

01 February 2024 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 24.01.24

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https://www.youtube.com/channel/UCIT1f_F5OfvTzxjZk6Zqn6g



Audit Committee

Membership:

Chairman, Cllr. Penny Cole; Vice-Chairman, Cllr. Edwards-Winser

Cllrs. Baker, Clayton, Haslam, Lindop, Malone, Robinson and Williamson

Agenda

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

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Audit Committee held on 5 October 2023, as a correct record.	(Pages 1 - 4)	
2. Declarations of Interest Any declarations of interest not already registered.		
3. Actions from Previous Meeting (if any)	(Pages 5 - 6)	
4. Responses of the Council, Cabinet or Council Committees to the Committee's reports or recommendations (if any)		
5. Audit Committee Member Development	(Pages 7 - 8)	Alan Mitchell Tel: 01732 227483
6. Internal Audit Progress Report 2023/24	(Pages 9 - 18)	Jennifer Warrillow Tel: 01732 227053
7. Risk Strategy report	(Pages 19 - 30)	Jennifer Warrillow Tel: 01732 227053
8. Work Plan	(Pages 31 - 32)	

EXEMPT INFORMATION

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

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

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

AUDIT COMMITTEE

Minutes of the meeting held on 5 October 2023 commencing at 7.00 pm

Present: Cllr. Penny Cole (Chairman)

Cllr. Edwards-Winser (Vice-Chairman)

Cllrs. Baker, Clayton, Haslam, Lindop, Malone, and Robinson

Lynda McMullan was also present.

Cllr. Williamson and Mo Chughtai were present via a virtual media platform, which did not constitute attendance as recognised by the Local Government Act 1972.

17. Minutes

Resolved: That the Minutes of the Audit Committee held on 4 July 2023, be approved and signed by the Chairman as a correct record.

18. Declarations of Interest

There were none.

19. Actions from Previous Meeting

There were none.

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

There were none.

21. Audit Committee Member Development - Risk Management

The Audit Manager gave a presentation to the Committee on risk management which explained what risk management was and how it was carried out. Risk Management included identifying, assessing, managing, and controlling risks and providing assurance that objectives could be met.

Resolved: That

- a) the Member development presentation be noted; and

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- b) the next meetings member development topic be confirmed as Understanding Local Government Accounts.

CHANGE IN ORDER OF AGENDA ITEMS

The Chairman, with the Committee's agreement, brought forward consideration of item 8 – Strategic Risk Register (minute 22).

22. Strategic Risk Register

The Audit Manager introduced the report that provided the most recent version of the Strategic Risk Register. There had been no increases in risk scores since the last quarter. Six risks were above the target score and actions were in place to reduce the current score accordingly. These were: SR01 Finance, SR02 Asset Management & Maintenance, SR05 Information & Data management, SR08 Health & Safety (incl. Staff Wellbeing), SR12 Capital Projects and SR13 Net Zero.

Members took the opportunity to ask questions which focused on the various risks. It was explained that each risk was assigned a risk owner who assessed and scored them. Each Council department also gave themselves a score based on these factors.

In response to a question concerning external risk factors the Chief Officer – Finance and Trading advised that the Council could make its own decisions as to how it combatted external risk factors. He explained that the 10-year budget-setting process was a proven method for maintaining financial resilience. Officers also welcomed the opportunity to discuss specific areas of concern with Members.

In addition, the corporate landlord liabilities and asset register actions were still ongoing but the Audit Manager informed Members she was in constant contact with the responsible Officer and was not concerned about undue exposure.

In response to further queries, the Audit Manager would consult relevant Officers and provide further information to Members on Reinforced Autoclaved Aerated Concrete (RAAC) risk assessments that were being updated following Government guidance. In relation to risk SR03, she would also provide further details regarding training in procedures.

Action 1: For the Audit Manager to update Members on RAAC risk assessments and training in procedures.

Resolved: That the contents of the strategic risk register be noted.

23. External Audit - Annual Audit Plan 2021/22

The Chairman welcomed Paul Cuttle from Grant Thornton, the Council's External Auditors who presented the Annual Audit Plan 2021/22 as set out in the appendix. He advised Members there were no significant changes to the previous year's audit

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plan. He also explained that there was a national audit backlog for local government accounts due to delays in audit sign-offs and the various stakeholders required in the process. Grant Thornton were awaiting guidance from the Department for Leveling up Housing and Communities on proposals to clear the audit backlog. It was hoped this would inform the audit plan going forward.

In response to questions on the overspend from the previous year, Members were advised that overruns were partly due to technical accounting issues resulting from homes built in Burlington Mews. This meant that financial statements had to be updated.

Resolved: That the report be noted.

24. Internal Audit Progress Report 2023/24

The Audit Manager presented the report which provided an update on the Internal Audit progress 2023/24. Since the last meeting the post of Lead Auditor had not been filled and was back out to advert. Two trainees had been appointed and the other trainee had completed a qualification and was now a certified internal auditor. Due to staff shortages, progress on work was incremental and meant that the team had focused on the completion of outstanding work for 2022/23. The Audit Manager explained that work on the 2023/24 audit plan had started and was in line with anticipated timings given the delays. Since the last update, she explained that the Team had completed a further four audits set out in the report.

Members asked questions of clarification of the Audit Manager with a particular focus on outstanding audit actions and the procurement audit. She explained that she was a member of the procurement assurance group which pursued a joined up approach to resolving the audit actions. Members expressed some concern over procurement training standards and the need for a procurement strategy. The Audit Manager further explained that the procurement strategy was being drafted and the Committee would receive an update once it had been completed.

In response to a request, Officers would provide figures on the Council's purchases of goods and services.

Action 2: Officers to provide an update to the Committee on figures for the Council's purchasing of goods and services.

Resolved: That the report be noted.

25. Counter Fraud Strategy & Whistleblowing Policy & Procedure

The Audit Manager presented the Counter Fraud and Corruption Strategy and Whistleblowing Policy and Procedure set out in the report and appendices. The Strategy set out the Council's approach towards fraud including the desired culture.

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The Whistleblowing Policy was a key part of the control framework to detect fraud. Both policies had been reviewed and reflected current practices.

Members discussed the report. It was confirmed that the whistleblowing process was overseen by the Audit Manager and this was part of her role. Counter fraud and corruption activity was reported to the Committee and the outcomes of any counter fraud investigations would also be reported to the Committee and set out in the annual report.

Resolved: That the Counter Fraud and Corruption Strategy and Whistleblowing Policy and Procedure be noted.

26. Work Plan

Members noted the work plan with the addition of the Risk Strategy Report to the next meeting.

THE MEETING WAS CONCLUDED AT 8.20 PM

CHAIRMAN

Actions From The Meeting Held On 05 October 2023

Action	Meeting date	Description	Updates	Contact Officer(s)
Action 1	5 October 2023	For the Audit Manager to update Members on RAAC risk assessments and training in procedures.		Jen Warrillow Ext: 7053
Action 2	5 October 2023	Officers to provide an update to the Committee on figures for the Council's purchasing of goods and services.	An Email was sent to Members of the Committee on 22/11/23	Alan Mitchell Ext. 7483 Jen Warrillow Ext: 7053

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AUDIT COMMITTEE MEMBER DEVELOPMENT – UNDERSTANDING LOCAL GOVERNMENT ACCOUNTS

Audit Committee – 1 February 2024

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

Status: For Consideration

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext. 7483

Recommendation to Audit Committee:

- (a) The member development be noted.
- (b) Confirm the member development subject for the next meeting.

Introduction and Background

- 1 At the Audit Committee on 4 July 2023 Members received their first member development session and resolved that the Chief Officer - Finance and Trading in consultation with the Chairman devise a timetable for future training sessions and review Member training as required.
- 2 Members also supported the suggestion that each member development session would last roughly twenty minutes and be included as the first main agenda item.

Audit Committee Member Development Programme

- 3 Member development that has taken place since the current committee was formed is as follows:

Committee Date	Member Development
4 July 2023	<ul style="list-style-type: none"> • Organisational Knowledge • Audit Committee Role and Function • Governance
5 October 2023	<ul style="list-style-type: none"> • Risk Management

- 4 Following consultation with the Audit Committee Chairman, the following programme has been agreed:

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Committee Date	Member Development
1 February 2024	<ul style="list-style-type: none">• Understanding Local Government Accounts
TBC	<ul style="list-style-type: none">• External Audit• Internal Audit• Counter Fraud and Whistle Blowing

- 5 Members will have the opportunity to discuss future requirements at each meeting.

Key Implications

Financial

There are no financial implications.

Legal Implications and Risk Assessment Statement

There are no legal implications.

Equality Assessment

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

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

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer – Finance & Trading

INTERNAL AUDIT PROGRESS REPORT

Audit Committee - 1 February 2024

Report of: Audit Manager

Status: For Consideration

Also considered by: None

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee:

1. Note the contents of the report
2. Approve the deferral of 3 high priority audits to the 2024/25 audit plan

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.

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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.

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 2023/24 Audit Plan.

Appendices

Appendix A - Internal Audit Progress Update

Background Papers

[Internal Audit Plan 2023/24](#)

Jennifer Warrillow

Audit Manager

DARTFORD & SEVENOAKS AUDIT PARTNERSHIP

Internal Audit Update Report

1 February 2024



Agenda Item 6

Introduction

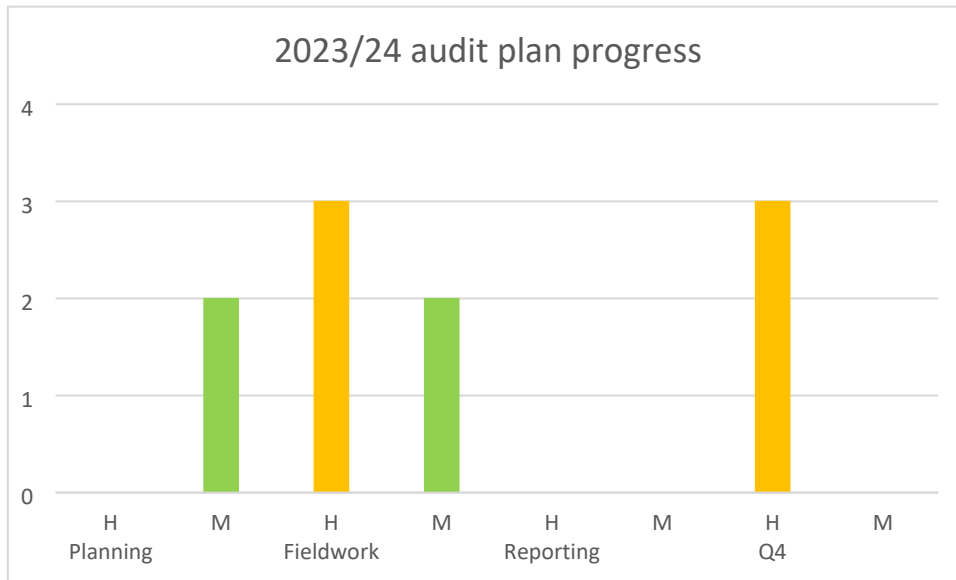
1. Internal Audit is an independent and objective assurance and consulting function. The shared team undertake reviews over the course of the year that are designed to evaluate and improve the Council's internal control, governance and risk management processes. Each individual review contributes towards 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 2023.
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 2 are provided in **Annex A**.

Internal Audit Progress Update

4. Our Trainees have settled in well and have started their apprenticeships with Birmingham City University. In addition to the university study, we are supporting them through mentoring and a gradual introduction to the internal audit process.
5. We have had a Lead Auditor vacancy since May 2023 and are currently going through a recruitment exercise having recently advertised the role, which we hope will be successful.
6. Since our last update in September 2023, we have made the following progress against both the 2022/23 and 2023/24 Audit Plans:

Audit Title	Current Status	Assurance
2022/23 Audit Plan		
Contract Management	Complete	Limited
West Kent Partnership	Fieldwork	
Capital Project Management	Fieldwork	
Net Zero Action Plan	Complete	Reasonable
Business Continuity	Fieldwork	
2023/24 Audit Plan		
Accounts Payable continuous assurance	Fieldwork	
IT Service Desk	Fieldwork	
Community Mobilisation (Better Together)	Fieldwork	
HUG1 grant claim verification	Complete	N/A
Sencio	Fieldwork	
Continuous Staff Performance Monitoring	Fieldwork	
Subject Access Requests	Fieldwork	

7. I have reviewed the 2023/24 audit plan and summarise our progress in the chart below. The issues raised above plus the long term staff shortages causing delays to the previous year have meant that our focus in the first part of this audit year has unfortunately needed to be on completing 2022/23 work. This explains our slow progress towards 2023/24 work. As part of the chart below, you will see when we intend to complete the remainder of the plan.



8. As a result of the Lead Auditor vacancy not being able to be filled earlier in the year, we will not have the resource to complete the number of projects suggested in the Plan that was agreed by Members in March 2023. We proposed to undertake all the high priority projects and approximately 8 medium priority projects. Instead, we will undertake 3 medium priority projects and move the high priority Treasury Management audit to 2024/25.
9. Additionally, pressures within services mean that we will be unable to complete the Performance Management audit and the assurance provided through the ongoing Capital Project Management audit means it would be appropriate to move the review of a Capital Project to next year.

Internal Audit Outcomes

10. Since the last update report in September, we have completed a further 2 audits. I provide the summaries of the completed audits over the page along with their associated assurance ratings (definitions found at **Annex B**):

Contract Management – Issued October 2023

Limited

1. The objective of the audit was to seek assurance over the management of contracts and to ensure the Council is meeting its obligations under the Local Government Transparency Code 2015.
2. The Council does not have a dedicated contract management resource and relies on the experience and knowledge of officers when it comes to the management of contracts. There is no contract management framework, guidance or training, which has led to an inconsistent approach across the authority, including officers not maintaining records of performance and not having a copy of a contract.
3. The Council is also failing to meet the Local Government Transparency Code 2015 to publicise active contractual agreements. The contract register available from the website is dated June 2018. A contracts register is held that is not published, however, this is not a complete record of the contracts held by the Council.

Priority Ranking	Number of audit actions	Actions agreed	Risks accepted by management
High	6	6	0
Medium	1	1	0
Total	7	7	0

Net Zero Action Plan – Issued November 2023

Reasonable

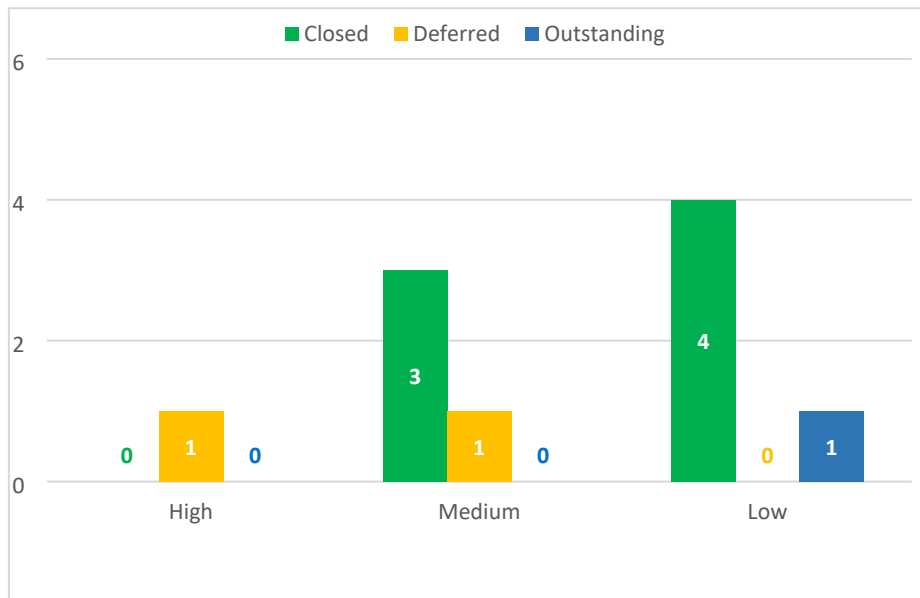
1. The objective of this audit was to review the governance arrangements for the 2022/23 Net Zero Action Plan. The scope of this audit did not include providing on assurance on whether the Council will achieve net zero by 2030.
2. We found sufficient progress is being made towards the action plan, with governance mechanisms in place to scrutinise progress made and suitable monitoring controls. The action plan is aligned with the Council's Net Zero 2030 Actions 2022/23 document, Council Plan, and the Kent and Medway Climate Strategy Implementation Plan. Although the Net Zero Project Officer role is currently vacant, there is an appropriate mix of officers responsible for delivering the net zero plan, and relevant training has been provided, with more being provided where necessary.
3. A longer-term strategy setting out how net zero will be achieved is not in place, however the Carbon Reduction Plan will determine the pathway when agreed.

4. The table below provides a summary of the number of priority rated actions we have raised.

Priority Ranking	Number of audit actions	Actions agreed
Medium	2	2
Advisory	1	1
Total	3	3

Follow Up

18. 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 2 this financial year.



19. The outstanding action relates to an action from the Corporate Landlord Liabilities audit that was reliant on the implementation of a new asset management system though we have had no update from the service recently to confirm whether progress has been made towards implementation. The deferred high priority action, has since been implemented.

Internal Audit Performance

20. **Annex A** contains the results of our Performance Indicators (PIs) for Quarter 2 (July - September). Our PIs indicate an improvement in some areas, though there is still some work to be done in relation to timeliness of audit delivery. Ensuring that our 3 new members of the team have been properly supported as they settle into their roles and

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gain experience required to undertake audits continues to have an impact on our performance as reported.

Conclusion

11. While slower than desired, completion of prior year's audit work is progressing well and is improved from recent years. Work on the 2023/24 audit plan has started and is in line with anticipated timings given the delays in completing 2022/23 work. I expect that enough work will have been completed for an annual opinion to be included in my Annual report to the Audit Committee in July 2024.
12. 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 Q2 (July to September 2023)

Finance: Associated performance indicators	Q2 2023	Internal processes: Associated performance indicators	Q2 2023
F1: Percentage of budgeted days taken to complete projects – <i>Target 110%</i> Reported on a cumulative basis Indicator measures any variance between the days agreed on the final brief vs. the actual time coded	125%	I1: Percentage of draft audit reports issued by the date given on the final audit brief - <i>Target 70%</i> Reported quarterly Indicator measures the efficiency of our audit work and effective engagement between auditors and clients	0%
F2: Chargeable days – <i>Target 65%</i> Reported on a quarterly basis Indicator measures the actual chargeable activities against the assumptions made in the audit plan	58%	I2: Average time taken between issue of the DRAFT report and FINAL report – <i>Target 15 working days</i> Reported quarterly Indicator measures the effectiveness of our process to finalise audit reports and currency of reporting	17 days
Client satisfaction: Associated performance indicators	Q2 2023	Learning & Development: Associated performance indicators	Q2 2023
C1: Percentage of audits with real time service improvements – <i>Information only.</i> 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	17%	L1: Audit actions fully implemented within agreed timescales – <i>Target 80%</i> Reported quarterly Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process	71%
C2: Respondents agreement with the audit actions – <i>Target 90%</i> Reported on a project by project basis Indicator measures Client agreement to the audit findings and resulting actions from our audit work	100%	L2: Number of audits using data analytics tools – <i>Target 60%</i> Reported quarterly Indicator measures our development of the use of data analytics to enable greater assurance to be provided.	17%

Annex B - Definitions of Assurance ratings:

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

Risk Management Strategy

Audit Committee - 1 February 2024

Report of: Audit Manager

Status: For Decision

Also considered by: None

Key Decision: No

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer: Jennifer Warrillow, Ext. 7053

Recommendation to Audit Committee:

Approve the Risk Management Strategy.

Reason for recommendation: The Audit Committee, through its Terms of Reference, has responsibility for maintaining an overview of risk management development and operations. Part of this role is to approve the Risk Management Strategy.

Introduction and Background

- 1 The Council aims to effectively manage all risks to the achievement of its objectives, both in terms of reducing threats to an acceptable level and maximising available opportunities. The risk management strategy has been reviewed and minor amendments made to reflect current practice and structures.
- 2 The Audit Committee are asked to approve the attached Risk Managements Strategy.

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.

There are no legal implications associated with this report.

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The Risk Management Strategy is designed to mitigate both the likelihood and the impact of the Council's exposure to risks.

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

The Risk Management Strategy has been written based on the latest good practice and should assist the Council the effectively manage risks to the achievement of its objectives, both in terms of reducing threats to an acceptable level and maximising available opportunities.

Appendices

Appendix A - Risk Management Strategy

Background Papers

None

Jennifer Warrillow

Audit Manager



Risk Management Strategy

SEVENOAKS DISTRICT COUNCIL

Author	Date	Approved by	Date	Date of next review
Jen Warrillow, Audit Manager	December 2023	Strategic Management Team	15 January 2024	January 2026
		Audit Committee	1 February 2024	

RISK MANAGEMENT STRATEGY

ITEM	CONTENTS	PAGE No
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3	Roles and responsibilities	3
4	Risk Appetite	5
5	Risk Management Process	6
6	Interdependencies and information flows	8
7	Strategy Review	8

1. POLICY STATEMENT

- 1.1 Risk Management is “the sum of the co-ordinated activities designed and operated to manage risk and exercise internal control within an organisation. Robust risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced.” (HM Government – The Orange Book: Management of Risk – Principles and Concerns).
- 1.2 The Council aims to effectively manage all risks to the achievement of its objectives, both in terms of reducing threats to an acceptable level and maximising available opportunities. Risk is present in all of the Council’s activities and it is therefore neither prudent or desirable to eliminate all risk. The Council supports a focused and empowered corporate approach to managing risks, whereby it will not be averse to a degree of commercial risk but where risk decisions are focused, balanced and proportionate.
- 1.3 The objectives of the Council’s risk management strategy are to:
- Ensure the highest standards of corporate governance, in order to protect the interests of our community and our stakeholders
 - Embed risk management into everyday operations so that the Council is able to anticipate, and proactively respond to, changes and events that may impact on the delivery of objectives
 - Ensure that risk management is integral to decision making processes so that potential impacts are clearly understood and decisions are made on the basis of the best available information
 - Enable the Council to achieve its strategic and operational objectives by recognising and managing possible events that may impact on this
 - Enable the Council to anticipate and respond to changing social, environmental and legislative requirements
 - Enable the Council to identify opportunities to maximise positive outcomes
 - Safeguard and protect our residents, staff and wider community
 - Embed a collaborative approach to risk management through sharing and aggregation of risk knowledge, thus enhancing risk awareness, responses and reporting.

2. DEFINITIONS

- 2.1 A **risk** is defined as “the possibility of an event occurring which may impact the achievement of objectives.”
- 2.2 A **control** is “any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance and ensures sufficient actions are completed to provide reasonable assurance that objectives and goals will be achieved.”
- 2.3 A **key control** is a primary control that is important to the management of risk; it may cover more than one area or it may fulfil a function that no other control fulfils.

December 2023

3. ROLES AND RESPONSIBILITIES

- 3.1 All officers and Members have a role to play in risk management, as risks may arise in any part of the Council’s operations. In particular, managers and staff who are accountable for achieving an objective are accountable for managing risks to achieving that objective.
- 3.2 Other individuals in the Council, such as those with responsibility for Health and Safety have responsibility for risk specialisms. Representatives from particular specialisms will be part of the Corporate Risk Management Group (CRMG) so that their work co-ordinates, and feeds into, wider risk management arrangements in the Council.
- 3.3 Key roles and responsibilities are set out below.

Area	Responsibility
Audit Committee	<ul style="list-style-type: none"> • Approve the Risk Management Strategy on behalf of Full Council • Maintain an overview of the effective development and operation of risk management in the Council, which is achieved by periodic reporting and monitoring, and independent assurance • Review the risk register on a six monthly basis
Strategic Management Team (SMT)	<p>As a collective, Strategic Management Team:</p> <ul style="list-style-type: none"> • Own, and are accountable for, the Strategic Risk Register (SRR) • Ensure that all risks have been identified, that all scores and responses selected are appropriate, and that effective controls are in place to manage the risk to the desired levels • Set the risk management strategy and determine the risk appetite, prior to final approval by Audit Committee • Ensure there are resources and arrangements in place to provide periodic assurance on the risk management framework (as this cannot be undertaken by the in house internal audit team)

<p>Chief Officer – Finance and Trading (s151 Officer)</p>	<ul style="list-style-type: none"> • The Chief Officer – Finance and Trading leads on Risk Management at SMT • This includes preparing and promoting the Risk Management Strategy and ensuring that this is maintained under regular review • They will also chair the CRMG, or delegate this role to a suitable deputy
<p>Chief Officers & Assistant Chief Executive</p>	<p>Individually, Chief Officers are responsible for:</p> <ul style="list-style-type: none"> • Acting as ‘risk owners’ for identified risks on the Strategic Risk Register, including regular updates and ensuring the effectiveness of the controls to manage the risk within risk appetite • Ensuring that there are effective arrangements for Risk Management within their own areas, in line with the Risk Management Strategy, including risk escalation where appropriate • Ensuring that suitable resource is committed to the Corporate Risk Management Group
<p>Heads of Service / Service Managers</p>	<p>Heads of Service / Service Managers are responsible for:</p> <ul style="list-style-type: none"> • Identifying risks within their own service areas • Maintaining up to date operational level risk registers, updating at least quarterly • Implementing controls to manage those risks where appropriate • Monitoring the effectiveness of the controls to manage the risk • Ensuring that the operational risk register is subject to regular scrutiny, including the agreement of target scores
<p>Corporate Risk Management Group (CRMG)</p>	<p>The Corporate Risk Management Group will:</p> <ul style="list-style-type: none"> • Consider and review updates to the Risk Management Strategy and Guidance • Champion and co-ordinate risk management activities across the Council • Ensure that operational risk registers are reviewed on a regular basis • Review operational risk registers as a collective to identify any cross cutting risks that should be considered for escalation to the Strategic Risk Register • Provide scrutiny and challenge to the Strategic Risk Register, where appropriate

<p>Audit Manager</p>	<p>The Audit Manager will</p> <ul style="list-style-type: none"> • Maintain and review the Risk Management Strategy and guidance in line with best practice • Participate in the CRMG • Facilitate the update of the SRR • Co-ordinate risk reporting on behalf of the CRMG, including aggregate reports of service risk registers
<p>All elected Members and staff</p>	<ul style="list-style-type: none"> • Identify risks and contribute to the management of risks as relevant and appropriate. • Project / Programme / Contract Managers are also responsible for ensuring that risk management is embedded with their project / programme / contract

4. RISK APPETITE

- 4.1 The Council recognises that it is not possible or desirable to eliminate all risk. Some acceptance or exploitation of risk may be necessary in order to maximise opportunities; other risks may be outside the control of the Council or it may not be cost effective to reduce the risk further.
- 4.2 Any risks with a current score within the ‘High’ category will be considered outside the Council’s risk tolerance and further action to reduce the risk will be necessary.
- 4.3 Any ‘Medium’ risks currently scoring 10 or above are also likely to be outside the Council’s risk appetite. Careful consideration should be given as to whether further, cost-effective action can further reduce impact or likelihood.
- 4.4 ‘Low’ scoring risks will be considered within the organisation’s risk appetite and further action may not be necessary.
- 4.5 In practical terms, the risk appetite for each risk will be articulated through the target score applied to the risk (see Guidance Section 4). All risks must be given a target score as well as the inherent and current scores. The target score will provide the level of risk that the Council is prepared to accept for that particular risk; hence it is important that the target score is subject to regular scrutiny separate from the risk owner. Target score may be taken to include meaning a maximum or minimum, as relevant, rather than solely an objective to be reached. The target score will also take into account the available capacity and resource to manage the risk, including cost / benefit of further controls or mitigation measures.

5. RISK MANAGEMENT PROCESS

5.1 The risk management process is cyclical and consists of the following stages:

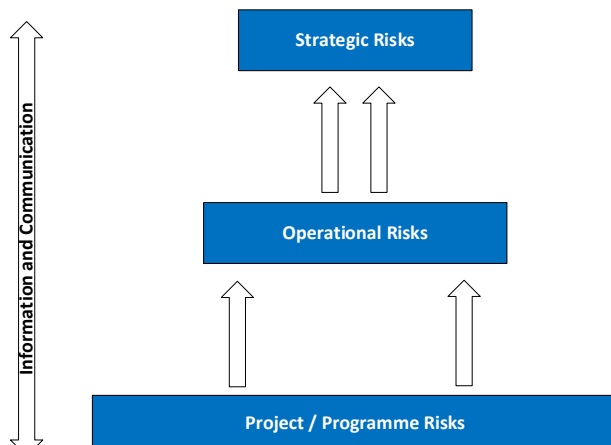


Diagram 1 – Risk Management Process

5.2 Further information on each of these stages is set out in the **Risk Management Guidance**.

5.3 Risk management takes place on three levels: Strategic, Operational and project / programme / contract as per the diagram below. The table explains each of these levels in greater detail:

Diagram 2 – Risk Management Level



Type of Risk	Description
<p>Strategic</p>	<ul style="list-style-type: none"> • Strategic risks are captured on the Strategic Risk Register (SRR) • Risk owners at this level will usually be a member of SMT although there may also be a named Senior Manager with joint responsibility. • The SRR is updated and presented to SMT quarterly; these updates are facilitated by the Audit Manager in discussion with risk owners. • The SRR is presented twice yearly to Audit Committee for assurance.
<p>Operational (Service Level)</p>	<ul style="list-style-type: none"> • Operational level risk management is owned by the relevant Service Manager or Head of Service. • Chief Officers ensure that effective arrangements are in place in their own services. • Service level risks are captured on operational risk registers which are owned by the relevant service manager / Head of Service. These should be updated as often as is necessary. However, as a minimum they should be updated quarterly. • Individual Chief Officer areas will need to establish processes for ensuring that operational risk registers are subject to collective scrutiny and debate. This could be achieved by: <ul style="list-style-type: none"> ○ Review and discussion at service management team meetings ○ Submission to the Chief Officer alongside Service Plans ○ Review and discussion with the Chief Officer during regular 121s. • Any 'High' risks should be considered for escalation to the Strategic Risk Register, in discussion with the relevant Chief Officer. • The CRMG reviews Service risk registers as a collective to identify any cross cutting risks, interdependencies and any discrepancies in risk appetite or response.
<p>Project / Programme / Contract</p>	<ul style="list-style-type: none"> • Individual projects, programmes and contracts should have their own risk registers to capture and monitor risks. • These are the responsibility of the project / programme / contract manager and should be discussed regularly at project / programme boards. • Any 'High' risks should be considered for escalation to the operational risk register.

6. INTERDEPENDENCIES AND INFORMATION FLOWS

- 6.1 The cyclical process set out above in *Diagram 1 – Risk Management Process* should be in place at each of these three levels. However, none of the levels operate in isolation as there are links, interdependencies, escalation routes and information flows among them.
- 6.2 As a minimum, any risks with a current net score of ‘High’ should be considered, in conjunction with the Service Manager or Chief Officer, for escalation to the next level.
- 6.3 Similarly, any cross-cutting risks identified on two or more service risk registers should be considered for inclusion on the Strategic Risk Register.
- 6.4 The CRMG will review service level risk registers to identify any cross-cutting risks and interdependencies, and an annual report on aggregate risks from these registers will be provided to SMT.

7. STRATEGY REVIEW

- 7.1 The Risk Management Strategy will be reviewed and presented to Audit Committee for approval every two years at a minimum.

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Audit Committee 2023/24 - Work Plan

	16 April 2024	Summer 2024	Autumn 2024
Internal Audit (Irregularities to be reported confidentially as & when necessary)	Internal Audit Progress Report 2023/24 Internal Audit Plan 2024/25	Internal Audit Annual Report and Opinion 2023/24	
Accounts and External Audit		Statement of Accounts 2021/22 External Audit - Annual Audit Report 2021/22 Statement of Accounts 2022/23 External Audit - Annual Audit Report 2022/23 Statement of Accounts 2023/24 - Establishment of Member Working Group	

	16 April 2024	Summer 2024	Autumn 2024
Other	<p>Audit Committee Member Development</p> <p>Strategic Risk Register</p> <p>Independent Members Terms of Office</p>	<p>Audit Committee Member Development</p> <p>Audit Committee Terms of Reference</p> <p>Counter Fraud and Compliance Team Report</p> <p>Annual Governance Statement 2023/24</p> <p>Review of the Effectiveness of the Audit Committee 2023/24</p>	