



East Cambridgeshire District Council

Meeting: Audit Committee

Time: 4:30pm

Date: Monday 16 October 2023

Venue: Council Chamber, The Grange, Nutholt Lane, Ely, CB7 4EE

Enquiries regarding this agenda: Tracy Couper

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Committee membership

Quorum: 5 members

Conservative Members

Cllr David Brown (Chairman)

Cllr Keith Horgan

Cllr Kelli Pettitt (Vice-Chairman)

Substitutes:

Cllr Christine Ambrose-Smith

Cllr Lavinia Edwards

Cllr Lucius Vellacott

Liberal Democrat Members

Cllr Charlotte Cane (Lead Member)

Cllr Christine Whelan

Substitutes:

Cllr Mary Wade

Cllr Gareth Wilson

Lead Officer: Ian Smith, Director Finance

AGENDA

- 1. Public Question Time** [oral]
The meeting will commence with up to 15 minutes public question time
- 2. Apologies and substitutions** [oral]
- 3. Declarations of Interest** [oral]
To receive declarations of interest from Members for any Items on the Agenda in accordance with the Members Code of Conduct

4. Minutes

To confirm as a correct record the Minutes of the meeting of the Audit Committee held on 17th July 2023

5. Chairman's announcements

[oral]

6. Corporate Risk Register – review (A6 and C3)

7. Risk Management Policy and Framework update

8. Annual Governance Statement 2022/23 – first draft

9. Draft Statement of Accounts 2022/23

Due to their size, the draft Statement of Accounts at Appendix 1 has been printed separately to the Agenda and a copy is available with the Agenda on the Council's website www.eastcambs.gov.uk

10. Information Governance annual report

11. Internal Audit progress report

12. Forward Agenda Plan and dates of January and March 2024 meetings

NOTES:

1. Members of the public are welcome to attend this meeting, but due to Covid-related room capacity restrictions they are asked, where possible, to notify the Democratic Services Manager (tracy.couper@eastcambs.gov.uk) in advance. Members of the public can gain entry by reporting to Reception during Office Hours or can enter via the door in the glass atrium at the back of the building for evening meetings.

The meeting will be webcast and a live stream of the meeting will be available. Further details can be found at www.eastcambs.gov.uk/meetings/audit-committee-161023 Please be aware that all attendees, including those in the public gallery, will be visible on the livestream.

2. Public Questions/Statements are welcomed on any topic related to the Committee's functions as long as there is no suspicion that it is improper (e.g. offensive, slanderous or might lead to disclosures of Exempt or Confidential information). Up to 15 minutes is allocated for this at the start of the meeting. Further details about the Public Question Time scheme are available at: <https://www.eastcambs.gov.uk/committees/public-question-time-scheme>
3. The Council has adopted a 'Purge on Plastics' strategy and is working towards the removal of all consumer single-use plastics in our workplace. Therefore, we do not provide disposable cups in our building or at our meetings and would ask members of the public to bring their own drink to the meeting if required.
4. Fire instructions for meetings:

- If the fire alarm sounds please make your way out of the building by the nearest available exit i.e. the back staircase or the fire escape in the Chamber. Do not attempt to use the lifts.
- The fire assembly point is in the front staff car park by the exit barrier.
- The building has an auto-call system to the fire services so there is no need for anyone to call the fire services.

The Committee Officer will sweep the area to ensure that everyone is out.

5. Reports are attached for each agenda item unless marked “oral”.
6. If required, all items on the agenda can be provided in different formats (e.g. large type, Braille or audio tape, or translated into other languages), on request, by calling Main Reception on (01353) 665555 or e-mail: translate@eastcambs.gov.uk
7. If the Committee wishes to exclude the public and press from the meeting, a resolution in the following terms will need to be passed:

“That the press and public be excluded during the consideration of the remaining item no(s). X because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the item(s) there would be disclosure to them of exempt information of Category X of Part I Schedule 12A to the Local Government Act 1972 (as amended).”



East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee held in the Council Chamber, The Grange, Nutholt Lane, Ely on Monday, 17 July 2023, at 4.30pm.

PRESENT

Cllr David Brown (Chairman)
Cllr Charlotte Cane
Cllr Keith Horgan
Cllr Kelli Pettit (Vice-Chairman)
Cllr Christine Whelan

OFFICERS

Ian Smith – Director Finance & S151 Officer
Tracy Couper – Democratic Services Manager & Deputy Monitoring Officer

IN ATTENDANCE

Rachel Ashley-Caunt – Head of Internal Audit (IA)
Mark Hodgson – External Audit, Ernst & Young (EY)
Jacob McHugh – External Audit, Ernst & Young (EY)

3. **PUBLIC QUESTION TIME**

No public questions were received.

4. **APOLOGIES AND SUBSTITUTIONS**

No apologies for absence were received.

5. **DECLARATIONS OF INTEREST**

No declarations of interests were made.

6. **MINUTES**

The Committee received the Minutes of the meetings held on 20 March and 25 May 2023.

It was resolved:

That the Minutes of the meetings of the Committee held on 20 March and 25 May 2023 be confirmed as a correct record and signed by the Chairman.

7. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed new and returning Members of the Committee to the first substantive meeting following the District Council Elections and stated that he was looking forward to working with them.

8. **EXTERNAL AUDIT – AUDIT RESULTS REPORT FINAL UPDATE**

The Committee considered the final update of the Annual Results Report (reference Y31 previously circulated).

Mark Hodgson, from External Auditors EY, stated that all substantive matters outstanding at the end of March had now been concluded and final closing procedures were being completed with an intended sign-off on Wednesday 19 July 2023.

Mr Hodgson reported that there had so far been no uncorrected differences and 7 material corrected differences as stated on page 7 of the Audit Results Report.

Since 20 March meeting:

- One omission of expenditure of £550K had been identified relating to a CIL receipt from Cambridgeshire County Council and this now had been correctly recorded in the accounts.
- Corrections relating to the Fixed Asset Register Transfer had been made.
- The Group Accounts had been updated to reflect receipt of audited accounts and changes to the main accounts.
- A note on Exit Packages had been included relating to a payment of £25K, but this was below the materiality threshold.

Mr Hodgson also highlighted the impact of the triennial Pensions Valuation report of £2.6M and the recommendation on authorising of Journals before positing to the General Ledger.

Therefore, Mr Hodgson anticipated giving an unqualified audit opinion as detailed in section 3 of the report. No additional assurances were required and no risks had been identified as a result of the Value for Money (VFM) Audit, resulting in an unqualified VFM conclusion.

In response to a request by the Chair, Mr Hodgson gave an update on the Audit Plan for 2022/23. He referred to the letters on this matter sent to the Council on 13 March and 30 March 2023 explaining the national position and impact upon local authority audits. Currently the national position remained that no audits would commence before 1 November 2023, but a DLUHC meeting was taking place today on the issue, which may result in a revised position. Members queried the timetable for this Council, but Mr Hodgson stated that the schedule had yet to be determined due to the national situation.

A Member expressed concern that the audit was a key assurance control for this Council and questioned how this Committee could gain alternative assurances in the absence of such a key control. They suggested that a rolling process to

examine key areas of risk, with the relevant officers responsible for those risks being invited to this Committee to explain how these were reviewed and monitored, similar to the Internal Audit approach referred to in a later agenda item, might be an appropriate alternative.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

A Member asked for further elaboration on one of their questions relating to the Letter of Representation, and the Director Finance explained that the Letter of Representation was a consistent document which was little changed over a number of years and therefore ongoing monitoring of processes/procedures by CMT took place to ensure that they correlated with the requirements of the Letter.

Councillor Cane then moved that:

The report be noted and

- The decision to produce a CIPFA Checklist for the 2022/23 Accounts be welcomed;
- It be proposed that the Council puts in documented authorisations for Journals before posting; and
- It be proposed that the Council reviews the Minimum Revenue Provision (MRP) Policy in line with the expected Statutory Guidance.

During discussion of the above Motion, the Chairman agreed to second the first 2 points but stated that the MRP issue needed to await the legislation and statutory guidance in the Autumn. The Director Finance reported that work had already commenced to address the Journals issue.

The Chairman thanked External Audit for their attendance and clear and comprehensive explanations.

It was resolved:

That the final update of the 2021/22 Audit Results Report be noted and:

- The decision to produce a CIPFA Checklist for the 2022/23 Accounts be welcomed;
- It be proposed that the Council puts in documented authorisations for Journals before posting; and
- It be proposed that the Council reviews the Minimum Revenue Provision (MRP) Policy in line with any legislation and Statutory Guidance.

9. **STATEMENT OF ACCOUNTS 2021/22**

The Committee received a report (reference Y32, previously circulated) containing the Statement of Accounts for 2021/22.

The Director Finance stated that the Accounts were the position at the point of Agenda publication and that External Audit were concluding final checks to enable sign-off on 19 July 2023, so these remained subject to change.

A Motion to accept the recommendation in the report to approve the Statement of Accounts was proposed and seconded.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

In response to a further Member question, the Director Finance gave an additional explanation of the difference between 'substance' and 'materiality', explaining that for the main tables at the start of the Statement, the materiality detailed in the Audit Results Report would be relevant, but if an adjustment greater in value was needed to a note, that this may be considered acceptable. Another Member commended the review of Street Cleansing schedules taking place which would hopefully improve quality and consistency for the local community.

A Member stated that they had struggled to understand the various iterations of the Statement of Accounts and associated Audit reports. Therefore, they suggested that this would have been assisted by a schedule to show the changes between the different versions. Because of this, they would be abstaining on the vote on the Accounts, which reflected their difficulty to fully understand rather than any perceived defect in the Accounts themselves.

It was resolved:

That approval be given to the 2021/22 Statement of Accounts as set out in Appendix 1, subject to the Director Finance, in conjunction with Ernst & Young (EY) and the Chairman of Committee, being authorised to make changes in relation to issues discussed during the previous item on the agenda in relation to the Audit Results Report, identified since the agenda was dispatched, and then, if required, any other changes that, in the opinion of the Section 151 Officer, do not impact on the overall substance of the Accounts, this prior to final sign-off by EY on or around the 18th July 2023.

10. **INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022/23**

The Committee considered a report (reference Y33, previously circulated) containing the Chief Internal Auditor's annual assurance opinion on the Council's governance, risk and control framework for 2022/23 and the basis for this opinion.

The Chief Internal Auditor, Rachel Ashley-Caunt, introduced herself, explained her role and summarised the content of the Annual Report for the benefit of new Members of the Committee. She also highlighted that the assurance ratings in the Annual Report were those in place for the preceding year, so the titles would differ in the next agenda item relating to the progress report for the current year.

Members commended the content of the report, rolling risk reviews and the helpful and responsive approach of the Internal Audit (IA) Team to Member queries.

A Member commented that the rolling risk review reports would benefit from attendance of the risk owner to answer questions when the report was considered by this Committee.

It was resolved:

That the Internal Audit Annual Report and Opinion for 2022/23, as detailed in Appendix A to the report, be noted.

11. **INTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report (reference Y34, previously circulated) advising Members of the work of Internal Audit completed for the financial year to date and the progress against the Internal Audit Plan.

The Chief Internal Auditor, Rachel Ashley-Caunt, highlighted Table 1 in the Progress Report showing the full Internal Audit Plan for 2023/24, for the benefit of new Members to the Committee.

She then summarised the content of the update report and the outcome of the two audits completed since the last meeting of the Committee – a follow-up on Asset related audits and the audit of fees and charges. Ms Ashley-Caunt also reported on the outcome of the rolling risk assurance review on risk A2 relating to East Cambridgeshire Trading Company (ECTC).

A Member commended the fact that only a handful of audit recommendations remained outstanding from the preceding year.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

Further questions/comments were raised by Members as follows:

With regard to the responses to the questions relating to ECTC, a Member commented that these were reassuring up to a point, but the existence of key documents such as a Business Plan, etc, did not ensure that the Trading Company was delivering against the Plan. The Member stated that the business model of ECTC of building and selling houses constituted a significant area of risk and the Member was not convinced that it had been demonstrated that controls were in place to effectively manage those risks. For example, a Shareholder Seminar had yet to take place and should have happened close to the year end in March. Similarly, the Member believed that the IA recommendation A2.07, arising from the rolling risk assurance review on risk A2 relating to East Cambridgeshire Trading Company (ECTC), to clarify the required/expected attendance of the S151 Officer and Monitoring Officer at Board meetings should not be changed from the stated 'requirement' for

attendance by the two Statutory Officers, as this was another key control. The Director Finance commented that, whilst this was a matter for the Board/Council to consider, a requirement to attend seemed too rigid. The Chairman suggested that 'expected' attendance may be a more reasonable approach.

With regard to the audit of Fees and Charges, a Member suggested that the development of a clear corporate charging policy for discretionary charges should be undertaken. It was further suggested that a formal review should take place in the Autumn/Winter 2023, of charges were this has not happened for some time, to enable the results of the review to feed into the 2024/25 Budget setting process.

On the follow-up Asset related audits, a Member commented that there should be a mechanism for the relevant Committee(s) to approve/be informed of cases where rents were discounted below a defined threshold.

It was resolved:

That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings, as set out in Appendix 1 of the submitted report, be noted.

12. **CORPORATE RISK MANAGEMENT MONITORING REPORT**

The Committee considered a report (reference Y35, previously circulated) providing Members with a copy of the latest Corporate Risk Register.

The recommendation to note the report was moved and seconded.

Councillor Cane then moved the following amendment which was seconded by Councillor C Whelan:

The Committee notes the Corporate Risk Register and:

- (i) Asks the Risk Management Group (RMG) to change the control on risks A2 and A6 to 'S151 Officer and Monitoring Officer be expected to attend Board meetings as representatives of the Council and report on attendance to the Audit Committee'
- (i) Asks the RMG to review risks A6 and C3 in the light of the 2022/23 overspend of almost £500K not being reported to Council until February 2023, Internal Audit reports and other evidence; and
- (ii) Invites Members of the Audit Committee to attend the meeting when this review is discussed.

Speaking on the amendment, Councillor Cane stated that ECSS was not delivering on the Business Plan or performance indicators and had needed the approval of additional funding of £500K at the February 2023 Council meeting. This and other factors indicated that compliance testing was not being effectively undertaken and non-documentation and non-compliance was a failure. Therefore, regular monitoring of the risk was required, but the RMG did not produce notes of its meetings to record how risks were reviewed and monitored.

Therefore, Members of the Audit Committee needed reassurance that effective processes were in place.

During discussion on the amendment, the Director Finance explained that he chaired the RMG and it comprised all Directors and the Health and Safety Manager. Therefore, he reported back to this Committee in that capacity and also could convey the views/recommendations of this Committee to the RMG.

Speaking as seconder of the amendment, Councillor Whelan expressed concern that the Committee would not know the reasons for the risk ratings if no notes of meetings were produced. The Director Finance stated that the Risk Register detailed the views of the RMG and, as such, was the notes of the meeting. Councillor Cane commented that the Risk Register was a summary of the ratings but not the discussions behind them.

Following further discussion by Members it was agreed that the first two parts of the amendment could be accepted but that the Chairman and Opposition Lead Member for the Committee should discuss with the Chief Executive point (iii) regarding possible attendance by Members of the Audit Committee at the relevant RMG meeting.

A number of questions relating to this Agenda item had been submitted by Members prior to the meeting and these, along with answers provided by officers, were set out in Appendix 1 to these minutes.

Further comments were made on other individual risks within the Risk Register as follows:

Risk A3: Further detailed statistical information was required on the Housing Need within this District and the number of Social Houses empty and time periods. The relevant Committee also should be recommending the production of a Housing Strategy for the Council.

Risk A4: A Member commended the response to this question.

Risk D8: A Member stated that they would seek further clarification/information on the responses to these questions.

It was resolved:

That the update report and Corporate Risk Register, as set out in Appendix 2 of the report, be noted and:

- i. The Risk Management Group (RMG) be asked to change the control on risks A2 and A6 to 'S151 Officer and Monitoring Officer be expected to attend Board meetings as representatives of the Council and report on attendance to the Audit Committee';
- ii. The RMG be asked to review risks A6 and C3 in the light of the 2022/23 overspend of almost £500K not being reported to Council until February 2023, Internal Audit reports and other evidence; and

- iii. The Chairman and Opposition Lead Member for the Committee discuss with the Chief Executive possible attendance by Members of the Audit Committee at the RMG meeting when this review is discussed.

13. **FORWARD AGENDA PLAN**

The Committee received the Forward Agenda Plan.

Members raised the additional items for inclusion on the Agenda Plan as listed below.

In connection with the item on the Annual Review of the work of the Committee using the CIPFA template, the Chief Internal Auditor, Rachel Ashley-Caunt, stated that she supported this process for a number of Audit Committees at the end of each calendar year and could do the same for this Committee, as well as providing training and guidance on the new CIPFA checklist and producing an action plan/training plan for the Committee.

It was resolved:

That the Forward Agenda Plan be noted and the following items included on the Agenda Plan:

- That an informal meeting between the Auditors and Members of the Audit Committee be scheduled before the January 2024 meeting of the Committee;
- That an Annual Review of the work of the Committee using the CIPFA template be scheduled for January 2024 meeting of the Committee;
- That the External Audit Plan be provisionally scheduled for March 2024 meeting of the Committee;
- That the draft Annual Governance Statement be provisionally scheduled for July 2024 meeting of the Committee.

The meeting closed at 6.24pm.

Chairman:.....

Date:

AUDIT COMMITTEE
17th JULY 2023
QUESTIONS FROM MEMBERS OF COMMITTEE

Questions received from the Conservative Group

Agenda Item 6 – External Audit – Audit Results Final Up-date Report

<p>Balance Sheet – Net Pension Liability</p> <p>Whilst it is not uncommon for liabilities to be understated (or overstated) the amount in this case (£2.665m) is significant and therefore could be considered to have a material impact on the accounts. Noting that a revaluation of the pension plan assets (£0.150m reduction in the overall liability) can you explain how this matter came about and what changes will be made to avoid recurrence in future years.</p>	<p>Both these valuations were prepared by the Pension Fund actuary. The revised valuation was requested by EY to ensure that the consequences of the Triennial valuation had been picked up in the value included in the Accounts. All councils that had not already had their Accounts signed-off were asked to do this. When this was done, some assumptions used in the original calculation were overwritten by actual information which resulted in the information changing.</p> <p>In normal times, the time between the Pension valuation and the Audit taking place is small and so the likelihood of change is small. However, with the current delays in the Audit process, there is a possibility that a revised valuation may need to be obtained for the 2022/23 Accounts.</p>
<p>Comprehensive Income & Expenditure Statement – Grant Income</p> <p>On the face of it this would appear as a simple case of human error resulting in the double counting of £0.992m of income again in 2021/22 after having already counting it in the 2020/21 accounts. Is this correct and what changes are proposed to stop this happening again?</p>	<p>This was a human error, but as Covid grants have now finished, is not relevant for future years. Covid grants were particularly complicated, as some needed to be treated as principle, while others as agent depending on the amount of control the Council had on their allocation, and as a consequence had to be shown differently in the Accounts.</p>

<p>Balance Sheet – Fixed Asset Register Transfer</p> <p>Could we have an explanation of how these events occurred, and what provisions have been made to minimise the chances of a repeat in future years?</p>	<p>It was a complicated process taking all the data from our spreadsheets and inputting it onto the new software, but this has been done and now fully reviewed as part of the Audit process and we now have the new software fully functional to use moving forward.</p>
<p>Control observations</p> <p>Whilst no significant deficiencies in internal controls were identified the auditor observed that ECDC did not complete a CIPFA Disclosure Checklist. Seemingly this action is considered good practice and should improve confidence in the Council’s controls. Will this be used in the future?</p>	<p>Yes, the CIPFA Disclosure Checklist will be completed in readiness for the 2022/23 Audit.</p>

Agenda Item 9 – Internal Audit Progress Report

<p>Paragraph 3.2 states “At the time of reporting, fieldwork on 37% of assignments within the plan is either complete or in progress.” Does 37% accord with where Internal Audit would expect to be at this stage? i.e. Is internal Audit on track, ahead of schedule or behind?</p>	<p>As it is the end of the first quarter, the view of the Chief Internal Auditor is that this is just right – if not a little ahead of schedule.</p>
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Questions received from Councillor Cane

Agenda Item 6 – External Audit – Audit Results Final Up-date Report

<p>Q for Chief Executive - What reviews does management carry out before signing the Management Representation letter?</p>	<p>The formatting of the Management Representation Letter is very much prescribed. This is prepared by the Director Finance.</p>
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Item 7 – Statement of Accounts 2021/22

<p>Q for Director, Finance - If the accounts are going to be signed on or around the 18th July, please can this Committee have a copy of the final set on 17 July?</p>	
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Agenda Item 9 – Internal Audit Progress Report

Note - All questions directed to ECTC/ECSS Directors are for the Managing Director to respond. In his absence, responses have been provided by the relevant Board Director.

<p><i>Asset related audits</i> Q for IA Were the issues with PAT Water temp and fire door testing at the depot lack of documenting tests/assessments or had the tests/assessments not been carried out?</p>	<p>Officers have advised that PAT testing is now being carried out and water temp testing is carried out on a weekly basis. At the time of the audit, due to staff sickness and annual leave, this was not being performed regularly. This has now been remedied by training other operatives to carry out testing.</p> <p>The fire door assessment was delayed pending completion of works on this site. Note: No concerns were raised about the fire doors in the fire risk assessment carried out in March 2023. This fire risk assessment will also be recommissioned following the completion of works on site.</p>
<p>Q for Director Operations - Are these checks and their documenting now up to date? Are there any outstanding actions arising?</p>	<p>Documentation for the PAT water temp is up-to-date.</p> <p>Documentation for the fire door checks will be finalised after the new fire doors (planned as part of the depot refurbishment works) are installed and labelled (for the benefit of a corresponding number list).</p>
<p>Q for Director Operations - Do we now have EPC ratings for all leases?</p>	<p>There are two outstanding EPC's - Portley Hill Depot. This will be completed as soon as possible after the Depot Refurbishment Works are complete (estimated in the Autumn). Maltings Cottage, Ely. The new requirement means that there is now a need for an EPC even where the lease already exists. ECDC are in discussions with City of Ely Council on the current state of the building. Once a plan is in place an EPC will be completed.</p>

<p>Q for Director Operations - Do we now have a system for ensuring rent reviews are carried out and documentation for agreed rent discounts?</p>	<p>There is now a system in place. There is now a 'centralised' requirement for the Asset Manager to give notice to the relevant Service Manager or responsible officer that a rent review is due.</p> <p>The last rent review date and the next rent review date are now logged in the system which will trigger the Asset Manager to send an early reminder.</p>
<p><i>ECTC Risk Register</i> Q for Director Finance – In what ways does having a business plan, articles of association and a shareholder agreement reduce the risk of failure to deliver against the business plan and expected levels of performance?</p>	<p>Finance & Assets Committee approve the Business Plan, which includes the ECTC Risk Register, on an annual basis and receive management accounts, final accounts and a half year update for noting. Additionally, the Board Minutes are provided for noting.</p> <p>The Shareholder Agreement sets out the matters reserved for either Council or Shareholder Committee (in this case Finance & Assets Committee) approval.</p> <p>The Articles of Association cannot be amended without Council consent and is therefore a key control document.</p> <p>These documents individually and collectively provide assurance to the Council as Shareholder.</p>
<p>Q for Director Finance - In which years has ECTC delivered to its Business Plan?</p>	<p>ECTC continue to deliver on their Business Plan (save for Grounds Maintenance in 2022/23). The nature of the Property element of the business plan means that in some years house sales are not always in line with the business plan year.</p> <p>For 2022/23 Grounds Maintenance fell behind the financial assumptions provided in the Business Plan. This related to the cost pressure of the NJC pay award. This was comfortably absorbed by ECTC.</p>

<p>Q for Director Finance - How useful is a seminar reviewing the past year and the plans for the coming year, if it is not held 'at the end of each financial year'?</p>	<p>The purpose of the seminar is to provide an update to all Members on the previous year and plans for the 'new' year.</p> <p>Company matters were formally reviewed and commented on by the respective shareholder committees ahead of a new financial year (in March 2023) when the respective committee considered and subsequently approved the Business Plans.</p> <p>A seminar was due to be held in April 2023, however this was delayed due to the District Council Elections in May 2023. Member Seminars since the elections have been focused on key issues that require Members to have key briefings on, additionally there has been Member training. It is intended that the Shareholder seminar will be held in September 2023.</p>
<p>Q for Directors of ECTC - What arrangements have been put in place for the shareholders seminar in summer 2023?</p>	<p>Dates are currently being canvassed to ensure that all of the relevant Directors are in attendance. The plan is to provide a choice of two dates to Members and the date with the highest possible Member attendance will be selected.</p>
<p>Q for Director Finance - In what ways does having an Independent Chairperson reduce the risk of failure to deliver against the business plan and expected levels of performance?</p>	<p>An Independent Chairman is empowered to provide checks and balances as is therefore well placed to asked questions and receive updates on Business Plan progress.</p>
<p>Q for Director Finance - Does the Finance & Assets Committee receive the full audit report for ECTC (like the one for ECDC we are looking at today)?</p>	<p>The Finance & Assets Committee does not receive the audit report. This is a matter for ECTC.</p>
<p>Q for Director Finance - How does the debenture agreement for a loan of £7.5m protect the Council when the net current assets are forecast to be less than £7m in 2023/4-2024/5 and at least £4m of this is WIP, which is unlikely to achieve its book value in the event of a forced sale?</p>	<p>While the balance sheet does show a deficit at the end of 2023/24 and 2024/25, the WIP is unsold houses, held on the balance sheet at cost. I therefore would disagree with the view expressed in the question that this value would not be achieved in a forced sale, indeed I would expect the sale price of properties</p>

	would be in advance of the balance currently held on the balance sheet.
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Agenda Item 10 – Corporate Risk Management Monitoring Report

Note - All questions directed to ECTC/ECSS Directors are for the Managing Director to respond. In his absence, responses have been provided by the relevant Board Director.

A3 - Q for the Director, Community - What is the assessment of affordable housing need?	The Cambridgeshire and West Suffolk Housing Needs of Specific Groups Report (2021) states that 215 households per annum will require affordable housing to rent between 2020 and 2040.
A3 - Q for the Director, Community – how many social houses are empty and what is the longest one has been empty for?	This information is not readily available to the Council as it does not own or manage social housing stock.
A3 - Q for the Director, Community – how many people are on the social housing waiting list?	1039 88 in Band A: Urgent need 296 in Band B: High need 400 in Band C: Medium need 255 in Band D: Low housing need
A4 – Q for the Director, Operations - Community bus now only goes to Soham and Littleport what impact does that have on this control and the residual risk?	A review of the Community Bus provision was undertaken, it identified that the Bus resource would be better targeted at areas of the district where need was evident. Resources freed up as a result of this change have meant that the Council can provide more face-to-face support in Council offices and we continue to provide advice at the residents address if they are not able to attend the Council offices. Therefore, with improved targeting of resources the control measures are better defined and the residual risk remains the same.
A4 – Q for Director, Operations - What consideration has been given to the impact of interest rate increases – with fixed rate mortgages now at 6.6%?	No specific consideration has been given to increases in fixed rate mortgages, however, the Community Advice team are already able to provide advice on financial and cost of living issues. We are seeing an uptick in the number of

	<p>enquiries the team receive, but this is not reflected in a rise in homelessness applications. This is being kept under review.</p>
<p>A6 – Q for Chair of ECSS – Why did he feel confident to confirm to the Auditors that ECSS was a going concern in September 2022 when the management accounts showed a cumulative deficit to August of £81k and he was aware of significant on-going cost pressures?</p>	<p>The Council has a statutory responsibility to provide a waste service and councillors were aware of the action plan being put in place to maintain this. Because of on-going conversations between the Company and the Council, the ECSS Board was confident that any additional costs could be managed, with ECSS passing a resolution to request up to £500,000 on 31st January 2023. This was approved by Council on 23rd February 2023.</p>
<p>A6 – Q for Chair of ECSS – why did the Board not report the material changes in the finances of ECSS to the Council before January 2023?</p>	<p>As per the response on the same question posed to the Managing Director below.</p>
<p>A6 – Q for Chair of ECSS – why did the Board not provide the Shareholder Committee with biannual reports including the strategic risk assessment and summary management accounts with key metrics including financial projections and variations? Are these now being provided?</p>	<p>Historically performance reports were provided to the Operational Services Committee.</p> <p>The Operational Services Committee and previously Council approved the business plan which contained the budget for the year. Due to an oversight the management accounts were not reported to the Operational Services Committee.</p> <p>This has now been remedied and the Committee will receive both performance reports and management accounts. Additionally, the Operational Services Committee will also receive Board Minutes. Note - The Management Account and Board Minutes will be items in exempt session.</p> <p>The Bi-annual report will be noted by the Operational Services Committee in November 2023.</p>

<p>A6 – Q for Managing Director of ECSS – why did he not report the material changes in the finances of ECSS to the Council before January 2023?</p>	<p>The final calculation of projected overspend was considered by the Board on 31st January 2023.</p> <p>Prior to this point key negotiations were on-going relating to staffing and ECSS were calculating other impacts that could impact finances for example, fleet maintenance and income/cost from recycling.</p>
<p>A6 – Q for Sally Bonnett, previous Director of ECSS – why did she not report the material changes in the finances of ECSS to the Council before January 2023?</p>	<p>As per the response on the same question posed to the Managing Director.</p>
<p>A6 Q for Cllr Huffer – why did she, as the Shareholder’s observer, not ask to see ECSS Management Accounts before January 2023?</p>	
<p>A6 – Q for Cllr Huffer – when did she last review the Shareholder Agreement to ensure it was being complied with?</p>	
<p>A6 Q for Cllr Huffer – how does she consider the ECSS Board was complying with the Shareholder Agreement in particular, 3.5, 3.8.1, 5.5 and 7.3, if it wasn’t reviewing Management Accounts or sharing them with the Shareholder Committee before January 2023?</p>	
<p>A6 – Q for Director, Legal Services – what is the process for checking and review before documents are signed and sealed on behalf of the Council?</p>	<p>Documents are checked and reviewed against client department instructions or the resolution of Council/committee.</p>
<p>A6 – Q for Chair of ECSS – what is the process for checking and review before documents are signed on behalf of the Company?</p>	<p>This was an omission in the agreement. The decision of Council on 17 October 2019 (Agenda Item 15) was enacted.</p> <p>This was a human error that was not spotted at the time of review of documents prior to signing.</p>

	<p>Council passed a resolution on 13 July 2023 (Agenda Item 11) to make changes to the ECSS Shareholder Agreement.</p> <p>Signatories will ensure that the resolution of Council is reflected accurately in the changes.</p>
<p>A6 – Q for Director, Legal Services – what is the legal basis for deciding that a drafting error in a signed and sealed deed is not binding on both parties unless a Court rules otherwise?</p>	<p>The Council must act in accordance with legislation or resolutions of committee/Council.</p> <p>It is accepted that there was the omission of the word “Deputy” in the Shareholder Agreement dated 22nd January 2020, which was a simple drafting error and for which I can only apologise.</p> <p>Both parties accept that there was a drafting error and this could have been amended with the consent of both parties at any time.</p> <p>Those points aside, the decision of Council on 17th October 2019 has been followed and to do otherwise would be ultra vires.</p>
<p>A6 – Q for Director, Legal Services – how do we ensure we can enforce terms in the Shareholder Agreement if we accept that parties can act in contradiction to some of those terms?</p>	<p>It would depend entirely on the circumstances of each individual case.</p>
<p>D8 – Q for Human Resources Manager - how many vacancies does ECDC have and what percentage of posts is this?</p>	<p>There are 191 full time equivalent posts in the 2023/24 budget and 2.5 posts currently being advertised on the Council’s website, this is a percentage of 1.31%</p>
<p>D8 – Q for Human Resources Manager - What was our staff turnover in 2022/23?</p>	<p>13.9% (26 leavers)</p>

<p>D8 – Q for Human Resources Manager - How many days were lost due to staff sickness in 2022/23 and what percentage is this of total staff days?</p>	<p>All Sickness 8.63 FTE days lost (total days: 1,686.86)</p> <p>Short term sickness 5.36 FTE days lost (total days: 1,051.86)</p> <p>Long term sickness 3.27 FTE days lost (total days: 635)</p> <p>SHORT TERM (up to and including 20 days/one calendar month) LONG TERM (21 or more days/one calendar month)</p>
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Questions received from Councillor Christine Whelan

Agenda Item 7 – Statement of Accounts 2021/22

<p>"East Cambs Street Scene delivered a great street cleaning service and exceeded the stretch targets set out in its agreement with the Council."</p> <p>From an audit perspective it is important that we are showing evidence of this and that the targets are being shown in a transparent way.</p> <p>What were the targets that were set, how were they measured and are they being increased for the next year? Are residents informed when the street cleaning is taking place and how are they being advised? If not, is there a plan in place to program the street cleaning so we can see the targets in place and if they are being met?</p>	<p>The Business plan for 2021/22 that sets out the performance measures can be found here. And were approved and monitored through the Operations Services Committee.</p> <p>The 2023/24 Business plan for ECSS can be found here and performance against the plan is reported to Operational Services Committee.</p> <p>There is a review taking place of the Street Cleansing schedules and service quality as part of the Street Smart Project. It has been identified that improved communication would provide residents with assurance about what the service consists of, service levels, and scheduling. When the actual operational review is completed the comms plan will be implemented.</p> <p>All street cleansing performance is reported to Operational Service Committee.</p>
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TITLE: CORPORATE RISK REGISTER – REVIEW (A6 AND C3)

Committee: Audit Committee

Date: 16 October 2023

Author: Chief Executive

Report No: Y63

Contact Officer: John Hill, Chief Executive

Email: john.hill@eastcambs.gov.uk

Tel No: 01353 616271

Room No. 103, The Grange, Ely

1.0 ISSUE

1.1. Review of Corporate Risk Register.

2.0 RECOMMENDATION(S)

2.1. Members are requested to:

- (i) note the changes to the Corporate Risk register in relation to A6 and the inclusion of risk A7 as detailed in Appendix 1;
- (ii) acknowledge and support the requirement to amend the Memorandum of Agreement (MOA) (to be reported to Council ref: 19 October 2023);
- (iii) recommend to Operational Services Committee to undertake a review of the Waste and Recycling service and prepare a project plan for implementation by 2025;
- (iv) note that the Chief Executive as Head of Paid Services is implementing urgent changes to the organisational structure to enhance the client side and provide clarity between the Council and ECSS.

3.0 BACKGROUND/OPTIONS

3.1. The Audit Committee (ref: 17 July, Agenda Item 10) resolved (in summary) to:

- change the control on risks A2 and A6 in relation to the attendance of the S151 and Monitoring Officer at Board meetings;
- request the Risk Management Group (RMG) to review risks A6 and C3 in relation to the reporting of ECSS overspend to Council;
- the possible attendance of Audit Committee members at the relevant RMG.

3.2 Specifically in relation to the second and third resolution summarised above, the Chief Executive proposed a course of action to implement the review. It would not have been appropriate for members of the Committee to attend an officer meeting and may have been counter productive in meeting the overall objectives of the Committee. As an alternative, the Chief Executive attended and facilitated

discussions at the RMG on 14 September 2023 calling on the appropriate evidence.

3.3 Consequently, the Chief Executive has made a series of recommendations to the Committee as set out in paragraph 2.1. This includes recommendations to other member bodies for consideration where powers are outside the remit of Audit Committee.

4.0 ARGUMENT/CONCLUSIONS

4.1. In addition to attending and facilitating the RMG, the Chief Executive has also reviewed the timeline (including governance) of the ECSS 2022/23 overspend and revisited the live feed of the previous Committee.

4.2. In scoping the recommendations set out in paragraph 2.1, the Chief Executive has considered the following issues specifically:

- the current inherent and residual risk in relation to A6 and C3;
- the 'Risk Descriptions' of A6 and C3 (and implications for A2 and B1);
- the extent to which the ECSS 2022/23 overspend points to limitations in financial and governance arrangements between the company and the Council;
- any implications for the Risk Management Strategy particularly in relation to the alignment and appropriateness of risk score and RAG rating in relation to monitoring and risk appetite;
- the extent to which recommended action and mitigations fall outside of the remit of the Audit Committee;
- any strategic issues that need to be brought to the attention of Council or Policy Committee (by means of recommendation) to seek to mitigate the corporate risk;
- review of recent developments in relation to A6 and C3, specifically in relation to ECSS and potential revisions to appropriate risk register items.

4.3. Prior to addressing the issued in paragraph 4.2, it is worthwhile to revisit the timeline of the governance related to the 2022/23 ECSS overspend and conclusions arising from this analysis.

- **ECSS Board reporting**

- 7 March 2022 (ref Agenda Item 4) – Business Plan 2022/23 approved (i)

- 31 January 2023 (ref Agenda Item 4) – 2022/23 Financial Matters (ii)

- **ECDC Formal reporting**

- 21 March 2022 Operational Services Committee (ref Agenda Item 6) – ECSS Business Plan 2022/23 approved

- 13 June 2022 Operational Services Committee (ref Agenda Item 11) – Q4 Performance Report (iii)

14 November 2022 Operational Services Committee (ref Agenda Item 9(a)) – Q1 Performance Report (iv)

23 January 2023 Finance and Assets Committee (ref Agenda Item 11 Appendix 2) – Finance Report (v)

21 February 2023 Council (ref Agenda Item 16) – East Cambs Street Scene Management Fee (vi)

Notes

- (i) *Board approved Business Plan but it was noted and minuted that there was little room for manoeuvre if costs increased more than the budget.*
- (ii) *December accounts issued to the Board showed a forecasted loss of £487,000. The impact of staff negotiation which concluded early November was fully factored into these projections.*
- (iii) *Operational Services Committee updated on action taken by management to address performance and cost. Please note that there were no financial implications of these actions brought to the attention of the Committee (ref: para 8.1 Agenda Item 11).*
- (iv) *ECSS Annual Accounts noted and Q1/Q2 performance reports noted. Please note that there were no financial implications brought to the attention of the Committee in the report (ref: para 8.1 Agenda Item 11).*
- (v) *An estimated overspend of £300,000 was shown on the Council's Q3 Finance report on the Waste line.*
- (vi) *Council agreed the additional management fee from ECSS (ref: Agenda Item 16).*

4.4 There was a series of informal correspondence with Members in relation to the performance of the service and the implementation of the Action Plan, specifically 16/30 June 2022; 30 August 2022; 6 October 2022; 1 November 2022 and 14 November 2022 (Parishes).

4.5 Prior to detailing the proposals for consideration by the Audit Committee, there are a number of broad observations and conclusions arising from analysis of the timeline in paragraph 4.3 and the wider review of risk and governance issues undertaken by the Chief Executive:-

- the formal reporting to the ECSS Board and to ECDC Member bodies did not fully reflect the emerging financial pressures facing ECSS;
- whilst the majority of the overspend in 2022/23 (£314k out of £458k total overspend) was not quantifiable until after the conclusion of staff consultation in November 2022 and it would have been inappropriate to have done so, there were other cost pressures which should have been reported formally to ECSS and ECDC earlier in the financial year;
- there are governance failures in relation to Memorandum of Agreement which does not provide a formal mechanism to escalate known and projected overspends to the Council and its shareholder committee;
- there were inconsistencies in the corporate risk register in terms of A6, specifically, the inherent and residual score; its RAG rating; the definition of

risk; comparison with A2 and lack of clarity around the risks specifically facing the Council and separately, ECSS;

- significant mitigations have been put into place or planned to reduce the likelihood of repetition such as circulation of Board agendas and papers to all Members; regular reporting of management accounts to ECSS and proposed revisions to the MOA. Nevertheless, there remains considerable challenges facing the service operationally and strategically;
- the strategic challenges facing the service are escalating with impact of legislation on both the waste collection and disposal authority and the review of the Council's waste and recycling service due by 2025. There is a requirement for increased resources on the client side and greater separation and clarity between the roles and responsibilities of the Council and ECSS, particularly at senior management level.

5.0 PROPOSALS

5.1 In response to the issues highlighted in paragraph 4.2, the Chief Executive has made recommendations as detailed in paragraph 2.1, specifically:

- changes to the residual and inherent score for A6 leading to a change in the current RAG rating to Red;
- clarifying the description of A6 to ensure focus on the delivery of the whole of the Business Plan including financial and performance risks;
- no proposed change to C3;
- a new corporate risk (A7) related to the Waste and Recycling service exclusively on the Council as a strategic player and as a client;
- acknowledgement and support for short term urgent changes to MOA (as recommended to Council, 19 October 2023);
- recommending to the Operational Services Committee to undertake a strategic service review and prepare a project plan for the review of the service to be implemented by 2025;
- note that the Chief Executive as Head of Paid Service will implement restructuring to enhance the client side function in ECDC and provide greater clarity and separation between the client and contract side.

6.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

6.1. There are no financial implications arising from this report at this stage.

6.2. Equality Impact Assessment (EIA) and Carbon Impact Assessment (CIA) are not required.

7.0 APPENDICES

Appendix 1 – Changes to the Corporate Risk Register (Revised A6 and new A7)

Background Documents:

Audit Committee – 17 July 2023

Agenda Item 10

Appendix 1 - Corporate Risk Register (Revised)

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Actions	Owner	Target Date	Action RAG
CUSTOMER PERSPECTIVE																
A6	East Cambridgeshire Street Scene (ECSS) Ltd fails to deliver upon its Business Plan	<p>Poor quality service delivery with a lack of challenge and oversight.</p> <p>Poor financial Management of services</p> <p>Increased financial pressures relating to variable costs carried by ECSS (fuel, MRF sales, vehicle maintenance, sickness)</p> <p>Failure to embed effective governance arrangements and segregation of duty.</p> <p>Inability to recruit and retain staff.</p> <p>Failure to achieve performance targets.</p> <p>Availability of fleet.</p> <p>Lack of clarity of Legislative changes</p> <p>ECDC requesting service delivery beyond MOA</p>	<p>Failing to achieve ECDC corporate priorities.</p> <p>Disruption to service.</p> <p>Significant reputational risk.</p> <p>Significant overspends</p> <p>ECDC levy performance sanctions</p>	D-F	5	5	20(R)	<p>Business Plans, Articles of Association and Shareholder Agreements.</p> <p>Established shareholder arrangements.</p> <p>Regular reporting to Operational Services Committee (in remit as Shareholder committee).</p> <p>Company Business Plan includes a risk register.</p> <p>Independent Chairperson.</p> <p>Independent external audit review of accounts, and opportunity to commission ad-hoc advice if required.</p> <p>The S151 Officer and Monitoring Officer are expected to attend Board meetings as representatives of the Council.</p>	5	4	20(R)	<p>ECSS Business Plan approved by Board and Operational Services Committee in March 2023.</p> <p>Quarterly performance reports presented to Operational Services Committee.</p> <p>Operational Services Committee monitors progress with Street Smart Project.</p> <p>Management Accounts and minutes reported to Operational Services Committee.</p>	<p>Purchase of 10 RCVs to replace 9 yr old vehicles. Order raised by ECDC. Anticipate delivery October 2023</p> <p>ECDC procurement for new MRF contract for 5 plus 5 year (linked risk A7 below)</p> <p>Review of MOA relating to cost overspends to determine formal process for reporting/managing and reviewing spending by ECSS</p> <p>Review of Performance KPIs within MOA to consider thresholds and targets</p> <p>ECSS undertaking resourcing / cost profile of service against existing MOA and current service delivery. To be reported to ECSS board in Quarter 3</p> <p>ECSS undertaking fleet review for all vehicles older than 5 years</p> <p>New vehicle maintenance and fuel contract to be procured by ECSS</p>	D-O	Oct 2023	G

A7	Failing to deliver a cost effective, sustainable and high quality domestic Waste Collection and Street Cleansing Service.	<p>Lack of clarity of legislative changes in relation to the implementation of the Environment Act including:</p> <ul style="list-style-type: none"> - Lack of guidance relating to extended producer responsibility payments and the impacts on Recycling credits - Provision of net burdens funding to enable weekly food waste collections <p>ECDC named in Transitional Arrangements preventing the Council accessing Net burdens funding</p> <p>Costly MRF Contract procurement</p> <p>Lack of provision of waste Transfer Station for Recycling (arising from MRF procurement)</p> <p>Increased financial pressures relating to variable costs currently carried by Provider/ECSS - fuel, MRF sales, vehicle maintenance, sickness</p> <p>Lack of effective contract Management arrangements and segregation of duties between ECDC and ECSS.</p> <p>Inability for Provider/ECSS to recruit and retain staff.</p> <p>Poor service delivery by Provider ECSS, including a failure to achieve performance targets.</p> <p>Availability of fleet.</p> <p>ECDC requesting service delivery beyond MOA</p> <p>Current MOA and service specification not fit for Purpose</p> <p>Lack of clarity on ECDC short/medium and long term Waste and Streets strategy</p> <p>Poor Project implementation for Bins</p> <p>Waste Disposal Authority restrict Service changes (power to direct)</p>	<p>Failing to achieve corporate priorities.</p> <p>Failure to achieve national recycling rates</p> <p>Inability to introduce new services</p> <p>Disruption or failure to service.</p> <p>Significant reputational risk.</p> <p>Significant cost pressures</p>	D-F	5	5	20(R)	<p>RECAP Partnership and joint working with other Cambridgeshire collection and disposal authorities</p> <p>RECAP representation to DEFRA</p> <p>Existing MRF contract (expires 2024)</p> <p>ECSS Business Plan for Service delivery</p>	4	5	20(R)	<p>ECSS Business Plan approved by Operational Services Committee in March 2023.</p> <p>ECSS Quarterly performance reports presented to Operational Services Committee.</p> <p>Operational Services Committee monitors progress with Street Smart Project.</p> <p>ECSS Management Accounts and minutes reported to Operational Services Committee</p>	<p>Purchase of 10 x fleet - ECSS undertaking fleet review for vehicles plus 5 years</p> <p>ECDC procurement for new MRF contract for 5 plus 5 year</p> <p>ECDC to carry out a strategic service review and develop new service specification, including review of infrastructure requirements</p> <p>Short Term - Review of MOA relating to cost overspends to determine formal process for reporting/managing and reviewing spending by ECSS</p> <p>Review of Performance KPIs to consider thresholds and targets</p> <p>ECSS undertaking cost profile of service against existing MOA and current service delivery including street Cleansing Review</p> <p>Review of Contract/Client side management structure and delineation of roles/responsibilities</p>	D-O	<p>Mar 2024</p> <p>Mar 2024</p> <p>Oct 2023</p> <p>Oct 2023</p> <p>Nov 2023</p>	G
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TITLE: Risk Management Policy and Framework Update

Committee: Audit Committee

Date: 16th October 2023

Author: Director Finance

Report No: Y64

Contact Officer:
Ian Smith

1.0 ISSUE

1.1. To update the Risk Management Policy and Framework documents.

2.0 RECOMMENDATION

2.1. Committee is asked to recommend to Full Council that the updated Risk Management Policy and Framework documents be approved.

3.0 BACKGROUND AND OPTIONS

3.1. The Audit Committee is responsible for Risk Management.

3.2. The Risk Management Policy and Framework were last approved by Full Council on the 22nd October 2020 and as such, are due for an update.

3.3. Since October 2020, the way that risk is managed within the Authority is mostly unchanged, but for clarity these documents have been updated to better reflect the position, not least detailing / adding clarity around timeframes when activities take place.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. Committee is asked to recommend the updated documents to Full Council for approval.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report. Equality and Carbon Impact Assessments are not required.

6.0 APPENDICES

Appendix 1 – Updated Risk Management Policy

Appendix 2 – Updated Risk Management Framework

Background Documents:

None



Risk Management Policy

Document control

Version	Author	Date	Summary of changes
V1.0	Jonathan Tully	14/03/17	First draft following CMT review. Formally approved by Full Council in October 2017.
V1.1	Ian Smith	24/07/20	References to latest corporate plan and structure Formally approved by Full Council in October 2020.
V1.2	Ian Smith	10/01/22	
V1.3	Ian Smith	01/10/23	

1. Introduction by Chief Executive

East Cambridgeshire District Council seeks to ensure that services, delivered either directly or through others, are of a high quality, provide value for money and meet evidenced need. We are a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result we need to ensure that the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

We have a clear set of objectives which demonstrate our commitment to ensuring that the District remains one of the best places to live in the country. These are:

- To be financially self-sufficient and provide services driven by and built around the needs of our customers.
- To enable and deliver commercial and economic growth to ensure that East Cambridgeshire continues to be a place where people want to live, work, invest and visit.

The Council has three Priorities which set out the main areas where we will concentrate our work using a four year Corporate Plan, which is supported by a one-year Corporate actions plan and then through service and team plans.

There are many factors which might prevent the Council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks we might face. This approach is a fundamental element of the Council's Code of Governance.

The Accounts and Audit Regulations 2015 state:

A relevant authority must ensure that it has a sound system of internal control which

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

This Risk Management Policy is fully supported by Members, the Chief Executive and the Corporate Management Team (CMT) who are accountable for the effective management of risk within the Council. On a daily basis all officers of the Council have a responsibility to recognise and manage risk in accordance with this policy.

Risk management is about improving our ability to deliver our strategic objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to on-going operational activities.

I am committed to the effective management of risk at all levels of this Council. This policy, together with the Risk Management Framework, is an important part of ensuring that effective risk management takes place.

John Hill
Chief Executive



2. What is risk?

The Council's definition of risk is:

“Factors, events or circumstances that may prevent or detract from the achievement of the Council’s corporate priorities and objectives.”

3. Risk Management Objective

Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the Council's governance framework.

The Council will operate an effective system of risk management which will seek to ensure that risks which might prevent the Council achieving its plans are identified and managed on a timely basis in a proportionate manner. In practice, this means that the Council has taken steps to ensure that risks do not prevent the Council achieving its corporate priorities or objectives.

4. Risk Management Principles

- The risk management process should be consistent across the Council, clear and straightforward and result in timely information that helps informed decision making
- Risk management should operate within a culture of transparency and openness where risk identification is encouraged and risks are escalated where necessary to the level of management best placed to manage them effectively
- Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment
- The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing, i.e. the concept of proportionality
- Risk management should be embedded in everyday business processes
- Officers of the Council should be aware of and operate the Council's risk management approach
- Members should be aware of the Council's risk management approach and of the need for the decision making process to be informed by robust risk assessment, with Council Members being involved in the identification and monitoring of risk on an annual basis.



5. Appetite for Risk

As an organisation with limited resources it is inappropriate for the Council to seek to mitigate all of the risk it faces. The Council therefore aims to manage risk in a manner which is proportionate to the risk faced, based on the experience and expertise of its senior managers.

The Council has defined its maximum risk appetite as not accepting a residual risk score of 16 or more, in line with the scoring matrix attached at **appendix 1** (for corporate priority risks).

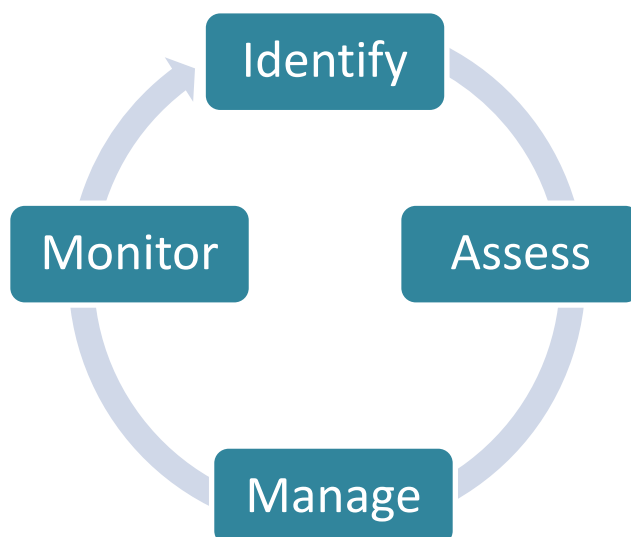
6. Benefits of Risk Management

- Risk management alerts members and officers to the key risks which might prevent the achievement of the Council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making, should ensure that members and officers are fully aware of any key risk issues associated with proposals being considered.
- Risk management leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- Risk management provides assurance to members and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.
- Risk management allows the Council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.



7. Risk Management Approach

The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council from the corporate risk register to individual service plans.



The detailed stages of the Council's risk management approach are recorded in the Risk Management Framework, which is regularly reviewed by Corporate Management Team (CMT). The Framework provides managers with detailed guidance on the application of the risk management process.

The Framework can be located on the intranet [[insert link here](#)].

Additionally, individual business processes, such as decision making and project management will provide guidance on the management of risk within those processes.

8. Awareness and development

The Council recognises that the effectiveness of its risk management approach will be dependent upon the degree of knowledge of the approach and its application by officers and members.

The Council is committed to ensuring that all members, officers, and partners where appropriate, have sufficient knowledge of the Council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through formal training programmes, risk workshops, briefings, and internal communication channels.



9. Conclusion

The Council will face risks to the achievement of its plans. The risk management approach detailed in this policy should ensure that the key risks faced are recognised, and effective measures are taken to manage them in accordance with the defined risk appetite.

Appendix 1

The table illustrates how risks are scored and the Council's risk appetite:

Further guidance is documented in the Risk Management Framework:

Impact	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
Likelihood							

Colour	Score	Detail
Red	16 and above	This is in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Audit Committee and Council.
Amber	5 to 15	Likely to cause the Council some difficulties – six monthly monitoring
Green	1 to 4	Low risk. Monitor as necessary



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Appendix 2

Risk Management Framework

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1. Introduction

East Cambridgeshire District Council seeks to ensure that services, delivered either directly or through others, are of a high quality and provide value for money and meet evidenced need. We are a complex organisation that works with a wide variety of other organisations in different and varying ways. As a result, we need to ensure that the way we act, plan and deliver is carefully thought through both on an individual and a corporate basis.

However, there are many factors which might prevent the Council achieving its plans, therefore we seek to use a risk management approach in all of our key business processes with the aim of identifying, assessing and managing any key risks which might be faced. This approach is a fundamental element of the Council's code of governance and is explained in the following statement:

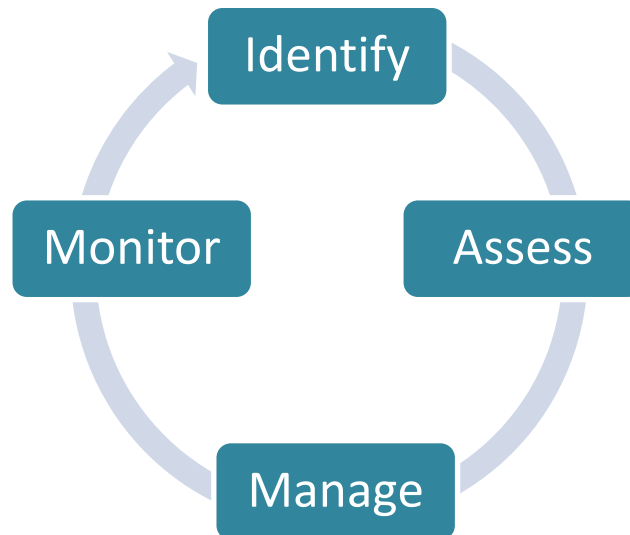
'The system of internal control is a significant part of that [governance] framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.'

It is important to recognise that the Council is not seeking to 'factor out' all risk, as this would not be a cost effective use of scarce resources, but instead to manage risk in a proportionate manner relative to the severity of the risk. It is also important to remember that risks must be managed, but not avoided to the extent that innovation and opportunities are stifled.

The definition of risk is:

“Factors, events or circumstances that may prevent or detract from the achievement of the Council’s corporate priorities and service plan objectives”.

The risk management approach is based upon the standard management cycle of:



This document details the Council’s risk management approach and the practices required to make it work.

Risk management is a dynamic tool which should be used from the point at which a risk is first identified until such time as it no longer represents a significant risk to the Council.

2. Benefits of Risk Management

There are many benefits to risk management:

- It alerts members and officers to the key risks which might prevent the achievement of the Council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.
- Risk management at the point of decision making should ensure that members and officers are fully aware of any key risk issues associated with proposals being considered.
- It leads to greater risk awareness and an improved and cost effective control environment, which should mean fewer incidents and other control failures and better service outcomes.
- It provides assurance to members and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.
- It allows the Council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.

3. Risk Management Processes

3.1 Risk Recording

It is important that all stages of the risk management process are recorded to allow risks to be managed effectively on a dynamic basis. A standard risk register template is shown at Appendix 3.

3.2 Risk Identification

The identification of risk is the most difficult aspect of risk management, as once a risk is identified the structured process of risk management should mean that the risk is fully evaluated and managed appropriately. Employees are therefore encouraged to devote sufficient time to it, such that all key risks are recognised and appropriately managed.

Risk identification should include consideration of any risks associated with missed opportunities, e.g. failure to take advantage of external funding opportunities.

A good way to identify risks is through open discussion at individual service team meetings, where each team member is able to identify their perspective of risk, potentially linked to the Service Planning process. The outputs from this process can then be subject to review to give a consensus on the main risks faced by the Council and which risks need including in the Corporate Risk Register.

Further guidance and support on the risk identification process, can be obtained from the Chief Internal Auditor, or Directors and Service Leads who act as risk champions for their service. The detailed responsibility of these support roles can be found in Appendix 1: Roles and Responsibilities.

To assist risk identification, Appendix 2: Risk Identification lists the types of risks which might be faced. This list is simply a guide, and other factors could be considered.

Risks should be clearly articulated to ensure there is a clear understanding of the risk. To be clear however, Service Planning is about the management of the service, so while Service Leads need to be mindful of the risks in their areas when preparing their Plan, there is no expectation that these plans will include a specific formal risk register.

3.3 Trigger and Result

At the point of risk identification, the possible causes of the risk and the likely effects, if the risk were to occur, should be identified to give a good understanding of the dynamics of the risk.

“Trigger” naturally leads to the identification of the mitigating actions necessary to either prevent the risk occurring, or to recover quickly from the risk should it occur;

“Result” assists in understanding the impact of the risk and hence its scoring (see 3.6 below).

3.4 Risk Ownership

The effective management of risk requires that each risk should have a named owner (post title). Ownership should be assigned to an individual post and not team level.

3.5 Escalation of Risk

In the interests of empowerment, each risk should be managed at the lowest appropriate level of management. However, if it is considered that a risk identified at one management level cannot be effectively managed at that level, the risk should be escalated up the management chain until it reaches the level at which it can be effectively dealt with.

3.6 Scoring of Risk

In order to assess the impact of risk in a consistent manner a scoring methodology has been adopted which takes account of the two distinct aspects of risk:

- The likelihood of the risk occurring;
- The impact if it does occur.

The scoring methodology is expressed in the corporate 5x5 scoring matrix as attached at Appendix 4.

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key	Action	Owner	Target Date	Action RAG

Appendix 4 - Risk Scoring Matrix

The matrix itself is supported by descriptors, over various elements, for the impact element of the risk. The impact score selected will be the highest score for any of the descriptor elements (not all may apply).

The risk will be scored in two stages:

- At inherent risk level, i.e. an initial base level which ignores any controls which might already be in place.
- A residual level which will take account of any controls already in place.

The identification of inherent risk provides the benefits of:

- Providing a listing of all major risks faced regardless of how well they are being managed in practice.
- Recording the key control framework for all major risks, which risk owners are responsible for ensuring are operating effectively in practice.

3.7 Risk Mitigation

Risk mitigation is the term used to show that the impact of a risk has been reduced.

The following examples illustrate how risks can be mitigated:

Transfer	Transfer the risk to someone else – i.e. insurance
Reduce	Introduce checks and balances – i.e. checks built into our everyday business processes which are the main source of risk mitigation
Recovery	These are the plans we have in place to recover business critical systems on a timely basis when business disruption occurs. The Council’s approach to business continuity management is a key aspect of effective risk management.

When the above mitigating activities have been applied to the inherent risk the Council is left with the level of exposure which it is prepared to accept, or has to accept in the circumstances. This is known as the residual risk.

In some cases, however, the Council may be prepared to accept and tolerate the risk exposure within the inherent risk and decide not to take any steps to manage the risk.

Further, it is not appropriate for the Council to attempt to manage all the risks which it faces – sometimes it is more effective to **terminate** the risk. This may mean ceasing the activity likely to trigger the risk or simply doing something in a different way that eliminates the original risk.

3.8 Action Planning

The residual risk score should be evaluated and an assessment made if this level of risk is appropriate, i.e. not too high, not too low.

The Council has defined its maximum risk appetite as not accepting a residual risk score of 16 or more, unless actions are planned to reduce the score to below this level on a timely basis. In exceptional circumstances Council can approve a residual risk in excess of the risk appetite, if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to the Corporate Management Team, Audit Committee and Full Council.

Otherwise the appropriate level of residual risk should be based on the experience of the manager responsible for managing the risk. Advice can be sought from Service Leads, the Director, Finance or from the Chief Internal Auditor.

In determining the mitigation required to manage a risk, one option is to think about the proportionality of the cost of the mitigation compared to the cost impact if the risk occurs. It would make no sense if the cost of the control exceeded the cost of the impact.

If the risk score is deemed to require adjustment, i.e. either reduction or increase, actions should be designed accordingly which must be assigned to a named owner (post holder) and set an achievable specified target completion date. Target dates should not be set as ‘on-going’, as this does not enable the effective management of action delivery.

3.9 Risk Monitoring

A full review of corporate risks should be undertaken on a three-monthly basis by the Risk Management Group. Directors and service leads should be reviewing their elements of the register on a regular basis and reporting issues to the Risk Management Group on an exception basis to ascertain:

- If all relevant risks are included;
- If any risks can be closed;
- The progress in implementing agreed actions.
- If residual risk scores should be re-evaluated, e.g. to reflect completed actions.

Action progress will be identified through a RAG rating (red, amber, green), with red rated actions requiring written explanation from the action owner.

Managers should have regard to potential risks at all times and should use this risk management approach to help them analyse and manage such risks at the point they are identified. Managers must not wait for the next formal review.

3.10 Risk Reporting

The Risk Management Group, on behalf of Corporate Management Team, will on a quarterly basis, review the Council's risk register at a corporate level and determine if any risks escalated from service areas, should be included on the Corporate Risk Register.

The Audit Committee is responsible for overseeing the Corporate Risk Register and recommending revisions to the Risk Management Policy and Framework. They will receive the Corporate Risk Register twice a year (every six-months) to support them in delivering their responsibilities.

3.11 Annual Assurance

Directors and Service Leads will provide annual assurance in respect of the development, maintenance and operation of effective control systems for the risks under their control. This will provide a key assurance source for the Annual Governance Statement which is prepared by the Council as part of the annual Statement of Accounts.

3.12 Risk Management in other business processes

The risk management approach defined in other business processes should be complied with. These include:

Member decision making	It is critical for effective decision making that the decision makers are provided with details of the risks associated with each proposal being considered.
Council and service planning	It is critical that senior managers and ultimately members understand all the known risks associated with the plans being designed by the Council at the point of design.

	<p>While preparing their Service Plan, Service Leads need to be mindful of the service risks in their area and ensure these are reflected in the narrative within the document as necessary. However, Plans are not required to specifically include a formal risk register (as in appendix 3). Service Plans are signed off by directors and service leads and formally approved by the respective policy committee.</p> <p>Presentations to members on budget proposals will highlight key financial risks.</p> <p>As with ‘Member decision making’ above, reports requesting approval of annual / medium term plans will detail the key risks associated with the decision being requested.</p>
Project management	<p>Risk (and issue) management is a key element in delivering an effective project management methodology. A 5 by 5 matrix will be used and any risks scoring 16 or above are escalated to the Project Board.</p>
Contracts and joint ventures (including the Council's own trading companies)	<p>The Council aims to influence strategy and deliver outcomes for the District through a range of different collaborative relationships, and alternative delivery models, in addition to direct contracts.</p> <p>As a result, effective contract and relationship management is of vital importance. Business relationship and contract management tools are used to minimise risks.</p>
Health and safety	<p>The Council’s health and safety policy is also a key component of the Council’s structure of controls contributing to the management and effective control of risks affecting staff, contractors and the general public.</p>
Partnerships	<p>Councils increasingly deliver their services through partnerships with other local authorities, third sector groups and statutory bodies. Assurance will be taken from joint registers where possible – e.g. Anglia Revenue Partnership.</p> <p>Risk management for the Council considers corporate risks relating to and/or arising from partnership activity, as well as risks within the partnership itself. The Council needs to be able to understand and manage both types of risks by including partnership risk in the organisational risk management process.</p>
Business continuity planning	<p>The Civil Contingencies Act 2004 places a statutory duty on local authorities to establish business continuity management arrangements to ensure that they can continue to deliver business critical services if business disruption occurs.</p>

3.13 Risk Management Awareness

The Council is committed to ensuring that all members, officers and partners, where appropriate, have sufficient knowledge of the Council's risk management approach to fulfil their responsibilities for managing risk.

This will be delivered through formal training programmes, risk workshops, briefings, and internal communication channels.

3.14 Risk Management Group

The Council has a Risk Management Group, which convenes quarterly to assess corporate risks and consider emerging threats. They review the Corporate Risk Register, at each meeting and make updates to this as required. They further review the Risk Management Policy and Framework documents bi-annually.

The group is facilitated by Internal Audit, and comprises professional officers with specific advisory roles. This helps to efficiently conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The group includes the following people:

- Ian Smith – Director, Finance
- Sally Bonnet – Director, Community
- David Vincent – Health & Safety / Emergency Planning Manager
- Emma Grima – Director, Commercial
- Maggie Camp – Director, Legal Services
- Isabel Edger - Director, Operations



Appendices

Roles & Responsibilities

Who	Risk Management Role
Elected Members	Ensure that risks are taken into consideration for Committee and Council decisions.
Audit Committee	<p>To oversee the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Policy and Framework documents. This includes:</p> <ul style="list-style-type: none">Ensuring corporate risks are identified and effectively managed across the Council.Reviewing the Corporate Risk Register half-yearly.Receiving updates on significant risk issuesReviewing reports on the Council's risk management processes in order to provide independent assurance of the adequacy of the risk management framework and the associated control environment
Council	<p>Notification of residual risks which exceed the Council's risk appetite.</p> <p>Approval of the Council's Risk Management Policy and Framework documents.</p>
Chief Executive	Overall responsibility and accountability for leading the delivery of an effective Council-wide risk management approach.
Director, Finance	<p>Championing and taking overall responsibility for seeking to ensure that effective risk management processes operate throughout the Council</p> <p>Author of the Risk Management Policy and Framework</p> <p>Chair the Risk Management Group</p> <p>Provide awareness and training on risk management to Members and employees as appropriate</p>
Corporate Management Team	<p>Owning and leading the corporate risk management process.</p> <p>Ensuring that risk management is embedded into the Council's thinking and is given due consideration in all management processes / decisions.</p> <p>Reviewing corporate risks by exception.</p>

Who	Risk Management Role
Risk Management Group	<p>Provide support for the delivery of the Risk Management Policy and Framework across the Council, including the periodical review and up-dating of these documents.</p> <p>Promote and advise upon risk management practices across all services of the Council. Help to develop a consistent and effective approach to risk management, which is adopted within relevant Council management functions.</p> <p>Meet quarterly to review the Corporate Risk Register and consider if any further risks need to be added to this. Make updates to the Corporate Risk Register, for review at Audit Committee.</p>
Internal Audit	<p>Providing guidance, advice & support on the Council's risk management approach</p> <p>Facilitate risk workshops</p> <p>Maintain the Corporate Risk Register, based on input / requests from the Risk Management Group</p> <p>Arranging risk management awareness, support and training for managers, staff and members, as requested</p> <p>Prepare reports for the Audit Committee</p> <p>Provide independent assurance on the risk management process</p>
All Service Leads	<p>Ensuring that risk is given due consideration in all management processes</p> <p>Ensuring that risks are identified / reviewed as part of the Service Planning process and while individual Service Plans will not contain a risk register, these are managed / monitored at an appropriate level and escalated to the corporate register where appropriate</p> <p>Provide an annual assurance statement as to how risk is being managed, to help in the production of the Annual Governance Statement</p> <p>Drive the development and embedding of effective risk management across their service</p> <p>Contributing to the development of the Council's risk management processes.</p>
All staff	<p>Understand their accountability for individual risks</p> <p>Reporting systematically and promptly to their manager any perceived new risks or failures of existing control measures</p> <p>Completing any risk management training relevant to the post, including e-learning</p>



Appendix 2 - Risk Identification

The checklist below is an aid to managers in risk identification. However, the checklist cannot be exhaustive and you may identify other areas where you foresee there might be risks or opportunities.

Risks are grouped into categories, to help monitor them. The use of the “right” category is not critical, it is simply an aid to assist the identification of a risk. The critical factor is that all key risks are identified and then managed effectively.

The first stage of risk identification is making sure that the objectives of the area being assessed are clearly understood in accordance with the Council’s risk definition:

“Factors, events or circumstances that may prevent or detract from the achievement of the Council’s corporate priorities and objectives”.

A risk may relate to the non-achievement of all or a number of corporate or service priorities or a single corporate or service priority.

Depending on how a risk is worded, you may wish to reflect the areas detailed below as the trigger of a risk rather than a risk in its own right, e.g. ‘Changes in demography’ may be recorded as a trigger of ‘Customers are not provided with the services they need’.

Risk category	When thinking about possible risks that could affect the different categories you might like to consider the following areas:
Customer Perspective	Customers: <ul style="list-style-type: none">• Customers are not provided with the services they need
	Citizens: <ul style="list-style-type: none">• Changes in demographic, residential or socio-economic trends, e.g. an increase in demand for Council services from a specific group of citizens• Effects on social wellbeing, e.g. changes in economic conditions• Environmental issues, e.g. the effects of climate change, progressing the Council’s strategic objectives e.g. the disposal of waste
	Councillors: <ul style="list-style-type: none">• Difficult political issues, lack of member support or disapproval• Election changes and new political arrangements

Risk category	When thinking about possible risks that could affect the different categories you might like to consider the following areas:
Finance and Resources	<ul style="list-style-type: none"> • Ineffective financial planning including budget preparation • Weaknesses in workforce planning • Ineffective budget management • Loss or reduction in funding • Missed opportunities for obtaining additional funding • Failure to manage the Council’s cash assets effectively, i.e. treasury management function • Failure to manage non-cash assets effectively
Processes and Systems	<p>Regulators:</p> <ul style="list-style-type: none"> • Non-compliance with regulatory expectations • Non-compliance with legislative requirements, e.g. health and safety, equalities, data protection, environmental legislation, employment law, etc. • The Council does not act within its statutory / legal powers, i.e. it acts ultra vires <p>Partners/Suppliers:</p> <ul style="list-style-type: none"> • Poor partnership agreements / arrangements / relationships • Suppliers / partners do not provide effective, efficient and economic services to the Council, e.g. a major contract fails <p>General</p> <ul style="list-style-type: none"> • Weakness in procedures / systems that could lead to breakdown in service • Criminal or corrupt activity • Incorrect / unreliable / untimely information
Learning and Growth	<ul style="list-style-type: none"> • Not having staff with the right skills and experience • Failure of key projects and programmes

Note: Further guidance on risk identification can be obtained from your Service Lead, the Director, Finance or Internal Audit.

Appendix 3 - Template register

Inherent Risk								Residual Risk				Assurances	Actions			
Risk No.	Risk Description	Cause	Effect	Owner	Likelihood	Impact	Score & RAG	Key Controls	Likelihood	Impact	Score & RAG	Sources of assurance over key controls	Action	Owner	Target Date	Action RAG

Appendix 4 - Risk Scoring Matrix

The following table illustrates how risks are scored:

Impact	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very rare	Unlikely	Possible	Likely	Very Likely
			Likelihood				

Colour	Score	Detail
Red	16 and above	This is in excess of the Council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Management Team, Audit Committee and Council.
Amber	5 to 15	Likely to cause the Council some difficulties – six monthly monitoring
Green	1 to 4	Low risk. Monitor as necessary

Appendix 5 - Impact guidance

The following table provides examples for the scoring of the impact of a risk:

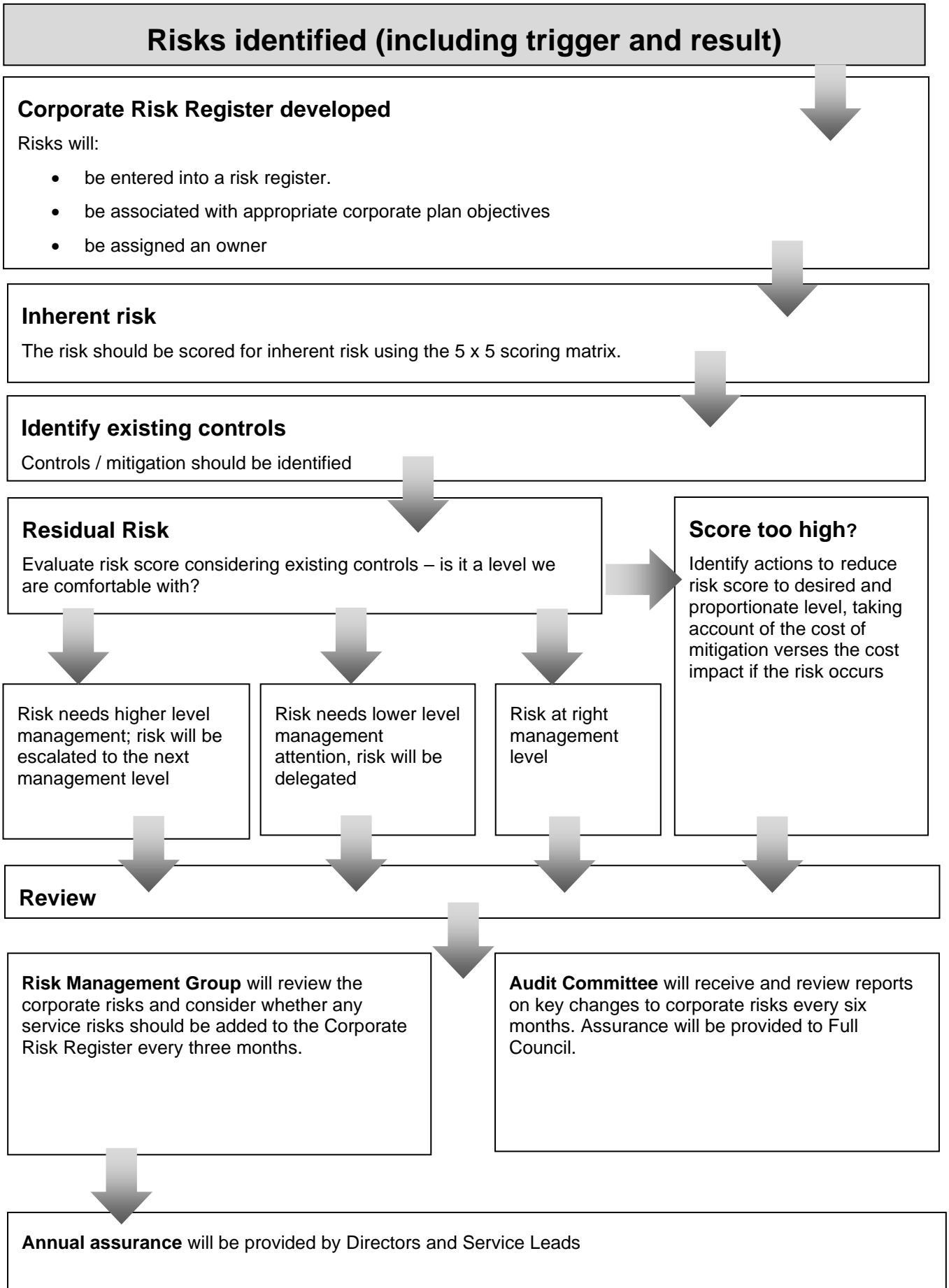
	Negligible 1	Low 2	Medium 3	High 4	Very High 5
Legal and Regulatory	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges
Financial	<£25k	<£50k	<£100k	<£500k	>£500k
Service provision	Insignificant disruption to service delivery	Minor disruption to service delivery	Moderate direct effect on service delivery	Major disruption to service delivery	Critical long term disruption to service delivery
People and Safeguarding	Slight injury or illness	Low level of minor injuries	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility	Serious injury of an employee and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility	Death of an employee or individual for whom the Council has a responsibility or serious mistreatment or abuse resulting in criminal charges
Reputation	No reputational impact	Minimal negative local media reporting	Significant negative front page reports / editorial comment in the local media	Sustained negative coverage in local media or negative reporting in the national media	Significant and sustained local opposition to the Council's policies and/or sustained negative media reporting in national media
Project	Minimal effect on budget or overrun	Project overruns or over budget	Project overruns or over budget affecting service delivery	Project significantly overruns or over budget	Project failure
Sustainability and Environment	Minimal or no impact on the environment or sustainability targets	Minor impact on the environment or sustainability targets	Moderate impact on the environment or sustainability targets	Serious impact on the environment or sustainability targets	Very serious impact on the environment or sustainability targets

Likelihood guidance

Likelihood scoring is left to the discretion of managers as it is subjective, but should be based on their experience of the risk. As a guide, the following may be useful:

Likelihood	Score	Guidance
Very rare	1	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will
Unlikely	2	Not expected, but there's a slight possibility it may occur at some time
Possible	3	The event might occur at some time as there is a history of occasional occurrence at the Council
Likely	4	There is a strong possibility the event will occur as there is a history of frequent occurrence at the Council
Very likely	5	The event is expected to occur in most circumstances as there is a history of regular occurrence at the Council

Appendix 6 - Diagram of the Risk Management Process



TITLE: ANNUAL GOVERNANCE STATEMENT 2022/23 – FIRST DRAFT

Committee: Audit Committee

Date: 16 October 2023

Author: Chief Executive

Report No: Y65

Contact Officer: John Hill, Chief Executive

Email: john.hill@eastcambs.gov.uk

Room No. 103, The Grange, Ely

1.0 ISSUE

- 1.1. Presentation of the first draft of the Annual Governance Statement 2022/23 for further member consultation.

2.0 RECOMMENDATION

- 2.1. Members are requested to instruct the Chief Executive to formally consult with members and substitutes of the Committee to enable a final draft to be presented to the next meeting in January 2024.

3.0 BACKGROUND/OPTIONS

- 3.1. The Audit and Account Regulations 2015 requires the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Leader of the Council.
- 3.2. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
- 3.3. The draft AGS has been compiled using sources of evidence, including:
- A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
 - Self-assurance statements prepared by Service Leads;
 - The Chief Internal Auditor's opinion on the Council's internal control environment, which was formally reported to the Audit Committee on 25th July 2022.
- 3.4. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:

- The Council's responsibilities for ensuring a sound system of governance;
- An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
- An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
- The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
- A conclusion demonstrating a commitment to monitoring implementation through the next annual review.

3.5. Although the 2022/23 Annual Governance Statement relates specifically to April 2022 to end March 2023, it also reflects on past and future actions and priorities:

- Appendix 2 (presented to members for the first time) updates on actions included in the 2021/22 AGS
- Appendix 1 (Draft 2022/23 AGS) includes 'Development in 2022/23' column detailing in year progress in meeting the agreed principles
- Appendix 1 (Draft 2022/23 AGS) includes 'Focus and further development for 2023/24 as a footer to each agreed principle outlining priorities in 2023/24 (ie the current financial year). Progress against these actions will be reported as part of the 2023/24 AGS.

3.6. The "Review of effectiveness" section seeks to collate the sources of assurance available, including the independent audit opinion and those of other inspection agencies. This also reflects upon the role of the Audit Committee.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. Appendix 1 details the first draft of the Annual Governance Statement 2022/23 for member consideration. Consistent with the process introduced by the Chief Executive for the last statement (ie 2021/22), members and substitutes of the Audit Committee will have the opportunity to make individual responses to inform the final draft. A summary of all the comments received will be reported to the Committee together with a response from the Chief Executive. Any comments/input should be sent to the Chief Executive by the week ending 15 December 2023.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There is no requirement to report any of these matters to the Committee at this stage

6.0 APPENDICES

Appendix 1 – Annual Governance Statement 2022/23 – First Draft

Appendix 2 – Progress Report (AGS 2021/22) – Agreed Actions

Background Documents:

Audit Committee – 30 January 2023

Agenda Item 6 – Annual Governance Statement – Final Draft (2021/22).

First Draft Annual Governance Statement 2022/23

1. Scope of responsibility

- 1.1. East Cambridgeshire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. East Cambridgeshire District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, East Cambridgeshire District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3. East Cambridgeshire District Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is included on our website at <https://www.eastcambs.gov.uk/>.
- 1.4. This statement explains how East Cambridgeshire District Council has complied with the principles of the Code and also meets the requirements of regulation 4 (3) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement. In this assessment, the Council seeks to be open, honest and favours disclosure.

2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled, and its activities through which it accounts to, engages with, and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Cambridgeshire District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at East Cambridgeshire District Council for the year ended 31 March 2023 and up to the date of the approval of this statement.

3. The governance framework

The Council's Code of Governance recognises that effective governance is achieved through the following core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

4. Key elements of the Governance Framework

The following is a brief description of the key elements of the systems and processes that comprise the Council's governance arrangements, including any developments in 2022/23 and areas of focus for 2023/24:



Appendix 1

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Key element	How the Council achieves this	Development in 2022/23
Maintaining codes of conduct which define standards of behaviour for elected Members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively.	<ul style="list-style-type: none"> The Constitution contains a Members Code of Conduct, which is underpinned by the Principles of Public Life. Members are required to complete a declaration of interests which is published on the website for transparency. There is a separate Employee Code of Conduct, which is supported by HR policies and procedures. Codes, policies and procedures are shared with new employees as part of the induction process. The Council has a Whistleblowing Policy, which is available to employees. 	<ul style="list-style-type: none"> During 2022/23, there were eight Code of Conduct complaints against Councillors which were investigated and resolved. The Employee Code of Conduct was up-dated in March 2023.
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	<ul style="list-style-type: none"> Corporate policies and strategies, which are regularly reviewed, are available on the Council website. The Constitution contains responsibilities for functions of the Council, Policy Committees, Regulatory Committees and other Committees, Joint Committees and Other Partnership Bodies. It also contains Proper Officer Functions and Rules of Procedure. The Monitoring Officer advises whether decisions are in accordance with the Constitution, and a summary list of responsibilities are included in a Monitoring Officer Protocol. The Council ensures compliance with established policies, procedures, laws and regulations through a number of channels. The Chief Executive is responsible and accountable to the Council for all aspects of operational management. The Director, Finance (Section 151 Officer) is responsible for ensuring that appropriate advice is given on financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control. The Director, Legal Services is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. 	<ul style="list-style-type: none"> Corporate Plan circulated to all Council staff after approval at July 2022 Council meeting. Policies on Regulation of Investigatory Powers Act (RIPA) and Covert Human Intelligence Sources updated and approved by Finance and Assets Committee in March 2023. Training on Contract Procurement Rules has become mandatory for all service leads at least once every three years. The latest training took place in June 2022. Of the 36 key officers



Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Key element	How the Council achieves this	Development in 2022/23
	<ul style="list-style-type: none"> The Localism Act 2011 requires the Council to prepare a Pay Policy Statement for each financial year. The Statement must be prepared and approved by the end of March each year. The 2023/24 Pay Policy was approved by Council in February 2023. Managers within the Council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. This is a key control and as such Service Leads are asked to provide annual assurance that they have promoted relevant policies and made sure that all staff are aware of relevant requirements and exercise due controls. Statements have been received from Service Leads in relation to 2022/23 and assurances have been provided that policies and procedures have been suitably promoted across the service and staff are aware of key policies, procedures and expected standards (including the receipt of gifts and hospitality, contract procedure rules and the Code of Conduct). Service Leads have provided assurance that they have maintained an up to date awareness of the latest legal requirements affecting their service and have noted where potential changes in legislation may require action in 2022/23. The Monitoring Officer issues reminders on the recording of gifts and hospitality via email to all staff, twice yearly. The Information Officer organises GDPR/Data Protection/Freedom of Information training for all staff on a yearly basis, including providing training at induction and when new changes take place, to ensure staff are kept up to date and are aware of their responsibilities. 	<ul style="list-style-type: none"> identified as needing to complete this training, 26 had attended training in either 2021 or 2022. Mechanism for approving all invoices over £50k in accordance with delegations consistently enforced. Policies on extra responsibility allowance and acting up have been updated and published. The Private Sector Housing Enforcement Policy has been reviewed and updated to take into account new legislation and enforcement powers and approved by Operational Services Committee in November 2022. The Private Sector Housing Renewal Policy 2015 has been reviewed and updated to reflect the changes to the East Cambridgeshire Housing Adaptations and Repair Policy in 2019 and in response to the findings of the 2021 Housing Stock Model Survey. The Children and Adults at Risk Safeguarding Policy was



Appendix 1

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		
Key element	How the Council achieves this	Development in 2022/23
		<p>reviewed and approved by Operational Services Committee in November 2022.</p> <ul style="list-style-type: none">• Safeguarding training was arranged for all staff to attend in March 2023.
Focus and further development for 2023/24 <ul style="list-style-type: none">• Policies on Whistleblowing and Redundancy to be subject to review and alignment with latest best practice/legislation.• Communications Team to produce a Social Media policy for staff.• Implementation of provisions of Elections Act 2022, including introduction of Voter ID for May 2023 Elections.• Preparation and delivery of new Member Induction, Training and Development Programme following elections in May 2023.• Training for staff on new policies<ul style="list-style-type: none">• Regulation of Investigatory Powers Act (RIPA); dates for this are confirmed as 27th September 2023 – Investigating Officers, 28th September 2023 – Authorising Officers and 10th October 2023 – CMT• Covert Human Intelligence Sources.		



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2022/23
Documenting a commitment to openness and acting in the public interest	<ul style="list-style-type: none"> • There is public access to all Committee meetings except where items for discussion are of a confidential nature. The Council continues to be committed to ensuring that members of the public are involved in the decision making process. • There are specific schemes in place to allow members of the public to speak at both Planning and Licensing Committee meetings, and the Council has also issued general guidance on public question time at other meetings, including Full Council. • In order to demonstrate its openness, the Council also publishes on the website the Constitution, Council and Committee agendas, reports, minutes and decision lists. • The Council publishes on its website the recommended datasets in accordance with the Local Government Transparency Code 2015 issued by the Department for Communities and Local Government in February 2015. • The Equality, Diversity and Inclusion Policy sets out the Council's commitment to an inclusive and supportive environment for staff, Members, contractors and visitors that is free from discrimination. • To demonstrate its compliance with the Public Sector Equality Duty, the Council produced and published an Equality, Diversity and Inclusion Monitoring Report which presents an analysis of the following areas: <ul style="list-style-type: none"> ▪ Equality objectives; ▪ Service delivery; ▪ Equality impact assessments; ▪ Complaints and satisfaction; ▪ Access to information; ▪ Equality in employment; 	<ul style="list-style-type: none"> • The Council's gender pay gap was reported to Finance and Assets Committee in October 2022. • Implementation of Voter ID for May 2023 Elections including comprehensive public awareness campaign. • Ensuring accessibility of documents relating to Council and Committees on Council's website through redesign of agenda and report templates.



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2022/23
	<ul style="list-style-type: none"> ▪ Gender Pay Gap; ▪ Progress against the 2021-24 Equality Action Plan; ▪ The Council's commitments for 2021-24. <p>This has been published on the Council's website.</p> <ul style="list-style-type: none"> • Equality Impact Assessments (EIAs) and Carbon Impact Assessments (CIAs) inform policy development and decision making. EIAs are published on the Council's website. • e-learning training course for all staff and Members entitled 'Equality and Diversity Essentials'. 	
<p>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation</p>	<ul style="list-style-type: none"> • Residents are regularly informed about the Council's activities through the Council website, work with the local media, social media and other channels. • The Council has adopted a Constitution which sets out how the Council operates, how decisions are taken and the procedures which should be followed. All meetings are open to the public except where there are confidential matters to discuss. • The Council has developed a Community Engagement Strategy covering the period 2018 to 2023 to ensure that all residents have the opportunity to engage with the Council and have their say regarding the services and resources that they need. • The Council undertakes regular consultation exercises, ranging from small focus groups of customers to large scale questionnaires and face-to-face surveys. A Register of Consultees is held which gives individuals, community groups and associations the opportunity to consider new or revised policies, strategies or functions and to express their opinions, concerns and make suggestions. To 	<ul style="list-style-type: none"> • The Council submitted its Local Plan Single Issue Review (SIR) to the Secretary of State on 19 July 2022 and thereafter the examination process began. A webpage providing updates on all matters associated with the examination has been updated with the latest news and information throughout the year. • Implementation of live web-streaming of Council and Committee meetings.



Principle B: Ensuring openness and comprehensive stakeholder engagement		
Key element	How the Council achieves this	Development in 2022/23
	<p>encourage as wide a participation as possible, an invitation for further individuals to join the register is included in the Consultation section of the Council's website.</p> <ul style="list-style-type: none"> • The Statement of Community Involvement (SCI) sets out how the Council involves and consults with the public and wider stakeholders when planning for future local development across the District. This is published on the Council's website and covers consultation arrangements in respect of planning applications and planning policy matters, including the preparation of the Local Plan. • Regular media releases are used as a means of keeping residents of the District informed of current and upcoming issues and Council decisions. The Council endeavours to ensure that all communications with the public are accessible to all by providing a translation service, large print and braille. • Equity of participation and wider social outcomes (e.g. in health) are fundamental principles of the Council's leisure service provision and is reflected in service specifications and the physical activity generation programme. The Healthy You Programme is based on community engagement and specific user feedback forms part of the evaluation process. • Further examples of community engagement include Landlord Forums, Agents Forums and Taxi Driver Forums. 	<ul style="list-style-type: none"> • Consultations during 2022/23 has included the following: Housing Enforcement policy (the consultation document was sent to 91 landlords and managing agents as well as being posted on the Council's website. The Council received 8 responses regarding the policy which were reported to Operational Services Committee in September 2022)
<p>Focus and further development for 2023/24</p> <ul style="list-style-type: none"> • Review of the Council's Equality, Diversity and Inclusion Policy in 2024. • Communities & Partnerships Team to review the Community Engagement Strategy to reflect a desire to be more co-productive with residents in the future, to ensure their needs are more acutely listened to. Examples could include using the website to generate greater feedback from customers; hosting co-production workshops; and proactively engaging more regularly with residents (digitally, face to face and in print). 		



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits		
Key element	How the Council achieves this	Development in 2022/23
<p>Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning</p>	<ul style="list-style-type: none"> • The Council has approved two Corporate Objectives;- To be financially self-sufficient and provide services driven by and built around the needs of our customers; and, To enable and deliver commercial and economic growth to ensure that East Cambridgeshire continues to be a place where people want to live, work, invest and visit. • The Corporate Plan for the period 2022-23 was approved by Council in July 2022. It contains five themes which set out the main areas where the Council will concentrate work over the period: <ul style="list-style-type: none"> ○ Sound financial management ○ Improving transport ○ Housing ○ Cleaner, greener East Cambridgeshire ○ Social and community infrastructure <p>Within each of these themes the Council set out the priorities for the year. Details of all the above, together with any committee reports referred to in this statement, can be found on the Council's website.</p> • The Medium Term Financial Strategy (MTFS) is presented to Council on an annual basis to support the budget papers and the Corporate Plan. The MTFS sets out the level of savings that need to be achieved over the medium term. Savings plans and income generation targets are developed to achieve the budget requirement set out in the MTFS. • The Environment & Climate Change Strategy and Action Plan sets out the Council's vision, which is that by 2040 the Council's operations will reach net zero carbon emissions, and steps that will be taken to support our communities and East Cambridgeshire's biodiversity and 	<ul style="list-style-type: none"> • Achieved Bronze level Investors in the Environment accreditation, the first council in Cambridgeshire to do so. • Reduced the Council's paper use by 35%. • Committed to shift fleet vehicles, such as our refuse collection lorries, away from diesel fuel to much more environmentally friendly vegetable oil. • Installed 24 electric vehicle charging points, across three separate public car parks, which should be fully operational by summer 2023. • Helped create, through a free tree give-away programme, 28 new community orchards across East Cambridgeshire. • Approval to purchase 10 RCV's at Euro emissions standard (March 27 2023)



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits		
Key element	How the Council achieves this	Development in 2022/23
	environmental assets so they can adapt and flourish as the climate changes.	
Translating the vision into courses of action for the authority, its partnerships and collaborations	<ul style="list-style-type: none"> • During 2022/23 performance reporting against Service Delivery Plans was reinstated, with reporting to respective committees on performance during the year. • Service Delivery Plans are reviewed every year in line with any changes to the Corporate Priorities and in accordance with the development of the budget to ensure the necessary resources are in place for their delivery. • Staff appraisals and performance reviews are linked to corporate and service level plans. • Where commissioned services are delivered jointly with partners this is reflected in service delivery plans and performance against both service delivery targets and budgets are monitored. • There are service contracts in place between the Council and its Trading Companies. In addition, the Council, through the respective Shareholder Committee, approves each Trading Company business plan. There is a shareholder agreement in place between the respective companies and the Council. 	<ul style="list-style-type: none"> • Service Delivery Plans reviewed and approved by committees in March 2022, with progress updates in November 2022 and March 2023. • 2023/24 Service Delivery Plans approved by Committees in March 2023. • ECTC 2023/24 Business Plan approved by Finance & Assets Committee on 30 March 2023. • ECSS 2023/24 Business Plan approved by Operational Services Committee on 27 March 2023. • ECTC/ECSS Member Seminar held on 6 September 2022. • Council approved up to £500,000 increase in ECSS's Management Fee in February 2023.



Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Key element	How the Council achieves this	Development in 2022/23
<p>Focus and further development for 2023/24</p> <ul style="list-style-type: none">• Commitment by Democratic and Electoral Services in Service Delivery Plan to reduce paper usage by 25%. Democratic Services is the largest paper user within the Council, due to printing of agendas and other Committee / Electoral Services documents. Aiming to achieve target by encouraging Councillors to access agendas electronically and maximise electronic communications wherever possible and allowed legislatively.• Install PV Solar Panels across the E-Space North office building, Littleport, targeting at least a 50% reduction in grid electricity usage and aiming to halve its electricity bill.• Changes to the Shareholder Agreement between ECDC and ECSS were approved at Full Council in July 2023.• ECTC/ECSS Member Seminar was originally scheduled for April 2023. This was postponed to 27 September 2023 due to elections and subsequent Member training programme.• Delivery of 10 RCV's• Review of the Waste and Recycling Service.• Procurement of new 5 year Materials Recycling Facility Contract.• Depot refurbishment – improved insulation and full move to green electric from oil.		



Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Key element	How the Council achieves this	Development in 2022/23
<p>Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality</p>	<ul style="list-style-type: none"> • The Council's decision making framework is set out in the Council's Constitution including an effective scheme of delegation. The Council's Constitution is kept under continuous review in line with best practice. • The Constitution includes the Shareholder Committee roles of the Finance and Assets Committee and the Operational Services Committee for the East Cambridgeshire Trading Company (ECTC) and East Cambridgeshire Street Scene (ECSS), respectively, and the Anglia Revenues Partnership Joint Committee. • Business Continuity Management arrangements are in place to support delivery of services and outcomes in the case of unforeseen events. 	
<p>Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money</p>	<ul style="list-style-type: none"> • Performance management in the Council is based on the Corporate Plan priorities supported by Service Delivery Plans. The Council's two Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans. • A summary of the overall performance of the Council, linked to the promises detailed in the Corporate Plan, is included in the introduction to the Statement of Accounts. • The Council has established a robust financial planning process which includes a Medium Term Financial Strategy, frequent budget monitoring reports to officers and quarterly budget monitoring reports to Policy Committees. • Customer satisfaction surveys are issued by services such as the Care and Repair team. These seek to ensure that outcomes meet requirements i.e. improved accessibility and efficient and effective processes. 	



Appendix 1

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes		
Key element	How the Council achieves this	Development in 2022/23
	<ul style="list-style-type: none">• Service Lead participation in professional networks enables sharing of latest best practice and benchmarking.• Measurement of sickness absence performance.	
Focus and further development for 2023/24		
<ul style="list-style-type: none">• District Council elections took place in May 2023. The Communications Team will be reviewing its performance at these to ensure learnings can be applied to the national elections in 2024.• A cross-party Constitutional Review Working Party has been established to review the Council's Constitution and report back to Full Council in February 2024.• Council approved the Corporate Plan 2023-2027 and the Action Plan 2023/24 in July 2023.		



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2022/23
Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements	<ul style="list-style-type: none"> The Council's Constitution sets out how the Council operates and decisions are made. This contains separate articles and key documents covering the Member Code of Conduct, Proper Officer functions, and protocols for the Monitoring Officer. As the Head of Paid Service, the Chief Executive leads the officers and chairs the Council's Corporate Management Team. The other two statutory officers, the Monitoring Officer and Section 151 Officer report directly to the Chief Executive, and are both members of the Corporate Management Team. Regular meetings are held between the Leader of the Council and Chief Executive and the Leader of the Council and Corporate Management Team in order to maintain a shared understanding of roles and objectives. 	<ul style="list-style-type: none"> Democratic Services team attending and participating in national and regional events / consultations on review of national Members Code of Conduct.
Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)	<ul style="list-style-type: none"> The Council establishment includes a Chief Finance Officer (CFO), ensuring the financial management arrangements conform with the requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). This responsibility was discharged by the Director Finance (Section 151 Officer), during 2022/23. 	
Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function	<ul style="list-style-type: none"> The Monitoring Officer is a statutory appointment under Section 5 of the Local Government and Housing Act 1989. These responsibilities were delivered by the Director, Legal Services in 2022/23. The Monitoring Officer undertakes to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall 	



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2022/23
	<p>reputation of the Council. In doing so they will also safeguard, so far as is possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.</p> <ul style="list-style-type: none"> • It is important that Members and officers work together to promote good governance within the Council. The Monitoring Officer plays a key role in this and it is vital therefore, that Members and officers work with the Monitoring Officer to enable them to discharge their statutory responsibilities and other duties. • There are working arrangements and understandings in place between the Monitoring Officer, members and the Corporate Management Team which are designed to ensure the effective discharge of the Council's business and functions. These arrangements are detailed in the Monitoring Officer Protocol, which is a key document in the Council's Constitution. 	
Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function	<ul style="list-style-type: none"> • The role of Head of Paid Service is defined in the Local Government and Housing Act 1989. In East Cambridgeshire District Council, it is assigned to the Chief Executive as set out in the Constitution and all necessary powers are delegated to fulfil the statutory role. • The Council is also required to provide the Head of Paid Service with staff, accommodation and other resources sufficient to enable the performance of the function. The annual budget proposed to Council, prepared by officers, seeks to align the provision of Council resources with the delivery of the Corporate Plan. In this manner, the Head of Paid Service is ensuring that the Council is fulfilling its duty. 	
Providing induction and identifying the	<ul style="list-style-type: none"> • There is a Member induction and training programme in place. Members are also required to undertake specific training before performing certain 	Member seminars and training delivered in 2022/23 included:



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2022/23
development needs of members and officers in relation to their strategic roles, supported by appropriate training	<p>duties such as planning and licensing. Additional Member seminars are also arranged throughout the year to deal with specific issues as they arise.</p> <ul style="list-style-type: none"> • There is an induction programme for all new employees, which consists of a mix of one-to-one meetings covering specific aspects of employment and group meetings that deal with more common areas. • Staff training and development needs are reviewed at performance appraisals and supervision meetings. • All officer posts within the Council have a detailed job description and person specification. The development needs of officers are determined through an annual performance appraisal, a key outcome of which is a Personal Development and Training Plan. This Plan provides a link between service and corporate priorities and career development. Requests for professional/vocational training are presented to Corporate Management Team annually for final consideration. • Continuous professional development completed by professional officers. • Succession planning within key service area roles. 	<p>16/6 – Local Transport & Connectivity Plan</p> <p>22/6 – Sustrans – presentation of route feasibility studies</p> <p>27/6 – Members & Officers Risk Management Training</p> <p>18/7 – Cambridgeshire Constabulary</p> <p>1/8 – Ely North Phase 5</p> <p>6/9 – ECTC/ECSS Shareholder Seminar</p> <p>26/9 – Greater Cambridge Partnership</p> <p>31/10 – Sanctuary Housing</p> <p>17/11 – Mobile Connectivity and Future Infrastructure</p> <p>12/12 – Election Act</p> <p>19/1 – Budget Seminar</p> <p>6/2 – New Statutory Requirements for Waste Collection Authorities</p>
Ensuring arrangements are in place to maintain the health and wellbeing	<ul style="list-style-type: none"> • Healthy You programme is promoted with Council staff. • Promotion of health and wellbeing resources available via the Council's intranet pages. 	



Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it		
Key element	How the Council achieves this	Development in 2022/23
of the workforce and support individuals in maintaining their own physical and mental wellbeing	<ul style="list-style-type: none"> • Remote Working Policy adopted and health and safety advice available to support staff working on and off site. • Details of health and safety working group and codes of practice made available to all staff. 	<ul style="list-style-type: none"> • Health and Safety Group meet quarterly.
Proactive and effective use of technology to support service delivery	<ul style="list-style-type: none"> • Adoption of employee self-service systems for payroll and human resources activity. The HR service actively supports staff to access and use the HR and Payroll system. Using the Employee Self-Service (ESS) functionality, staff are able to submit mileage and expenses claims, childcare claims, book annual leave (and other forms of leave). The HR service also supports managers using the People Manager platform to manage their team's time and expenses claim forms, leave requests, sickness absence etc. • Refreshing and reviewing systems to ensure these remain effective and up to date. 	<ul style="list-style-type: none"> • Adoption of new Fixed Assets software for maintaining fixed asset register and associated records.
<p>Focus and further development for 2023/24</p> <ul style="list-style-type: none"> • Review of flexible retirement policy. • Corporate Health & Safety Policy 2023 approved by Finance & Assets Committee in July 2023. • Refresh of the Corporate Induction Programme. 		



Appendix 1

Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2022/23
Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability	<ul style="list-style-type: none">• The Council has a Risk Management Policy and framework to detail the approach to managing risks. The latest Policy was approved by Full Council in October 2020.• The Council's Corporate Risk Register is the result of continuous review by a Risk Management Group, the Corporate Management Team and the Audit Committee, of the key risks that may have an impact on achieving the Council's objectives. Each risk shows the owner and the key controls in place to minimise any impact on the Council and its provision of services to stakeholders. Individual projects and partnerships are also subject to risk assessments.• Service Leads are asked to identify and highlight major risks at a service level for consideration by the Risk Management Group. Other service risks are managed by Service Leads via the Service Planning process.• The Strategic Business Continuity Plan ensures that the Council is able to plan for, and respond to, a disruptive incident in order to continue service delivery and business operations at an acceptable predefined level.	<ul style="list-style-type: none">• Risk management training in June 2022 for all elected Members.
Ensuring compliance with the principles of the CIPFA Financial Management Code	<ul style="list-style-type: none">• The Council's Section 151 Officer's self-assessment in 2021/22 against key elements of the Code identified no areas requiring action for compliance. Reports on assessment presented to Audit Committee in 2022/23.	



Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2022/23
Ensuring an effective scrutiny function is in place.	<ul style="list-style-type: none"> The Council has a Call-In and Referral Up Procedure which is part of the Constitution. This enables councillors to call in decisions made through the Policy Committees. Council can then consider the matter afresh and make a final decision which could be to uphold, amend or reject the previous decision of the Policy Committee. The Council provides Members to other Scrutiny Committees, where required, to review the performance and effectiveness of other public service providers as well as the Council. Examples include the Cambridgeshire Police & Crime Panel, Health & Wellbeing Board and the Community Safety Partnership. 	<ul style="list-style-type: none"> There were no call-ins in 2022/23.
Ensuring effective counter fraud and anti-corruption arrangements are in place	<ul style="list-style-type: none"> An Anti-fraud and Corruption Strategy is in place which includes procedures relating to Money Laundering and Bribery Act. The Council participates in the National Fraud Initiative (NFI) exercises to identify potential indicators of fraud or error. Fraud reporting email address made available for reporting concerns. The Whistleblowing policy also provides a route for raising concerns in confidence. 	<ul style="list-style-type: none"> Anti-Fraud and Corruption policy reviewed and approved by Council. Internet pages updated to include further details and contact information for fraud referrals.
Gaining assurance on risks associated with delivering services through third parties	<ul style="list-style-type: none"> The Council's Corporate Risk Register details the governance controls that it maintains over its trading companies, to ensure that any risks associated with these are quickly identified. As part of the processes included in this, is the need for the companies to produce an annual Business Plan that includes a risk management section for approval at Committee. 	<ul style="list-style-type: none"> Revised the Corporate Risk Register to include sources of assurance, to provide a form of assurance mapping.



Principle F: Managing risks and performance through robust internal control and strong public financial management		
Key element	How the Council achieves this	Development in 2022/23
Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)	<ul style="list-style-type: none"> The Audit Committee for the financial year 2022/23 operated in line with its terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements. In accordance with guidance, the Audit Committee does not engage in decision making which would impact upon its independence. 	<ul style="list-style-type: none"> Audit Committee training delivered.
Arrangements for managing data to ensure security, quality and accuracy	<ul style="list-style-type: none"> The Council has a Data Protection Officer (DPO) and Senior Information Responsible Officer (SIRO). Training is provided to staff on data protection, including as part of induction processes. Service Leads ensure data is managed in line with Council policy and procedure. Where parts of the service are outsourced or delivered in partnership, and the third party processes or has access to Council data, assurance is obtained from the third party regarding the robustness of systems and controls it has in place. 	
<p>Focus and further development for 2023/24</p> <ul style="list-style-type: none"> Conduct of Independent Remuneration Panel (IRP) in Autumn 2023. Implementing Canvass reform in accordance with national legislative provisions/guidance. Chief Executive review of corporate risks related to 2022/23 overspends – instigated by Audit Committee. 		



Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability		
Key element	How the Council achieves this	Development in 2022/23
Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.	<ul style="list-style-type: none"> The Council provides support and information to the externally appointed auditors (Ernst & Young LLP). Audit findings and recommendations are reported through the Audit Committee. 	
Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.	<ul style="list-style-type: none"> The Council demonstrates a strong commitment to working in partnership with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value. The governance arrangements for key partnerships are kept under review. Governance arrangements for significant partnerships, such as the East Cambridgeshire Trading Company, East Cambridgeshire Street Scene and the Anglia Revenues Partnership, are documented in the Constitution. 	
Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	<ul style="list-style-type: none"> During 2022/23 Internal Audit was delegated to North Northamptonshire Council which was led by a professionally qualified Chief Internal Auditor in accordance with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, Public Sector Internal Audit Standards and the Local Government Application Note. The Internal Audit Charter is in line with the Public Sector Internal Audit Standards and provides for the necessary access required to exercise this key role. The Chief Internal Auditor has been a regular attendee at Audit Committee meetings and progress reports on delivery of the audit plan were provided throughout the financial year. 	<ul style="list-style-type: none"> Implementation of 85% of agreed actions from Internal Audit reports due during 2022/23.



Appendix 1

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| | <ul style="list-style-type: none">• Implementation of audit recommendations are subject to monthly follow ups by the Internal Audit team and progress is reported to every Committee meeting via a progress report. | |
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Focus and further development for 2023/24

- To conduct a self-assessment on the effectiveness of the Audit Committee against the 2022 CIPFA guidance.
- To introduce annual reports from the Audit Committee to Council, in line with recommended practice.

5. Review of effectiveness

- 5.1. East Cambridgeshire District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the directors within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditors annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

1. The Council

- In July 2022 the Council approved the Corporate Plan for 2022-2023 which forms the basis of the performance management framework. Council reviews progress against the plan, ensuring it remains committed to the priorities whilst delivering a balanced budget.
- Council approved financial documents including the Medium-Term Financial Strategy, Capital Strategy, General Fund Revenue Budget, Treasury Management Strategy, and the Council Tax Reduction Scheme. The Medium-Term Financial Strategy provides the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.
- Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for administration of those affairs. This role was discharged by the Council's Director, Finance during 2022/23.
- The CIPFA Financial Management Code published in October 2019 sets out the financial standards of financial management for local authorities. Full adoption of the Code commenced on 1st April 2021. A self-assessment by the Council's Section 151 Officer in 2021/22 did not highlight any areas of non-conformance with key principles of the Code. An independent review by Internal Audit of the self-assessment was also conducted and areas for further consideration have been reported.
- The Council has considered the appointment of Independent Persons for the Council in accordance with the standards framework to be compliant with the Localism Act 2011. The appointment was made by Full Council in May 2019 and will be for a period of four years.
- Council approved key strategies and policies such as the Corporate Plan 2022-2023 and a Corporate Risk Management Policy is in place and communicated.

2. The Finance and Assets Committee

- The Committee reviewed and noted quarterly budget monitoring reports and regular updates on assets.
- The Committee approved financial reports, such as the Treasury Management Strategy, Treasury Management Annual Performance Review, the Annual Investment Strategy, Revenue Budgets, Capital Strategy, Council Tax, overall

Council Budget reports, and reviewed the minutes of the ARP Joint Committee, as the partnership which delivers revenues and benefits for the Council.

- In undertaking its role as the Shareholder Committee for East Cambridgeshire Trading Company (ECTC), the Committee approved the Business Plan for 2022/23 (June 2022) the Business Plan for 2023/24 (March 2023) and noted the ECTC accounts for 2021/22 (October 2022).
- The Committee received the annual Health and Safety report for 2021/22 which provided a summary of East Cambridgeshire District Council (Council), East Cambridgeshire Trading Company (ECTC) and East Cambridgeshire Street Scene (ECSS) health and safety performance to the end of the financial year 2021/22 and set out the commitments relating to health and safety for the year 2022/23.
- The Committee received the annual Gender Pay report including actions aimed at reducing the gender pay gap.
- The Committee received an Asset Management Plan in March 2023.

3. The Audit Committee

- The Committee performed the role of the Audit Committee as defined by the Public Sector Internal Audit Standards, which covered internal and external audit matters, (risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts.
- The Committee received reports on corporate risks, the work and findings of internal audit, including the annual report, and external audit reports, letters and briefings. It also reviewed and approved the Annual Governance Statement for 2021/22.
- The Committee approved the delegation of Internal Audit services to North Northamptonshire Council for five years, to provide stability and resilience in audit coverage.

4. The Operational Services Committee

- The Committee received and noted budget monitoring reports.
- The Committee approved the Council's third Environment and Climate Change Strategy and Action Plan, dated June 2022.
- The Committee received a progress report against the East Cambridgeshire Youth Action Plan 2021-24 and an update on developments from the Outdoor Sports and Playing Pitch Strategy. An update on the Community Safety Partnership was also received for the Committee's noting.
- The Committee received the enforcement policies for food safety and health and safety or approval ahead of consultation.
- The Committee approved the updated Local Enforcement Plan (LEP) relating to Planning Enforcement, in accordance with an Internal Audit recommendation highlighting that this was overdue for review. This is now due to be subject to three yearly review by the Committee going forward.
- In undertaking its role as the Shareholder Committee for East Cambridgeshire Street Scene (ECSS), the Committee received performance reports for the delivery of the

waste and street cleansing services by ECSS. The Committee also approved the ECSS Business Plan for 2023/24 (March 2023) and noted the ECSS statutory accounts for 2021/22 (September 2022).

5. Relationship between the Council and its Trading Companies

The shareholder arrangements for the Finance and Assets and Operational Services Committee are detailed above. In addition, there are a number of matters reserved for Council as the sole shareholder) as detailed in the Shareholder Agreement. The Council continues to implement the revised arrangements for the membership of the ECTC and ECSS boards and wider member scrutiny (ref: Council – 17 October 2019 Agenda Item 14 and 15) and Council (ref: 13 July 2023 Agenda Item 11), specifically the appointment of the Leader of Council or Deputy Leader of Council and the respective Chairman of Committee to the Boards (or Vice Chairman for ECSS) as Observers, the membership of the Boards to include the respective Director, delegations of functions of Council to the respective Committee to meet its shareholder responsibilities and an annual all member shareholder seminar.

6. Internal Audit

- The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- The Chief Internal Auditor's annual report was presented to the Audit Committee in July 2023. This report outlined the key findings of the audit work undertaken during 2022/23 including any areas of significant weakness in the internal control environment.
- The Chief Internal Auditor's annual opinion for 2022/23 is that:

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2022/23. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2022/23 – see definition of assurance opinions in section 4.1 of this report. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

Financial control

Controls relating to the Council's key financial systems which were reviewed during the year were all concluded to be operating at a level of Satisfactory Assurance or above, with 92% of opinions given being of Good or Substantial Assurance.

Assurance over the outsourced revenues and benefits service has been provided in the form of internal audit reports issued for the Anglia Revenues Partnership. These have all resulted in assurance opinions of 'Adequate / Reasonable' or higher, which is comparable to the Council's internal audit service's assurance opinion of 'Satisfactory' or above.

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2022/23.

Rolling risk register reviews were introduced by Internal Audit in 2022/23 and have received positive feedback from the Audit Committee on the value of this work, in giving assurance over the effectiveness of risk management arrangements.

Internal control

For the audits completed by the Internal Audit service in 2022/23, 100% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.

The Audit Plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit Committee.

The audit of Cyber Security was not performed in 2022/23 pending ongoing work by officers on addressing findings from the IT health check. Assurance has, however, been provided in the form of Public Sector Network Code of Connection compliance certification obtained in May 2023 indicating satisfactory resolution of vulnerabilities identified by penetration testing.

Of the agreed management actions due for implementation during 2022/23, 85% had been completed during the year.

There have been no incidences during 2022/23 where the internal audit team have highlighted a fundamental risk or weakness and management have sought to accept the risk, rather than agree an appropriate action.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

7. External Audit

- Under the Government's local public audit regime the Audit Commission initially, and more recently Public Sector Audit Appointments Limited, have awarded contracts for work previously carried out by the Audit Commission's audit practice. As a result Ernst & Young (now EY) became the appointed external auditor for East Cambridgeshire District Council from 1 September 2012.
- EY's audit results report for the financial year 2021/22 was presented to Audit Committee on 20 March 2023 and since updated at the meeting in July 2023.

8. Other inspection agencies

- Nothing to Report.

6. Significant governance issues and actions

The review of the effectiveness of the Governance Framework has provided a satisfactory level of assurance. The review process has highlighted the following significant issue:

- Delays in the completion of the External Audit of the Council's Statement of Accounts, outside of the Council's control or influence. This has been noted as a national issue, with a number of local authorities subject to delays in audits and is due to delays and resource pressures reported by the External Auditors. The delays impact on the assurances available and, as such, are considered to be an issue for inclusion in this Annual Governance Statement.

7. Conclusion

Based on the work that has been completed, assurance can be taken that the governance arrangements at East Cambridgeshire District Council are fit for purpose.

8. Statement by Leader of the Council and Chief Executive

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to the community and stakeholders.

We propose over the coming year to continually address any issues arising that need addressing in order to further enhance its governance arrangements.

Signed:

.....

Anna Bailey
Leader of the Council

Date:

.....

John Hill
Chief Executive

Date:

APPENDIX 2 – PROGRESS AGAINST 2021/22 ACTIONS

The 2021/22 Governance Statement detailed issues and actions for further development and focus in 2022/23. This Appendix outlines progress against these actions and made appropriate recommendations for inclusion in the draft Governance Statement.

PRINCIPLE	ACTIONS	PROGRESS AND FURTHER RECOMMENDATIONS (TBC – RELEVANT DIRECTOR)
A. Integrity, ethical values and respect for the rule of law.	<p>Training on Procurement Rules will be mandatory for service leads at least once every three years from 2022/23.</p> <p>Policies for review – Whistleblowing, flexible retirement and redundancy.</p> <p>Internal Audit actions – approval mechanism for invoices over £50,000.</p>	<p>Procurement training took place in June 2022 and September 2023 and it was made very clear to service leads about the new audit requirement and therefore their need to attend.</p> <p>Flexible retirement policy has been updated and is in draft subject to consultation with CMT and Unison. No progress on updating the redundancy policy. Priority has been given to drafting the new Travel and Expenses policy.</p> <p>The 2022/23 internal audit found that all Invoices over £50,000 had been correctly approved in that year.</p>
B. Openness and comprehensive Stakeholder engagement	<p>Implementation of live streaming of Council and Committee meetings.</p> <p>Support to staff – Council’s Equality, Diversity and Inclusion Policy</p>	<p>The livestreaming of Council and Committee meetings commenced from the Council meeting in April 2022 and takes place for all formal decision-making meetings.</p> <p>Staff and Members can view the Council’s progress against the Equality, Diversity and Inclusion Action Plan 2021-2024 in the Annual Equality Monitoring Report.</p>

	Review of Community Engagement Strategy and Press and PR protocol	The information gathering and mapping stages of work are complete and officers will present a revised strategy to the March 2024 Operational Services Committee meeting as planned.
C. Defining outcomes – economic social and environmental benefits	Reinstatement of Service Delivery Plans against agreed timetable.	SDP's are on the forward plan for adoption at the appropriate committee with a 6 month review and end of year report.
D. Intervention to optimise the achievement of intended outcomes	Review user perception of budget monitoring report	A review of both Member and Service Leads use of budget monitoring reports found that the consensus was that these met the needs of the respective audiences and no changes were required.
E. Developing capacity	Development of Planning Software	We are undertaking a review by IDOX to look at how we maximise the use of the existing software and this will involve an audit of current processes at a cost of circa £2,000. This audit and review will take place post a wider Planning Service Review which is to be undertaken between now and the end of 2023 which may delay the IDOX review to the following financial year.
F. Risk Management	Member risk management training for June 2022 Review effectiveness of the Audit Committee	This took place, followed by a session for officers in July 2022 Lis was leading on this, but she failed to get buy-in from other Audit Committee members, so it didn't really happen.

	Review of counter fraud policies	Updated version approved by Full Council on 21 February 2023.
G. Transparency, reporting and Audit	Role of the Head of Internal Audit – review	A review was started but not completed in 2022/23, and work on this is being continued in 2023/24.

TITLE: Draft Statement of Accounts 2022/23

Committee: Audit Committee

Date: 16th October 2023

Author: Director Finance

Report No: Y66

Contact Officer:
Ian Smith

1.0 ISSUE

1.1. To present the draft Statement of Accounts for 2022/23 to Committee.

2.0 RECOMMENDATION

2.1. Committee is asked to note that the draft Statement of Accounts have now been published on the Council's website.

3.0 BACKGROUND AND OPTIONS

3.1. Historically the draft Statement of Accounts has not been presented to Audit Committee, with instead only the audited version being presented. However, following a request at Committee last year, these are now presented so that Committee can note that they have been published.

3.2. The Statement of Accounts are required to be in a prescribed format, and these were published on the Council's website on the 29th September 2023 and are now within a period of public inspection.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. Committee is asked to note the draft Statements.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There are no financial implications arising from this report. Equality and Carbon Impact Assessments are not required.

6.0 APPENDICES

Appendix 1 – Draft Statement of Accounts

Background Documents:

None

TITLE: INFORMATION GOVERNANCE ANNUAL REPORT

Committee: Audit Committee

Date: 16th October 2023

Author: Director Legal & Monitoring Officer (SIRO)

Report No: Y67

Contact Officer: Maggie Camp, Director Legal & Monitoring Officer
maggie.camp@eastcambs.gov.uk
01353 616277
Room 112, The Grange, Ely

1.0 ISSUE

1.1. To receive an overview of the Council's activity in respect of how it has discharged its responsibilities in matters relating to information governance during 2022/23.

2.0 RECOMMENDATION(S)

2.1. Members are requested to note the report.

3.0 BACKGROUND/OPTIONS

3.1. The Council has statutory obligations to meet as set out in legislation including dealing with Freedom of Information requests, Environmental Information Regulation requests, Subject Access requests, Data Protection requests and Data Breaches. The Information Commissioner's Office ("ICO") is the UK's supervisory authority set up to uphold information rights in the public interest, promote openness by public bodies and data privacy for individuals and monitors compliance with legislation.

3.2. This report provides a summary of the Council's performance during 2022/23 in responding to requests for information received under the legislation referred to above. It also reports on the management of data breaches and data protection training. More information is provided in each section.

3.3. Freedom of Information

The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 impose an obligation on public authorities to provide public access to certain information held by them. On receipt of a valid request for information, the authority must comply with that request as required by the legislation, unless an exemption can be applied.

3.4. Anyone has a right to request information from a public authority. The Council's three separate duties when responding to these requests are:

- To tell the requester whether we hold any information falling within the scope of their request;
- To provide that information; and

- To respond to the request within 20 working days.

3.5. Statistics

Table 1: Number of FOI/EIR requests received

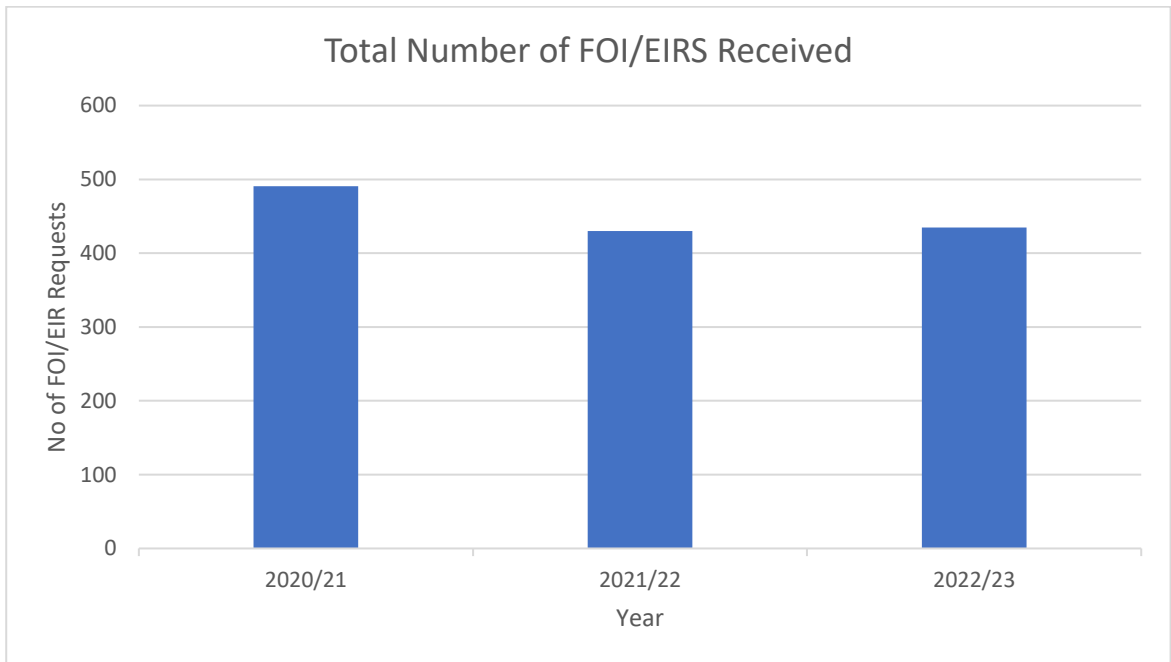
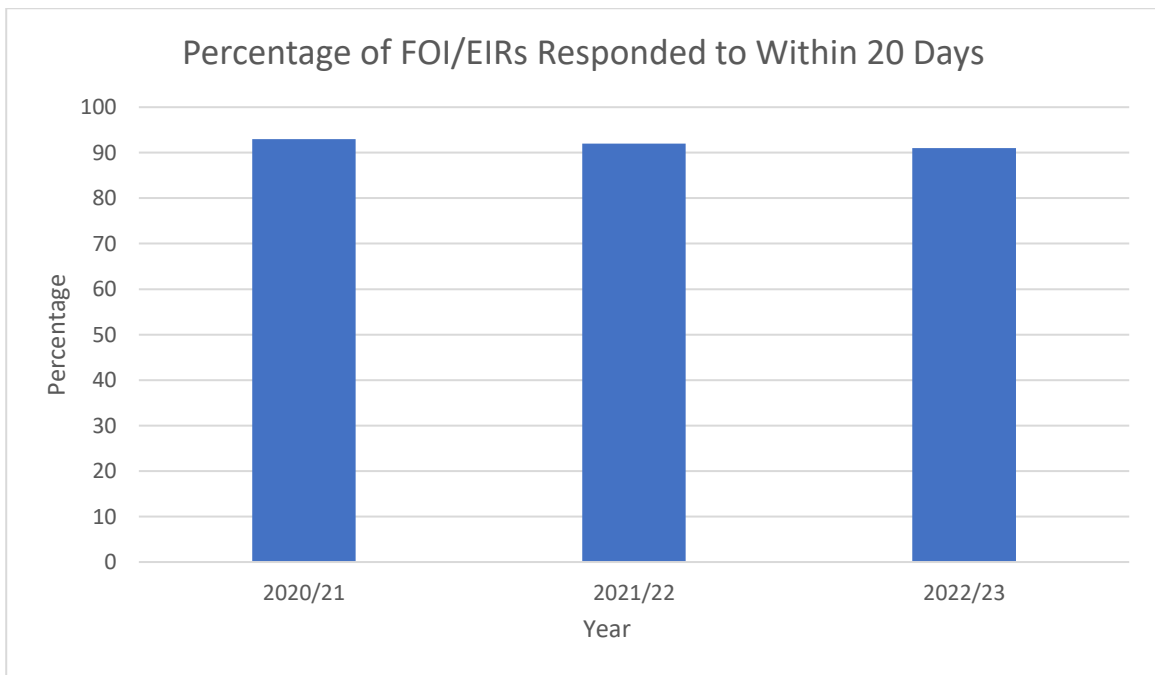


Table 2: Proportion of FOI/EIR requests completed within target time

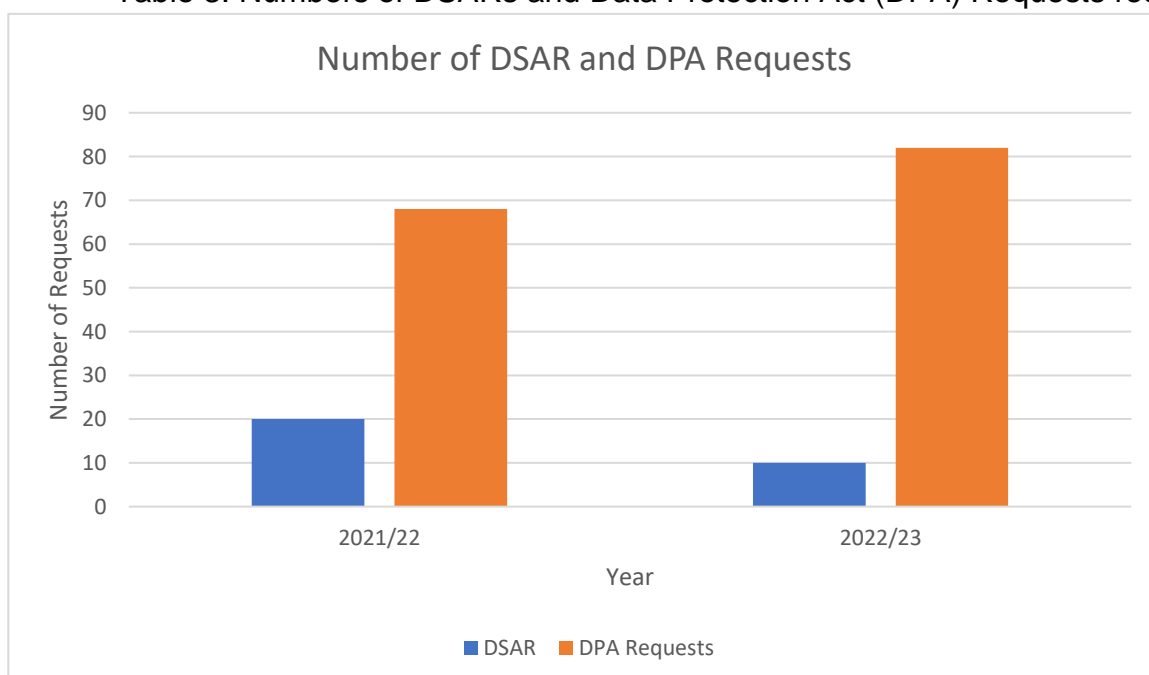


3.6. The ICO consider a 90% response rate to be adequate; however, as can be noted above, the Council is consistently above this each year.

3.7. If a requester is unhappy with their FOI/EIR request, they can request an internal review. If they remain unhappy following an internal review, then the matter can be referred to the ICO.

- 3.8. In 2020/21, 4 internal reviews were requested and 3 were escalated to the ICO. The ICO agreed with the Council’s original decisions on the 3 cases and no corrective action was required.
- 3.9. In 2021/22, 5 internal reviews were requested, with one being escalated to the ICO. The ICO agreed with the Council’s original decision.
- 3.10. In 2022/23, 4 internal reviews were requested and none were escalated to the ICO.
- 3.11. The average officer time to respond to a FOI request is 1 hour and 5 minutes. All FOI responses that are answered by officers are sent back to the Information Officer for double checking and if required, redacting, prior to being sent out to the requester. This procedure reduces the risk of releasing incorrect and/or personal data.
- 3.12. Data Subject Access Requests and Data Protection Requests
The UK General Data Protection Regulation (“UK GDPR”) enables individuals the right to access any personal data an organisation holds on them. This is known as a Data Subject Access Request (“DSAR”).
- 3.13. DSAR’s can be complex to process as they often involve multiple data subjects’ personal data within each record. This means that detailed redaction has to take place to ensure that disclosure is accurate and does not inadvertently include other data subjects’ personal data. Each request may include hundreds of records from multiple departments within the Council.
- 3.14. The Council also receives “one off” requests for personal information from third parties, including the police and other government agencies. The Information Officer maintains a register of these requests, which includes assessing whether the Council can lawfully disclose the information and logging exemptions relied on when personal data is shared with third parties.
- 3.15. Statistics

Table 3: Numbers of DSARs and Data Protection Act (DPA) Requests received



3.16. Data Breaches

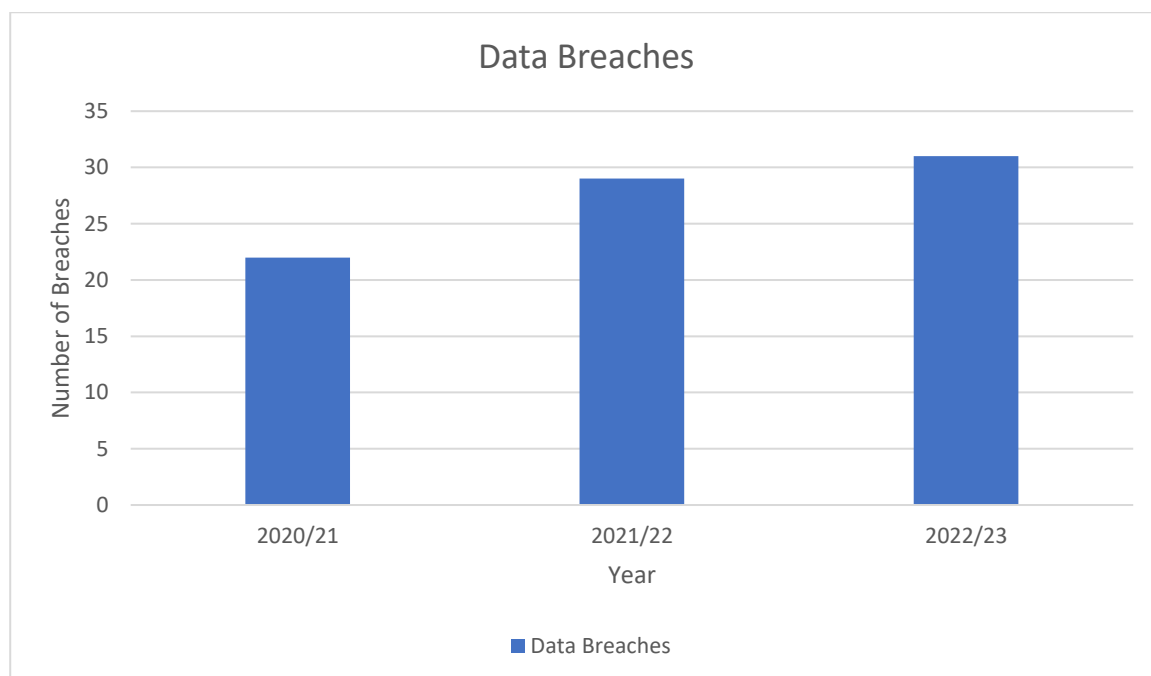
A personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.

3.17. The Information Officer assesses each breach to consider the likelihood and severity of the risk of rights and freedoms as a result of the breach. From this assessment, it is decided if the breach needs to be reported to the ICO. By law, the Council has 72 hours from time of notification of the breach to report breaches that meet the threshold to the ICO. Since 2020, only one data breach has been reported to the ICO and no further action was required by the ICO.

3.18. For each reported breach, recommendations are made to the relevant officer and Service Lead. The most common data breach is sending emails to the wrong party.

3.19. Statistics

Table 4: Number of Data Breaches



The small increase of breaches is actually a positive. This shows that Officers are aware when they have breached personal data and that they are reporting correctly. To have no data breaches would not be a good sign, as breaches will always occur through human error. This allows the breaches to be logged and remedial action to be taken.

3.20. Data Protection Training

There is no requirement set out in the UK GDPR regarding Data Protection training for staff; however, Principle 7 of the UK GDPR states that “*Data Controllers (i.e. the Council) are responsible for the compliance with the principles and must demonstrate this to data subjects and the regulator*”.

3.21. As part of the Data Protection audit in 2022, it was recommended that mandatory annual online data protection training is completed by all staff. The training is on

a 2 year schedule, with full training in year 1 and refresher training in year 2. The Council has a 100% complete rate for staff.

3.22. Staff who do not have access to a computer in their role with the Council are provided with appropriate level training, i.e. via toolbox talks for ECSS and ECTC staff.

3.23. The Council decided not to make Data Protection training compulsory for Members. To date 2 Members have completed Data Protection training and a further 3 are “in progress”.

3.24. Transparency Code

The Council has statutory obligations to publish data as required by the Local Government Transparency Code 2014. Publishing under the Code gives the public access to numerous datasets of information covering a wide range of matters, for example from procurement to parking.

3.25. The data sets are updated regularly according to the Transparency Code on the Council’s Open Data page on the Council’s website and these are updated either monthly, quarterly or annually.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. The Information Governance Audit Report 2023/24 noted that the Council provides Members with information regarding Freedom of Information requests on a monthly basis.

4.2. However, to raise data protection awareness and to provide assurance to members that matters such as data breaches are managed, together with actions taken to mitigate similar breaches occurring, the recommendation was to develop an Annual Information Governance report to be presented to Members via the appropriate committee and that the report should include a broad overview of data breaches and incidents, information requests (including DSARs), data protection training, Transparency code, Freedom of Information and Environmental Information Requests.

4.3. An Information Governance Annual Report will be added to the forward agenda plan for the July Audit Committee going forward.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report.

5.2. Equality Impact Assessment (EIA) not required.

5.3. Carbon Impact Assessment (CIA) not required.

6.0 APPENDICES

None.

Background Documents:

East Cambridgeshire District Council Open Data page
<https://www.eastcamb.gov.uk/notices/open-data>

TITLE: Internal Audit Progress Report

Committee: Audit Committee

Date: 16th October 2023

Author: Chief Internal Auditor

Report No: Y68

Contact Officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@northnorthants.gov.uk

1.0 ISSUE

1.1. To advise the Committee of the work of Internal Audit completed during the financial year to date, and the progress against the Internal Audit Plan.

2.0 RECOMMENDATION(S)

2.1. That the Committee notes the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

3.0 BACKGROUND/OPTIONS

3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the internal control environment. Internal audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve its objectives.

3.2. At the time of reporting, fieldwork on 53% of assignments within the plan is either complete or in progress. Since the last progress report, a further three audit reports from the 2023/24 plan have been finalised and the key findings are summarised in Appendix 1.

3.3. Since the last Audit Committee update, four actions arising from audit reports have been implemented by officers. There are six actions which remain overdue and are subject to ongoing follow up by Internal Audit.

4.0 ARGUMENTS/CONCLUSION(S)

4.1. The attached report (Appendix 1) informs the Committee on progress to date against the Audit Plan.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

5.1. There are no additional financial implications arising from this report. Equality and Carbon Impact Assessments are not required.

6.0 APPENDICES

Appendix 1 – Internal Audit Update Report – October 2023

Background Documents:

None



EAST CAMBRIDGESHIRE
DISTRICT COUNCIL

Internal Audit Progress and Performance Update

October 2023

Introduction

- 1.1 The Internal Audit service for East Cambridgeshire District Council provides 210 days to deliver the 2023/24 Annual Audit Plan.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit Committee to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting and an overview of the performance of the audit team.

Performance

2.1 Delivery of the 2023/24 Audit Plan

At the time of reporting, fieldwork is either complete or underway in relation to approximately 53% of the planned work.

Progress on individual assignments is shown in Table 1.

2.2 Are clients satisfied with the quality of the Internal Audit assignments?

To date, four survey responses have been received in relation to feedback on completed assignments for the 2023/24 audit plan – this is summarised in Table 4.

2.3 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

Since the last Audit Committee meeting, the Internal Audit team has finalised three audit reports. The key findings were as follows:

Payment Card Industry Data Security Standard (PCI DSS)

Payment Card Industry Data Security Standard (PCI DSS) is a global standard, administered by the PCI Security Standards Council (SSC), which was founded by five major card providers and provides technical and operational requirements to protect cardholder data and sensitive authentication data.

The PCI Security Standards Council is responsible for managing the security standards, whilst compliance is enforced by the major card providers. Every organisation that stores, processes, or transmits card holder data must comply with PCI DSS, regardless of industry or size. Non-compliance with PCI DSS can result in suspension of the ability to accept and process card payments, increased transaction fees, non-compliance fees and/or costs to cover any forensic investigation if there is a breach. This audit reviewed the controls in place to provide assurance over the Council's compliance with the PCI DSS in handling of card payments. The Council received over 34,000 card payments either via telephone, through the Council's customer services department or online forms in 2022/23.




A cloud-based, online payment solution for processing card payments is used by the Council, via a third-party provider, Civica. The Council also has a partnership with Anglian Revenues Partnership (ARP) who process transactions delivering the Revenues and Benefits Services for several local authorities. The audit has confirmed that both the Council and Civica had completed and submitted an annual self-assessment questionnaire and quarterly network scans are carried out. The Council does not, however, obtain its own assurances that third parties handling cardholder data are PCI DSS compliant nor monitor their on-going compliance.

The self-assessment process to date has been led by the Finance team but the Council does not have a nominated PCI DSS compliance lead to oversee the implementation and maintenance of the PCI DSS requirements within the Council's (and third party) systems and processes, and roles, responsibilities and compliance activities for doing so are not formally agreed and documented.

Employees who process card payments are informed of the need to keep card data safe and secure, but it is important for the Council to establish a formal awareness programme to educate employees about the importance of protecting cardholder and the specific requirements outlined in the PCI DSS.

Internal Audit established that there is robust process in place for reporting and dealing with any data breaches and the Council has a clear Information Security Policy and Data Protection Guidance.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Limited	
Compliance	Moderate	
Organisational Impact	Medium	

Use of agency staff and consultants

The objective of the audit was to review the accuracy and clarity in the Council's approach to the use of agency workers and consultants. The audit seeks to provide assurance over compliance with key controls in place to ensure the Council's arrangements for the appointment of agency staff and consultants are compliant with statutory requirements and corporate policies and procedures.

This review focused on controls over policies and procedures, compliance with statutory requirements, achieving value for money and compliance with the Council's Contract Procedure Rules (CPRs). In 2022/23, the total expenditure on agency workers was £249,340 and from 1st April 2023 to 31st July 2023 spend has been £54,907.

The audit confirmed that there are documented procedures in place to determine processes for engaging agency workers and consultants. Sample testing, however, highlighted some instances of non-compliance with these procedures. There is scope

for improved record keeping in some areas, which are detailed further within the audit report and action plan.

Agency worker and consultant expenditure should be undertaken in accordance with the Council's Contract Procedure Rules (CPRs). Testing performed by Internal Audit, on a sample basis, confirmed that there is scope for improvement in this area, with four of the nine cases tested evidenced as compliant with the CPRs. The Council is required to ensure that expenditure is transparent, with mechanisms that demonstrate value for money. A formal procedure is required for the approval of additional spend over the initial approved expenditure amount, which had been exceeded in 55% of cases tested.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Moderate	●
Compliance	Moderate	●
Organisational Impact	Medium	●

Information governance

The primary aim of information governance is to establish compliance with statutory obligations set out in the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 (DPA 2018). Following the introduction of the GDPR in May 2018 (amended to UK GDPR in January 2020), an internal audit took place in February 2021 to provide assurance over compliance with the GDPR and DPA in handling personal data across the Council, with overall good assurance given. In July 2022 a Rolling Risk Assurance Review was completed by Internal Audit. This was a light-touch review providing targeted testing of the data protection risk outlined within the Corporate Risk Register, providing assurance that key controls were in place and operating as expected. The review provided a 'Green' rating – representing minimal weakness that presents low risk assurance, with three recommendations agreed, these included implementing mandatory annual data protection training for all staff. This recommendation has been implemented with 100% of officers completing the training for 2023/24.




The objective of this audit was to provide assurance that controls are in place to ensure personal data is processed in accordance with the UK GDPR Principles. This review focused on controls over data sharing, data breaches/incidents, an individual's data rights and transparency.

Based on the audit testing performed, the Council appears to be compliant with the regulations in the areas within the scope of this audit. The Council has established sound information governance working practices, with guidance available to both staff and customers via the Council's intranet and website.

The use of Data Protection Impact Assessments is established, with guidance and support available to staff. A review of the Council's information rights requests (including data subject access requests) arrangements found comprehensive processes and guidance available to both staff and customers. Evidence was provided to demonstrate how data breaches/incidents are managed and investigated, with some areas for

improvement to record keeping noted. Testing of the Council's transparency obligations identified a light-touch review of the Council's published privacy notices is required to ensure compliance with the regulations.

Based on the work performed during the audit, assurance opinions were given as follows:

Assurance Opinion		
Control Environment	Good	
Compliance	Good	
Organisational Impact	Low	

2.4 **Implementation of audit recommendations by officers**

Where an Internal Audit review identifies any areas of weakness or non-compliance with the control environment, recommendations are made and an action plan agreed with management, with timeframes for implementation.

Since the last Committee meeting, four agreed actions have been implemented by officers. An overview is provided in Table 2.

At the time of reporting, there are six actions which remain overdue for implementation. Of these, there is one action categorised as 'Medium' priority which is more than three months overdue. Further details are provided in Table 3.

Table 1 - Progress against 2023/24 Internal Audit Plan

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Key financial systems							
Bank reconciliation	Q4	Not started					
Creditors	Q4	Not started					
Debtors	Q4	Not started					
Payroll	Q4	Not started					
Treasury management	Q4	Not started					
Budgetary control	Q4	Not started					
Key policy compliance							
Fees and charges	Q1	Final report issued	To provide assurance over the setting of fees and charges for Council services and the consistent application of these in invoicing. To cover both statutory and discretionary fees and charges.	Moderate	Moderate	Medium	Reported in July 2023
Payment Card Industry Data Security Standard (PCI DSS)	Q1	Final report issued	To review the Council's compliance with the Payment Card Industry Data Security Standard (PCI DSS) in handling of customer payments.	Limited	Moderate	Medium	See section 2.3
Risk based audits							
Use of agency staff and consultants	Q1	Final report issued	To provide assurance on procurement and management of agency staff and consultants to secure value for money and compliance with policies and IR35.	Moderate	Moderate	Medium	See section 2.3

Assignment	Planned start	Status	Assurance sought	Assurance Opinion			Comments
				Control Environment	Compliance	Org impact	
Information governance	Q2	Final report issued	To provide assurance over compliance with the data protection legislation and pro-active management of the associated risks in handling, storing, processing and sharing of information.	Good	Good	Low	See section 2.3
Community Infrastructure Levy	Q2	Draft report					
Governance of trading companies	Q2	Fieldwork underway					
Private sector housing enforcement and empty homes strategy	Q3	Not started					
Grant claims	As required	Complete		Disabled facilities grant audit complete			
IT audits							
Cyber security	Q2	Fieldwork underway					
Governance and Counter Fraud							
Counter Fraud support / promotion / policies	Q2	As required	Not applicable – consultancy work.	Daily monitoring of Report Fraud mailbox			
National Fraud Initiative	Q3	Ongoing	Not applicable – consultancy work.				Matches under review.
Risk management support and real time assurances	Q1 – Q4	Ongoing	Ongoing assurances over the controls listed in the Risk Register and supporting embedding of risk management.	Assurances provided on risk entries throughout the year.			See Table 4
Annual Governance Statement support	Q1	Complete					
Procurement compliance	Q4	Not started					

Table 2 - Implementation of agreed management actions

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	-	-	3	43%	1	33%	4	40%
Actions overdue by less than three months	-	-	3	43%	1	33%	4	40%
Actions overdue by more than three months	-	-	1	14%	1	33%	2	20%
Totals	-	-	7	100%	3	100%	10	100%

Table 3 – Actions overdue more than three months (High or Medium priority)

Audit plan	Audit title	Agreed action and context	Priority	Responsible officer	Date for implementation	Officer update / revised date
2022/23	Staff claims	<p>Review of Essential Car User Scheme - To conduct a review of all 43 individuals allocated to the Essential Car User Scheme, with a particular focus on individuals that have not submitted claims this year to date. Ensure accurate allocation of individuals on to the appropriate car user scheme in line with their duties and the Council's Remote Working Policy.</p>	Medium	HR Manager	31/05/2023	<p>In progress to meet a revised December 2023 deadline.</p> <p>This exercise needs to coincide with the new Travel and Expenses Policy.</p>

Table 4: Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. There have been four survey responses received during the year to date.

Responses	N/A	Outstanding	Good	Satisfactory	Poor
Design of assignment	-	1	2	1	-
Communication during assignment	-	1	3	-	-
Quality of reporting	-	1	3	-	-
Quality of recommendations	-	1	2	1	-
Total	-	4	10	2	-

Glossary

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that the Committee might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial ●	There is a sound system of internal control to support delivery of the objectives.	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good ●	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate ●	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited ●	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No ●	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.

Organisational Impact		
Level	Definition	
High ●	The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.	
Medium ●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.	
Low ●	The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.	

Limitations and Responsibilities

Limitations inherent to the internal auditor's work

Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Audit Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

AUDIT COMMITTEE
ANNUAL AGENDA PLAN

AGENDA ITEM NO 12

LEAD OFFICER: Ian Smith, Director Finance & S151 Officer

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Mon 17 July 2023		Mon 16 October 2023		Mon 29 January 2024	
4:30pm		4:30pm		4:30pm	
Report deadline	4pm Mon 3 July	Report deadline	4pm Mon 2 Oct	Report deadline	4pm Mon 15 Jan
Agenda despatch	Wed 5 July	Agenda despatch	Wed 4 Oct	Agenda despatch	Wed 17 Jan
Chairman's Announcements	Chairman	Chairman's Announcements	Chairman	Chairman's Announcements	Chairman
External Audit –Audit Results Report Final Update	External Audit	Annual Governance Statement – First Draft	Chief Executive	Annual Governance Statement – Results of Consultation	Chief Executive
Statement of Accounts 2021/22	Director Finance & S151 Officer	Risk Management Policy and Framework Update	Director Finance & S151 Officer	Audit Committee Annual Review	Director Finance & S151 Officer
Internal Audit Annual Report & Opinion 2022/23	Internal Audit	Corporate Risk Register – Review (A6 and C3)	Chief Executive	Internal Audit Progress Report	Internal Audit
Corporate Risk Management Monitoring Report	Director Finance & S151 Officer	Draft Statement of Accounts 2022/23	Director Finance & S151 Officer	Corporate Risk Management Monitoring Report	Director Finance & S151 Officer
Internal Audit Progress Report	Internal Audit	Annual Information Governance Report	Director Legal	<i>Actions taken by the Director Finance on the grounds of urgency (if any)</i>	DSO
<i>Actions taken by the Director Finance on the grounds of urgency (if any)</i>	DSO	Internal Audit Progress Report	Internal Audit	Forward Agenda Plan	DSO
Forward Agenda Plan	DSO	<i>Actions taken by the Director Finance on the grounds of urgency (if any)</i>	DSO		
		Forward Agenda Plan & date of January and March 2024 meetings	DSO		
				<i>*Informal Meeting between Members of Audit Committee and Auditors to be scheduled before meeting of the Committee (agreed at 17/07/23 meeting)</i>	

Notes:

1. Agenda items in italics are provisional items / possible items for future meetings.

AUDIT COMMITTEE
ANNUAL AGENDA PLAN

AGENDA ITEM NO 12

LEAD OFFICER: Ian Smith, Director Finance & S151 Officer

DEMOCRATIC SERVICES OFFICER: Tracy Couper

Mon 18 March 2024	4:30pm
Report deadline	4pm Mon 4 March
Agenda despatch	Weds 6 Mar
Chairman's Announcements	Chairman
<i>External Audit – Audit Results Report</i>	<i>External Audit</i>
<i>Statement of Accounts</i>	<i>Director Finance & S151 Officer</i>
<i>External Audit Plan</i>	<i>External Audit</i>
Internal Audit Charter & Work Plan	Internal Audit
Internal Audit Progress Report	Internal Audit
<i>Actions taken by the Director Finance on the grounds of urgency (if any)</i>	DSO
Forward Agenda Plan	DSO

Forward Planning Items 2024/25

July 2024

Draft Annual Governance Statement
 Annual Information Governance Report

Notes:

1. Agenda items in italics are provisional items / possible items for future meetings.