

28 March 2023 at 7.00 pm  
Council Chamber, Argyle Road, Sevenoaks

Published: 20.03.23

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[https://www.youtube.com/channel/UCIT1f\\_F5OfvTzjZk6Zqn6g](https://www.youtube.com/channel/UCIT1f_F5OfvTzjZk6Zqn6g)



# Audit Committee

## Membership:

Chairman, Cllr. McGarvey; Vice-Chairman, Cllr. Morris  
Cllrs. Barnes, Brown, Kitchener, London, Pender and Williamson

## Non-Voting, Co-opted Members

Mo Chughtai & Lynda McMullan

## 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. <b>Minutes</b> To agree the Minutes of the meeting of the Audit Committee held on 24 January 2023, as a correct record	(Pages 1 - 2)	
2. <b>Declarations of Interest</b> Any declarations of interest not already registered.		
3. <b>Actions from Previous Meeting (if any)</b>		
4. <b>Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)</b>		
5. <b>Statement of Accounts 2020/21 - External Audit Findings Report</b> (Appendix to Follow)	(Pages 3 - 6)	Adrian Rowbotham Tel: 01732 227153
6. <b>Internal Audit Progress Report 2022/23</b>	(Pages 7 - 16)	Jennifer Warrillow Tel: 01732227053
7. <b>Internal Audit Plan 2023/24</b>	(Pages 17 - 26)	Jennifer Warrillow Tel: 01732227053

- |     |  |                 |  |
|-----|--|-----------------|--|
| 8.  | <b>Internal Audit Charter</b>                                | (Pages 27 - 38) | Jennifer Warrillow<br>Tel: 01732227053 |
| 9.  | <b>Strategic Risk Register</b>                               | (Pages 39 - 76) | Jennifer Warrillow<br>Tel: 01732227053 |
| 10. | <b>Audit Committee - Independent Members Terms of Office</b> | (Pages 77 - 80) | Adrian Rowbotham<br>Tel: 01732 227153  |
| 11. | <b>Work Plan</b>   | (Pages 81 - 82) |  |

#### 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](mailto:democratic.services@sevenoaks.gov.uk).

**AUDIT COMMITTEE**

Minutes of the meeting held on 24 January 2023 commencing at 7.00 pm

Present: Cllr. McGarvey (Chairman)

Cllr. Morris (Vice-Chair)

Cllrs. Barnes, Kitchener, London, and Pender

Non-Voting, Co-opted Members Mo Chughtai & Lynda McMullan were also present

Apologies for absence were received from Cllr. Brown

Cllr. Dickins was also present via a virtual media platform that did not constitute attendance as recognised by the Local Government Act 1972.

24. Minutes

Resolved: That the Minutes of the meeting held on the 22 September 2022 be approved and signed by the Chairman as a correct record.

25. Declarations of Interest

There were none.

26. Actions from Previous Meeting

There were none.

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

There were none.

28. Internal Audit Progress Report 2022/23

The Audit Manager presented the report which outlined the progress and findings of the internal audit plan for 2022/23. Members were advised that since the last update four further audits had been completed: IT governance, temporary accommodation, staff wellbeing and Companies - Quercus. The resulting assurances were all rated as reasonable. There were also three audit action deferrals however the Audit Manager advised that they did not pose any additional risk.

## Agenda Item 1

### Audit Committee - 24 January 2023

The Audit Manager explained that progression through the 2022/23 audit plan had been slow to get started as a result of staff vacancies and sickness. However, recruitment was underway and the Team had other plans for resourcing a number of audits in the last quarter so were able to deliver sufficient coverage to support the Chief Audit Executive opinion in July 2023. Members were advised that due to the expected recruitments to the audit team the Quality Assurance and Improvement Plan was to be updated in July 2023.

Members asked questions of clarification about the deferred audit actions. In response to a question the Audit Manager confirmed that deferrals were agreed by the Chief Officer - Finance and Trading. All actions were prioritised by the service, especially considering the staffing problems. The team also made sure to impress on Officers the importance of obtainable timelines for the delivery of actions. The Audit Manager also explained that the procurement for a new audit management system was underway.

Resolved: That the report be noted.

#### 29. Appointment of External Auditors

The Chief Officer - Finance and Trading presented the report which set out the appointment of Grant Thornton as external auditors for the period 2023/24 until 2027/28, following Full Council's decision to accept Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors for five years from 1 April 2023.

Members discussed the report. Some Members expressed concern over the anticipated cost increases. The Chief Officer - Finance and Trading confirmed that there were higher pressures on auditors due to increased requirements which was part of the reason for higher fees.

Resolved: That the report be noted.

#### 30. Work Plan

The Work Plan was noted.

THE MEETING WAS CONCLUDED AT 7.25 PM

CHAIRMAN

**STATEMENT OF ACCOUNTS 2020/21 - EXTERNAL AUDIT FINDINGS REPORT**

**Audit Committee - 28 March 2023**

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

**Status:** For Consideration

**Key Decision:** no

**Executive Summary:** The report set out the external audit findings on the 2020/21 financial statements.

**This report supports the Key Aim of:** effective management of the Council's resources.

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer(s):** Alan Mitchell, Ext. 7483

Adrian Rowbotham, Ext. 7153

**Recommendation to Audit Committee:**

To note the external audit findings report.

**Introduction and Background**

- 1 The 2020/21 Statement of Accounts was presented to the Audit Committee on 29 March 2022. The report included the Statement of Accounts, Draft Letter of Representation and minutes from the Member Working Group.
- 2 The audit of the accounts by Grant Thornton was not completed at that time therefore, the Committee resolved the following:
  - a) Following completion of the 2020/21 audit, delegated authority be given to the Deputy Chief Executive and the Chief Officer Finance and Trading and the Chairman of the Audit Committee to sign the Statement of Accounts 2020/21; and
  - b) Following completion of the 2020/21 audit, the Letter of Representation be approved.
- 3 The external auditor Lead Partner, Paul Cuttle from Grant Thornton, will attend the meeting to discuss their report on the 2020/21 audit.

## Agenda Item 5

### Commentary on the Auditor's Report

- 4 The findings have not been received at the time this report was written but will be set out in the Audit Findings Report (Appendix A) and will be issued before the meeting itself. A verbal summary will be provided at the committee.

### Statement of Accounts 2021/22 and 2022/23

- 5 An update on progress on the 2021/22 and 2022/23 accounts will be presented at the next meeting.

### Key Implications

#### Financial

All financial implications are covered within this and the previous report.

#### 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.

Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

**Conclusions**

Members will note the issues brought to the attention of the Committee and that the external auditor expects to issue an unqualified opinion on the financial statements and value for money conclusion.

**Appendices**

Appendix A - Grant Thornton Audit Findings Report 2020/21 (to follow)

**Background Papers**

Audit Committee report 29/03/22: Statement of Accounts 2020/21 - Outcome of External Audit

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**

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## INTERNAL AUDIT PROGRESS REPORT

Audit Committee - 28 March 2023

**Report of:** Audit Manager

**Status:** For Consideration

**Also considered by:** None

**Key Decision:** No

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer:** Jennifer Warrillow, Ext. 7053

**Recommendation to Audit Committee:** 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 6

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.

### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

### **Conclusion**

This report provides Members with an update on the Internal Audit's outcomes and performance, including Internal Audit progress towards delivery of the 2022/23 Audit Plan.

#### **Appendices**

Appendix A - Internal Audit Progress Update

#### **Background Papers**

[Internal Audit Plan 2022/23](#)

**Jennifer Warrillow**

**Audit Manager**

**DARTFORD & SEVENOAKS AUDIT PARTNERSHIP**

# **Internal Audit Update Report**

**28 March 2023**



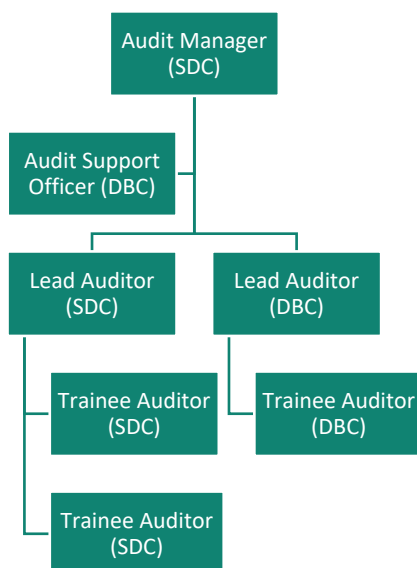
# Agenda Item 6

## Introduction

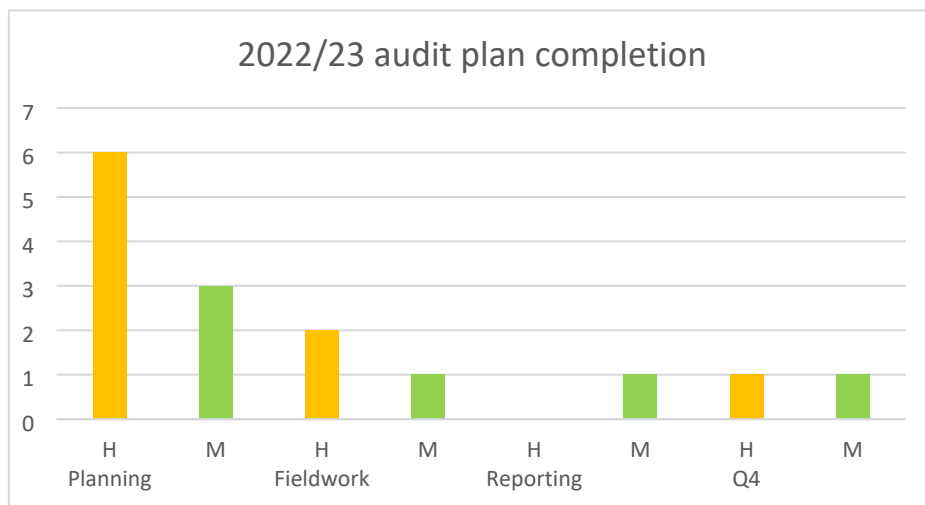
1. Internal Audit is an independent and objective assurance and consulting function. The shared team undertake reviews over the course of the year that are designed to evaluate and improve the Council’s internal control, governance and risk management processes. Each individual review contributes towards the Chief Audit Executive’s overall opinion on systems of risk management, governance and control provided at the end of the year.
2. This report provides Members with an update on internal audit activity, and, most importantly, its outcomes, against the Plan that was agreed by Members of this Committee in March 2022.
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. The Key Performance Indicators for Quarter 3 are provided in **Annex A**.

## Internal Audit Progress Update

4. Since the last Internal Audit Update report 7 weeks ago, we have not completed any new audits. Though have made progress through several audits with all bar 2 at least in planning stage.
5. We still have three vacancies in the team from a total of 7. However, since I last reported, the member of the team on long term sick leave has now returned to work and we have had a successful recruitment exercise. We have offered to all three posts and had those offers accepted. We are working towards early April start dates for each of these posts. These recruitments have involved slight restructure, changing our two Auditor posts to Trainee Auditors with our new structure shown below:

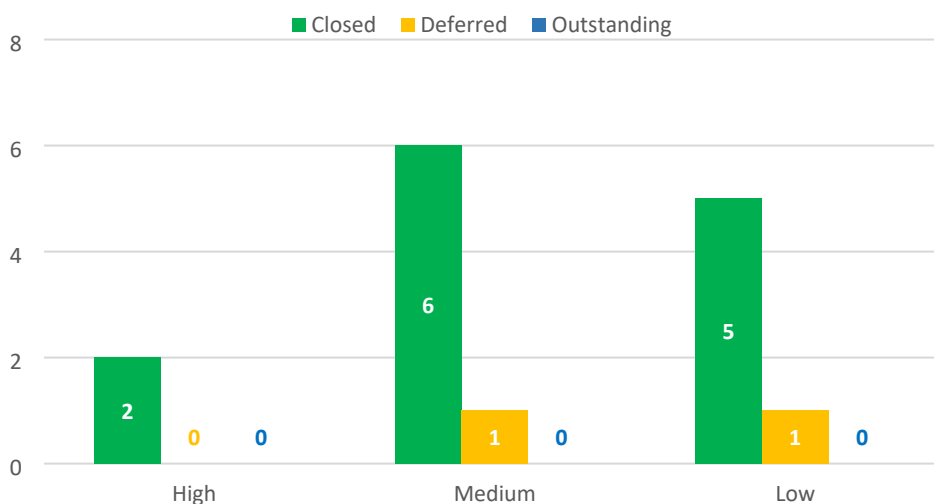


6. We have secured a contract with South West Audit Partnership to deliver 4 audits for Sevenoaks District Council during April and May this year as well as a Temporary Auditor to support us in delivering an additional 3 audits, so I am confident we will be able to complete sufficient work to support the Chief Audit Executive opinion in July 2023.
7. I have reviewed the 2022/23 audit plan and summarise our progress in the chart below. The issues raised above have meant that our focus in the first part of this audit year has unfortunately needed to be on completing 2021/22 work which explains our slow progress towards 2022/23 work. The chart below shows how many audits are at each stage of the process, broken down by priority.



**Follow Up**

8. Internal Audit follows up all Critical, High, Medium and Low priority findings as they fall due. The below table shows the results of our follow up process for actions due in Quarter 3 this financial year. All deferrals have been agreed by the Chief Officer – Finance and Trading or the actions have made significant progress and we are expecting them to be fully implemented shortly.



## Agenda Item 6

### **Internal Audit Performance**

9. **Annex A** contains the results of our Key Performance Indicators (KPIs) for Quarter 3 (October - December). Our KPIs indicate a drop in performance which is to be expected given the staffing issues described above. The main area for action remains the timeliness of audit delivery; the KPI shows that no audit reports are issued by the date given on the audit brief. With increased workloads as a result of the vacancies, this is understandable and should improve once we have a full complement of staff.

### **Conclusion**

10. Progression through the 2022/23 audit plan has been slow to get started as a result of the staff vacancies and sickness. However, with our new recruits as well as other arrangements for increasing the delivery of audits in the last quarter, we should be able to deliver sufficient coverage to support the Chief Audit Executive opinion in July 2023.
11. We would like to thank Officers, Managers and Members for their ongoing support and co-operation to enable us to deliver our work.

**Jennifer Warrillow**

**Audit Manager**

## Annex A – Key Performance Indicators for Q3 (October to December 2022)

Finance: Associated performance indicators	Q3 (October - December)
<p><b>F1:</b> Percentage of budgeted days taken to complete projects – <i>Target 100%</i> Reported on a <b>cumulative</b> basis</p> <p>Indicator measures any variance between the days agreed on the final brief vs. the actual time coded</p>	160%
<p><b>F2:</b> Chargeable days – <i>Target 75%</i> Reported on a <b>quarterly</b> basis</p> <p>Indicator measures the actual chargeable activities against the assumptions made in the audit plan</p>	Average 65%
<p><b>F3:</b> PSIAS conformance – <i>Target ‘Generally Conforms’ (IIA definition)</i> Reported <b>annually</b></p> <p>Indicator measures effectiveness of the Quality Assurance &amp; Improvement Programme (QAIP) to ensure compliance with professional Standards.</p>	To be reported at the end of 2022/23
Client satisfaction: Associated performance indicators	Q2 (July - September)
<p><b>C1:</b> Respondents satisfied with the overall audit experience – <i>Target 90%</i> Reported on a <b>project by project</b> basis</p> <p>Indicator measures Client satisfaction with how we undertook the work, and takes into account our professionalism, approach and competence</p>	0/0 No satisfaction questionnaires received in quarter 3
<p><b>C2:</b> Respondents agreement with the audit actions – <i>Target 90%</i> Reported on a <b>project by project</b> basis</p> <p>Indicator measures Client agreement to the audit findings and resulting actions from our audit work</p>	18.5/21 = 88%

Internal processes: Associated performance indicators	Q2 (July - September)
<p><b>I1:</b> Percentage of draft audit briefs issued at least 10 working days before the start of fieldwork. - <i>Target 90%</i> Reported on a <b>project by project</b> basis</p> <p>Indicator measures the effectiveness of our project planning and communications with the client</p>	0/0 0%
<p><b>I2:</b> Percentage of draft audit reports issued by the date given on the final audit brief - <i>Target 70%</i> Reported on a <b>project by project</b> basis</p> <p>Indicator measures the efficiency of our audit work, currency of our audit finding and effective engagement between Auditors and Clients</p>	0/2 0%
<p><b>I3:</b> Time taken between issue of the DRAFT report and FINAL report – <i>Target 15 working days</i> Reported on a <b>project by project</b> basis</p> <p>Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner</p>	3/6 50%
Learning & Development: Associated performance indicators	Q2 (July - September)
<p><b>L1:</b> Audit actions fully implemented within agreed timescales – <i>Target 80%</i> Reported on a <b>monthly</b> basis</p> <p>Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process</p>	11/14 = 79%
<p><b>L2:</b> Training &amp; development days - Reported <b>annually</b></p> <p>Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan</p>	25.7 Days (annual budget of 29 days)



**Annex B - Definitions of Assurance ratings:**

OPINION	DEFINITIONS
<p><b>Substantial Assurance</b></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><b>Reasonable Assurance</b></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><b>Limited Assurance</b></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><b>No Assurance</b></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>

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**INTERNAL AUDIT PLAN 2023/24**

**Audit Committee - 28 March 2023**

**Report of:** Audit Manager

**Status:** For Decision

**Also considered by:** None

**Key Decision:** No

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer(s):** Jennifer Warrillow, Ext. 7053

**Recommendation to Audit Committee:**

Approve the Internal Audit Plan 2023/24 (Appendix A)

**Reason for recommendation:** The Internal Audit Plan is a key component of an effective service delivery and the Audit Committee, as part of its governance and oversight role, reviews and approves this document.

**Introduction and Background**

- 1 This report provides the framework for Internal Audit activity in the 2023/24 financial year.
- 2 Following on from Internal Audit's mandate as depicted in the Charter, the risk-based Plan sets out how audit resources will be deployed throughout the year to enable an annual opinion to be provided on systems of risk management, governance and control. Updates on the delivery of the plan and findings of internal audit work will be reported throughout the year.
- 3 The outcome of all assurance pieces of work is a report which contains an overall opinion on the Council's governance, risk management and controls. This opinion will be presented in July 2024.

**Other options Considered and/or rejected**

None

**Key Implications**

Financial

There are no financial implications associated with this report. Delivery of the Plan will be met from existing budgeted resources.

## Agenda Item 7

### Legal Implications and Risk Assessment Statement.

Under the Account and Audit Regulations 2015, the Council must deliver Internal Audit services in accordance with the Public Sector Internal Audit Standards. The production of a risk-based Plan and a Charter are two requirements of these Standards. 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**

Members are asked to approve the proposals for delivery of Internal Audit Services in 2023/24.

#### **Appendices**

Appendix A - Internal Audit Plan 2023-24

#### **Background Papers**

None

**Jennifer Warrillow**  
**Audit Manager**

**DARTFORD & SEVENOAKS AUDIT PARTNERSHIP**

# **Internal Audit Plan**

**2023/24**

**28 March 2023**

## **Sevenoaks District Council**



## Agenda Item 7

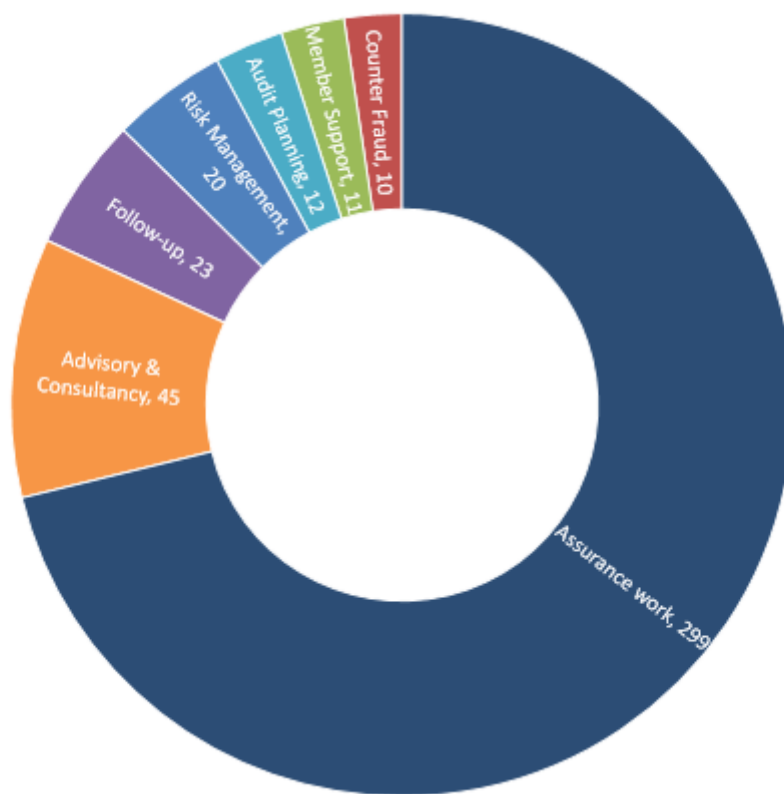
### Introduction

- 1) Under the Public Sector Internal Audit Standards (PSIAS), the Chief Audit Executive is required to develop a risk-based plan of work in order to ensure both that Internal Audit resources are used to best effect and that a robust overall opinion on systems of risk management, governance and control can be delivered at the end of the year.
- 2) The main objectives of the Internal Audit Plan are to:
  - Provide sufficient coverage in order to enable an overarching opinion at the end of the year on the overall effectiveness of systems of governance, risk management and internal control
  - Be focused on key risks, and provide assurance on the Council's management of these
  - Ensure that the organisation is adequately equipped to face future challenges and achieve strategic priorities
  - Provide assurance on core systems and key controls
  - Provide advice and consultancy services based on management requests, usually in relation to new and developing systems and processes
- 3) In order to achieve these objectives, we have followed a detailed risk-based planning process. This has included review of corporate strategies and risk registers, meetings with all Service Managers, Chief Officers and the Chief Executive and consideration of the wider environment. We have taken into account how changes within the internal and external environments over the past year may have changed the risk profile of the Council as well as horizon scanning publications such as the [Institute of Internal Audit's Risk in Focus 2023](#) research.

### Resources

- 4) In developing the Plan, I have to consider whether resources are sufficient to meet the Council's needs. As a result of restructuring the Audit Team, we will have two new Trainee Auditors and a new Audit Support Officer. Therefore a significant amount of time will be spent training these three new members of staff. The Trainees will also be undertaking the Internal Audit Professional level 7 Apprenticeship which will require them to use 20% of their contracted hours towards studying.
- 5) I have calculated the total days available in 2023/24 for audit work to be 420 per Council. This takes into account all resource, minus allowances for administrative tasks, leave and training. The proposed breakdown of how these 420 days will be used for Sevenoaks is shown in the Chart below:

Chart 1 – Internal Audit resource



**Assurance Work**

- 6) Our audit plan consists of two lists of audits, those which link directly to the Council’s strategic risk register and therefore are deemed as high priority. The second list, medium priority, consists of those areas where there is a gap in audit knowledge or operational risk profiles indicate assurance would be beneficial, though do not necessarily link directly to the strategic risk register.
- 7) We propose to undertake all the high priority audits and approximately half the medium priority audits. The medium priority audits will be selected each quarter based upon their risk profile at the time.
- 8) The table over the page shows both the high and medium priority audits we aim to complete during 2023/24.

## Agenda Item 7

Audit Title	Priority
<b>Authority Wide Projects</b>	
Performance Management	High
Health & Safety	High
<b>Finance &amp; Trading</b>	
Accounts Receivable Continuous Assurance	High
Treasury Management	High
Markets	Medium
CCTV	Medium
Parking Income	Medium
Cess Pools	Medium
Pest Control	Medium
<b>Customer &amp; Resources</b>	
Continuous Staff Performance Monitoring	High
Subject Access Requests	High
Learning & Development – Cohort Courses	Medium
Business Rates Collection	Medium
Corporate Complaints	Medium
IT Service Desk	Medium
Facilities Management	Medium
Member Expenses & Allowances	Medium
Validation Stage Planning Consultations	Medium



<b>Audit Title</b>	<b>Priority</b>
<b>Commercial &amp; Property</b>	
<b>Capital Project</b>	High
<b>Asset Management</b>	High
<b>Property Disposals</b>	Medium
<b>People &amp; Places</b>	
<b>Household Support Fund</b>	High
<b>Community Mobilisation</b>	High
<b>Disabled Facilities Grants</b>	Medium
<b>Sencio Contract</b>	Medium
<b>Planning &amp; Regulatory</b>	
<b>Planning Enforcement</b>	Medium
<b>Statutory Nuisance</b>	Medium
<b>Temporary Events Notices</b>	Medium
<b>Licensing Compliance</b>	Medium

### **Non-Assurance Work**

- 9) As well as undertaking assurance work, we plan to deliver 121 days' of non-assurance related work. Much of this is being kept aside to allow for projects which come up during the year that we are unable to plan for, such as investigations, ad hoc advice, guidance and grant verification work.
- 10) We also plan to improve and relaunch the Council's operational risk management framework during this coming year as well as complete some requested consultancy work.

## Agenda Item 7

### Performance Indicators

- 11) As a result of changes in methodology, some of our performance indicators from 2022/23 are no longer fit for purpose and therefore a new suite of indicators is proposed below. These will allow for a renewed focus on the added value the Internal Audit Partnership brings to the Council and enables a new focus on implementing and embedding an increased use of data analytics to support our work.

#### Finance: Associated performance indicators

**F1:** Percentage of budgeted days taken to complete projects – *Target 110%*

Reported on a **cumulative** basis

Indicator measures any variance between the days agreed on the final brief vs. the actual time coded

**F2:** Chargeable days – *Target 65%*

Reported **quarterly**

Indicator measures the actual chargeable activities against the assumptions made in the audit plan

#### Client satisfaction: Associated performance indicators

**C1:** Percentage of audits with real time service improvements – *Information only*

Reported **quarterly**

Indicator measures percentage of audits which result in service improvements identified and actioned during the audit process and not included in management action plans

**C2:** Respondents agreement with the audit actions – *Target 90%*

Reported **project by project**

Indicator measures Client agreement to the audit findings and resulting actions from our audit work

#### Internal processes: Associated performance indicators

**I1:** Percentage of draft audit reports issued by the date given on the final audit brief - *Target 70%*

Reported **quarterly**

Indicator measures the efficiency of our audit work and effective engagement between auditors and clients

**I2:** Time taken between issue of the DRAFT report and FINAL report – *Target 15 working days*

Reported **quarterly**

Indicator measures the effectiveness of our process to finalise audit reports and currency of reporting

**Learning & Development: Associated performance indicators**

**L1:** Audit actions fully implemented within agreed timescales – *Target 80%*

Reported **quarterly**

Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process

**L2:** Number of audits using data analytics tools – *Target 60%*

Reported **quarterly**

Indicator measures our development of the use of data analytics to enable greater assurance to be provided.

- 12) Some of the indicators remain the same but with different target. This is to reflect the changing skill profile of the team, with the change in two posts from experienced auditors to trainees, there will be an impact in delivery and I have therefore amended our targets to reflect this while also encouraging an improvement in our performance.

**Other Activities**

- 13) During the year, we will be re-developing our Quality Assurance and Improvement Programme and reporting to Members on progress towards its completion. This new programme will address skills shortages within the team as well as improving our processes to ensure we are meeting the Public Sector Internal Audit Standards and improving the service we deliver to the Council.

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## INTERNAL AUDIT CHARTER

Audit Committee - 28 March 2023

**Report of:** Audit Manager

**Status:** For Consideration

**Also considered by:** None

**Key Decision:** No

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer:** Jennifer Warrillow, Ext. 7053

**Recommendation to Audit Committee:** That the Internal Audit Charter, at Appendix A to the report, be approved.

**Reason for recommendation:** In accordance with Public Sector Internal Audit Standards, the Internal Audit service is required to implement and maintain a Charter, defining its purpose, authority and responsibility.

### Introduction and Background

- 3.1. The [Public Sector Internal Audit Standards](#) are mandatory for all Internal Audit functions. These Standards, based on the mandatory elements of the International Professional Practices Framework (IPPF) of the Global Institute of Internal Auditors (IIA), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 3.2. The Council's Internal Audit Charter, at Appendix A to the report, applies the Standards and describes how internal audit will add value to the Council and the nature of the services it provides. The Charter also establishes the internal audit partnership's position within the Council, including reporting lines, as well as authorising access to records, personnel and physical properties relevant to performing engagements.
- 3.3. The Charter should be reviewed periodically to ensure it remains relevant to the needs of the Council. The Board is required, through its Terms of Reference, to consider and approve the Charter.
- 3.4. There are minimal changes to the charter, however, the IIA are currently undertaking a consultation on major changes to the Standards. The new Standards will be released at the end of this calendar year and become effective 12 months after their release date. Therefore, we will look to further review and refresh the Charter based upon the same timeline.

## Agenda Item 8

### 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.

#### 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.

#### Net Zero Implications

The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

### Conclusion

Members are asked to approve the Internal Audit Charter.

#### **Appendices**

Appendix A - Internal Audit Progress Update

#### **Background Papers**

[Internal Audit Plan 2022/23](#)

**Jennifer Warrillow**

**Audit Manager**

# Internal Audit

## Charter

MARCH 2023



1

Introduction

The [Public Sector Internal Audit Standards](#) provide a consolidated approach to internal auditing standards across the whole of public sector. They are an expansion of international standards by the Institute of Internal Auditors, adding elements specific to the UK public Sector. The ‘Standards’ form part of the wider mandatory <sup>(1010)</sup> elements of the International Professional Practices Framework (IPPF) which is applicable to all UK Local Authorities:



The Standards require Internal Audit to implement and maintain an **Internal Audit Charter** <sup>(1000)</sup>. The Charter defines formally the purpose, authority and responsibility of Internal Audit.

Mission & Core Principles

The IPPF’s overarching mandated Mission for internal audit services is: **‘to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.’** The ‘Core principles’ that underpin delivery of the IPPF mission require internal audit functions to:

- Demonstrate integrity;
- Demonstrate competence & due professional care;
- Be objective and free from undue influence (independent);
- Align with the strategies, objectives and risks of the organisation;
- Be appropriately positioned and adequately resourced;
- Demonstrate quality and continuous improvement;
- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement

**Definition of Internal Auditing:**

*‘An independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’*

(PSIAS March 2017)



## Authority <sup>(1000)</sup>

All local authorities must make proper provision for internal audit in line with the [Local Audit and Accountability Act 2014](#) and the Accounts and Audit Regulations 2015 (regulation 5). The latter requires authorities to:

***“...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”***

Deriving authority from those Regulations and those authorising this Charter, Internal Audit is free to plan and undertake any audit work necessary to fulfil its scope <sup>(1110.A1)</sup> (the scope of the service is covered later in this document). To enable full discharge of its duties, Internal Audit:

- Has a right of direct access to the Chair of the Audit Committee and Chief Executive <sup>(1110 PSR & 1111)</sup>;
- Has free and unrestricted access to all services, records (including those held electronically), property and personnel (Members, officers and third parties including contractors) that it deems necessary in order to undertake its work.

## Purpose <sup>(1000)</sup>

Internal audit is a vital component to the Council’s effective running, and will provide assurance, advice and insight to help protect and enhance the internal control, governance and risk management arrangements. The role of internal auditing has a mandatory definition within the Standards, as:

***‘an independent, objective assurance and consulting function designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’***

The service has a wider role to be the Council’s ‘critical friend’, able to confidently challenge current practice, champion best practice and support management in improvement. This is achieved through internal audit providing assurance and consulting activities.

## Responsibility <sup>(1000)</sup>

Responsibility for maintaining an effective system of internal audit within Sevenoaks District Council lies with the Deputy Chief Executive and Chief Officer – Finance & Trading (S151 Officer).

Provision of the internal audit service is through the **Dartford and Sevenoaks Internal Audit Partnership**, a shared service of audit professionals. The role of Chief Audit Executive (CAE) is fulfilled by the Audit Manager, who is responsible for managing the internal audit service in accordance with the IPPF and arrangements as set out in this Charter.

For the purposes of this Charter the following definitions apply:

- **The Board:** Those charged with governance of the Internal Audit function. For Sevenoaks this role is fulfilled by the [Audit Committee](#). The Board is responsible for approving the Charter and Audit Plan, and has oversight of the external assessment process. The Board will receive progress updates including the results

## Agenda Item 8

3

### Internal Audit Charter

of work undertaken and outcomes of the Quality Assurance and Improvement Programme (defined later in this document).

- **Senior Management:** Those responsible for executive leadership and direction. For Sevenoaks this role is fulfilled by the **Strategic Management Team**. Senior Management is engaged in approving the Charter, reviews and comments on the Audit Plan, and will receive the results of internal audit work as set out in the scope of this Charter.

The Audit Manager reports functionally to the Audit Committee, and, with respect to activities undertaken at Sevenoaks, reports administratively to the Deputy Chief Executive and Chief Officer – Finance & Trading (Section 151 Officer).

### Independence & Objectivity <sup>(1100)</sup>

Internal Audit will remain free from undue interference in determining the scope and nature of its work and communicating its results. The Audit Manager will consider independence and objectivity as part of each audit and will confirm independence and objectivity at least annually to the Audit Committee.

Auditors must maintain *'an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made'* (PSIAS March 2017). Maintaining objectivity requires auditors to be impartial and to avoid conflicts of interests that may otherwise impact on their professional judgement.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- Is not authorised to perform executive or operational responsibilities
- Cannot initiate or approve accounting transactions (outside of administration of the service)
- Cannot direct the activities of any Council employee (outside of administration of the service)
- Has the freedom and authority to report in its own name
- Recognises and addresses potential conflicts of interest through internal audit staff not undertaking an audit for at least 1 year in an area where they have had previous operational roles <sup>(1130.A1)</sup> and through adherence to the Council's declaration of interest processes

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to 'Senior Management' and 'the Board'.

### Ethical Conduct and Due Professional Care <sup>(1200)</sup>

Internal auditors will conduct themselves at all time in accordance with the principles contained in the professional Code of Ethics (Competence, Confidentiality, Integrity and Objectivity). They will also behave in accordance with the Seven Principles of Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership).

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity but their work is designed to

4

enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors have a duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity and objectivity. Internal auditors will appraise themselves of the 'Mission', 'Core Principles', 'Definition of Internal Auditing', the 'Code of Ethics' and the 'Standards' and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They have a direct, personal responsibility to report any suspicions of fraud, corruption or improper conduct to the Audit Manager in accordance with agreed procedures.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used for personal gain, and will be managed in accordance with data protection and relevant information governance policies.

### Scope of Internal Audit Activities

The scope of Internal Audit work covers all of the organisation's activities, systems and services including those provided by third parties.

### Assurance

Internal Audit work includes tasks that support the annual Audit Opinion. This assurance work covers three areas:

- **Internal Control:** The process for assuring achievement of the Council's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. It incorporates both financial and non-financial systems.
- **Corporate Governance:** The system of rules, practices and processes by which the Council is directed and controlled.
- **Risk Management:** The process of identifying, quantifying and managing the risks that the Council faces in attempting to achieve its objectives.

In addition to those three core areas Internal Audit may, subject to specific arrangements, undertake engagements in the areas of non-audit work, counter fraud and operational risk management as detailed in this Charter.

## Internal Audit Plan <sup>(2010)</sup>

The Audit Manager produces a Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The plan is developed in consultation with management, taking into account the Council's priorities, objectives, risk management framework and internal audit's own judgement of risks.

Strategic Management Team is consulted on the Risk Based Internal Audit Plan, which will detail internal audit activities. The plan is reported to the Audit Committee for approval.

A resource assessment will be regularly conducted by the Audit Manager as part of the risk based audit plan to ensure that the resources needed to achieve that plan are appropriate, sufficient, and can be effectively deployed <sup>(2030)</sup>. The Audit Manager is responsible for delivery of the plan and providing updates of progress throughout the year.

## Non-Assurance Work

### Consultancy <sup>(1000)</sup>

Internal Audit resource may sometimes be more usefully focused towards providing advice and consultancy rather than assurance. Consultancy (such as advice, guidance and training) are activities undertaken by internal audit that are intended to add value and improve governance, risk management and control processes.

As such, the Standards allow for consultancy work to be completed, providing that safeguards are in place to manage any potential or perceived impairment to independence and objectivity <sup>(1112 PSR)</sup>. For Sevenoaks non-audit work may be commissioned providing that:

- The nature, objective and scope are defined and agreed
- Significant requests have been approved by a member of the Strategic Management Team
- The service has the right skills, experience and available resource, and
- Internal Audit involvement does not constitute a conflict of interest and will not involve assuming a management role

The Audit Manager is responsible for ensuring all requests are reviewed in accordance with the above criteria before making the final decision. With respect to significant requests, defined as those which require the purchase of additional resources or amendment to the agreed audit plan, the Audit Manager will seek approval from the Chair of the Audit Committee.

Summaries of consultancy engagements will be communicated to the Board as part of the regular reporting of internal audit activities.

## Risk Management

Internal Audit leads the co-ordination of risk management work and consults with Senior Management to develop the risk management framework. These roles, along with authoring risk reports, providing training and advice / coaching are all roles that are legitimate internal audit roles as defined by the IIA's position paper on *The Role of Internal Auditing in Enterprise-Wide Risk Management*. In taking these roles, the following safeguards to independence are in place:

- Internal separation of duties between the officers co-ordinating risk management and those undertaking audits
- Overall responsibility for risk management sits with Strategic Management Team and the Audit Committee, and risk is reported as separate functions to the internal audit service
- Resource to provide risk management services is made available and reported in the audit plan, agreed by the Audit Committee
- Internal Audit do not set the risk appetite for the Council, take operational responsibility for identifying and managing risks, or own risk actions other than those relating to the Internal Audit Service
- Any review or internal audit of the effectiveness of the risk management process will be undertaken independently from outside of the audit partnership. This enables independent assurance to be provided to the Board

## Counter Fraud

The role of internal audit regarding Counter Fraud is set out in the [Counter-Fraud and Corruption Strategy](#). The Audit Manager reviews and updates this Strategy on behalf of the Deputy Chief Executive and Chief Officer – Finance and Trading and investigates and reports on internal cases of alleged or potential fraud. The Audit Manager also has overall responsibility for the maintenance and operation of the Whistleblowing Policy and for keeping records of allegations received and the outcomes. Such investigations and responsibilities present a potential impairment to independence. Should assurance on these activities be required, it will be commissioned from a third party. The outcomes of counter fraud work are communicated to the Deputy Chief Executive and Chief Officer – Finance and Trading, the Chief Executive and the Audit Committee where appropriate to do so.

## Management Responsibilities

To be effective, the Internal Audit service requires full co-operation of senior management. In approving this Charter, the Audit Committee and the Chief Officer – Finance & Trading direct management to co-operate with the Internal Audit service in the delivery of their work. This includes, but is not limited to, engagement in the planning process for individual audits, acting as audit sponsors, providing access to appropriate records, personnel and systems, responding to draft reports and implementing audit actions in line with agreed timescales.

Senior management will also update the Audit Manager of significant proposed changes to processes, systems, organisational structure, newly identified significant risks and cases of suspected or detected fraud, corruption or impropriety.

Senior management will also ensure that the Internal Audit service has sufficient resources to fulfil the Risk Based Internal Audit Plan as agreed by the Audit Committee.

### Reporting <sup>(2400)</sup>

The Audit Manager will deliver an **annual opinion** <sup>(2450)</sup> report that can be used by the organisation to inform its Annual Governance Statement. The audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of internal controls, governance and risk management. The annual report will incorporate as a minimum:

- The scope including the time period covered for the opinion
- Scope limitations
- Consideration of all related projects including the reliance on other assurance providers
- A summary of the information that supports the opinion
- The risk or control framework or other criteria used as a basis for the overall opinion
- The overall opinion, judgment or conclusion reached
- A statement on conformance with the Public Sector Internal Audit Standards, the independence of the service, and the results of the Quality Assurance and Improvement Programme.

Internal audit will communicate the results of audit reviews and updates on the performance of the internal audit activity to Senior Management and the Audit Committee.

### Quality Assurance and Improvement Programme (QAIP) <sup>(1300)</sup>

The Dartford and Sevenoaks Internal Audit Partnership is committed to providing a high quality internal audit service that meets the needs of its stakeholders and adds value to both Councils. It aims to support the achievement of strategic objectives by providing independent, insightful assurance on risk management, governance and control. The QAIP has been designed as a critical tool to deliver this commitment by creating mechanisms to identify and implement improvements and to embed a culture of continuous improvement within the team. The QAIP covers periodic internal and external assessments, supervision of engagements, Key Performance Indicators, customer feedback questionnaires and auditor self-assessments. The full QAIP will be provided to stakeholders on request.

### Review

The Charter will be reviewed annually and any changes reported to the Audit Committee for approval.

**8**

The Audit Manager will disclose any areas of non-conformance <sup>(1322)</sup> with the Code of Ethics or the Standards, including the impacts on the overall scope or operation of the internal audit activity to senior management and the Audit Committee if identified.

The Charter is authorised within Sevenoaks District Council with the agreement of the Chairman of the Audit Committee and Deputy Chief Executive and Chief Officer – Finance and Trading.

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## STRATEGIC RISK REGISTER

Audit Committee - 28 March 2023

**Report of:** Audit Manager

**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:** Jennifer Warrillow, Ext. 7053

**Recommendation to Audit Committee:** 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 September 2022. Since then, the register has been updated quarterly through individual meetings with risk owners and collective discussions at Strategic Management Team (SMT). The most recent update (March 2023) is presented at Appendix A.
- 3 The table on Pages 2 of Appendix A gives an overview of changes made to the Strategic Risk Register since March 2022. There have been no increases in risk scores since the last quarter.

## Agenda Item 9

- 4 Five risks are currently above the target score and actions are in place to reduce the current score accordingly:
  - a. SR02 Asset management & maintenance
  - b. SR05 Information & data management
  - c. SR08 Health & Safety (incl. Staff Wellbeing)
  - d. SR13 Net Zero
  - e. SR14 Cost of Living Pressures

### **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 September 2022, there have been some 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

**Jennifer Warrillow**

**Audit Manager**

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# Strategic Risk Register

March 2023



## 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	March 2022 Score	July 2022 Score	Jan 2023 Score	March 2023 Score	Target Score	Net risk within target risk?
SR01	Finance	10 Medium	10 Medium	10 Medium	10 Medium	10 Medium	Yes
SR02	Asset management & maintenance	8 Medium	8 Medium	8 Medium	8 Medium	6 Low	No
SR03	Knowledge, capacity & culture	8 Medium	8 Medium	8 Medium	8 Medium	8 Medium	Yes
SR04	Technology	8 Medium	6 Low	6 Low	6 Low	6 Low	Yes
SR05	Information & data management	12 Medium	9 Medium	9 Medium	9 Medium	6 Low	No
SR06	Legal compliance, governance & ethics	6 Low	6 Low	6 Low	6 Low	6 Low	Yes
SR07	Capacity of community partners	6 Low	6 Low	6 Low	6 Low	6 Low	Yes
SR08	Health & Safety (incl. Staff Wellbeing)	12 Medium	9 Medium	9 Medium	9 Medium	6 Low	No
SR09	Emergency planning & severe weather events	9 Medium	9 Medium	9 Medium	9 Medium	9 Medium	Yes
SR10	Safeguarding	4 Low	4 Low	4 Low	4 Low	4 Low	Yes
SR11	Temporary Accommodation	12 Medium	12 Medium	12 Medium	12 Medium	12 Medium	Yes
SR12	Capital Projects	12 Medium	12 Medium	8 Medium	8 Medium	8 Medium	Yes
SR13	Net Zero	9 Medium	9 Medium	9 Medium	9 Medium	6 Low	No
SR14	Cost of Living Pressures	N/A	N/A	9 Medium	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)			SR05 SR13 SR08 SR09 SR14	SR11	
Likelihood	Unlikely (2)		SR10	SR04 SR06 SR07	SR02 SR03 SR12	SR01
Likelihood	Very Unlikely (1)					

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	Asset management & maintenance	8	✓		✓		✓
03	Knowledge, capacity & culture	8	✓	✓	✓	✓	✓
04	Technology	6	✓	✓	✓	✓	✓
05	Information & data management	9	✓	✓	✓	✓	✓
06	Legal compliance, governance & ethics	6	✓	✓	✓	✓	✓
07	Capacity of community partners	6	✓	✓	✓		✓
08	Health & Safety (incl. Staff Wellbeing)	9	✓	✓	✓	✓	✓
09	Emergency planning & severe weather events	9	✓	✓	✓	✓	✓
10	Safeguarding	4		✓	✓		
11	Temporary Accommodation	12	✓	✓	✓		
12	Capital Projects	8	✓		✓		✓
13	Net Zero	9		✓		✓	✓
14	Cost of Living Pressures	9	✓	✓	✓		✓

Agenda Item 9

Page 46



## 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
<b>SR01: Finance - Failure to deliver a balanced budget</b> Lead Officer: <b>Adrian Rowbotham &amp; Alan Mitchell</b>											
<ul style="list-style-type: none"> <li>• Limited opportunity to generate income through the business rates retention scheme and New Homes Bonus</li> <li>• Effect of council tax referendum limits</li> <li>• Low, decreasing and uncertain level of government grant</li> <li>• Uncertainty of the timing and outcome of the Government spending and fair funding review</li> <li>• Potential for negative government funding (local authority to make payments to Government)</li> <li>• Effect of cost of external borrowing on the Council's budgets</li> <li>• Loss of external funding</li> <li>• Budget assumptions not accurate</li> </ul>	<ul style="list-style-type: none"> <li>• Poor financial health</li> <li>• Inability to maintain services and deliver Council Vision and Promises</li> <li>• Requirement to issue S114 notice</li> <li>• Reputational damage</li> <li>• Negative impact on staff morale and potential recruitment and retention difficulties</li> <li>• Poor outcome for the Audit of Accounts or Value for Money assessment</li> <li>• Potential for increased intervention</li> <li>• Reduced income or increased</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>• Self-sufficient budget position; no reliance on direct government funding</li> <li>• Long term 10-year budget framework including Savings Plan</li> <li>• Flexible use of reserves</li> <li>• Alternative funding source - Property Investment Strategy</li> <li>• Strong financial and scenario planning over the short, medium and long term</li> <li>• Effective budget setting and financial monitoring processes embedded</li> <li>• Financial and budget risk management process in place</li> <li>• Effective financial governance including reports to FIAC, Cabinet, Audit Committee and Scrutiny Committee</li> <li>• Qualified and experienced officers in post</li> </ul>	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"> <li>Ability to identify increase in savings requirement to deliver a balanced 10-year budget</li> <li>Failure to meet savings targets</li> <li>Poor financial plans and strategies</li> <li>Ineffective financial governance</li> <li>Lack of capacity and skilled professionals within the finance team</li> <li>Failure to maintain proper financial and budgetary controls</li> <li>Change in customer demand (eg car parking) and expectation</li> <li>Inflation</li> <li>Treasury management returns below expectations.</li> <li>Under performance of property investment assets (SDC &amp; Quercus 7)</li> <li>Uncertain inflationary environment</li> <li>Pay award 2023/24 negotiations not yet agreed</li> <li>Failure of partners</li> </ul>	<p>expenditure as a result of changing customer demands</p> <ul style="list-style-type: none"> <li>Treasury management change in approach may result in higher volatility of returns</li> <li>Inflationary expenditure increases exceeding income and funding increases</li> <li>Reduced property investment strategy income</li> </ul>				<ul style="list-style-type: none"> <li>10-year balance sheet</li> <li>3-year detailed cash flow</li> <li>Finance Procedure Rules in place (but see action below)</li> <li>2022/23 early indications financial report to FIAC &amp; Cabinet May 2022</li> <li>Effective financial governance of property investment strategy including reports to FIAC, Cabinet and Scrutiny Committee</li> <li>Regular Quercus 7 Board and Trading Board meetings</li> </ul>						
<p><b>Actions</b></p> <p>Update Finance Procedure Rules</p>											
<p><b>Available Assurance</b></p> <ul style="list-style-type: none"> <li>Internal Audit of VAT reported March 2021 - Advisory but no significant issues raised</li> <li>Counter Fraud assessment - of 52 sections, 19 Compliant, 21 Partially Compliant, 12 Not Met</li> <li>Internal Audit of ten year budget process issued September 2021 - 'Reasonable' assurance</li> <li>External Audit of 2020/21 financial statements</li> <li>Internal Audit of corporate credit cards - Completed in October 2021 with 'Limited' assurance</li> <li>Internal Audit of Property Investment Strategy completed June 2022 with Reasonable assurance</li> <li>Ad hoc external consultants provide reports on state of the property markets</li> <li>Annual property investment valuation carried out by independent consultant, in line with CIPFA and RICS standards</li> </ul>											

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

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

**SR02: 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"> <li>• Lack of finance to deliver asset management plans and maintenance programmes</li> <li>• Lack of capacity to appropriately manage, maintain and invest in the council's assets</li> <li>• Failure to maximise the benefit from asset disposals</li> <li>• Lack of tenants to occupy vacant or part-vacant assets</li> <li>• Lack of buyers for surplus Council land</li> <li>• Failure to adopt effective governance procedures</li> <li>• Project management skills to ensure cost effective and robust developments</li> <li>• Failure to identify partners to take forward projects and initiatives</li> <li>• Loss of contracted providers to manage and operate assets</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in asset values placing increased pressure on council budgets</li> <li>• Failure to maximise the opportunity to raise income from investment in assets</li> <li>• Increased insurance premiums</li> <li>• Adverse impact on service delivery</li> <li>• Loss of investment or income opportunities</li> <li>• Reputational damage</li> <li>• Closure of public assets and loss of community facilities</li> <li>• Corporate Landlord liabilities associated with poorly maintained assets (tenants and</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>• Property / Asset Register (record of land in Council ownership)</li> <li>• Asset maintenance budgets reviewed annually</li> <li>• Ongoing strategic review of council owned property</li> <li>• Inventory registers in place</li> <li>• Financial procedure rules in place (but see action below)</li> <li>• Economic Development &amp; Property team in place</li> <li>• Professional, external advisers engaged to support the development of strategies and fill skills and capacity gaps</li> <li>• Capital Programme and Asset Maintenance plan in place</li> <li>• Surveys of all Council buildings completed and</li> </ul>	2	4	8	2	3	6
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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"> <li>• Covid-19 / Economic conditions - ability to find or retain tenants, collect lease or rental income, reduction in asset values (systemic risk)</li> <li>• Lack of suitable skills or sufficient capacity</li> <li>• Inadequate Property/Asset Register held by SDC and other statutory bodies</li> </ul>	corporate buildings) - cross refer to SR09				<ul style="list-style-type: none"> <li>• reflected in Asset Maintenance plan</li> <li>• Long term leases in place with providers with regular monitoring</li> </ul>						
<b>Actions</b> <ul style="list-style-type: none"> <li>• Prepare and periodically review Asset Management Plan</li> <li>• Financial Procedure Rules to be reviewed, Disposals Policy to be approved - Property procedure rules written and awaiting financial regs to be updated</li> <li>• Update Asset Register - in progress and has become a higher priority due to ongoing issues being identified - Dec 2022</li> <li>• New asset management system to help manage the plan</li> </ul>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>• Internal Audit of Corporate Landlord Liabilities - Limited Assurance (July 2022)</li> </ul>											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<b>SR03: Knowledge, capacity &amp; 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</b> <b>Lead Officer: Jim Carrington-West &amp; Diana Chaloner</b>											
<ul style="list-style-type: none"> <li>Continuing reductions to Council budgets</li> <li>National and local pay constraint</li> <li>Increasing cost of living</li> <li>Inability to employ and retain high quality staff</li> <li>Increased demand for services and high levels of work with reduced capacity and resources</li> <li>Requirement for new skills to deliver the Council's Corporate Plan promises</li> <li>Lack of capacity within the Human Resources team to develop policy and support the workforce</li> <li>Ineffective succession planning</li> <li>High staff turnover</li> <li>Loss of IIP Platinum status</li> <li>Impact of Covid-19 on working practices and greatly increased working from home</li> </ul>	<ul style="list-style-type: none"> <li>Lack of resources to employ, develop and support the wellbeing of staff</li> <li>Impact of poor mental health across the organisation</li> <li>Reduced morale and staff satisfaction</li> <li>Reduced productivity</li> <li>Reduced quality of staff and work / services</li> <li>Unable to recruit or retain high quality staff</li> <li>Increased absence levels</li> <li>Unable to continue to deliver the range and quality of services currently experienced</li> <li>Skills gaps that inhibit the ability to deliver Council projects</li> <li>Reputational damage as an employer and a service provider</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>10-year budget minimises the need for short notice changes to the workforce</li> <li>Recruitment and retention policies</li> <li>Managing Attendance Policy supported by return to work and staff wellbeing initiatives</li> <li>Staff Appraisal Scheme and Personal Development Plans further enhanced by the introduction of the Clear Review system</li> <li>Regular Staff Surveys and Investors in People Assessments to benchmark effectiveness as an employer</li> <li>Management and Staff Development programmes to support staff and protect the organisational culture</li> <li>Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps</li> <li>Investors in People Platinum status maintained (re-assessed in February 2019), demonstrating the Council is a high quality employer</li> <li>Re-evaluated HR strategies, training, development and retention plans and internal</li> </ul>	2	4	8	2	4	8

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
					communications to address the post Covid working environment <ul style="list-style-type: none"> <li>• Introduction of new Workforce strategy</li> <li>• New LMS launched</li> <li>• Training and support around financial planning and wellbeing package to support staff in coping with cost of living crisis</li> </ul>						
<b>Actions</b> Investors In People assessment due January 2023 will highlight some of the benefits of working for Sevenoaks as well as enable us to address any gaps which could reduce the likelihood of this risk occurring											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>• Investors in People Platinum status (re-assessed February 2019)</li> <li>• Internal Audit of ten-year budget strategy reported September 2021 - 'Reasonable' assurance</li> <li>• Internal Audit of appraisals - completed in October 2021 with 'Reasonable' assurance</li> <li>• Internal Audit compliance check of recruitment controls June 2021 - Substantial Assurance</li> </ul>											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<b>SR04: Technology - The Council's Information Technology doesn't meet the needs of the Council, Members, Officers and the local community</b> <b>Lead Officer: Jim Carrington-West &amp; Amy Wilton</b>											
<ul style="list-style-type: none"> <li>Lack of finance to effectively procure and develop IT infrastructure and solutions across the Council</li> <li>Lack of capacity and skilled professionals to procure, implement and develop IT infrastructure and solutions across the Council</li> <li>Failure to identify areas where IT solutions could improve service delivery and reduce costs</li> <li>Failure to implement robust IT security arrangements in existing and new infrastructure and software</li> <li>Failure to meet the demands of partnership working in the delivery of solutions and on-going IT support</li> <li>Poor data management preventing the implementation of new services</li> <li>User base may not have sufficient broadband to work from home</li> </ul>	<ul style="list-style-type: none"> <li>Failure to effectively deliver Council services and objectives</li> <li>Failure to benefit from the service efficiencies good use of IT would deliver e.g. channel shift, demand management, digital services</li> <li>Failure to maximise the cost savings and value for money efficient use of IT would deliver</li> <li>Security lapse could compromise the Council IT network and render systems inoperable</li> <li>Data loss</li> <li>Reputational damage</li> <li>Failure to deliver projects within required timescales</li> <li>Failure to provide adequate day to day support to customers</li> <li>Failure to prioritise projects effectively as</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>IT Security Policy</li> <li>Business Continuity Plan</li> <li>Disaster recovery plans in place</li> <li>Network security measures in place including firewall and access level controls</li> <li>Procurement practices in place within the IT Service</li> <li>Experienced staff in post</li> <li>Effective budget setting and financial monitoring processes embedded</li> <li>Officer groups in place to support progress of digital services</li> <li>Ability to work in office or to deploy applications via Citrix or RDS</li> <li>Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps</li> <li>Digital Strategy</li> <li>Core server infrastructure including back-up infrastructure area recently updated</li> <li>Wifi in the building recently improved</li> </ul>	2	3	6	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										
<b>Actions</b> <ul style="list-style-type: none"> <li>Review Disaster Recovery plans - envisaged to be implemented October 2021 - delayed due to project in place to replace core infrastructure - will be looking at DR Plans Q1 2022/23</li> <li>IT Security Policy due to be reviewed</li> <li>Disaster Recovery Policy due to be reviewed</li> </ul>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>Internal Audit of Cyber Security reported February 2021 - Limited assurance</li> <li>Internal Audit of IT Governance - in 2021/22 Audit Plan</li> <li>LGA Cyber Security Review</li> </ul>											

Agenda Item 9

Page 54



		Gross Score			Net Score			Target Score			
Risk Factors	Potential Effect	L	I	R	Internal Controls	L	I	R	L	I	R
<b>SR05: Information &amp; Data Management - Failure to properly protect, preserve and make best use of the data and information resources that the Council holds</b> <b>Lead Officer: Jim Carrington-West &amp; Martin Goodman</b>											
<ul style="list-style-type: none"> <li>Lack of capacity or skills within the workforce to implement a knowledge management system</li> <li>Lack of IT capacity to support a knowledge and information management system</li> <li>Ensuring compliance with the requirements of the Code of Connection</li> <li>Ensuring security levels are appropriate to protect data and information without preventing effective and efficient service delivery</li> <li>Breach / non-compliance with General Data Protection Regulations (GDPR)</li> </ul>	<ul style="list-style-type: none"> <li>Breach of regulations and potential for significant financial penalties</li> <li>Impact on residents / customers</li> <li>Failure to meet the Council's objectives</li> <li>Failure to continue to deliver high quality services across the Council</li> <li>Increased costs from recruitment and staff training</li> <li>Negative impact on the organisation's culture and on staff morale</li> <li>Reputational damage</li> </ul>	4	5	20	<ul style="list-style-type: none"> <li>Ability to engage professional, external advisers to support the organisation and fill skills and capacity gaps</li> <li>Data Protection policies in place and available to all staff</li> <li>Training for all staff on Data Protection</li> <li>IT policies in place</li> <li>Annual assessment against the Code of Compliance</li> <li>Disaster recovery plans in place</li> <li>Business Continuity Plan in place</li> <li>Information Governance Policy endorsed by SMT</li> <li>Digital strategy</li> <li>Actions from Cyber Security Audit implemented</li> <li>Core IT infrastructure recently updated</li> </ul>	3	3	9	2	3	6
<b>Actions</b> <ul style="list-style-type: none"> <li>Review Disaster recovery plans - new DR solution expected to be implemented October 2021 - delayed due to project in place to replace core infrastructure - will be looking at DR Plans Q1 next year</li> <li>Improvements to data back-up in progress as a result of funding from DLUC</li> </ul>											

Risk Factors	Potential Effect	Gross Score			Internal Controls	Net Score			Target Score		
		L	I	R		L	I	R	L	I	R
<p><b>Available Assurance</b></p> <ul style="list-style-type: none"> <li>• Internal Audit of Cyber Security reported February 2021 - Limited assurance</li> <li>• LGA review of cyber security</li> <li>• Annual penetration testing - covered with LGA review as above</li> <li>• Annual assessment against Code of Compliance - <i>frequency TBC - may not take place, DL to confirm</i></li> <li>• Monitoring Officer monitors compliance with DP training using system reports</li> <li>• Internal Audit of Information Security recently completed with Reasonable assurance</li> </ul>											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR06: Legal compliance, governance &amp; 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</b> <b>Lead Officer: Jim Carrington-West &amp; Martin Goodman</b>											
<ul style="list-style-type: none"> <li>Lack of capacity in the workforce to identify and adhere to legislative changes</li> <li>Lack of finance to adjust to changes in legislation</li> <li>Lack of Member or Senior Management support to deliver service changes in response to new legislation</li> <li>Breakdown in relationships between Members and Officers</li> <li>Lack of capacity and skilled professionals within the Legal, Democratic and Internal Audit teams</li> <li>Lack of financial resources to deliver high quality governance arrangements</li> <li>Governance arrangements which may not provide effective oversight of shared service arrangements</li> <li>Lack of skills and resources to provide Counter-Fraud and Corruption service</li> <li>Ineffective support for Councillors in relation to governance, legal compliance and ethics</li> <li>Procurement undertaken outside of / in breach of the Rules</li> </ul>	<ul style="list-style-type: none"> <li>Failure to fulfil statutory duties resulting in government intervention and an increase in legal liabilities</li> <li>Failure to continue to deliver high quality services</li> <li>Increase in customer complaints and falling satisfaction levels</li> <li>Increase in incidences of fraud and error</li> <li>Failure to maximise the opportunities changes to legislation may bring</li> <li>Ineffective political and management leadership</li> <li>Ineffective scrutiny of decision making and performance</li> <li>Failure to deliver statutory requirements including an up to</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Dedicated in house Legal team with qualified and experienced officers in place</li> <li>Professional managers within service areas (Council-wide)</li> <li>Council's Constitution including Codes of Conduct, Officer / Member Protocol and Standards regime</li> <li>Cabinet and Committee Structure including Advisory, Governance, Audit, Scrutiny &amp; Standards Committee's</li> <li>Monitoring Officer and Section 151 officers in post</li> <li>Effective budget setting and financial monitoring processes embedded</li> <li>Annual review of Committee Terms of Reference</li> <li>Members Handbook and Training</li> <li>Annual Governance Statement and action monitored and plan reported to Audit Committee</li> <li>Risk management framework recently updated</li> </ul>	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"> <li>• Reputational damage</li> </ul>										
<b>Actions</b> <ul style="list-style-type: none"> <li>•</li> </ul>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>Internal Audit of Members Allowances and Expenses reported September 2021 - Substantial assurance</li> <li>Internal Audit review of AGS returns - comments returned to s151 officer but some areas for development identified</li> <li>Internal Audit of Legal Case Management System given limited assurance</li> <li>Internal Audit of 10-year budget strategy complete - 'Reasonable' assurance</li> <li>Fraud Risk Assessment to be undertaken 2022/23 (IA &amp; CF Managers)</li> <li>Internal Audit of IT Governance due in Q4 2021/22</li> </ul>											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR07: Capacity of Community Partners - The impact of austerity and reduced public spending on the workloads and budgets of community partners and the voluntary sector</b> Lead Officer: Sarah Robson											
<ul style="list-style-type: none"> <li>• Reductions in Government funding of partners such as housing, health, leisure, Kent County Council (KCC), Police and Fire and Rescue Services.</li> <li>• Significant annual budget savings being proposed by public services operating locally, including KCC and NHS, which may impact community partners and voluntary sector.</li> <li>• Increased demand on partner resources and services as a result of Covid-19 and rising cost of living, against historic reductions in government funding</li> <li>• Changes to the way Government grant is distributed inhibiting the delivery of local priorities e.g. health funding</li> <li>• Reductions in Council grant constraining the funding available for community grants</li> <li>• Reduction in the number of voluntary sector organisations operating in the District as a result of funding difficulties or lack of willing volunteers.</li> <li>• Loss of community partners</li> </ul>	<ul style="list-style-type: none"> <li>• Unable to deliver the priorities and actions set out in the Community Plan, Community Safety Action Plan and Health and Wellbeing Action Plan</li> <li>• Cost shunt of customer demand to local services is unsustainable</li> <li>• Unable to deliver on the priorities and actions set out in the Council's health and housing strategies</li> <li>• Increased hardship in the District</li> <li>• Loss of partner organisations and assistance in the District</li> <li>• Greater health inequalities across the District</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>• Robust budget setting processes in place which consider the benefits of the Council's community grant scheme and Service Level Agreements</li> <li>• Representation on the Kent Voluntary and Community Sector Strategic Partnership Board</li> <li>• Continue regular interaction with advisers at DLUHC</li> <li>• Service Plans being adapted and delivered</li> <li>• Internal and external working groups established to address financial hardship</li> <li>• Ability to attract external funding to sustain community projects</li> <li>• Strong relationships with local community and voluntary groups</li> <li>• Community Awards Scheme to celebrate the success of local residents and community projects and promote the benefits of volunteering</li> <li>• Local Strategic Partnership delivery of the Community Plan, supported by the Community Wellbeing Fund funding local organisations and initiatives responding to</li> </ul>	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
					the impact of the cost of living <ul style="list-style-type: none"> <li>Local Strategic Partnership for the District</li> <li>Robust monitoring process in place for Service Level Agreements and Grants to ensure outcomes are being achieved. Processes and controls under review.</li> <li>Voluntary Sector Forum for the District</li> <li>Working in partnership with Imago to increase volunteers in the District</li> <li>Delivery of x2 volunteer fairs each year</li> <li>Partnership Agreement in place and monitored with West Kent Housing Association</li> <li>Funding Agreement with Kent Public Health to deliver One You programme in the district to address health inequalities.</li> </ul>						
<b>Actions</b> Undertake annual voluntary sector barometer survey											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>Internal Audit consultancy review of Community Grants reported September 2021</li> <li>Sevenoaks District Voluntary Sector Forum</li> <li>Community Grants and LSP Community Wellbeing Fund</li> <li>Service Level Agreements in place with key voluntary sector partners</li> </ul>											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR09: Health &amp; Safety - Breach / non-compliance with Health &amp; Safety legislation and practices resulting in harm to workforce</b>											
<b>Lead Officer: Jim Carrington-West and Nick Chapman and Trevor Kennett</b>											
<ul style="list-style-type: none"> <li>• Ineffective or lack of Health and Safety Policy, guidance and training for staff</li> <li>• Ineffective controls for the management of Health and Safety</li> <li>• Ineffectiveness of health and safety risk assessments</li> <li>• Lack of awareness of health and safety controls and practices at work</li> <li>• Lack of capacity and skills to ensure continuous provision of high quality health and safety in the work place</li> <li>• Property standards decline</li> <li>• Threats posed by the pandemic - both in the office and - how we use everything</li> <li>• Increased home working as a result of hybrid working - equipment and facilities - staff not have equipment to work from home</li> </ul>	<ul style="list-style-type: none"> <li>• Poor working practices</li> <li>• Increased absence from work</li> <li>• Work place accidents and near misses</li> <li>• Health and Safety Executive inspections and fines</li> <li>• Reputational damage as a service provider and as an employer</li> <li>• Corporate Manslaughter</li> <li>• Financial impact</li> <li>• Non-compliance with statutory requirements</li> </ul>	4	5	20	<ul style="list-style-type: none"> <li>• Health and Safety Policy regularly updated</li> <li>• Health and Safety guidance</li> <li>• Health and Safety risk assessments</li> <li>• Regular review and monitoring of risk assessments and safe working practices</li> <li>• Health and Safety training</li> <li>• Health and well-being monitoring including sickness monitoring</li> <li>• Accident recording, monitoring and action planning</li> <li>• Suitably trained officers undertake H&amp;S risk assessments</li> <li>• Occupational health service</li> <li>• Corporate Health and Safety update reported to SMT quarterly</li> <li>• Staff wellbeing (Health, Safety and Security) is a standing item on the SMT agenda.</li> <li>• The Action Manager (TAM) health and safety management system for Direct Services</li> <li>• Depot health and safety handbook</li> </ul>	3	3	9	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"> <li>Corporate H&amp;S Group has been refreshed with new ToR</li> </ul>						
<b>Actions</b> Review Health and Safety framework and arrangements as a whole including consideration of actions from the IA H&S audit - <i>vacant post in structure with Health and Safety focus which will pick up ongoing review and update of framework</i> <i>Reviewing the H&amp;S policy, risk assessment approach</i> <i>Also considering the purchase of a H&amp;S admin system</i>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>HSE Covid-19 inspection - confirmed arrangements in place are robust for Covid</li> <li>Internal Audit consultancy review against HSE checklist - 28 areas generally compliant, 13 partially compliant, 5 not met</li> <li>Internal Audit of Fleet Management reported March 2021 - substantial assurance</li> <li>Internal Audit of Tree Maintenance - Advisory but no significant issues identified</li> <li>Internal Audit of Staff Wellbeing - Reasonable October 2022</li> </ul>											



Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR09: Emergency planning &amp; severe weather events - Ability to respond effectively in the event of a prolonged major incident while maintaining the ability to keep services running</b> <b>Lead Officer: Adrian Rowbotham &amp; Trevor Kennett</b>											
<ul style="list-style-type: none"> <li>Inadequacy of emergency plan &amp; business continuity plans</li> <li>Inability to appropriately implement emergency plans in response to any given event</li> <li>Lack of capacity or specialist skills within the workforce to co-ordinate and respond to a major emergency</li> <li>Insufficient controls for major emergency hazards</li> <li>Security - responding to national threat levels (move to critical plans within the major) emergency plan</li> <li>Insufficient resilience in the face of a long-term event</li> <li>Multiple successive and/or simultaneously occurring events i.e. EU exit, Covid and a severe weather event</li> </ul>	<ul style="list-style-type: none"> <li>Disruption to the community and to community services</li> <li>Inability to maintain Council services</li> <li>Excessive non-recoverable expenditure on response</li> <li>Loss of Council information</li> <li>Reputational damage</li> <li>Inability to adequately respond to multiple occurring events either separately or concurrently</li> <li>Insufficient staffing capacity to deal with a long term and/or major /or concurrent event(s)</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>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)</li> <li>District Major Emergency Plan (including BCP) in place (but see action below, currently being reviewed and updated)</li> <li>The Action Manager (TAM) to co-ordinate response effectively including documentation</li> <li>IT Disaster Recovery Plan in place (but see action below, currently being updated)</li> <li>Collaborative arrangements and plans agreed with other Category 1 and 2 responders, Town and Parish Councils, the voluntary sector and others</li> <li>Access to support resources from across the Council, including Direct Services</li> <li>Council is a member of the Kent Resilience Forum which gives access to expertise and resources</li> <li>Business continuity impact assessments undertaken identifying priority services</li> <li>Mutual aid provision via CCA</li> </ul>	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>Actions</b>											
<ul style="list-style-type: none"> <li>Review of DEC, Training, procedures to commence in April - <i>Training reviewed and courses underway for specialist officers. DEC being reviewed by consultant, new handbook in draft</i></li> <li>Training of additional officers and to cover more roles - <i>In progress</i></li> <li>Review MEP (from April 21) - <i>In place (v13) currently being reviewed and updated by consultant, v15 is a major update and draft should be available in January</i></li> <li>Review of Disaster Recovery Plans - <i>New solution estimated to be in place Quarter 1 2022/23</i></li> </ul>											
<b>Available Assurance</b>											
<ul style="list-style-type: none"> <li>Internal Audit of Covid-19 response (reported December 2020) - Substantial assurance, but some medium priority actions for emergency planning</li> <li>Internal Audit of Emergency Planning - Substantial assurance (September 2022)</li> <li>Scrutiny Committee Member working group on Covid-19 response</li> </ul>											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR10: Safeguarding - Failure to identify and act on a Safeguarding concern</b> <b>Lead Officer: Sarah Robson &amp; Jim Carrington-West</b>											
<ul style="list-style-type: none"> <li>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</li> <li>Failure to provide staff training and awareness of the organisation's safeguarding duties and processes</li> </ul> <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"> <li>Could result in domestic homicide, suicide or other death, injury or continuing neglect, continuing modern slavery, human trafficking, terrorism</li> <li>Damage to public confidence and Council reputation</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Safeguarding Policy to be reviewed annually. Latest update 2022. Designated Safeguarding Officers trained every 2 years (June 2021 most recent) - next round of DSO training to be delivered in June 2022.</li> <li>SMT safeguarding training delivered annually, online staff training launched by the HR team. Additional training offered relating to Prevent, Domestic Abuse, Child Sexual Exploitation etc.</li> <li>DBS checks in place for relevant staff</li> <li>Promotion of safeguarding to all staff through posters, Safeguarding newsletters and Grapevine</li> <li>Simple internal reporting arrangements in place for staff to report safeguarding issues</li> <li>A corporate Safeguarding Group to continually review and update policy and processes, and monitor strategic risk. Terms of Reference for the Group were reviewed and updated in October 2021</li> <li>Workload management process and analysis kept up to date to ensure staff capacity to respond</li> <li>Staff trained as trainers</li> <li>Trained Designated Safeguarding Officers</li> <li>Frontline staff training undertaken on a quarterly basis</li> <li>New online referrals system went live in December 2022</li> <li>Lead Chief Officer reports regularly to SMT</li> <li>Deputy Lead is also a Chief Officer</li> </ul>	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
					<ul style="list-style-type: none"> <li>Annual Section 11 Audits and assessments to provide external assurance</li> <li>Good working relationship with KCC and the Kent Safeguarding Boards</li> <li>Safeguarding awareness included into the staff 'new starter' induction process.</li> <li>Safeguarding added as a standing agenda item to Procurement Working group and procurement guidance provided</li> <li>Staff Domestic Abuse policy launched in 2022</li> <li>White Ribbon campaign promoted internally and externally annually in November</li> <li>Delivery of annual West Kent Domestic Abuse Forum</li> </ul>						
<b>Actions</b> <ul style="list-style-type: none"> <li>Designated safeguarding officers training to be held in June 2023</li> <li>Frontline staff safeguarding training to be delivered quarterly</li> </ul>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>Internal Audit of Safeguarding issued November 2021 with Limited assurance</li> <li>Officer Safeguarding Group and Designated Safeguarding Officers</li> <li>Safeguarding Policy</li> <li>Online safeguarding referral software and tracker</li> <li>E-learning for safeguarding</li> <li>Annual Section 11 Audit - last undertaken Nov 2022</li> <li>Kent and Medway Safeguarding Adults Board self-assessment framework completed July 2022</li> </ul>											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR11: Temporary Accommodation - Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets.</b> <b>Lead Officers: Sarah Robson</b>											
<ul style="list-style-type: none"> <li>Changes in government funding</li> <li>Rising numbers of placements</li> <li>Impact on Council finances</li> <li>Increase in Covid-19 or rising cost of living related homelessness</li> <li>Increase in homelessness arising from the homes for Ukraine Scheme</li> </ul>	<ul style="list-style-type: none"> <li>Failure to fulfil statutory obligations</li> <li>Impact on life chances and outcomes for individuals and families in temporary accommodation</li> <li>Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation)</li> <li>Pressure on other services</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Temporary Accommodation Action Plan in place for the Housing team.</li> <li>Use of DLUHC’s annual Homelessness Prevention Grant to the organisation to prevent homelessness and support costs for temporary accommodation.</li> <li>Focus on preventing homelessness and diversion to alternative housing options through:                             <ul style="list-style-type: none"> <li>-Xantura early intervention online prevention tool</li> <li>- Landlord and Tenancy advice, support and sustainment</li> <li>- Assistance, (including financial aid) to access the private rented sector</li> <li>- Access to employment and training</li> <li>- Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears</li> <li>- Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money</li> <li>- Family incentive and mediation support to prevent homelessness and retain individual in the family home</li> </ul> </li> <li>Delivery of the Quercus Housing Business Plan to ensure the supply reduces the reliance on nightly paid accommodation</li> <li>Voluntary Relocation scheme.</li> <li>Implementation of the Quercus Housing Business Plan to ensure the</li> </ul>	3	3	9	3	3	9

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
					supply reduces the reliance on nightly paid accommodation. <ul style="list-style-type: none"> <li>• Delivery of Council led housing projects e.g. Vine Court Road and Stay Green House</li> <li>• Temporary Accommodation secured from WKHA and Moat at no cost to the Council</li> <li>• Homelessness and Rough Sleeping Strategy / Housing Strategy</li> <li>• Communications plans in place to promote good news stories and initiatives (InShape, social media).</li> <li>• Work with Housing Associations and TA providers to secure accommodation units in district.</li> </ul> Homes for Ukraine: <ul style="list-style-type: none"> <li>• Dedicated team to work with KCC, hosts and guests to ensure as many placements as possible are maintained</li> <li>• Private Sector Housing Team resource allocated for property inspections, prioritising those of potential 'rematch' hosts</li> <li>• Welcome Pack and leaflets (in English and translated) providing information on the district, local services, housing</li> </ul>						
<b>Actions</b> <ul style="list-style-type: none"> <li>• Deliver the Rough Sleeper Initiative funding action plan over the next three years</li> <li>• Finalise the Homelessness and Rough Sleeping Strategy</li> <li>• Utilise Homes for Ukraine funding allocation to support placements into the private rented sector, rather than temporary accommodation</li> </ul>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>• Internal Audit of Temporary Accommodation completed in October 2022 (Reasonable Assurance)</li> <li>• Monthly Homelessness Data Report to SMT and Cabinet Members</li> <li>• Monthly budget monitoring</li> <li>• DELTA homelessness return submitted monthly to DLUHC</li> </ul>											

		Gross Scores						Net Scores			Target Scores		
Risk Factors	Potential Effect	L	I	R	Internal Controls			L	I	R	L	I	R
		Gross Scores						Net Scores			Target Scores		
Risk Factors	Potential Effect	L	I	R	Internal Controls			L	I	R	L	I	R
<b>SR12 - Capital projects - not delivered to time, budget or quality</b> <b>Lead Officer: Adrian Rowbotham &amp; Detlev Munster</b>													
<ul style="list-style-type: none"> <li>Lack of available funding to deliver planned schemes either due to accessibility or acceptable interest rates</li> <li>Ambitions do not align to viability or lack of consensus</li> <li>Lack of capacity to deliver capital projects (resources and skills available within the organisation) at all stages from initiation to completion</li> <li>Schemes go over budget</li> <li>Risk appetite is averse and opportunities are missed</li> <li>Schemes are progressed at the expense of asset maintenance programme</li> <li>Higher than assumed inflation levels</li> <li>Significant market volatility resulting in systemic risk</li> <li>Member appetite for development</li> </ul>	<ul style="list-style-type: none"> <li>Projects do not progress as planned</li> <li>Projects go over budget meaning that resources are diverted from other areas</li> <li>Delays to starting schemes</li> <li>Reputational damage if projects delayed or part completed</li> <li>Increased revenue impact could result in an unbalanced 10-year budget</li> <li>Projects may need to be re-prioritised and placed on hold at appropriate stages.</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>Strategic Property Team in place and augmented depending on type of scheme presented</li> <li>Project Management and governance protocols in place</li> <li>Pre-feasibility and due diligence investigation undertaken prior to commitment of funds</li> <li>Capital programme set annually, approved by full council</li> <li>Investigate viability and funding options on a scheme by scheme basis</li> <li>Bidding process for projects on capital plan</li> <li>Corporate / Strategic Programme Board - monitoring including viability reviews for individual projects</li> <li>Augment team with external specialist consultants (as necessary)</li> <li>Commence discussions with local Planning Authority as soon as possible</li> <li>Commence early consultation with key interested and affected parties</li> <li>Review of lessons learned logs from previous projects</li> </ul>	2	4	8	2	4	8		

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"> <li>Revised schemes to be approved by Members</li> <li>A detailed capital programme process</li> <li>Looking at ways to cap and collar inflationary pressures being done on case by case basis through shadowing exercises and adjusting procurement exercises</li> <li>Continue to check on lessons learned from previous projects</li> <li>Investigate appropriate project insurance</li> </ul>						
<p><b>Actions</b></p> <p><b>Available Assurance</b></p> <p>All projects have external consultants to provide reports which inform decision making.</p> <p>Capital programme management audit to be completed April/May 2023</p>											

Agenda Item 9



Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR13 - Net Zero 2030 - Failure to achieve carbon neutral</b>											
<b>Lead Officer: Richard Morris</b>											
<ul style="list-style-type: none"> <li>Technology does not sufficiently advance to allow the Council to replace fleet</li> <li>Technology is too expensive to allow the Council to replace fleet</li> <li>Cost of work to Council assets (prohibitive)</li> <li>Retrofitting of assets not technically feasible</li> <li>Delay in delivering actions and projects beyond 2030</li> <li>Lack of adequate funding</li> <li>Slippage on Net Zero pathway</li> </ul>	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>Environmental enhancements not achieved</li> <li>Political impact</li> <li>Financial impact on 10-year budget</li> <li>Inability to sufficiently fund schemes</li> <li>Failure to meet 2030 target</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Cross Member Working Group</li> <li>Officer Working Group</li> <li>Monitoring and political oversight</li> <li>Training and skills development through best practice groups</li> <li>Net Zero fund</li> <li>Net Zero Action Plan has been agreed by Members</li> <li>Progress against actions is monitored by Cleaner &amp; Greener Committee quarterly</li> <li>Kent &amp; Medway Environment Group (KMEG) &amp; County alignment</li> <li>Continual pathway analysis</li> </ul>	3	3	9	2	3	6
<b>Actions</b>											
Preparation of carbon reduction plan											
Inclusion of Scope 3 emissions in procurement and contract managements processes											
<b>Available Assurance</b>											
Net Zero 2030 a standing agenda item on Cleaner and Greener Portfolio briefings and Advisory Committee											
Net Zero Internal Audit due 2022/23											

Risk Factors	Potential Effect	Gross Scores			Internal Controls	Net Scores			Target Scores		
		L	I	R		L	I	R	L	I	R
<b>SR14 - Cost of Living Pressures</b> <b>Lead Officer: Sarah Robson and Jim-Carrington West</b>											
<ul style="list-style-type: none"> <li>Significant increase in the cost of living results in many more residents requiring urgent support to meet their basic needs and to keep on top of their essential bills.</li> <li>Impact on businesses across the district, as residents may have less disposable income.</li> </ul>	<ul style="list-style-type: none"> <li>Increased pressure on Council services - notably Housing, Revenues and Benefits.</li> <li>Increased service demand on key partners such as Citizens Advice.</li> <li>Council income streams could also be more severely impacted.</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Financial Hardship Officer Working Group in place - meets quarterly and reports to SMT.</li> <li>Co-ordinate Government Support to ensure it reaches those people who need it.</li> <li>Promote affordable warmth, insulation and energy saving schemes, to improve heat retention and better insulated homes.</li> <li>Liaise with others including Kent County Council and local NHS organisations to help maintain and support residents in good physical and mental health, including engaging in community-led health and wellbeing initiatives, volunteering and socialising via local initiatives.</li> <li>Prepare for a possible 'rent shock' or increased Council Tax arrears as households in the district may prioritise between heating and eating instead of paying rent or council tax.</li> <li>Increase capacity to provide housing advice that focuses on tenancy sustainment and preventing homelessness.</li> <li>Work in partnership with Citizens Advice to ensure residents can access the help they need and are entitled to, including money and debt management.</li> </ul>	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"> <li>• Bi-monthly ‘Help for You’ leaflet, explaining how the Council, and its partners, can support residents.</li> <li>• Work with town and parish councils, churches, businesses and other organisations to provide a Warm Spaces directory of safe and friendly public places.</li> <li>• HERO team on hand to provide advice and support to our most vulnerable customers.</li> <li>• Work with KCC to promote low-cost internet connections and social tariffs.</li> <li>• New homes delivered via Quercus Housing, offering rents set at LHA and discounted affordable rent.</li> <li>• Funding available to voluntary groups to support residents facing hardship via the LSP Community Wellbeing Fund.</li> <li>• Everyone Active and Sencio provision of concessionary leisure memberships.</li> <li>• Access to free health and wellbeing support and activities through One You programme.</li> <li>• Support for local businesses through the Council’s business support network (WKP).</li> </ul>						
<b>Actions</b> <ul style="list-style-type: none"> <li>• See below.</li> </ul>											
<b>Available Assurance</b> <ul style="list-style-type: none"> <li>• Financial Hardship Officer Working Group in place - meets quarterly and reports to SMT.</li> <li>• Benefits team single point of contact for processing all Government support schemes (e.g. Council Tax energy rebate scheme and Household Support Fund) - submitting relevant funding monitoring reports.</li> </ul>											

### 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.

#### 2023/24

- Climate Change
- Legislation Changes
- Regeneration Projects
- Inflation
- Increased demand from migration and people movement (Ukraine, Afghanistan)
- Ukraine war
- Political change
- Impact of KCC's budget cuts on SDC

#### 2024+

- Ageing Population
- Advancing Technologies
- Infrastructure
- Business Rates Retention
- Regional reorganisation

## 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>
<b>Critical (5)</b>	Uncontrolled financial losses in excess of multiple <b>£m's</b>	Failure to deliver <i>statutory</i> service / service disruption for <b>&gt;14 days</b>	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
<b>Major (4)</b>	Uncontrolled financial losses in excess of <b>£1m+</b> overspend in budget by <b>&gt;£1m+</b>	Unable to deliver <i>discretionary</i> service / service disruption for <b>&gt;14 days</b>	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
<b>Moderate (3)</b>	Uncontrolled financial losses between <b>£500k - £1m</b> / overspend in budget by <b>&gt;£500k</b>	Unsatisfactory service performance / service disruption of <b>&gt;5 days</b>	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
<b>Minor (2)</b>	Uncontrolled financial losses between <b>£100k - £500k</b> / overspend in budget by <b>&gt;£100k</b>	Reduced service delivery / service disruption for <b>7 hours</b>	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
<b>Minimal (1)</b>	Uncontrolled financial losses less than <b>£100k</b> / overspend in budget less than <b>£100k</b>	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



## AUDIT COMMITTEE INDEPENDENT MEMBERS - TERMS OF OFFICE

Audit Committee - 28 March 2023

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

**Status:** For Decision

**Portfolio Holder:** Cllr. Matthew Dickins

**Contact Officer:** Adrian Rowbotham, Ext. 7153

**Recommendation to Audit Committee:**

Members decide on the terms of office for the two Independent Members.

### Introduction and Background

- 1 Within the Constitution of Sevenoaks District Council (Part 6 - Audit Committee, section 2.3) is the following:
- 2 *'The Audit Committee shall be entitled to recommend to Council the appointment of up to two additional co-opted non-voting members. Any co-opted members must have the necessary technical knowledge and skills to be of value to the business of the Committee.'*
- 3 A report on Audit Committee Independent Members was presented to the Audit Committee on 15 July 2021. At the meeting it was 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.
- 4 An update report was presented to the Audit Committee on 25 January 2022. At the meeting it was recommended to Council that up to two additional co-opted non-voting members be appointed, at a rate of remuneration similar to other Kent Districts, which may be reviewed after 1 year. The Committee were also supportive of working with Dartford BC on joint appointments.
- 5 At Council on 22 February 2022, it was resolved that the appointment of up to two additional co-opted non-voting members with an allowance of £800 per annum each, be agreed.

## Agenda Item 10

- 6 An interview process took place on 23 May 2022 when Mr Mo Chughtai and Lynda McMullan were appointed for an initial term of one year.

### Terms of Office

- 7 Both Independent Members were appointed for an initial term of one year which will end in May 2023 therefore this is the last meeting in the current term. Both have stated that they are willing to continue in the roles.
- 8 It is up to the Audit Committee to decide on the new terms of office. There are a range of options including the following:
- a. Four years in line with council elections.
  - b. One year and the new Audit Committee membership can then review and reconsider.
  - c. Between one and four years and then for four year terms so that the terms do not coincide with elected Members to ensure some continuity of membership of the committee.
  - d. Different terms for each Independent Member so that there is more flexibility in the timings of change of committee membership.
- 9 Members are asked to decide on one of the above options or an alternative following discussion at the committee.

### Key Implications

#### Financial

There are no additional financial implications resulting from the future terms of office as a decision was made by Council to have up to two Audit Committee Independent Members.

#### Legal Implications and Risk Assessment Statement

Part 6 of the Constitution (as set out above) permits the Audit Committee to recommend the appointment of up to two additional co-opted non-voting members. Any such recommendation will be referred to the next meeting of Full Council for a final decision.

#### 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.

#### Net Zero Implications



The decisions recommended through this paper have a remote or low relevance to the council's ambition to be Net Zero by 2030. There is no perceived impact regarding either an increase or decrease in carbon emissions in the district, or supporting the resilience of the natural environment.

**Appendices**

None

**Background Papers**

Audit Committee Independent Members report - Council 22 February 2022

Audit Committee Independent Members - Update report - Audit Committee 25 January 2022

Audit Committee Independent Members report - Audit Committee 15 July 2021

**Adrian Rowbotham**

**Deputy Chief Executive and Chief Officer - Finance & Trading**

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**Audit Committee 2022/23 - Work Plan (as at 10/03/2023)**

	4 July 2023	26 September 2023	1 February 2024
<b>Internal Audit</b> (Irregularities to be reported confidentially as & when necessary)	Internal Audit Annual Report and Annual Opinion 2022/23	Internal Audit Progress Report 2023/24	Internal Audit Progress Report 2023/24
<b>Accounts and External Audit</b>	External Audit - Annual Audit Plan 2021/22 Statement of Accounts - Progress Update Report Statement of Accounts 2022/23 - Establishment of Member Working Group Annual Governance Statement 2022/23	Statement of Accounts 2021/22 External Audit - Annual Audit Report 2021/22 External Audit - Annual Audit Plan 2022/23	Statement of Accounts 2022/23 External Audit - Annual Audit Report 2022/23

	4 July 2023	26 September 2023	1 February 2024
Other	Audit Committee Terms of Reference Audit Committee Member Development Counter Fraud and Compliance Report Review of the Effectiveness of the Audit Committee 2022/23	Audit Committee Member Development Strategic Risk Register Members Allowance Scheme Monitoring Whistle Blowing Policy Counter Fraud Policy	Audit Committee Member Development