Audit Services Manager

18th March 2026

Agenda Item	Report Owner
External Audit Update	Accountancy Services Manager (S151)
Internal Audit Plan 2026 + Internal Audit Charter	Audit Services Manager
Risk Management Report	TBC
Accounting Policies	Accountancy Services Manager (S151)
Audit & Risk Committee Work Programme	Audit Services Manager

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). Numerous frameworks also emphasise the importance of the audit committee, including:

- Delivering Good Governance in Local Government
- Global Internal Audit Standards
- the Code of Practice on Managing the Risk of Fraud and Corruption

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

Consultees:

None

Relevant Policies and Strategies:

None
