

23 September 2021 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 15.09.21

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Audit Committee

Membership:

Chairman, Cllr. McGarvey; Vice-Chairman, Cllr. Morris

Cllrs. Barnes, Brown, Kitchener, London, Osborne-Jackson, Pender and Williamson

Agenda

There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Audit Committee held on 15 July 2021, as a correct record	(Pages 1 - 6)	
2. Declarations of Interest Any declarations of interest not already registered.		
3. Actions from Previous Meeting (if any)	(Pages 7 - 8)	
4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)		
5. Audit Committee Member Development - Internal Audit and the Role of the Audit Committee	(Pages 9 - 10)	Adrian Rowbotham Tel: 01732 227153
6. Members Allowance Scheme Monitoring	(Pages 11 - 24)	Martin Goodman Tel: 01732227245
7. Statement of Accounts 2020/21 - Progress Update Report	(Pages 25 - 26)	Alan Mitchell Tel: 01732227483

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|-----|---|-----------------|---------------------------------------|
| 8. | Internal Audit Progress Report 2021/22 | (Pages 27 - 50) | Francesca Chivers
Tel: 01732227053 |
| 9. | Strategic Risk Register | (Pages 51 - 88) | Francesca Chivers
Tel: 01732227053 |
| 10. | Chairman's Audit Committee Report to Council | (Pages 89 - 90) | Adrian Rowbotham
Tel: 01732 227153 |
| 11. | Work Plan | (Pages 91 - 92) | |

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

AUDIT COMMITTEE

Minutes of the meeting held on 15 July 2021 commencing at 7.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice Chairman)

Cllrs. Barnes, Brown, London, Osborne-Jackson and Pender

Apologies for absence were received from Cllr. Kitchener

Cllr. Dickins was also present

Cllr. Williamson was also present via a virtual media platform, which does not constitute attendance as recognised by the Local Government Act 1972.

1. Minutes

Resolved: That the Minutes of the meeting of the Audit Committee held on 30 March 2021 be agreed and signed as a correct record.

2. Declarations of Interest

No additional declarations of interest were made.

3. Actions from Previous Meeting

The action was noted.

4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations

There were none.

5. Audit Committee Member Development - Counter Fraud and Whistle Blowing

The Counter Fraud Manager and Audit Manager briefed Members on Counter Fraud and Whistle Blowing.

Resolved: That

a) the Members Development be noted; and

b) Internal Audit be the next topic for Member development.

CHANGE IN ORDER OF AGENDA ITEMS

With the agreement of the Committee, the Chairman brought forward consideration of agenda item 9, to take place after agenda item 5.

6. Internal Audit Annual Report and Annual Opinion 2020/21

The Audit Manager presented the report which set out the Internal Audit Annual Opinion on the effectiveness of the Council's internal control, governance and risk management arrangements including a summary of the work taken into consideration when forming the Opinion, which should be used to inform Members' scrutiny of the Annual Governance Statement.

Members were advised that this year for the first time the assurance opinion was graded and defined. The overall conclusion was that there was 'reasonable' assurance over systems of risk management, governance and control. This meant that whilst controls were generally working well, there were some areas of weakness which, if not addressed, could impact on the Council's achievement of objectives. Key themes were set out in the report.

Members took the opportunity to ask questions.

Action 1: For the Audit Manager to speak to Service Desk & Infrastructure Team Manager regarding the storage of passwords.

Resolved: That the Internal Audit Annual Opinion, be noted.

7. External Audit Housing Benefit Subsidy 2019/20

The Committee welcomed Paul Cuttle from Grant Thornton to the Committee. The Chief Officer, Finance and Investment presented the report which detailed that Grant Thornton were required to audit the Housing Benefit Subsidy each year and the report contained the outcome of the 2019/20 audit.

There were errors identified, however any differences even for £1 were classified as errors, which led to the need for further sample checks. The Chief Officer, Finance & Investment was pleased to report that due to improving working practices and ongoing liaison with Grant Thornton, the numbers of errors had continued to reduce each year.

In response to questions, Paul Cuttle advised that the total amount the Department for Work and Pension (DWP) could claim back from the Council was £1,700 as an extrapolation from the £161 of errors found in the audit work, noting this was out of a total of £22.5m housing benefit paid out.

Resolved: That the report be noted.

8. Counter Fraud and Compliance Report 2020/21

The Counter Fraud Manager presented the report which set out the work conducted by the Counter Fraud & Compliance team during 2020/21. The Team undertook the lead for payment assurance and claim-checking in regards to the Government's Covid-19 Business Support Grants. It was also highlighted to Members the financial benefits derived from the savings attained in counter fraud exercises, and showed a net surplus comparison of £103,411.

Members took the opportunity to ask questions.

Resolved: That the work of the Counter Fraud & Compliance Team carried out during the year ended 31 March 2021, be noted.

9. Statement of Accounts 2020/21 - Establishment of a Member Working Group

The Head of Finance introduced a report which outlined the plans for the Committee to set up a Member working group to review the 2021/21 Statement of Accounts.

Resolved: That

- a) a Member Working group be set up to review the 2020/21 draft statement of Accounts with delegated authority to recommend changes to the draft whilst ensuring adherence to the statutory regulations for the purpose of reporting back to the Audit Committee; and
- b) membership of working group be Councillors McGarvey, Mrs Morris, Osborne-Jackson and Pender, with 5pm on Wednesday 25 August being identified as the most likely date/time to meet.

10. Annual Governance Statement 2020/21

The Chief Officer Finance & Trading presented the report. The Annual Governance Statement (AGS) was an important corporate document which explained the Council's governance arrangements and the controls it employs to manage the risk or failure to achieve strategic objectives.

The Council was responsible for ensuring that its business was conducted in accordance with the law, proper standards and that public money was safeguarded and properly accounted for during 2020/21. The document was owned by all Senior Officers and Members of the Council.

There was one significant governance issue raised in 2019/20 that required action in 2020/21, unsurprisingly it related to the impact of the Covid-19 pandemic. A

similar governance issue was included in the 2020/21 statement as there remains uncertainty about the ongoing impact(s).

Nothing else has been raised therefore the AGS confirmed that the Council had sound systems of internal control and good governance arrangements in place in 2020/21.

Resolved: That the Annual Governance Statement 2020/21 be agreed for signature by the Leader of the Council.

11. Audit Committee Terms of Reference

The Chief Officer Finance & Trading presented the report on the Terms of Reference for the Audit Committee agreed at the Annual Council meeting on 25 May 2021.

Resolved: That

- a) the Audit Committee Terms of Reference be noted; and
- b) adequate consideration had been given to all core areas and Committee was fulfilling its terms of reference, be agreed.

Review of the Effectiveness of the Audit Committee 2020/21

The Chief Officer Finance & Trading introduced the report which assessed the achievements of the Audit Committee in 2020/21. The process incorporated the recommended self-assessment checklist from CIPFA. The checklist (Appendix A) had been completed drawing from the work of the Committee in relation to its terms of reference, using the evidence available from the work of the Committee during 2020/21.

Resolved: That the Self-Assessment Review of the Effectiveness of the Audit Committee (Appendix A) for 2020/21, be approved.

13. Independent Audit Committee Members

The Chief Officer Finance & Trading presented the report which detailed that within the Terms of Reference, the Committee is entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. The Redmond Review which was completed last year included a recommendation that consideration was given to the appointment of independent members to the Audit Committee and CIPFA also endorsed this approach.

Members discussed the value that an independent member could bring to the Committee, and whether other Councils had Independent Members. It was noted that an appointment from 2023 would be for a 4 year period. Some Members expressed concern for the length of the appointment and whether this could be reduced. Members discussed the need for more information before making a final decision and that consideration could be given for making a 1-year appointment in 2022 (to 2023) before the next election cycle.

Audit Committee - 15 July 2021

Resolved: That Officers and the Chairman of Audit Committee continue to investigate the value of an Independent Member and a report be brought back to the meeting in January 2022.

14. Work Plan

The work plan was noted with Grant Thornton attending the meeting on 23 September 2021 and a report on the Independent Member included for the meeting on 25 January 2022.

THE MEETING WAS CONCLUDED AT 8.39 PM

CHAIRMAN

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ACTIONS FROM THE MEETING HELD ON 15 July 2021

Action	Description	Status and last updated	Contact Officer
Action 1	For the Audit Manager to speak to Service Desk & Infrastructure Team Manager regarding storage of passwords. (Minute 6)	Action complete and the Audit Manager provided a response to the relevant Member via email on 23/07/21.	Fran Chivers Ext 7053

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MEMBER DEVELOPMENT - INTERNAL AUDIT AND THE ROLE OF AUDIT COMMITTEE

Audit Committee - 23 September 2021

<p>Report of: Deputy Chief Executive and Chief Officer - Finance and Trading</p> <p>Status: For Consideration</p> <p>Key Decision: No</p> <p>Portfolio Holder: Cllr. Matthew Dickins</p> <p>Contact Officer: Francesca Chivers, Ext. 7053</p> <p>Recommendation to Audit Committee:</p> <p>(a) The member development be noted.</p> <p>(b) Decide which member development subjects they wish to receive at the Audit Committees on 25 January 2022 and 29 March 2022.</p>
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Introduction and Background

- 1 The Committee regularly reviews the development needs of its Members and the following training has been provided since the current Audit Committee was formed in May 2019:

Committee Date	Training Provided
17 September 2019	Public Sector Internal Audit Standards (PSIAS)
28 January 2020	Risk Management
16 July 2020	Understanding Local Government Accounts
30 March 2021	<ul style="list-style-type: none"> • Organisational Knowledge • Audit Committee Role and Function • Governance (all three subjects were provided in one session by Martin Goodman, Head of Legal and Democratic Services)
15 July 2021	Counter Fraud and Whistle Blowing

Audit Committee Member Development Programme

- 2 In November 2020 Members were asked for their views as to their current knowledge levels by completing a questionnaire based on 'Audit Committee - knowledge and skills framework' included in the CIPFA (Chartered Institute

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of Public Finance and Accountancy) document 'Audit Committees - Practical Guidance for Local Authorities and Police'.

- 3 Based on the questionnaire responses and the work plan of reports due to be presented at each committee, a programme was devised with the remaining parts listed below:

Committee Date	Training Scheduled
23 September 2021	<ul style="list-style-type: none">• Internal Audit and the Role of Audit Committee
To be confirmed	<ul style="list-style-type: none">• External Audit• Risk Management• Understanding Local Government Accounts (September 2022)

- 4 The Committee is required to decide which member development they wish to receive at the meetings on 25 January 2022 and 29 March 2022.
- 5 Each member development session will last for up to 20 minutes and be presented at the start of an Audit Committee.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices

None

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

MEMBERS' ALLOWANCE SCHEME MONITORING 2020/2021

Audit Committee - 23 September 2021

Report of: Monitoring Officer

Status: For Consideration

Key Decision: No

This reports support the Key Aim of: The effective management of Council resources

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Martin Goodman, ext. 7245

Recommendation to Audit Committee: That Members note the contents of this report.

Reason for recommendation: This report is further to the Committee's monitoring of the Members' Allowance Scheme' and sets out payments which have been made.

Introduction and Background

- 1 Within the terms of reference of the Audit Committee, the committee is required 'to monitor the implementation of the Members' Allowance Scheme'.
- 2 The Governance Committee is required 'to receive the recommendation of the Joint Independent Remuneration Panel and make recommendations for changing the Members' Allowance Scheme to the Council and, if required, to the Joint Independent Remuneration Panel'. This process is due to take place during 2021/22 in time for an updated scheme to come into force from May 2023.

Members' Allowance Scheme - 2020/21

- 3 Members' allowances for 2020/21 were published during the summer and can be viewed, alongside past years' information, here: https://www.sevenoaks.gov.uk/downloads/download/32/councillor_allowance_and_expense_payments
- 4 Basic allowances were paid to all Members and two asked not to receive the full amount.
- 5 Travel expenses were claimed by 10 out of 54 Members (19%). This figure was somewhat lower than in previous years, no doubt due to the global Covid-19 pandemic.

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- 6 The IT allowance was consolidated with the basic allowance from May 2019.
- 7 Appendix G from the Constitution of Sevenoaks District Council containing the Members' Allowance Scheme (2020/21) is attached as this report's Appendix.
- 8 All Members' expenses claims are checked by Democratic Services. Under the Constitution it is for the Chief Executive or the Monitoring Officer to decide any question of interpretation.

Key Implications

Financial

The cost of the Members' Allowance Scheme is contained within the approved budget.

Legal Implications and Risk Assessment Statement

None.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

This report is for noting the operation of the scheme in the year 2020/21.

Appendices

None.

Background Papers

None.

Martin Goodman
Monitoring Officer

APPENDIX G: Members' Allowances Scheme (2020/21)

1. INTRODUCTION

The Members' Allowances Scheme is made under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations) and other Regulations which may come into force from time to time.

In making this Scheme, the Council must have regard to the recommendations made by the Joint Independent Remuneration Panel.

This Scheme has effect for the financial year appertaining to the year it is introduced and continues until amended or revised.

This Scheme may be amended at any time having regard to the recommendations of the Joint Independent Remuneration Panel.

For the avoidance of doubt, where the only change to this Scheme is effected by annual updating of allowances, this Scheme shall be deemed not to have been amended.

2. STATUTORY MEMBERS' ALLOWANCES SCHEME

2.1 Basic Allowance

Every District Council Member shall be paid an annual basic allowance as set out in Schedule 1 below. It will be paid in instalments of one-twelfth on the 15th of each month, with minor adjustments where necessary to ensure that the total annual sum is correct. The allowance is subject to annual updating - see paragraph 2.8 below.

The basic allowance covers time incurred by a District Council Member in carrying out his/her ordinary duties for the Council. However, it excludes travel and subsistence allowances for approved duties which are referred to separately below. Furthermore, the Council makes available to Members a certain amount of equipment over and above the basic allowance. Again, this is referred to separately below.

2.2 Special Responsibility Allowances

An annual special responsibility allowance (SRA) will be paid to certain Members. SRAs will be paid in monthly instalments. They are not payable when a Member temporarily steps into another's role (say, when the Vice-Chairman chairs a meeting). The special responsibility allowances are set out in Schedule 1 below.

2.3 Child and Dependant Carer's Allowance

Members may claim an allowance in respect of expenses necessarily incurred in relation to the provision of care for their children and other dependants while

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carrying out approved duties. Approved duties are listed in a separate section below. Claims should be made monthly in arrears, by attaching the receipt(s) to the submitted Member's claim form and entering the amount claimed on the form. Claims will not be paid without documented receipts.

The allowance to be paid per dependent child per hour during normal daytime working hours (8am to 6pm on Mondays to Fridays) and a single maximum payment per hour as set in Schedule 1 for child care arranged outside normal working hours, accompanied by an official receipt.

The dependent adults carer's allowance will be paid up to the figure in Schedule 1 per hour for the employment of a replacement carer for whom the Member is normally a full time carer. This will also apply where the Member has to arrange care for a disabled dependent child. In either case, the definition of dependant being as set out in the Employment Rights Act 1996 (s.57A), such claims to be supported by a doctor's letter confirming that the dependant is in need of constant or specialist care/supervision; (NB Carer's allowance and the allowance payable in respect of a disabled dependent child, is not payable in respect of the same child for the same period.).

2.4 Pensionable Allowances

Statutory regulations allow local authorities to make certain allowances pensionable, but only if so recommended by their independent remuneration panel. At Sevenoaks it has been agreed that the option to allow Members to participate in the Local Government Pension Scheme should not be introduced at this time.

2.5 Renunciation of Allowances

A Member may choose to forego all or part of his/her entitlement to basic or special responsibility allowances under this scheme. If this is the case, he/she should give notice of this in writing to the Chief Executive or Monitoring Officer, stating what element of his/her allowance entitlement he/she does not wish to claim. The notice should also state whether this is for the current municipal year or the remainder of the Member's term of office - if the notice does not specify a time period then it will be assumed to mean the remainder of the term of office.

A Member not wishing to claim the expenses described in section 3 below need not give notice in writing - he/she simply does not submit any expenses claim forms.

2.6 Publicising Allowances and Expenses Paid

As soon as reasonably practicable after determining a Scheme of Allowances, a copy of the Scheme will be made available for inspection and publication will take place in accordance with the 2003 Regulations.

As soon as practicable after 1st April each year arrangements will be made for the publication of the total paid to each Member in each category of allowance specified in this Scheme, in the preceding year.

2.7 Suspension of Allowances

Any Member/Co-optee who is suspended or partially suspended from his/her responsibilities or duties as a Member of the Council in accordance with legislation or regulations that may come into force from time to time may have his/her allowances withdrawn for the period of any suspension.

Where any payment allowance under this Scheme has already been made in respect of any period during which a Member/Co-optee is suspended or partially suspended or ceases to be a Member or Co-optee of the Council or is in any other way not entitled to receive the allowance in respect of that period the Council may require that such allowance or part of as relates to any such period be repaid to the Council.

2.8 Annual Updating

Members' allowances except for travelling expenses are updated annually in line with the National Joint Council for Local Government Services pay award.

3. **PAYMENT OF EXPENSES**

3.1 Approved Duties

Members/Co-optee members may claim reimbursement of travel, subsistence, Child and Dependent Carer's Allowance and conference expenses incurred whilst undertaking an approved duty. No expenses claimed more than three months after they were incurred will be paid.

Attendance at any of the following is an approved duty:

- (a) The attendance at a meeting of the District Council or of any committee or sub-committee or Working Group of the District Council, or of any body to which the Council make appointments or nominations, or any committee or sub-committee of such a body (If the outside organisation will pay travel and/or subsistence costs, then the Member should claim against that organisation and cannot claim from the District Council.);
- (b) The attendance at any meeting, the holding of which is authorised by the District Council, or a committee or sub-committee of the District Council, or a joint committee of the District Council and one or more local authority within the meaning of section 279(1) of the 1972 Act, or a sub-committee of such a joint committee provided that: -
 - (i) where the authority is divided into two or more political groups, it is a meeting to which members of at least two groups have been invited, or
 - (ii) if the authority is not so divided, it is a meeting to which at least two members of the authority have been invited;
- (c) the attendance at a meeting of any association of authorities of which the District Council is a member

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- (d) the attendance at a meeting of the executive (Cabinet) or a meeting of any of its committees;
- (e) the attendance at pre-meeting briefings by Chairmen and Vice-Chairmen of Committees;
- (f) the performance of any duty in pursuance of any standing order made under section 135 of the 1972 Act requiring a Member or Members to be present while tender documents are being opened;
- (g) the performance of any duty in connection with the discharge of any function of the District Council by or under any enactment and empowering or requiring the District Council to inspect or authorise the inspection of premises (including site visits for planning matters); and
- (h) the attendance of any pre-arranged meetings with Officers relating to issues within the Members' responsibilities. This would encompass Portfolio Holder briefings etc. In the event of any question of interpretation, the Chief Executive, or, in his absence, the Monitoring Officer, will decide.
- (i) The attendance at meetings, training or other events where the Member is an official Council representative or requested to attend by the Leader, relevant Cabinet Member or Chief Officer.

Further Clarification of Approved Duties:

In-house training and development seminars including Members' Induction, Staff Induction and service-specific seminars

Conferences or seminars arranged by a Chief Officer.

Expenses will not be paid for attendance at national and regional bodies if the Member was not appointed to the organisation or event by the District Council.

Travel and subsistence allowances for co-opted and lay/expert members of committees and panels will be paid, at the same level as for elected Members.

Schedule 2 sets out tables of examples of what are approved duties. In specific cases not covered by this schedule Members should contact the Democratic Services Team. A decision will be made by the Chief Executive or the Monitoring Officer and the table updated accordingly

3.2 Travelling, Subsistence and other Expenses

Travelling Allowances

Travelling allowances are payable in accordance with the HMRC maximum tax free allowance from time to time:

Per mile up to and including 10,000 miles	45 pence
Over 10,000 miles	25 pence

Bicycles:

20 pence per mile tax free as per HMRC’s maximum tax free allowance for claims.

Motorcycles:

24 pence per mile tax free as per HMRC’s tax free allowance for claims.

Public Transport:

Authorised journeys taken using public transport should be reimbursed at the cost of standard travel.

Travelling allowances may be claimed by Members for attendance at meetings of the bodies or for the purposes listed in 3.1 above.

Car sharing is encouraged by the Council for duties involving more than one Member. Any claim should be made by the vehicle driver only.

Travel by taxi should only be used in exceptional circumstances and, if it is necessary, should involve more than one Member if possible.

3.3 Subsistence Expenses and Council Refreshments

- A Member may claim reimbursement of subsistence costs incurred personally while on approved duties. The latter are described at a separate section below. In order to qualify for reimbursement:
- the Member must be away from his/her usual residence for a minimum of four hours (this time period applying only to the time spent in travel to and from, and attendance at, the approved duty outside the District)
- there must be no meal provided at the approved duty, either by the Council or any other organiser for the event
- claims will only be reimbursed for subsistence purchased in the close vicinity of a local event, or in the vicinity of, or whilst travelling to or from, an event more distant.
- the Member should attach a receipt to his/her expenses claim form to show that a meal was purchased (and the amount paid will be the amount incurred and shown on the receipt up to the maximum limit shown below).

The rates payable are set annually when the annual pay award is agreed. They are currently as set out in the table below.

Subsistence type	Details	Payment amount
Lunch allowance	Covers the period from 12 noon to 2 p.m.	£9.86

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Evening meal allowance	For a period of absence ending after 7 p.m.	£12.21
Absence overnight	To cover hotel and associated expenses - but note that, in these cases, the Council will book and pay for hotel accommodation directly (see 'conferences' at separate section below)	£79.82 (increased to a maximum of £91.04 in certain circumstances, e.g. for meetings in London and for LGA meetings)

If a meal is taken on a train, this is taken to relate to the subsistence allowance which it most closely equates to (i.e. lunch or evening). The above conditions still apply.

The Council may provide refreshments for 'approved duty' meetings which last over the lunchtime period or which start between 4.30 p.m. and 6 p.m.

The District Council requires that Members ensure that any overnight stay bookings for approved duties and conferences are made by Council Officers. The Council will then pay for the cost of the accommodation and breakfast. Lunch and evening meal costs up to the subsistence amounts shown above and travel will be claimable.

3.6 Child and dependant carer's allowances

Members may claim an allowance (set out in Schedule 1 below) for the use of childminders, babysitters or other sitters for dependants while carrying out approved duties. See section 2.3 above for details. Claims must be supported by receipts for payments made.

3.7 ICT and other equipment

Members are securely able to access all Council information and communications from any internet access point, including a home computer, through the Members' Electronic Portal. In order to recognise that part of the cost of provision of such equipment is for the performance of Members' duties, Members may make claim for the following financial support:

- (a) In exceptional circumstances where a Member is unable to afford the purchase cost of a suitable computer the Council would consider assisting the Member by advancing a lump sum which would then be recovered via repayments from this allowance;
- (b) where a Member has been provided with a Council funded computer, no allowance will be paid; and
- (c) all such allowances are subject to tax along with Basic and Special Responsibility Allowances in the normal way.

3.8 Claims procedure

Claims for travel, subsistence and dependant carer's allowances must be made each month using the Members' claim form. Members can either submit a claim in writing or on-line. If any Member wishes to submit claims on-line, he/she is required to sign a 'request to submit forms via e-mail' and return it to the Head of Legal & Democratic Services or Democratic Services Team Leader so that a members' claim form can be sent electronically for completion. All claims must be received by the Democratic Services Team by the twentieth day of the month. This is essential as they must be verified and approved by the twenty third day of the month in time for the monthly payroll run on the fifteenth of the following month. Any claims received after these dates will be paid on the subsequent pay run.

Members should ensure that they submit claims each month as claims stretching back over several months may be delayed owing to the increased difficulty of verifying them. Claims over 3 months old will not be paid. All claims to be finalised within one month of the start of the financial year.

The claim form must include receipts for all expenses claimed other than car mileage, and must be signed by the Member to declare that he/she is entitled to all amounts claimed and has not already been reimbursed for these amounts by the Council or any other organisation. For those claims submitted electronically, all relevant receipts must also be submitted to support the claim.

If a Member wishes to reclaim tax paid on subsistence allowances, he/she must provide relevant receipts to HMRC. If a Member applies for benefit, he/she must declare any allowances and expenses received from the Council on his/her application form.

Should it ever arise that the Council incurs expenditure on behalf of a Member's spouse or partner, then a debtor's account will be sent to the Member to recover all additional costs and a copy of the accounts will be placed with the file of payments to Members.

4. GUIDANCE FOR OFFICERS IN RESPECT OF PAYMENT TO MEMBERS

All Officers must adhere to the above scheme when verifying and making payments to Members. The Head of Legal & Democratic Services or Democratic Services Team Leader must verify all Member claims prior to passing them for payment taking particular note of Schedule 2. The Finance Team will maintain a file of payments to Members. For all payments under the Members' Allowances Scheme, this must show the name of the recipient, together with the amount and nature of each payment. It is open for inspection free of charge by electors in the area, who may copy any part of it.

The scheme also applies to Officers incurring expenditure on a Member's behalf - if an Officer spends more than the prescribed limits shown above for a Member's travel and/or subsistence then *the Officer cannot claim the excess, but must bear the cost personally*. If an Officer wishes to make a claim for Member travel and/or subsistence, he/she must complete an employee travel and subsistence expenses claim form in the usual way, but stating clearly which Member(s) were paid for,

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and the details of the payment (cost, time of day incurred) which will allow it to be checked against the prescribed subsistence scheme. A copy must be sent immediately to the Finance Team for recording in the file of payments to Members.

If any other issue of payment to a Member arises, other than one covered by the above Members' allowance scheme or a normal service issue, then prior written approval should be obtained from the Chief Executive or Monitoring Officer.

When a department arranges any seminar, conference, course or visit which will incur costs on behalf of a Member, the lead officer must liaise with the Chief Finance Officer to ensure that only permitted expenditure is incurred. The lead Officer of the event should keep a list of Members attending an approved event, and forward it immediately afterwards to the Head of Legal and Democratic Services or Democratic Services Team Leader and the Finance Team to ensure that any subsequent Member claims for travelling and/or subsistence can be verified.

Tours outside the Sevenoaks District may be arranged by the relevant department. They will still require formal committee/cabinet approval and adequate budgetary provision. Any overnight stop, unless paid for directly by the Council, and any lunch or evening meals purchased for the Members involved must adhere to the subsistence rates shown above. If air tickets are reserved, the cheapest rate of public air travel must always be used.

Any proposed payment or commitment of civic funds must be referred to the Chief Executive or Monitoring Officer for prior approval. These Officers must ensure all payments so made remain within budgeted levels of expenditure, and that any payments to or on behalf of Members are recorded in the file of payments to Members.

Schedule 1

Members Allowances 2020/21

With effect from the commencement of the municipal year 2020/21

Description of Allowance	2020/21 Allowance per Member £	
Basic Allowance (all Members)	5,617	
<u>Special Responsibility Allowances:</u>		
Cabinet Chairman (Council Leader)	20,550	
Deputy Leader	12,330	
Cabinet members	7,193	
Deputy Cabinet Members	1,644	
Opposition Group Leaders:	277	per Group
Liberal Democrats (3 Members)	831	
Independents (3 Members)	831	
<u>Chairmen</u>		
Advisory Committees (x7)	2,569	
Audit	2,569	
Community Infrastructure Levy (CIL) Spending Board	2,569	
Development Control	5,138	
Governance	2,569	
Health Liaison Board	2,569	
Licensing	2,569	
Scrutiny	2,569	
Sevenoaks Joint Transportation Board	2,055	
Standards	1,644	
<u>Vice-Chairmen</u>		
Advisory Committees (x7)	0	
Audit	0	
Community Infrastructure Levy (CIL) Spending Board	0	
Development Control	1,028	
Governance	0	
Health Liaison Board	0	
Licensing	0	
Scrutiny	0	
Sevenoaks Joint Transportation Board	0	

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Standards	0
<u>Committee Members</u>	
Development Control members	514
Licensing Committee members	139
<u>Other</u>	
Standards co-optees	493
Child Care (p/h/p/child max)	7.40
Dependent Carers (p/h max)	16.44

Schedule 2

Members' Allowance Scheme - Approved Duties Specific Examples

- Attendance at a meeting of Council

- Attendance at a meeting of Cabinet (all Members)
- Attendance at a meeting of any Committee/Sub-Committee/Working Group/Board/Hearing of which you are a Member (attendance at Committee meetings as an observer is not considered an approved duty, the only exception to this being meetings of the Cabinet).
- Attendance at a meeting of any outside organisation that you are appointed to by the Executive or the Council
- Attendance at any Development Control Meeting and Development Control Site Meeting as agreed by the Chairman or Vice-Chairman of Development Control, if you are a member of Development Control or a local member for the ward concerned
- Attendance of any other site visit approved by Council, the Executive or any Committee/Sub-Committee/Working Group/Board/Hearing, if you are a member of the relevant body
- Attendance by a member of the Executive at any Committee/Sub-Committee/Working Group/Board/Hearing that is discussing matters within that member's Portfolio
- Attendance at any meeting organised by Officers of the Council to which at least two political groups have been invited
- Attendance at any training session organised by Officers of the Council to which the Member has been invited
- Attendance at any service-specific seminar organised by Officers of the Council to which the Member has been invited
- Attendance at any Conference or Seminar where prior agreement has been made by a Chief Officer of the Council
- Attendance at pre-meeting briefings by Chairman/Vice-Chairman of Committees/Sub-Committees/Working Groups/Boards/Hearings
- Attendance of members of the Executive at Briefing meetings
- Attendance of a member of the Executive that is required to attend a tender opening
- Attendance at any meeting pre-arranged by Officers of the Council relating to issues within the Member's responsibilities

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STATEMENT OF ACCOUNTS - PROGRESS UPDATE REPORT

Audit Committee - 23 September 2021

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For noting

Key Decision: No

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Alan Mitchell, Ext. 7483

Adrian Rowbotham, Ext 7153

Recommendation to Audit Committee:

To note the contents of the report

Reason for recommendation: It is a legal requirement under regulation 10 of the Accounts and Audit Regulations 2003 for the audit committee to review and approve the Statement of Accounts.

Introduction and Background

- 1 A draft statement of accounts was reviewed by a working group from the Audit Committee on 25 August 2021.
- 2 Grant Thornton began the external audit of the accounts on 12 July 2021 and is still progressing.
- 3 At the deadline for the audit committee the Audit has not been completed and the Audit Findings report is still to be issued by the auditors.

Summary

- 4 It is unlikely that the audit will be completed by 30 September 2021.
- 5 A verbal update will be given at the Committee meeting.
- 6 A special committee may be required to approve the accounts.

Key Implications

Financial

None.

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Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972 the section 151 officer (Deputy Chief Executive and Chief Officer - Finance and Trading) has statutory duties in relation to the financial administration and stewardship of the authority.

The Audit Committee should review the financial statements and approved under regulation 10 of the Accounts and Audit Regulations 2003, and again, in conjunction with the external auditor's SAS 610 (ISA 260) report to those charged with governance, following completion of the audit. The committee's review of the financial statements should focus on:

- the suitability of accounting policies and treatments
- any changes in accounting policies and treatments
- major judgemental areas
- significant adjustments and material weaknesses in internal control reported by the external auditor.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices

None

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

INTERNAL AUDIT PROGRESS REPORT

Audit Committee - 23 September 2021

Report of: Audit Manager

Status: For Consideration

Also considered by: None

Key Decision: No

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Francesca Chivers, Ext. 7053

Recommendation to Audit Committee:

To note the contents of the report

Reason for recommendation: This report is part of regular reporting to Audit Committee on Internal Audit progress and outcomes. The overarching purpose is so that Members can assure themselves on the effectiveness of both the service itself and of risk management, governance and control processes within the Council.

Introduction and Background

- 1 The Audit Committee receives regular updates from the Internal Audit Partnership. Principally the focus of these updates is to track progress, findings, and key insights from delivery of the Internal Audit Plan.
- 2 The report also provides an update on the implementation of actions raised as part of our audit work and on the performance of Internal Audit via KPIs.

Other options Considered and/or rejected

None

Key Implications

Financial

There are no direct financial implications associated with this report.

Legal Implications and Risk Assessment Statement.

Under the Accounts and Audit Regulations, the Council is required to maintain an adequate and effective system of internal audit.

Agenda Item 8

Links to the Corporate Risk Register are provided within Appendix A.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusion

This report provides Members with an update on the Internal Audit's outcomes and performance, including Internal Audit progress towards delivery of the 2021/22 Audit Plan.

Appendices

Appendix A - Internal Audit Progress Update

Background Papers

[Internal Audit Plan 2021/22](#)

Francesca Chivers
Audit Manager

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Internal Audit Update Report

23 September 2021



Agenda Item 8

Introduction

1. Internal Audit is an independent and objective assurance and consulting function. The shared team undertake reviews over the course of the year that are designed to evaluate and improve the Council's internal control, governance and risk management processes. Each individual review contributes towards the Chief Audit Executive's overall opinion on systems of risk management, governance and control provided at the end of the year.
2. This interim report provides Members with an update on internal audit activity, and, crucially, its outcomes, against the Plan that was agreed by Members of this Committee in March 2021.
3. It also seeks to enable the Committee to discharge its responsibility to provide oversight of the quality and effectiveness of the Internal Audit Partnership through performance information. To this end, the Key Performance Indicators for Quarter 1 are provided in **Annex D**.

Internal Audit Progress Update – 2020/21 Plan

4. Within the 2020/21 Annual Report, I provided a provisional opinion on the one remaining audit to fully complete (Housing Benefits) but did not include a summary as it was not finalised in time for the reporting deadline. Consequently, I have included a summary of the final 2020/21 Housing Benefits report in **Annex B**. There are no significant issues arising from this report to bring to Members' attention.

Internal Audit Progress Update – 2021/22 Plan

5. The approved 2021/22 Internal Audit Plan is divided into two sections; Plan A contains the audits that are priorities for completion and Plan B contains additional audits that will be completed if resources allow.
6. An overall summary of Internal Audit progress against both Plans as at 31 August 2021 is below in **Annex A**. We have made progress against Plan A with three pieces of work fully completed and a further six in fieldwork or reporting stages. The Partnership has been carrying one vacancy since 1 May 2021 as the Auditor employed by Sevenoaks District Council transferred to the Counter Fraud team. At the time of writing this report, the role is being advertised and we intend to hold interviews at the end of September. The vacancy and the outcome of recruitment may have some impact on our ability to deliver the Plan, but we have been able to obtain some contractor resource to mitigate against this to an extent.

Internal Audit Outcomes

7. The table below shows all final audit reports issued and the outcomes since the last report to Audit Committee in July 2021. Summaries of these audits can be found in **Annex B**. Definitions of our 2021/22 assurance ratings are provided in **Annex E**. Members may recall that these definitions have changed from 2020/21, to align them with CIPFA recommended best practice and to allow a more ready translation from individual audit opinions to the overall audit opinion. As the Housing

Benefits report was part of the 2020/21 Plan, the ‘Substantial’ opinion given here refers to the previous definitions and I have provided the full definition for reference.

Audit	Assurance rating
Housing Benefits	Substantial (2020/21 Definitions) – “There is generally a sound framework of control in place that meets Council or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk. A review of this level of assurance may raise a number of MEDIUM priority actions. Agreed actions will be followed up as they fall due.”
Community Grants Process	Not Rated - Advisory
Payroll	Reasonable (2021/22 Definitions – Annex E)
Ten Year Budget Strategy	Reasonable (2021/22 Definitions – Annex E)

8. The audits completed to date this financial year have largely been in relation to core financial systems and processes which play a significant role in the Council’s ability to function effectively. Payroll is a key system as employee costs form a large part of the Council’s expenditure. The ten year budget strategy is important to ensure ongoing financial viability, particularly in these volatile times with the ongoing impact of Covid-19 together with government spending reviews on the horizon.

9. Both of these audits received ‘Reasonable’ assurance with no ‘High’ priority issues raised. The audit findings for both confirmed that the majority of expected controls were in place and operating effectively, including controls relating to scrutiny, review and approval. For both audits, we noted controls or procedures that had not been reviewed for some years and these would benefit from update or review to ensure continued relevance, efficiency and consistency across the organisation.

10. We also undertook an advisory piece of work on the Community Grants process, to review the effectiveness of the process to achieve outcomes whilst minimising the risks of fraud and inefficiency. We found the process to be generally well-controlled with robust assessment and monitoring processes. However, we did again find that the overall framework had not been reviewed for several years, so a review now would be beneficial to ensure continued alignment with strategic direction and objectives.

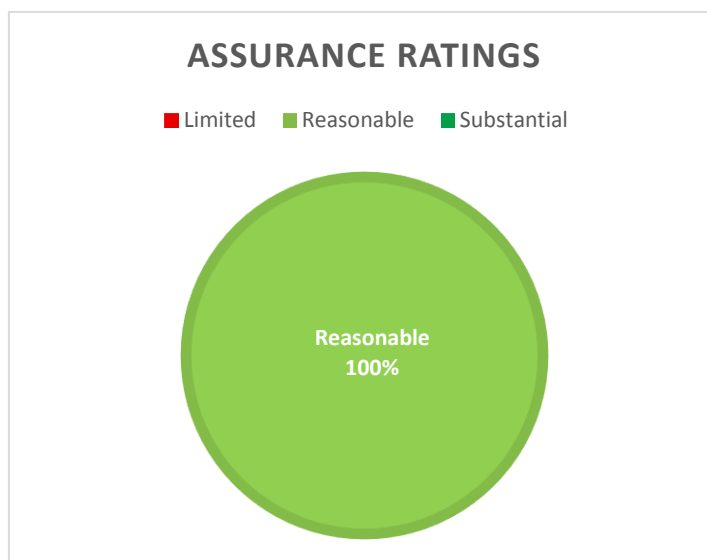
11. Within ‘Plan A’, we set aside a pot of time for grants assurance work, as Internal Audit sign off is required as a condition of some central government grants relating to the pandemic. To date, we have completed a review of the ‘Restart Grants’ and provided our assurance statement to the Ministry of Housing, Communities and Local Government with no issues raised.

12. In the first quarter of the year, we have also utilised our time on the following:
 - Development of the Risk Management Framework (a further update on this piece of work is provided as a separate agenda item on the Risk Register)

Agenda Item 8

- Completion of an internal disciplinary investigation as requested by Human Resources
- Attendance and input into the Council's new Procurement Assurance Group
- Ad hoc advice including proposed waivers

13. The chart below shows a breakdown of all audit assurance opinions to date for the 2021/22 financial year. This currently relates to only two audits, but the chart will be continually updated for future progress reports to Committee.



14. One of the primary functions of Internal Audit is to provide assurance that identified risks are being effectively managed and to this end, the table below also provides links between Internal Audit work and the current Strategic Risk Register (presented as a separate agenda item). This does not mean that all controls have been covered as part of our audit but simply shows Members where they may be able to gain some assurance over the management of risk through our work. There are audits on the Plan for all risks currently shown with no coverage with the exception of the new 'Net Zero' risk and, as each audit is completed, the table will be updated for future reports to this Committee.

Corporate Risk Register	Current Risk Rating	Internal Audit Coverage	Assurance Level
SR01 Finance	Medium	Ten Year Budget Strategy Covid 19 Grant Funding Payroll	Reasonable NA Reasonable
SR02 Property Investment Strategy	Medium		
SR03 Asset management & maintenance	Low		
SR04 Knowledge, capacity & culture	Medium		
SR05 Technology	Medium		
SR06 Information & data management	Medium		

Corporate Risk Register	Current Risk Rating	Internal Audit Coverage	Assurance Level
SR07 Legal compliance, governance & ethics	Low		
SR08 Capacity of community partners	Low	Community Grants Process	Advisory
SR09 Health & Safety (incl. Staff Wellbeing)	Medium		
SR10 Emergency planning & severe weather events	Medium		
SR11 Safeguarding	Low		
SR12 Covid-19	Medium		
SR13 Temporary Accommodation	Medium		
SR14 Capital Projects	Medium		
SR15 Net Zero	Medium		

Follow Up

15. Internal Audit follows up all Critical, High, Medium and Low priority findings as they fall due. **Annex C** shows the results of our follow up process for actions due in Quarter 1 this financial year. Four ‘High’ priority actions due have either been deferred or remain outstanding; further details are given on pp15-18. We have recently made changes to the follow up process to make it more robust. All management requests to defer ‘High’ priority actions for any length of time and ‘Medium’ priority actions for more than a month must first be approved by the Chief Officer – Finance and Trading; we hope that this will encourage prompt implementation. Auditors are also ensuring that they discuss the realism of proposed implementation dates with managers before reports are finalised.
16. Alongside the changes above, we have also changed the way that we calculate the relevant key performance indicator (page 20). In previous financial years, we discounted deferred actions from the calculation whereas for this financial year, we consider them as ‘not implemented’. This has of course resulted in a drop in the KPI figures presented but we consider the new methodology to be a more accurate representation of residual risks.

Internal Audit Performance

17. Audit Committee has an important role to play in monitoring the performance of Internal Audit, in order to assure themselves that Internal Audit makes an effective contribution to governance and that reliance can be placed on its conclusions.
18. To facilitate performance monitoring, a suite of Key Performance Indicators (KPIs) exist. The suite of KPIs to be reported to Audit Committee were revised for 2021/22 and the revised KPIs were approved by Audit Committee in March 2021. The results for Q1 (April – June 2021) are shown at **Annex D**. As at the end of June 2021, there is no data for two of the KPIs as we begin calculating these when 2021/22 final reports are issued. Data for these two indicators will be populated from July 2021 onwards.

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19. There are no significant issues to bring to Members' attention from the results of the KPIs to date, but we continue to work on improving efficiency and quality of work as a priority. We reported an update on progress against the overarching Quality Action Plan in July 2021 and we will provide a further update in January 2022.

Conclusion

20. We have commenced our work on the 2021/22 Internal Audit Plan and have made some steady progress, with three final reports issued and a further six in fieldwork or reporting stages. We hope to recruit into the vacant post at the end of the month, which will enable us to make further progress. Both assurance pieces of work received a 'Reasonable' rating which, at this early stage in the financial year, leads me to conclude that my interim overall opinion on systems of risk management, governance and control continues to be 'Reasonable' in line with the opinion provided in July 2021. Managers have agreed the recommendations for all issues raised and consequently there are no risks identified that will not be sufficiently mitigated once these are implemented.
21. We would like to thank Officers, Managers and Members for their ongoing support and co-operation to enable us to deliver our work.

Francesca Chivers, CMIIA

Audit Manager

Annex A – Internal Audit Plan 2020/21

Plan A 2020/21	Audit Title	Type	Current Status	Assurance
2	Housing Benefits (Shared)	Risk Based	Complete	Substantial
Plan A 2021/22	Audit Title	Type	Current Status	Assurance
1	Assurance Mapping	Consultancy	Fieldwork	
2	Property Investment Strategy	Risk Based	Fieldwork	
3	Fraud Risk Assessment	Consultancy	Not yet started	
4	IT Governance	Risk Based	Not yet started	
5	Ten Year Budget	Risk Based	Complete	Reasonable
6	Corporate Landlord Liabilities	Risk Based	Not yet started	
7	Purchase Orders Continuous Assurance	Consultancy	Not yet started	
8	New Service Review - Environmental Health	Risk Based	Not yet started	
9	Emergency Planning	Risk Based	Not yet started	
10	Staff Wellbeing	Risk Based	Not yet started	
11	Appraisals	Risk Based	Draft Report Issued	
12	Information Security	Risk Based	Not yet started	
13	Safeguarding	Risk Based	Planning	
14	Temporary Accommodation	Risk Based	Not yet started	
15	Covid-19 Recovery	Risk Based	Not yet started	
16	S106 Agreements	Risk Based	Fieldwork	
17	Companies - Quercus	Risk Based	Not yet started	
18	Grants Process	Consultancy	Complete	N/A
19	Council Tax and Enforcement (shared)	Risk Based	Not yet started	
20	Asset Management	Consultancy	Not yet started	
21	Covid-19 Grant Funding	Risk Based	Fieldwork	
22	Ethical Governance	Risk Based	Not yet started	
23	Legal Service Processes (Case Management)	Risk Based	Not yet started	
24	Parking Processes - Residents Permits and PCN processing (including appeals and cancellations)	Risk Based	Not yet started	
25	Corporate Credit Cards	Risk Based	Feedback / Review	
26	Payroll	Risk Based	Complete	Reasonable
Plan B 2021/22	Audit Title	Type	Current Status	Assurance
1	Council Tax Reduction Scheme	Risk Based	Not yet started	
2	Local Plan	Consultancy	Not yet started	
3	Equality and Diversity	Risk Based	Not yet started	

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Plan A 2020/21	Audit Title	Type	Current Status	Assurance
4	Workforce Development / Talent Management / Succession Planning	Risk Based	Not yet started	
5	Workforce Strategy	Risk Based	Not yet started	
6	Training and Development	Risk Based	Not yet started	
7	Community safety	Risk Based	Not yet started	
8	Taxis	Risk Based	Not yet started	
9	Pre-Application advice	Risk Based	Not yet started	
10	Print Studio	Consultancy	Not yet started	
11	Asset Management	Risk Based	Not yet started	
12	Council Tax Enforcement	Consultancy	Not yet started	
13	Discretionary Powers	Risk Based	Not yet started	
14	Disaster Recovery	Risk Based	Not yet started	
15	My Account function	Risk Based	Not yet started	
16	Governance - Committee Process	Risk Based	Not yet started	
17	Procurement	Risk Based	Not yet started	
18	Safety Advisory Group	Risk Based	Not yet started	
19	Leases	Consultancy	Not yet started	

Annex B - Summaries of Audit Reports issued

Housing Benefits (Substantial Assurance) – Issued in July 2021

The aim of the audit was to provide assurance that the current processes in place are effective in ensuring only those entitled to Housing Benefits receive them.

At the time of testing, the service had developed a flowchart, showing the process for assessments of applications, and checklists along-side a Risk Based Verification (RBV) desk aid tool. At the time of fieldwork, the RBV policy and desk aid did not reflect working practices due to the reliance on Searchlight checks to verify information rather than original documentation. The new Benefits Evidence Verification Strategy, however, replaced the RBV policy from April 2021 and does include details regarding the reliance on CIS checks.

Testing indicated that applications are assessed correctly and appropriate evidence and documents are retained on the system.

Testing also highlighted that for Changes of Circumstances applications input sheets were not always being completed as part of the normal practice.

The main issue we have raised is concerning Quality Assurance (QA). We noted that checks through the QA module reduced due to priorities of making COVID19 payments. We have been advised by the service that other checks were maintained including Management Information System checks, which do not use the QA module available. We believe that the Management Information System should use the QA module to provide more detailed information about the checks that have been completed.

The table below summarises our findings and management responses:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	1	1	0
Low	1	1	0
Total	2	2	0

Grants Process (Advisory - Not Rated) – Issued in August 2021

The objective of this audit was to review the community grants process and ensure it is effective, including monitoring processes to ensure outcomes are being achieved whilst minimising the risks of fraud.

The service has adapted to an online process for community grants using the CRM System, which is adequate in design. The focus for 2020-21 was to develop an online platform for application and evaluation, and we understand the service is keen to further develop it for monitoring and to explore its reporting functionalities. We believe this would be beneficial to further streamline the process, and to reduce the level of manual input, creating and recording information on spreadsheets.

Agenda Item 8

The fraud risks associated with the community grants process are generally controlled, although there are gaps where groups are not required to make a positive affirmation of the data they have submitted and business or charity numbers are not verified. The service should also consider trying to engage Finance again for their expertise in verifying groups or organisation accounts.

The Code of Practice for Grant Making provides a sound framework of principles for grant schemes to ensure consistency across the Council. The principles themselves are not prescriptive, thus allowing for some differences between schemes whilst minimising the risks of fraud. The appendices are more prescriptive and the provisions will be appropriate in many circumstances. However we understand through discussions with officers that, particularly in light of events over the past year, the Council would like to broaden the reach of its Community Grants scheme to include smaller groups or one off events.

The monitoring arrangements in terms of the intervals are reasonable for both levels of grant awarded. The focus of the monitoring form is appropriate, by ensuring the objectives have been achieved or are on track, and how this benefitted residents, as well as the output in terms of the indicators. Monitoring is largely the same for both levels of grant, albeit at different intervals, which may not be proportionate for smaller grants awarded, particularly where smaller groups or lesser established organisations may not be familiar with how to phrase or measure performance indicators.

Our analysis of the performance indicators identified common themes across the projects. There are clear themes in the performance indicators and although there are differences in the wording or phrasing, they aim to deliver similar benefits. The service may benefit from developing a suite of standardised performance indicators to assist those less familiar and to increase performance reporting.

Payroll (Reasonable Assurance) – Issued in August 2021

This audit aimed to review the effectiveness of controls over key elements of payroll including discretionary deductions, expenses and pre-payroll processes.

We found the controls over the payroll are generally sound in both design and operation. Our testing confirmed discretionary deductions are accurately input on appropriate instruction and retained on file. However, a common theme identified throughout testing was the inconsistency in which records are stored.

The process to claim overtime is sufficient, with claims now being made electronically through iTrent. However, the process to claim mileage and the claim form requires improvement to ensure mileage claims are accurate and can be verified by the authoriser.

We also reviewed the pre-payroll processes and identified efficiencies in the checking carried out, where spreadsheets are relied on to verify payroll figures. The service may wish to explore the reporting function further to eliminate the use of the spreadsheets.

We have summarised our actions and management responses in the table below:

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	2	2	0
Low	3	3	0
Total	0	5	0

Ten Year Budget Strategy (Reasonable Assurance) – Issued in August 2021

The objective of the audit was to review the effectiveness of controls over budget setting and long-term financial planning to provide assurance on the ten-year budget strategy arrangements.

The ten-year budget strategy came into effect at SDC in 2011 on the basis that Government funding for Councils was significantly reducing. As an alternative to making significant budget cuts annually, the Council instead sought to make long term assumptions on their financial status.

The budget setting process normally concludes in February of each year and is agreed by the Finance & Investment Advisory Committee and Cabinet. The most recent budget setting process took place earlier, in November 2020, in order to more effectively manage impacts arising from the Covid-19 pandemic.

Our testing confirmed that the Council has adequate, effective, and reliable controls in place over budget setting and long-term financial planning.

We noted the following areas of key strengths:

- The Financial Procedure Rules documents the policy around financial planning and budgeting. Responsibilities of key stakeholders are outlined clearly within this document.
- SDC’s strategic priorities are aligned to the ten-year budget strategy. The ten-year budget strategy goes through all six Advisory Committees at SDC. One of their roles is to maintain oversight over various strategies and programmes, which is how SDC ensure that financial planning is aligned to SDC’s strategic priorities.
- Variances in budgets are identified, explained, and presented to key stakeholders, enabling SDC to identify changes in trends and resource requirements at the earliest opportunity.
- Financial assumptions are set out in the budget and the justifications for assumptions have been presented to Cabinet for review prior to their approval.
- Assumptions are reviewed throughout the budget setting process and the Chief Officer of Finance and Trading receives the latest information from the relevant managers to keep in view for the following year’s budget setting process.
- Key stakeholders receive frequent updates on budgets and financial performance and there are regular meetings held during the year to review progress against the financial plan.

Agenda Item 8

Key areas for development include:

- The Financial Procedure Rules document is not periodically updated. The last update took place in August 2014.
- Based on discussions with a sample of stakeholders, three out of five stakeholders have not previously reviewed the Financial Procedure Rules document.

We have raised 2 recommendations resulting from our testing. The priority rating of these actions is set out below.

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
Medium	1	1	0
Low	1	1	0
Total	2	2	0

Annex C - Audit actions

We raise recommendations to assist management in addressing control failings, or to suggest service improvements following the results of our testing. In accordance with our follow-up process all audit actions are tracked and followed up when they fall due. The table below shows all audits with open actions from April 2021 to the date of writing. Column E indicates which of these were due between April and June 2021, which we have now followed up. Columns G and H give a summary of that follow up process:

A - Project	B - Service Manager	C - Report Issue Date & Rating	D - Agreed actions in Final Report	E - Actions due in Q1	F - Not yet due	G - Closed during Q1	H - Deferrals this Qtr.	I - Total actions complete to date	J - Total actions outstanding
Animal Welfare (shared review) 2019/20	Nick Chapman	September 2020 Substantial Assurance	3	1 (M), 1 (L)	0	1 (M), 1 (L)	0	3	0
COVID-19 Response & Recovery 2020/21	Richard Morris	December 2020 Substantial Assurance	10	8 (M), 1 (L)	1(M)	5 (M)	2 (M), 1 (L)	6	4
Local Land Charges 2020/21	Fraser McGregor	December 2020 Substantial Assurance	6.5	3 (M), 1 (L)	0	3 (M), 1 (L)	0	6.5	0
Budgetary Control & Monitoring 2020/21	Alan Mitchell	December 2020 Substantial Assurance	3	2 (M)	0	1 (M)	1 (M)	2	1
Planning Enforcement 2020/21	Evelyn Gilder	January 2021 Substantial Assurance	5	3 (M), 2(L)	0	3 (M), 2 (L)	0	5	0
Cyber Security 2020/21	Darren Lepper	February 2021 Limited Assurance	9	3 (H), 5 (M)	1 (M)	1 (H), 2 (M)	2 (H), 3(M)	3	6
Housing Allocations Policy 2020/21	Rav Kensrey	March 2021 Limited Assurance	6	1 (H), 3 (M), 1 (L)	0	1 (L)	0	1	5
Local Air Quality Management 2020/21	Nick Chapman	March 2021 Limited Assurance	7	1 (H),5 (M)	1 (M)	3 (M)	1 (H), 2 (M)	3	4
Fleet Management 2020/21	Trevor Kennett	April 2021 Substantial Assurance	5	3 (M)	1 (M), 1 (L)	3 (M)	0	3	2

A - Project	B - Service Manager	C - Report Issue Date & Rating	D - Agreed actions in Final Report	E - Actions due in Q1	F - Not yet due	G - Closed during Q1	H - Deferrals this Qtr.	I - Total actions complete to date	J - Total actions outstanding
Licensing Administration Fees 2020/21	Sharon Bamborough	June 2021 Substantial Assurance	5	0	4(M), 1(L)	0	0	0	5
Customer Solutions (Phones) 2020/21	Amy Wilton	June 2021 Substantial Assurance	6	1(M), 2(L)	2(M),1(L)	1(M), 2(L)	0	3	3
Disabled Facilities Grants 2020/21	Daniel Shaw	June 2021 Substantial Assurance	2	1(M), 1(L)	0	1(M), 1(L)	0	2	0
Housing Benefits 2020/21	Heather Gaynor	July 2021 Substantial	2	0	1(M,) 1 (L)	0	0	0	2
Payroll 2021/22	Graeme Taylor	August 2022 Reasonable	5	0	2 (M), 3(L)	0	0	0	5
Ten Year Budget Strategy	Adrian Rowbotham	August 2022 Reasonable	2	0	1 (M), 1(L)	0	0	0	2
		TOTAL	76.5	49	22	32	12	37.5	39

Based on the results of our follow-up work, there are now **39** open actions which we are actively tracking and monitoring. We will report progress on implementation of these actions as they fall due, as part of this regular summary report.

Deferrals

This table shows the **twelve** audit actions that have been deferred or are in progress beyond the due date. Officers have been asked to provide an update on progress, and the reason for the deferral:

Project	Action (including priority)	Original agreed date	Revised date	Reason for deferral	No. of times deferred
COVID-19 Response & Recovery 2020/21	1.Framework (Medium)	30/6/21	30/9/21	<p>Management Comments: This action is partially complete, as all files are now stored on The Action Manager (TAM). An external consultant is currently reviewing and rewriting the Major Emergency Plan and the District Emergency Centre Handbook.</p> <p>Audit Comments: A 3 month deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
COVID-19 Response & Recovery 2020/21	4.Selection and training strategy (Medium)	30/6/21	30/11/21	<p>Management Comments: An external consultant has been appointed to undertake a review, and a strategy will be developed from this.</p> <p>Audit Comments: A deferral to November 2021 has been agreed by the Chief Officer Finance & Trading</p>	1
COVID-19 Response & Recovery 2020/21	10.Strategic Co-ordinating Group / Tactical Co-ordinating Group (Low)	30/6/21	30/9/21	<p>Management Comments: This will form part of the new handbook and procedures referenced above.</p> <p>Audit Comments: A 3 month deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Budgetary Control & Monitoring 2020/21	1.Procedures and guidance (Medium)	31/3/21 & 31/5/21	31/8/21	<p>Management Comments: The training notes have been drafted but not yet approved.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	2

Cyber Security 2020/21	6.Build Process for Desktops, Laptops & Servers (High)	30/6/21	31/8/21	<p>Management Comments: To automate a manual process, so no security vulnerability in itself, but an automated process means there is less room for human error. Due to workload in IT at present, this work is being outsourced for a contractor to complete, starting w/c 26/07/21.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	7.Penetration Testing (Medium)	30/6/21	30/7/21	<p>Management Comments: A test of our network, that is usually annual. Courtesy of the LGA, we are having a test done this week. Extension requested to 30/07/21.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	8.Malware Prevention – F Secure (Medium)	30/6/21	31/8/21	<p>Management Comments: To automate a manual process, so no security vulnerability in itself, but an automated process means there is less room for human error. Due to workload in IT at present, this work is being outsourced for a contractor to complete, starting w/c 26/07/21.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	9.Security Training (High)	30/6/21	30/7/21	<p>Management Comments: We have identified that our own Office365 environment can simulate this for us so we do not need to outsource. Short extension requested to set up and implement.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading</p>	1
Cyber Security 2020/21	10.Firewall Administrative Interface (Medium)	30/6/21	30/7/21	<p>Management Comments: This will be included in the penetration test at point 7 above.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1

Local Air Quality Management 2020/21	1.Approval of Action Plan (High)	30/6/21	16/11/21	<p>Management Comments: The Air Quality Action Plan needs to be agreed at Council and cannot be delegated. Consequently we hope it will be scheduled to progress through committees, cabinet and council in the Autumn.</p> <p>We are attending C&G Advisory Committee, and Cabinet over the next few weeks to update Councillors and to (hopefully) agree the potential revocation of 5 of the 9 existing Air Quality Management Areas. We also hope to agree the formulation of a member/ officer working group which can then consider possible pollution reduction measures.</p> <p>In the interim, officers have already met with our consultant and we have identified a number of draft actions which should speed up this process and we continue to work with the Principal Planning Officer to align Air Quality and Net Zero priorities.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1
Local Air Quality Management 2020/21	3.Service Agreements (Medium)	30/4/21	31/7/21	<p>Management Comments: Agreements are being procured in the next couple of months.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1
Local Air Quality Management 2020/21	5.Performance Indicators (Medium)	30/4/21	31/7/21	<p>Management Comments: This is an issue with the partnership split. The Performance Indicators need to feed into with Community Plan. Extension for July 2021.</p> <p>Audit Comments: Deferral of this action has been agreed by the Chief Officer Finance & Trading.</p>	1

Outstanding Actions not deferred / no response to follow up

Project	Action (including priority)	Original agreed date (& revised date if applicable)	Responsible Officer	No. of times previously deferred	
Housing Allocations Policy 2020/21	1.Housing applications evidence (High)	30/4/21	Rav Kensrey	0	Management have advised that this action is implemented, but we are awaiting evidence.
Housing Allocations Policy 2020/21	2.Tasks and reviews (Medium)	30/4/21	Rav Kensrey	0	As above (action 1)
Housing Allocations Policy 2020/21	3.Autobids (Medium)	31/5/21	Rav Kensrey	0	As above (action 1)
Housing Allocations Policy 2020/21	4.Communication (Medium)	30/4/21	Rav Kensrey	0	As above (action 1)
Housing Allocations Policy 2020/21	6.Shortlisting (Low)	30/4/21	Rav Kensrey	0	As above (action 1)

Annex D – Key Performance Indicators for Q1 (April – June)

Finance: Associated performance indicators	Q1 (April – June)
<p>F1: Percentage of budgeted days taken to complete projects – <i>Target 100%</i> Reported on a cumulative basis Indicator measures any variance between the days agreed on the final brief vs. the actual time coded</p>	TBC – this KPI will commence when final reports for 2021/22 issued
<p>F2: Chargeable days – <i>Target 75%</i> Reported on a quarterly basis Indicator measures the actual chargeable activities against the assumptions made in the audit plan</p>	Average 69%
<p>F3: PSIAS conformance – <i>Target ‘Generally Conforms’ (IIA definition)</i> Reported annually Indicator measures effectiveness of the Quality Assurance & Improvement Programme (QAIP) to ensure compliance with professional Standards.</p>	To be reported at the end of 2021/22
Client satisfaction: Associated performance indicators	Q1 (April – June)
<p>C1: Respondents satisfied with the overall audit experience – <i>Target 90%</i> Reported on a project by project basis Indicator measures Client satisfaction with how we undertook the work, and takes into account our professionalism, approach and competence</p>	6/6 100%
<p>C2: Respondents agreement with the audit actions – <i>Target 90%</i> Reported on a project by project basis Indicator measures Client agreement to the audit findings and resulting actions from our audit work</p>	27/27 100%

Internal processes: Associated performance indicators	Q1 (April – June)
<p>I1: Percentage of draft audit briefs issued at least 10 working days before the start of fieldwork. - <i>Target 90%</i> Reported on a project by project basis</p> <p>Indicator measures the effectiveness of our project planning and communications with the client</p>	5/5 100%
<p>I2: Percentage of draft audit reports issued by the date given on the final audit brief - <i>Target 70%</i> Reported on a project by project basis</p> <p>Indicator measures the efficiency of our audit work, currency of our audit finding and effective engagement between Auditors and Clients</p>	TBC – this KPI will commence when final reports for 2021/22 issued
<p>I3: Time taken between issue of the DRAFT report and FINAL report – <i>Target 15 working days</i> Reported on a project by project basis</p> <p>Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner</p>	3/5 60%
Learning & Development: Associated performance indicators	Q1 (April – June)
<p>L1: Audit actions fully implemented within agreed timescales – <i>Target 80%</i> Reported on a monthly basis</p> <p>Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process</p>	<p>April – 5/5 = 100%</p> <p>May – 5/16 = 31%</p> <p>June – 3/5 = 60%</p> <p>July – 24/34 = 71%</p>

L2: Training & development days - *No of days to be confirmed when Plan finalised* Reported **annually**

Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan

17.17 Days
(annual budget of 29 days)

Annex E - Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p>Substantial Assurance</p>	<p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>
<p>Reasonable Assurance</p>	<p>There is a generally sound system of governance, risk management and control in place.</p> <p>Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</p>
<p>Limited Assurance</p>	<p>Significant gaps, weaknesses or non-compliance were identified.</p> <p>Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>
<p>No Assurance</p>	<p>Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified.</p> <p>The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.</p>

STRATEGIC RISK REGISTER

Audit Committee - 23 September 2021

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Consideration

Also considered by: None

Key Decision: No

Executive Summary: This report presents the most recent version of the Strategic Risk Register for consideration by Audit Committee.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Francesca Chivers, Ext. 7053

Recommendation to Audit Committee:

To consider and note the contents of the Strategic Risk Register

Reason for recommendation: The Audit Committee, through its Terms of Reference, has responsibility for maintaining an overview of risk management development and operations. Regular oversight of the Strategic Risk Register is an important part of discharging this responsibility.

Introduction and Background

- 1 Audit Committee is required, through its Terms of Reference, to maintain oversight of risk management arrangements and operations. As such, it receives periodic updates on risk management, including the Strategic Risk Register.
- 2 The Strategic Risk Register was last presented to Audit Committee in November 2020. Since then, it has been updated quarterly through individual meetings with risk owners and collective discussions at Strategic Management (SMT). The most recent update (June 2021) is presented at Appendix A.
- 3 Over the past year, updates to the Corporate Risk Register have captured more data to enable a more informed assessment of the management of risk. The additional information includes:
 - a. A 'target' score for each risk. These targets have been discussed and agreed by SMT as being appropriate for the risk. Their inclusion is intended to indicate whether risks are currently being managed to

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the desired level. Actions should be in place for risks that are not currently within target.

- b. A separate 'actions' section for each risk that provides a ready overview of progress against any actions in place to further reduce the risk.
 - c. A section on the assurances available for each risk. A key part of risk management is to understand how effectively risks are managed and whether controls are working as intended. The assurance section details the mechanisms currently in place to assess this. These sections are, however, a work in progress and further discussions will be held with risk owners as part of the September updates.
- 4 The table on Pages 2 and 3 of Appendix A gives an overview of changes made to the Strategic Risk Register since September 2020. Members will note that two new risks have been added (SR14 - Capital Projects and SR15 - Net Zero) and that no risks have been removed.
 - 5 In terms of risk scores, two risk scores (SR01 - Finance and SR03 - Asset management and maintenance) have decreased since September 2020 and consequently, there are currently no 'High' scoring risks on the register. Four risks scores (SR05 - Technology, SR06 - Information and Data Management, SR10 - Emergency Planning and Severe Weather Events and SR13 - Temporary Accommodation) have increased since September. In all cases except Temporary Accommodation, this was due to perception of the risk changing as a result of assurance work rather than the risks changing in themselves.
 - 6 Seven risks are currently above the target score and actions are in place to reduce the current score accordingly.

Risk Management Framework

- 7 The current overall risk management framework does require updating to ensure that it fully reflects the needs of the Council. In particular, a robust risk management process at service level is required. A new risk management framework has been drafted and will be presented to Strategic Management Team in September 2021 for discussion and amends. It will be presented to Audit Committee in January 2022 for approval.

Other options Considered and/or rejected

None

Key Implications

Financial

There are no direct financial implications associated with this report, however financial risk is considered as part of the Strategic Risk Register.

Legal Implications and Risk Assessment Statement.

The Strategic Risk Register is the core mechanism used by the Council to identify, assess and monitor key risks. There are no direct legal implications associated with this report, however compliance risk is considered as part of the Strategic Risk Register.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Since the last update to Audit Committee in November 2020, there have been several changes to the Strategic Risk Register. As part of its governance and oversight role regarding the Council's risk management, Audit Committee is asked to review and consider the updated Strategic Risk Register.

Appendices

Appendix A - Strategic Risk Register

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance and Trading

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Strategic Risk Register

June 2021



Strategic Risk Profile

Risks are assessed based on *impact and likelihood* to gain an overall view of the significance of the risk's threat to the achievement of objectives. These are multiplied to give an overall score which is used to inform our response to the risk. The table below summaries the net score (after controls have been applied) for each risk including changes since the last update and a comparison with the target score.

Ref	Risk Title	September 2020 Score	March 2021 Score	June 2021 Score	Target Score	Net risk within target risk?
SR01	Finance	15 High	10 Medium	10 Medium	10 Medium	Yes
SR02	Property Investment Strategy	9 Medium	9 Medium	9 Medium	9 Medium	Yes
SR03	Asset management & maintenance	9 Medium	9 Medium	6 Low	6 Low	Yes
SR04	Knowledge, capacity & culture	12 Medium	12 Medium	12 Medium	8 Medium	No
SR05	Technology	9 Medium	12 Medium	12 Medium	6 Low	No
SR06	Information & data management	10 Medium	12 Medium	12 Medium	6 Low	No
SR07	Legal compliance, governance & ethics	6 Low	6 Low	6 Low	6 Low	Yes
SR08	Capacity of community partners	6 Low	6 Low	6 Low	6 Low	Yes
SR09	Health & Safety (incl. Staff Wellbeing)	12 Medium	12 Medium	12 Medium	6 Low	No
SR10	Emergency planning & severe weather events	8 Medium	12 Medium	12 Medium	9 Medium	No
SR11	Safeguarding	4 Low	4 Low	4 Low	4 Low	Yes
SR12	Covid-19	8 Medium	8 Medium	8 Medium	8 Medium	Yes
SR13	Temporary Accommodation	8 Medium	12 Medium	12 Medium	12 Medium	Yes
SR14	Capital Projects	NA	NA	10 Medium	8 Medium	No

Ref	Risk Title	September 2020 Score	March 2021 Score	June 2021 Score	Target Score	Net risk within target risk?
SR15	Net Zero	NA	NA	9 Medium	6 Low	No

The matrix below shows the Council’s overall risk profile, again based on net risk. The impact matrix which gives guidance on the definitions to be applied when considering impact is provided at the end of this document.

		Impact	Impact	Impact	Impact	Impact
		Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Critical (5)
Likelihood	Very Likely (5)					
Likelihood	Likely (4)					
Likelihood	Possible (3)			SR02 SR15	SR04 SR05, SR06 SR09, SR10, SR13	
Likelihood	Unlikely (2)			SR07 SR08 SR03	SR12	SR01 SR14
Likelihood	Very Unlikely (1)				SR11	

The summary below maps each of the strategic risks to the Council Plan:

No.	Risk	Net Risk Rating	Value for Money	Keep the District Safe	Provide high quality services	Protect the Green Belt	Support and grow the local economy
01	Finance	10	✓	✓	✓	✓	✓
02	Property Investment Strategy	9	✓		✓		✓
03	Asset management & maintenance	6	✓		✓		✓
04	Knowledge, capacity & culture	12	✓	✓	✓	✓	✓
05	Technology	12	✓	✓	✓	✓	✓
06	Information & data management	12	✓	✓	✓	✓	✓
07	Legal compliance, governance & ethics	6	✓	✓	✓	✓	✓
08	Capacity of community partners	6	✓	✓	✓		✓
09	Health & Safety (incl. Staff Wellbeing)	12	✓	✓	✓	✓	✓
10	Emergency planning & severe weather events	12	✓	✓	✓	✓	✓
11	Safeguarding	4		✓	✓		
12	Covid-19	8	✓	✓	✓	✓	✓
13	Temporary Accommodation	12	✓	✓	✓		
14	Capital Projects	10	✓		✓		✓
15	Net Zero	9		✓		✓	✓

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Strategic Risk Register

The strategic risks are detailed below. Each risk has a lead officer who is best placed to co-ordinate the response to the risk.

Each risk is first assessed **gross** (without existing controls in place) and then re-assessed following the identification of key controls to give the **net** score. Each risk is also given a **target** score, which is the desired rating for the risk.

The overall **rating (R)** is derived by multiplying the **likelihood (L)** and the **impact (I)**.

Actions have been identified to further enhance controls where relevant.

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
SR01: Finance - Failure to deliver a balanced budget Lead Officer: Adrian Rowbotham & Alan Mitchell											
Detrimental impact of Covid-19 on Council income and expenditure Limited opportunity to generate income through the business rates retention scheme and New Homes Bonus <ul style="list-style-type: none"> Effect of council tax referendum limits Low, decreasing and uncertain level of government grant Uncertainty of the timing and outcome of the Government spending and fair funding review Potential for negative government funding (local authority to make payments to Government) Effect of cost of external borrowing on the Council's budgets Loss of external funding 	<ul style="list-style-type: none"> Poor financial health Inability to maintain services and deliver Council Vision and Promises Requirement to issue S114 notice Reputational damage Negative impact on staff morale and potential recruitment and retention difficulties Poor outcome for the Audit of Accounts or Value for Money assessment Potential for increased intervention Reduced income or increased 	4	5	20	<ul style="list-style-type: none"> Self-sufficient budget position; no reliance on direct government funding Long term 10 year budget framework including Savings Plan Flexible use of reserves Alternative funding source - Property Investment Strategy Strong financial and scenario planning over the short, medium and long term Effective budget setting and financial monitoring processes embedded Financial and budget risk management process in place Effective financial governance including reports to FIAC, Cabinet, Audit Committee and Scrutiny Committee Qualified and experienced officers in post 	2	5	10	2	5	10

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<ul style="list-style-type: none"> Budget assumptions not accurate Ability to identify increase in savings requirement to deliver a balanced 10-year budget Failure to meet savings targets Poor financial plans and strategies Ineffective financial governance Lack of capacity and skilled professionals within the finance team Failure to maintain proper financial and budgetary controls Change in customer demand (eg car parking) and expectation 	expenditure as a result of changing customer demands				<ul style="list-style-type: none"> Finance Procedure Rules in place 						
Actions (updated June 2021) None											
Available Assurance <ul style="list-style-type: none"> Internal Audit of Budget Monitoring reported December 2020 - substantial assurance Internal Audit of VAT reported March 2021 - Advisory but no significant issues raised Counter Fraud assessment - of 52 sections, 19 Compliant, 21 Partially Compliant, 12 Not Met Internal Audit of ten year budget process to commence 5 July 2021 (actions may result in revised internal controls) External Audit of financial statements to commence July 2021 Internal Audit continuous assurance of purchase orders in 2021/22 Internal Audit of corporate credit cards to start July 2021/22 											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
SR02: Property Investment Strategy - Failure to identify opportunities to meet the Property Investment Strategy Lead Officer: Adrian Rowbotham & Detlev Munster											
<ul style="list-style-type: none"> Lack of ability to seek appropriate investment opportunities Inappropriate appetite for risk within investment strategy to enable the Council to generate target returns Lack of ability to deliver sufficient funds to maximise the opportunities presented through the Property Investment Strategy Lack of ability to prudentially borrow over the medium to long term Prohibitive cost of interest payments Lack of capacity or skilled professionals to advise on investment and borrowing strategies Ineffective governance processes that could result in opportunities being missed or being ineffectively scrutinised Ineffective use of Quercus 7 to support the Council's investment strategy Reduced ability to borrow funds including the effect of government legislation changes Covid-19 / Economic conditions - inability to find or retain tenants, collect lease or rental income, reduction in asset values (systemic risk) 	<ul style="list-style-type: none"> Lack of diversity in investments Inability to find investments that meet the return criteria Inability to deliver a balanced budget (SR01) Negative impact on budgets, reserves and the ability to deliver Council projects Poor financial health Reputational damage Poor outcome for the Audit of Accounts or Value for Money assessment and potential for increased intervention 	4	4	16	<ul style="list-style-type: none"> Council approved Property Investment Strategy, with defined rates of return demonstrating risk appetite Diversified portfolio to spread risk Governance arrangements defined with appropriate delegations agreed Qualified and experienced officers in post Professional, external advisers engaged to support the development of strategies and fill skills gaps Realistic income budget set based on current and projected investments Financial monitoring processes embedded Effective financial governance including reports to FIAC, Cabinet and Scrutiny Committee Regular Quercus 7 Board and Trading Board meetings 	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
Actions (Updated June 2021)											
Identify alternative external funding sources											
Available Assurance											
Internal Audit of Property Investment Strategy to commence July 2021											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR03: Asset Management & Maintenance - Losing the ability to: a) Dispose of surplus land; b) Maintain and develop assets and land holdings; c) Secure tenants for vacant or part-vacant assets Lead Officers: Adrian Rowbotham & Detlev Munster											
<ul style="list-style-type: none"> Lack of finance to deliver asset management plans and maintenance programmes Lack of capacity to appropriately manage, maintain and invest in the council's assets Failure to maximise the benefit from asset disposals Lack of tenants to occupy vacant or part-vacant assets Lack of buyers for surplus Council land Failure to adopt effective governance procedures Project management skills to ensure cost effective and robust developments Failure to identify partners to take forward projects and initiatives Loss of contracted providers to manage and operate assets Covid-19 / Economic conditions - ability to find or retain tenants, collect lease or rental income, reduction in asset values (systemic risk) Lack of suitable skills or sufficient capacity 	<ul style="list-style-type: none"> Decrease in asset values placing increased pressure on council budgets Failure to maximise the opportunity to raise income from investment in assets Increased insurance premiums Adverse impact on service delivery Loss of investment or income opportunities Reputational damage Closure of public assets and loss of community facilities Corporate Landlord liabilities associated with poorly maintained assets (tenants and corporate buildings) - cross refer to SR09 	3	4	12	<ul style="list-style-type: none"> Property / Asset Register (record of land in Council ownership) Asset maintenance budgets reviewed annually Ongoing strategic review of council owned property Inventory registers in place Financial procedure rules in place (but see action below) Economic Development & Property team in place Professional, external advisers engaged to support the development of strategies and fill skills and capacity gaps Capital Programme and Asset Maintenance 2019-22 plan in place Surveys of all Council buildings completed and reflected in Asset Maintenance plan Long term leases in place with providers with regular monitoring 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net scores			Target Scores		
		L	I	R		L	I	R	L	I	R
Actions <ul style="list-style-type: none"> • Prepare and periodically review Asset Management Plan • Financial Procedure Rules to be reviewed, Disposals Policy to be approved • Update Asset Register 											
Available Assurance <ul style="list-style-type: none"> • Internal Audit of Asset Management 2021/22 • Internal Audit of Corporate Landlord 2021/22 											

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Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
SR04: Knowledge, capacity & culture - Management of the Council's human resources fails to protect the Council's culture, making it difficult to address gaps in capacity and knowledge Lead Officer: Jim Carrington-West & Graeme Taylor											
<ul style="list-style-type: none"> Continuing reductions to Council budgets National and local pay constraint Inability to employ and retain high quality staff Increased demand for services and high levels of work with reduced capacity and resources Requirement for new skills to deliver the Council's Corporate Plan promises Lack of capacity within the Human Resources team to develop policy and support the workforce Ineffective succession planning High staff turnover Loss of IIP Platinum status Impact of Covid-19 on working practices and greatly increased working from home 	<ul style="list-style-type: none"> Lack of resources to employ, develop and support the wellbeing of staff Impact of poor mental health across the organisation Reduced morale and staff satisfaction Reduced productivity Reduced quality of staff and work / services Unable to recruit or retain high quality staff Increased absence levels Unable to continue to deliver the range and quality of services currently experienced Skills gaps that inhibit the ability to deliver Council projects Reputational damage as an employer and a service provider 	4	4	16	<ul style="list-style-type: none"> 10 year budget minimises the need for short notice changes to the workforce Recruitment and retention policies Managing Attendance Policy supported by return to work and staff wellbeing initiatives Staff Appraisal Scheme and Personal Development Plans Regular Staff Surveys and Investors in People Assessments to benchmark effectiveness as an employer Management and Staff Development programmes to support staff and protect the organisational culture Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps Investors in People Platinum status maintained (re-assessed in February 2019), demonstrating the Council is a high quality employer 	3	4	12	2	4	8
Actions (Updated June 2021) <ul style="list-style-type: none"> Re-evaluate HR strategies, training, development and retention plans and internal communications to address the post Covid working environment - due 1 September 2021 for launch 											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<ul style="list-style-type: none"> Develop Workforce Strategy - Draft Strategy going to SMT 8 June 2021 											
Available Assurance <ul style="list-style-type: none"> Investors in People Platinum status (re-assessed February 2019) Internal Audit of ten year budget strategy due to commence 5 July 2021 Internal Audit of appraisals due to commence June 2021 Internal Audit of HR Policy Compliance (Grievance, Probation and Disciplinary) reported August 2020 - Substantial Assurance Internal Audit compliance check of recruitment controls June 2021 - Substantial Assurance 											

		Gross Score			Net Score			Target Score			
Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R
SR05: Technology - The Council's Information Technology doesn't meet the needs of the Council, Members, Officers and the local community Lead Officer: Jim Carrington-West & Amy Wilton											
<ul style="list-style-type: none"> Lack of finance to effectively procure and develop IT infrastructure and solutions across the Council Lack of capacity and skilled professionals to procure, implement and develop IT infrastructure and solutions across the Council Failure to identify areas where IT solutions could improve service delivery and reduce costs Failure to implement robust IT security arrangements in existing and new infrastructure and software Failure to meet the demands of partnership working in the delivery of solutions and on-going IT support Poor data management preventing the implementation of new services User base may not have sufficient broadband to work from home 	<ul style="list-style-type: none"> Failure to effectively deliver Council services and objectives Failure to benefit from the service efficiencies good use of IT would deliver e.g. channel shift, demand management, digital services Failure to maximise the cost savings and value for money efficient use of IT would deliver Security lapse could compromise the Council IT network and render systems inoperable Data loss Reputational damage Failure to deliver projects within required timescales Failure to provide adequate day to day support to customers Failure to prioritise projects effectively as 	4	4	16	<ul style="list-style-type: none"> IT Security Policy Business Continuity Plan Disaster recovery plans in place Network security measures in place including firewall and access level controls Procurement practices in place within the IT Service Experienced staff in post Effective budget setting and financial monitoring processes embedded Officer groups in place to support progress of digital services Ability to work in office or to deploy applications via Citrix or RDS Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps 	3	4	12	2	3	6

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
	financial resources reduce										
Actions <ul style="list-style-type: none"> Develop IT Strategy - Digital Strategy to be presented to SMT 8 June 2021 Review Disaster Recovery plans - envisaged to be implemented October 2021 											
Available Assurance <ul style="list-style-type: none"> Internal Audit of Cyber Security reported February 2021 - Limited assurance Internal Audit of IT Governance due October 2021 											

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Gross Score

Net Score

Target Score

Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R
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SR06: Information & Data Management - Failure to properly protect, preserve and make best use of the data and information resources that the Council holds
Lead Officer: Jim Carrington-West & Martin Goodman

<ul style="list-style-type: none"> Lack of capacity or skills within the workforce to implement a knowledge management system Lack of IT capacity to support a knowledge and information management system Ensuring compliance with the requirements of the Code of Connection Ensuring security levels are appropriate to protect data and information without preventing effective and efficient service delivery Breach / non-compliance with General Data Protection Regulations (GDPR) 	<ul style="list-style-type: none"> Breach of regulations and potential for significant financial penalties Impact on residents / customers Failure to meet the Council's objectives Failure to continue to deliver high quality services across the Council Increased costs from recruitment and staff training Negative impact on the organisation's culture and on staff morale Reputational damage 	4	5	20	<ul style="list-style-type: none"> Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps Data Protection policies in place and available to all staff Training for all staff on Data Protection IT policies in place Annual assessment against the Code of Compliance Disaster recovery plans in place Business Continuity Plan in place Information Governance Policy endorsed by SMT 	3	4	12	2	3	6
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Actions

- Develop IT Strategy - Draft digital strategy due to go to SMT 8 June 2021
- Implement actions from Cyber Security audit - All High actions due to be implemented by end June 2021
- Review Disaster recovery plans - new DR solution expected to be implemented October 2021

Available Assurance

- Internal Audit of Cyber Security reported February 2021 - Limited assurance
- LGA review of cyber security - due July 2021
- Annual penetration testing - due July 2021

		Gross Score						Net Score			Target Score		
Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R		

Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R
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- Annual (self?) assessment against Code of Compliance - *frequency TBC*
- Monitoring Officer monitors compliance with DP training using system reports
- Internal Audit of Information Security due Q2 or Q3

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR07: Legal compliance, governance & ethics - Failure to recognise and adapt to changes in legislation and to deliver proper governance, scrutiny and internal control to protect the Council from poor practice and mismanagement Lead Officer: Jim Carrington-West & Martin Goodman											
<ul style="list-style-type: none"> Lack of capacity in the workforce to identify and adhere to legislative changes Lack of finance to adjust to changes in legislation Lack of Member or Senior Management support to deliver service changes in response to new legislation Breakdown in relationships between Members and Officers Lack of capacity and skilled professionals within the Legal, Democratic and Internal Audit teams Lack of financial resources to deliver high quality governance arrangements Governance arrangements which may not provide effective oversight of shared service arrangements Lack of skills and resources to provide Counter-Fraud and Corruption service Ineffective support for Councillors in relation to governance, legal compliance and ethics Procurement undertaken outside of / in breach of the Rules 	<ul style="list-style-type: none"> Failure to fulfil statutory duties resulting in government intervention and an increase in legal liabilities Failure to continue to deliver high quality services Increase in customer complaints and falling satisfaction levels Increase in incidences of fraud and error Failure to maximise the opportunities changes to legislation may bring Ineffective political and management leadership Ineffective scrutiny of decision making and performance Failure to deliver statutory requirements including an up to 	3	4	12	<ul style="list-style-type: none"> Dedicated Lexcel-accredited in house Legal team with qualified and experienced officers in place Lexcel manual followed Professional managers within service areas (Council-wide) Council's Constitution including Codes of Conduct, Officer / Member Protocol and Standards regime Cabinet and Committee Structure including Advisory, Governance, Audit, Scrutiny & Standards Committee's Monitoring Officer and Section 151 officers in post Effective budget setting and financial monitoring processes embedded Annual review of Committee Terms of Reference Members Handbook and Training Annual Governance Statement and action monitored and plan reported to Audit Committee 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
	date constitution, an effective Internal Audit function and an Annual Governance Statement <ul style="list-style-type: none"> • Reputational damage 										
Actions <ul style="list-style-type: none"> • Reframe procurement group and framework - to go to SMT w/c 14 June • Review risk management framework including operational risk management - to be completed Q2 											
Available Assurance <ul style="list-style-type: none"> • Lexcel accreditation 20 July 2020 • Internal Audit of Members Allowances and Expenses reported September 2021 - Substantial assurance • Internal Audit review of AGS returns - comments returned to s151 officer but some areas for development identified • Internal Audits of Procurement and Contract Management 2019/20 and 2020/21 - Advisory but several areas for development identified (see actions above) • Internal Audit of Ethical Governance due Q3 • Internal Audit of Legal Processes due 2020/21 (but awaiting allocation due to staff vacancy) • Internal Audit of ten year budget strategy due to commence 5 July 2021 • Fraud Risk Assessment to be undertaken 2021/22 (IA & CF Managers) • Internal Audit of IT Governance due Q3 2021/22 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR08: Capacity of Community Partners - The impact of austerity and reduced public spending on the workloads and budgets of community partners and the voluntary sector Lead Officer: Sarah Robson											
<ul style="list-style-type: none"> • Reductions in Government funding of partners such as housing, health, leisure, Police and Fire & Rescue services • Increased demand on partner resources and services as a result of Covid-19, against historic reductions in government funding • Changes to the way Government grant is distributed inhibiting the delivery of local priorities e.g. health funding <p>Reductions in Council grant constraining the funding available for community grants</p> <p>Reduction in the number of voluntary sector organisations operating in the District as a result of funding difficulties or lack of willing volunteers</p>	<ul style="list-style-type: none"> • Unable to deliver the priorities and actions set out in the Community Plan, Community Safety Action Plan and Health Action Plan • Unable to deliver on the priorities and actions set out in the Council's health and housing strategies • Increased hardship in the District • Loss of partner organisations and assistance in the District • Greater health inequalities across the District 	3	3	9	<ul style="list-style-type: none"> • Robust budget setting processes in place which consider the benefits of the Council's community grant scheme and Service Level Agreements • Representation on the Kent and Medway COVID-19 District and Communities Recovery Cell • Continue regular interaction with advisers at the MHCLG • COVID-19 Communities and Economy Recovery Plans adapted and being delivered • Ability to attract external funding to sustain community projects • Strong relationships with local community and voluntary groups • Community Awards Scheme to celebrate the success of local residents and community projects and promote the benefits of volunteering • Local Strategic Partnership delivery of the Community Plan, supported by the Community Wellbeing Fund funding local organisations and initiatives responding to the impact of Covid-19 	2	3	6	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					<ul style="list-style-type: none"> Local Strategic Partnership for the District Robust monitoring process in place for Service Level Agreements and Grants to ensure outcomes are being achieved. Processes and controls under review. Voluntary Sector Forum for the District Partnership Agreement in place and monitored with West Kent Housing Association 						
Actions None											
Available Assurance <ul style="list-style-type: none"> Internal Audit consultancy review of Community Grants process due to commence June 2021 Internal Audit of Covid-19 Recovery due 2021/22 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR09: Health & Safety - Breach / non-compliance with Health & Safety legislation and practices resulting in harm to workforce											
Lead Officer: Jim Carrington-West and Graeme Taylor and Trevor Kennett											
<ul style="list-style-type: none"> Ineffective or lack of Health and Safety Policy, guidance and training for staff Ineffective controls for the management of Health and Safety Ineffectiveness of health and safety risk assessments Lack of awareness of health and safety controls and practices at work Lack of capacity and skills to ensure continuous provision of high quality health and safety in the work place Property standards decline Threats posed by the pandemic - both in the office and - how we use everything Increased home working in the light of Covid-19 - equipment and facilities - staff not have equipment to work from home Covid - ways of working in the office 	<ul style="list-style-type: none"> Poor working practices Increased absence from work Work place accidents and near misses Health and Safety Executive inspections and fines Reputational damage as a service provider and as an employer Corporate Manslaughter Financial impact Non-compliance with statutory requirements 	4	5	20	<ul style="list-style-type: none"> Health and Safety Policy regularly updated Health and Safety guidance Health and Safety risk assessments Regular review and monitoring of risk assessments and safe working practices Health and Safety training Health and well-being monitoring including sickness monitoring Accident recording, monitoring and action planning Suitably trained officers undertake H&S risk assessments Occupational health service Effective risk assessments for Covid-19 to protect staff, customers and Members, that are regularly reviewed and communicated Corporate Health and Safety update reported to SMT quarterly Staff wellbeing (Health, Safety and Security) is a standing item on the SMT agenda. 	3	4	12	2	3	6

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
Actions											
Review Health and Safety framework and arrangements as a whole including consideration of actions from the IA H&S audit - <i>(JCW to confirm progress with GT)</i>											
Available Assurance											
<ul style="list-style-type: none"> • HSE Covid-19 inspection - confirmed arrangements in place are robust for Covid • Internal Audit consultancy review against HSE checklist - 28 areas generally compliant, 13 partially compliant, 5 not met • Internal Audit of Fleet Management reported March 2021 - substantial assurance • Internal Audit of Tree Maintenance - Advisory but no significant issues identified • Internal Audit of staff wellbeing due 2021/22 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR10: Emergency planning & severe weather events - Ability to respond effectively in the event of a prolonged major incident while maintaining the ability to keep services running Lead Officer: Adrian Rowbotham & Trevor Kennett											
<ul style="list-style-type: none"> Inadequacy of emergency plan & business continuity plans Inability to appropriately implement emergency plans in response to any given event Lack of capacity or specialist skills within the workforce to co-ordinate and respond to a major emergency Insufficient controls for major emergency hazards Security - responding to national threat levels (move to critical plans within the major) emergency plan Insufficient resilience in the face of a long-term event Multiple successive and/or simultaneously occurring events i.e. EU exit, Covid and a severe weather event 	<ul style="list-style-type: none"> Disruption to the community and to community services Inability to maintain Council services Excessive non-recoverable expenditure on response Loss of Council information Reputational damage Inability to adequately respond to multiple occurring events either separately or concurrently Insufficient staffing capacity to deal with a long term and/or major /or concurrent event(s) 	3	5	15	<ul style="list-style-type: none"> Cohort of trained officers on rota to formulate and co-ordinate the Council's emergency response (In place with a cohort of 8 trained senior managers on an 8 week on-call rota but see action below) District Major Emergency Plan (including BCP) in place (but see action below, currently being reviewed and updated) The Action Manager (TAM) to co-ordinate response effectively including documentation IT Disaster Recovery Plan in place (but see action below, currently being updated) Collaborative arrangements and plans agreed with other Category 1 and 2 responders, Town and Parish Councils, the voluntary sector and others Access to support resources from across the Council, including Direct Services Council is a member of the Kent Resilience Forum which gives access to expertise and resources Business continuity impact assessments undertaken identifying priority services Mutual aid provision via CCA 	3	4	12	3	3	9

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
Actions											
<ul style="list-style-type: none"> Review of DEC, Training, procedures to commence in April - <i>Training reviewed and courses underway for specialist officers. DEC being reviewed by consultant</i> Training of additional officers and to cover more roles - <i>In progress</i> Review MEP (from April 21) - <i>In place (v13) currently being reviewed and updated by consultant</i> Review of Disaster Recovery Plans - <i>New solution estimated to be in place October 2021</i> 											
Available Assurance											
<ul style="list-style-type: none"> Internal Audit of Covid-19 response (reported December 2021) - Substantial assurance, but some medium priority actions for emergency planning Internal Audit of Emergency Planning due Q3 2021/22 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR11: Safeguarding - Failure to identify and act on a Safeguarding concern Lead Officer: Sarah Robson & Jim Carrington-West											
<ul style="list-style-type: none"> Failure by the organisation or a member of staff to take action to refer a child or vulnerable adult to the appropriate agency when we become aware that they may be at risk Failure to provide staff training and awareness of the organisation's safeguarding duties and processes <p>Increased interaction with potentially vulnerable children and adults</p> <p>Reductions or loss of resources, capacity and knowledge / expertise</p>	<ul style="list-style-type: none"> Could result in domestic homicide, suicide or other death, injury or continuing neglect, continuing modern slavery, human trafficking, terrorism Damage to public confidence and Council reputation 	2	4	8	<ul style="list-style-type: none"> Safeguarding Policy DBS checks in place for relevant staff Training for staff Promotion of safeguarding to all staff through posters, Safeguarding newsletters and Grapevine Simple internal reporting arrangements in place for staff to report safeguarding issues A corporate Safeguarding Group to continually review and update policy and processes, and monitor strategic risk Workload management process and analysis kept up to date to ensure staff capacity to respond Staff trained as trainers Trained Designated Safeguarding Officers Lead Chief Officer reports regularly to SMT Deputy Lead is also a Chief Officer Annual Section 11 Audits to provide external assurance Good working relationship with KCC and the Kent Safeguarding Boards Rollout of Net-Consent to evidence communication and awareness of Policies and Procedures Relevant frontline staff and managers sign up to the policy online and complete online training as soon as they join the organisation Safeguarding awareness included into the staff 'new starter' induction process. 	1	4	4	1	4	4

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
Actions <ul style="list-style-type: none"> • Online referrals system being procured in partnership with KCC and 12 district/borough councils in Kent • Designated safeguarding officers training being held in June 2021 											
Available Assurance <ul style="list-style-type: none"> • Internal Audit of Safeguarding due Q2 2021/22 • Annual Section 11 Audit - last undertaken September 2020 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR12: Covid-19 - impact on SDC - The impact of the current pandemic on the ability to operate the Council effectively and to continue to provide services to residents and businesses Lead Officers: SMT											
<ul style="list-style-type: none"> Ability to provide a Covid-secure work environment Loss of staff through illness, self-isolation and shielding Impact on suppliers and partners Impact on Council finances and budgets Increased needs of residents and demands on services Managing new responsibilities to support residents and businesses Changing customer behaviour changes service demand 	<ul style="list-style-type: none"> Loss of staff essential to the provision of services Temporary closure of council offices Temporary pause on Council services Insufficient budget to maintain all services Interruptions to supply chain causing disruption to services Insufficient resources to meet increased demand for new or existing services 	3	5	15	<ul style="list-style-type: none"> Covid-19 Health and Safety Policy to implement and sustain a Covid-secure work environment in place and regularly reviewed Covid-19 health and safety risk assessments in place and regularly reviewed Business Continuity Plans in place to prioritise service delivery and allocation of council resources Tested and effective home working arrangements in place Flexible working practices adopted to assist colleagues with national or local measures such as school closures Increased cleaning and hygiene protocols and practices implemented 10 year budget in place, with effective budget monitoring to address short term impact on council finances Ability to seek alternative suppliers in the event of disruption to supply chains Effective use of technology to enable the continuation of officer and Member aspects of the organisation Prioritisation of Council services and consequent ability to redeploy resources Ability to bid for extra funding eg Leisure Fund 	2	4	8	2	4	8
Actions None											
Available Assurance <ul style="list-style-type: none"> Internal Audit of Covid-19 Response and Recovery reported December 2020 - Substantial Assurance HSE Covid-19 inspection - robust arrangements in place Internal Audit of Covid-19 grant funding ongoing in 2021/22 											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR13: Temporary Accommodation - <i>Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets.</i> Lead Officers: Sarah Robson											
<ul style="list-style-type: none"> Changes in government funding Rising numbers of placements Impact on Council finances Increase in Covid-19 related homelessness 	<ul style="list-style-type: none"> Failure to fulfil statutory obligations Impact on life chances and outcomes for individuals and families in temporary accommodation Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) Pressure on other services 	4	4	16	<ul style="list-style-type: none"> Restructure of Housing Team progressed. Temporary Accommodation Action Plan in place for the Housing team. Use of MHCLG's annual Homelessness Prevention Grant to the organisation to prevent homelessness and support costs for temporary accommodation. Focus on preventing homelessness and diversion to alternative housing options through: <ul style="list-style-type: none"> - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money Family incentive to prevent homelessness and retain individual in the family home <ul style="list-style-type: none"> - Implementation of the Quercus Housing Business Plan to ensure the supply reduces the reliance on nightly paid accommodation - Implementing the Homelessness Strategy - Incentive campaign for private 	3	4	12	3	4	12

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					sector landlords embedded and benefits being realised <ul style="list-style-type: none"> • Voluntary Relocation scheme. • Implementation of the Quercus Housing Business Plan to ensure the supply reduces the reliance on nightly paid accommodation. • Implementing the Housing Strategy and Homelessness Strategy • Communications plans in place to promote good news stories and initiatives (InShape, social media). • Work with Housing Associations and temporary accommodation providers to secure additional accommodation units within the district. 						
Actions Housing Allocations Policy being reviewed and updated											
Available Assurance Internal Audit of Temporary Accommodation due Q4 2021/22											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR14 - Capital projects - not delivered to time, budget or quality Lead Officer: Adrian Rowbotham & Detlev Munster											
<ul style="list-style-type: none"> Lack of capacity to deliver capital projects (resources and skills available within the organisation) at all stages from initiation to completion Lack of available funding to deliver planned schemes Schemes go over budget Ambitions do not align to viability or lack of consensus Risk appetite is averse and opportunities are missed Schemes are progressed at the expense of asset maintenance programme 	<ul style="list-style-type: none"> Projects do not progress as planned Projects go over budget meaning that resources are diverted from other areas Delays to starting schemes Reputational damage if projects delayed or part completed 	3	5	15	<ul style="list-style-type: none"> Strategic Property Team in place Project Management and governance protocols in place Pre feasibility and due diligence investigation undertaken prior to commitment of funds Capital programme set annually, approved by full council Bidding process for projects on capital plan Corporate / Strategic Programme Board - monitoring Augment team with external specialist consultants (as necessary) Commence discussions with local Planning Authority as soon as possible 	2	5	10	2	4	8
Actions <ul style="list-style-type: none"> Fill all roles in Strategic Property team Investigate funding options More detailed 2022/23 capital programme process 											
Available Assurance None identified											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
SR15 - Net Zero 2030 - Failure to achieve carbon neutral Lead Officer: Richard Morris											
<ul style="list-style-type: none"> Technology does not sufficiently advance to allow the Council to replace fleet Technology is too expensive to allow the Council to replace fleet Cost of work to Council assets (prohibitive) Retrofitting of assets not technically feasible Delay in delivering actions and projects beyond 2020 	<ul style="list-style-type: none"> Reputational damage Environmental enhancements not achieved Political impact Financial impact on 10 year budget 	4	4	16	<ul style="list-style-type: none"> Cross Member Working Group Officer Working Group Net Zero Action Plan Monitoring and political oversight Training and skills development through best practice groups 	3	3	9	2	3	6
Actions TBC											
Available Assurance Net Zero 2030 a standing agenda item on Cleaner and Greener Portfolio briefings and Advisory Committee											

Strategic Risk Radar

Long-term horizon scanning allows us to be aware of key risks which are, as yet, too uncertain to assess or quantify. By keeping our eye on and tracking these issues we are able to draw them down into the strategic risk register when the timing is right. Having a longer-term view of strategic risk also enables us to be aware of local, sector-wide and even global issues. The bullet points below shows some of issues we are keeping on our radar.

2021

- Covid-19
- Impact of Brexit

2022/23

- Climate Change
- Business Rates Retention
- Legislation Changes
- Regeneration Projects

2023+

- Political change
- Aging Population / Workforce
- Advancing Technologies
- Infrastructure

Sevenoaks Impact Matrix

	Financial	Service Delivery & Capability	Reputation	Legal & Regulatory	People & culture
Impact Headings	<i>Relating to uncontrolled expenditure or loss of income</i>	<i>Relating to operational delivery of services / objectives</i>	<i>May cause harm to public confidence or embarrassment</i>	<i>Related to breaches of law, rules or governance</i>	<i>May impact negatively on our workforce, culture or values</i>
Critical (5)	Uncontrolled financial losses in excess of multiple £m's	Failure to deliver <i>statutory</i> service / service disruption for >14 days	National adverse publicity perceived as failing in a significant area of responsibility	Breach of law, regulations leading to significant sanctions Breakdown of governance / internal control resulting in fraud	Significant staff dissatisfaction / increased long term absence & staff turnover Loss of culture and value framework
Major (4)	Uncontrolled financial losses in excess of £1m+ overspend in budget by >£1m+	Unable to deliver <i>discretionary</i> service / service disruption for >14 days	Sustained negative local media attention & damage to public confidence	Breach of law or regulation leading to some sanction Breakdown of internal controls open to abuse	Adverse staff dissatisfaction / likely increased absence and turnover of staff Negative impact on culture & value framework
Moderate (3)	Uncontrolled financial losses between £500k - £1m / overspend in budget by >£500k	Unsatisfactory service performance / service disruption of >5 days	Isolated negative local publicity	Breach of regulation or internal standard (limited sanctions) Isolated internal control weaknesses	Declining staff dissatisfaction Isolated instances of behaviours outside of value framework
Minor (2)	Uncontrolled financial losses between £100k - £500k / overspend in budget by >£100k	Reduced service delivery / service disruption for 7 hours	Local publicity, but manageable through communication channels	Breach of internal policies Internal controls partially effective	Isolated areas of staff dissatisfaction / likely impact on absence and turnover
Minimal (1)	Uncontrolled financial losses less than £100k / overspend in budget less than £100k	Disruption managed within normal day to day operations	Unlikely to cause adverse publicity	Breaches of internal procedures / working practices	Loss of staff morale but unlikely to result in absence or turnover of staff

DRAFT AUDIT COMMITTEE REPORT TO COUNCIL - 16 NOVEMBER 2021

Council - 16 November 2021

Report of: Cllr McGarvey, Chair of the Audit Committee

Status: For Consideration

Introduction and Background

- 1 This is our report to the Council on the work of the Audit Committee since Council last met in July 2021.
- 2 The Audit Committee is responsible for discharging the functions conferred by the Accounts and Audit Regulations 2015. The key responsibilities include approving the Council's Annual Statement of Accounts, approving the Annual Governance Statement, approving the Annual Internal Audit Plan and monitoring and reviewing the work of Internal Audit, and reviewing the arrangements for the management of business risks.
- 3 In line with its Terms of Reference, the Audit Committee meets four times per year and has met once since the last report to Council.
- 4 As Chair of the Committee, I have continued to hold monthly briefings with Officers.
- 5 Details of the range of issues considered by the Committee on 23 September are set out below:

Internal Audit

Date of Meeting	Agenda Items
September 2021	• Internal Audit Progress Report 2021/22

Agenda Item 10

Governance, Risk & Anti-Fraud

Date of Meeting	Agenda Items
September 2021	<ul style="list-style-type: none">Members' Allowance Scheme Monitoring 2020/21Strategic Risk Register

Accounts and External Audit

Date of Meeting	Agenda Items
September 2021	<ul style="list-style-type: none">Statement of Accounts 2020/21

- 6 The Audit Committee maintains a constructive dialogue and effective working relationship with the Council's external auditors, Grant Thornton who attended on 23 September.
- 7 Training of Audit Committee Members is important to ensure that they can add value to the discussions at the Committee. A Member Development Plan has been agreed by the Committee including a training session on Internal Audit and the Role of the Audit Committee which took place on 23 September.
- 8 Statement of accounts. (comment to be added after the Audit Committee)
- 9 At the July Audit Committee, a report on having independent members on the committee was discussed. It was agreed that the Chairman would attend Audit Committee meetings at other councils that have independent members and report back in January. (Comment to be added regarding progress on this prior to Council)
- 10 It is my opinion that the work of the Committee has a positive impact on the overall control environment within the Council and has developed good working relationships with officers and External Audit, and has offered constructive comments on a range of issues. The Committee continues to develop and improve its understanding of the many technical issues presented to it.
- 11 I thank all members of the Audit Committee for their personal contribution to the work of the Committee. I also thank Officers, in particular Adrian Rowbotham, Fran Chivers and Alan Michell, for the help and support they have given the Committee.

Cllr Philip McGarvey, Chairman, Audit Committee

Audit Committee 2021/22 - Work Plan (as at 31/8/21)

	23 September 2021	25 January 2022	March 2022	Summer 2022
Internal Audit (Irregularities to be reported confidentially as & when necessary)	Internal Audit Progress Report 2021/22	Internal Audit Progress Report 2021/22	Internal Audit Progress Report 2021/22 Internal Audit Plan 2022/23	
Risk Management	Strategic Risk Register	Risk Management Framework		
Accounts and External Audit	Statement of Accounts 2020/21	External Audit - Annual Audit Letter 2020/21 External Audit - Housing Benefit Subsidy 2020/21	External Audit - Annual Audit Plan 2021/22	Statement of Accounts - Establishment of Member Working Group
Other	Members' Allowance Scheme Monitoring Chairman's Report to Council			

	23 September 2021	25 January 2022	March 2022	Summer 2022
Members Development Briefings	Internal Audit and the Role of the Audit Committee	Subject TBC	Subject TBC	