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Jeff Hughes
*Head of Democratic and Legal
Support Services*

MEETING : AUDIT COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 18 MARCH 2015
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor J Ranger (Chairman)
Councillors D Andrews, W Mortimer, M Pope, R Sharma, N Wilson and
J Wing

Substitutes

Conservative Group: Councillor J Wyllie

*(Note: Substitution arrangements must be notified by the absent Member
to Democratic Services 24 hours before the meeting)*

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.

2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.

3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

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AGENDA

1. Apologies

To receive apologies for absence.

2. Minutes (Pages 7 - 14)

To confirm the Minutes of the meeting held on 21 January 2015

3. Chairman's Announcements

4. Declarations of Interest

To receive any Member's Declarations of Interest.

5. External Audit Update Report (Pages 15 - 26)

6. Shared Internal Audit Service - Audit Plan Update report (Pages 27 - 52)

7. Shared Internal Audit Service - Internal Audit Plan 2015/16 (Pages 53 - 74)

8. Update on Implementation of Annual Governance Statement Action Plan
(Pages 75 - 88)

9. Annual Review of Data Quality Strategy (Pages 89 - 112)

10. Risk Management Monitoring report 1 October 2014 to 31 December 2014
(Pages 113 - 122)

11. Risk Management Strategy (Pages 123 - 146)

12. Audit Committee Work Programme 2015/16 Civic Year (Pages 147 - 152)

13. Urgent Business

To consider such other business as, in the opinion of the Chairman of the

meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

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MINUTES OF A MEETING OF THE
AUDIT COMMITTEE HELD IN THE
COUNCIL CHAMBER, WALLFIELDS,
HERTFORD ON WEDNESDAY 21
JANUARY 2015, AT 7.00 PM

PRESENT: Councillor J Ranger (Chairman).
Councillors D Andrews, W Mortimer,
M Pope, R Sharma, N Wilson and
J Wing.

OFFICERS IN ATTENDANCE:

Chris Gibson	- Head of Governance and Risk Management
Peter Mannings	- Democratic Services Officer
Adele Taylor	- Director of Finance and Support Services

ALSO IN ATTENDANCE:

Paul Grady	- Grant Thornton, External Auditor
Sarah Ironmonger	- Grant Thornton, External Auditor
Helen Maneuf	- Shared Internal Audit Service

480 MINUTES – 26 NOVEMBER 2014

RESOLVED – that the Minutes of the meeting held on 26 November 2014 be approved as a correct record and signed by the Chairman.

481 CHAIRMAN'S ANNOUNCEMENTS

The Chairman advised that the External Auditors had been delayed in traffic and the Training Item and the External Audit Grants Claim Certification report would be considered later in the meeting when the Auditors arrived.

482 TREASURY MANAGEMENT STATEMENT AND ANNUAL INVESTMENT STRATEGY

The Executive Member for Finance submitted a report which set out the 2015/16 Treasury Strategy Statement and Annual Investment Strategy together and Prudential Indicators.

Members were advised that this report was one of the final stages of the budget setting process and was linked to the consolidated budget report recently considered by the joint meeting of Scrutiny Committees.

The Director of Finance and Support Services advised that there had been no additional regulatory changes since those that had been included in the revised Treasury Management Strategy submitted to the Audit Committee on 10 July 2014, and that no additional changes were proposed in respect of the 2015–16 Strategy.

In response to a query from the Chairman, the Director of Finance and Support Services referred to the red figures in the table at paragraph 3.1 of the report submitted. Members were advised how the capital programme was financed in terms of the Council's borrowing need externally and internally.

In reply to a question from Councillor J Wing regarding capital assets and capital receipts, the Director of Finance and Support Services undertook to provide a written response.

Members received the report and made

recommendations to the Executive as detailed in the report.

RESOLVED – that (A) the Treasury Management Strategy and Annual Investment Strategy detailed in paragraphs 2.1 – 2.2 be recommended for submission to the Executive;

(B) the prudential indicators detailed in paragraph 2.3 be recommended for submission to the Executive; and

(C) the counterparty listed detailed in paragraph 2.4 of the report submitted, be recommended for submission to the Executive.

483 SHARED INTERNAL AUDIT SERVICE – INTERNAL AUDIT PLAN PROGRESS REPORT

The Shared Internal Audit Services (SIAS) submitted a report setting out the progress made in delivering the Council's Annual Audit Plan for 2014/15 as at 5 January 2015. The report also proposed a number of amendments to the approved audit plan and sought approval for the removal of implemented high priority recommendations.

Members were advised that, as at 5 January 2015, 65% of the 2014/15 Audit Plan days had been delivered and the proposed amendments to the 2014/15 Audit Plan were detailed within the report now submitted. Members were also advised that the Audit Plan was more than two thirds complete, with 71% delivered and sufficient further days were booked to ensure delivery of the Audit Plan.

Councillor D Andrews referred to emergency planning and business continuity in the context of the recent events in South Oxfordshire. The Director of Finance and Support Services stated that Officers were confident that systems such as EDM were in place to ensure IT and business continuity but that any lessons learnt from the

events in South Oxfordshire would be considered as part of our business continuity plans.

Members noted the report and approved the recommendations detailed in the report as now submitted.

RESOLVED – that (A) the report be received;

(B) the amendments to the 2014/15 Audit Plan as at 5 January 2015 be approved; and

(C) the removal of the implemented high priority recommendations be approved.

484 TRAINING ITEM – GRANT THORNTON (EXTERNAL AUDIT)
NATIONAL FINANCIAL RESILIENCE

The External Auditors delivered a presentation in respect of National Financial Resilience Training and the evolution of Local Government in meeting this challenge. Members were advised that whilst most Local Authorities had risen to the challenge, more needed to be done in some areas as regards resilience.

The External Auditors detailed the background and the wider picture facing Local Authorities in light of the 2010 and 2013 spending reviews as well as the demographic changes that were increasing demand for services.

The Auditors concluded by setting out bar chart data regarding risk assessments, Financial Performance Indicators, Strategic Financial Planning and Governance, Financial Control as well as the summary position in respect of national results. Members were also provided with a good practice checklist and details of the financial performance of the NHS by way of a comparison with the financial performance of Local Government.

Members made a number of comments in respect of the presentation. The Committee received the presentation and thanked the External Auditors for their informative

comments.

RESOLVED – that the presentation be received.

485 EXTERNAL AUDIT – GRANTS CLAIM CERTIFICATION
WORK 2013/14

The External Auditor submitted a letter confirming that one claim had been certified for the 2013/14 financial year relating to expenditure of £36.1M. The External Auditor confirmed that subject to an amendment to this claim which would have no impact on the overall claimed subsidy, they were satisfied that the Council had appropriate arrangements in place to compile and complete accurate and timely claims for audit certification.

It was noted that the indicative scale fee for grant certification for 2013/14 was £11,088.

Members received the report.

RESOLVED – that the report be received.

486 UPDATE ON IMPLEMENTATION OF ANNUAL
GOVERNANCE STATEMENT ACTION PLAN

The Director of Finance and Support Services submitted a report in relation to the 2013/14 Annual Governance Statement and the 11 measures recommended to enhance East Herts Council's internal control framework during 2014/15. The report also provided details of proposed actions that needed to take place prior to confirmation being given that adequate and effective controls were fully in place.

Members were advised that the Shared Internal Audit Service (SIAS) had cleared outstanding high risk recommendations in their IT review through Price Waterhouse Coopers (PwC) and the status of the corresponding issue was now green as SIAS was satisfied that resilient IT business continuity arrangements

were now in place.

The Head of Governance and Risk Management stated that minor revisions had been made to target dates to reflect the expected delivery of reports from SIAS that would provide extra reassurance and would have a direct bearing on several of the Red, Amber, Green (RAG) assessments. Members were reminded that all of the recommendations made by SIAS were being monitored by Officers and quarterly updates were being submitted to Corporate Management Team (CMT).

Councillor J Wing commented on the prospects of the RAG status of the actions relating to the delivery of the “Here to Help” programme. The Director of Finance and Support Services stated that significant emphasis and resources had been allocated to the ethos of the “Here to Help” programme.

The Chairman commented on the newly identified 2014/15 strategic risk regarding the development of a District Plan which had been approved by the planning inspectorate. The Head of Governance and Risk Management advised that significant work was being undertaken to review the evidence and identify gaps which needed to be filled before the District Plan could move forward to an “amendments consultation” version.

Members noted the progress made against implementing the 2014/15 Annual Governance Statement Action Plan.

RESOLVED – that the progress made against implementing the Action Plan detailed in the 2014/15 Annual Governance statement be noted.

487 AUDIT COMMITTEE WORK PROGRAMME 2015/16 CIVIC YEAR

The Director of Finance and Support Services submitted a report detailing the proposed work programme for Audit Committee.

The Chairman reminded the Committee that there was no training scheduled for the next meeting. Members approved the work programme as now detailed.

RESOLVED – that the work programme, as now detailed, be approved.

The meeting closed at 8.14 pm

Chairman
Date

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East Hertfordshire District Council Audit Committee Update

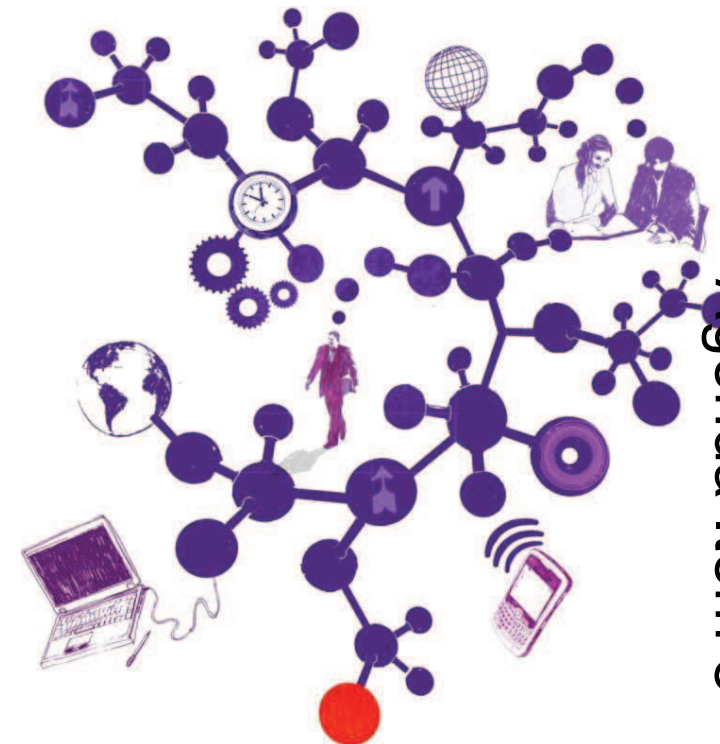
Year ended 31 March 2015

March 2015

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Agenda Item 5

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Sarah Ironmonger Audit Manager T 07880 456149 sarah.i.ironmonger@uk.gt.com

Progress at March 2015

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to you setting out our proposed approach in order to give an opinion on your 2014-15 financial statements.</p>	April 2015	In progress	Our initial fieldwork has been completed and we will be agreeing the audit plan with officers in the next few weeks.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of your control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • early discussions on de-cluttering the accounts 	January to March 2015	In progress	We met with members of your finance team to discuss de-cluttering the accounts and have agreed areas where there is scope to amend disclosures.
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014-15 financial statements • proposed opinion on your accounts • proposed Value for Money conclusion. 	August 2015	No	The work will be timed to meet your Audit Committee in September 2015.

All Aboard? - Local Government Governance Review 2015

Grant Thornton

Our fourth annual review of local government governance is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>.

We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

Governance of the organisation – the main area of concern highlighted in this year's governance survey
Is the level of dissatisfaction with the scrutiny process.

Governance in working with others – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

Governance of stakeholder relations – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through Many other agencies . This implies a greater role for scrutiny and a need to make sure local public sector Bodies' arrangements are a transparent as possible for stakeholders.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures: development of the LGPS

Grant Thornton

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors and is available at <http://www.grant-thornton.co.uk/Publications/2015/Stronger-futures-development-of-the-LGPS/>

With the local government pensions scheme (LGPS) continuing to face significant change and challenge, there is a clear commitment to ensuring its survival and the provision of affordable pension benefits for the future. Following the implementation of a career average pension scheme in 2014, administering authorities are preparing for significant changes in governance arrangements effective from April 2015.

Some of the key messages from the report are:

there are increasing strong examples of innovation and increased collaborative working across the LGPS to achieve reduced costs and improved use of specialist skills and knowledge;

implementation of the career average scheme from April 2014 went well and demonstrated good project management and effective communication with members and employers; and

there have been several other positive trends across the LGPS since our 2013 review particularly around the widening scope of reporting to Pension Committees including performance reporting, risk management and internal audit reviews.

However, we saw a wide variation in practice, including a concentration of risk reporting on investment risk, over half of funds have not implemented the CIPFA knowledge and skills framework as part of their member training, 45 per cent of Pension Committees do not receive internal audit reports and 15 per cent do not have specific internal audit coverage, and nearly half of funds have no information around the value of their liabilities in between the triennial valuations.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Independent Commission into Local Government Finance

Local government issues

The Independent Commission on Local Government Finance was established in 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth. It published its final report, [Financing English Devolution](#), on 18 February 2015.

The report notes that the core of the Commission's proposition is the devolution of powers, funding and taxes to sub-national entities over a 10 year period. They estimate that this could lead to over £200 billion in public expenditure being controlled at a sub-national level. The expectation is that councils and their partners would work collaboratively to manage differences in capacity and resources. They see local areas becoming self sufficient.

The Commission advocates a 'variable speed' approach to reform with 'Pioneers' able to and wishing to reform at a faster pace. Reforms advocated for all authorities include:

- An independent review of the functions and sustainability of local government in advance of the next spending review
- Freedom to set council tax and council tax discounts and full retention of business rates and business rates growth
- Multi-year financial settlements
- The ability to raise additional revenue through the relaxation of the rules on fees and charges

'Pioneer' authorities would also implement:

- Single placed-based budgets for all public services
- Management of funding equalisation across a sub-national area
- Further council tax reforms including the ability to vary council tax bands and undertake revaluations
- Newly assigned and new taxes such as stamp duty, airport taxes and tourism taxes
- The establishment of Local Public Accounts Committees to oversee value for money across the placed-base budget.

Inspection into the governance of Rotherham Council

Local government issues

On 4 February 2015 the Secretary of State for Communities and Local Government, Eric Pickles announced the publication of [Louise Casey's report](#) . Her inspection of the exercise of functions on governance, children and young people and taxi and private hire licensing states:

"Rotherham Metropolitan Borough Council is not fit for purpose. It is failing in its legal obligation to secure continuous improvement in the way in which it exercises its functions. In particular, it is failing in its duties to protect vulnerable children and young people from harm."

It summarises the following serious failings:

- a council in denial about serious and on-going safeguarding failures
- an archaic culture of sexism, bullying and discomfort around race
- failure to address past weaknesses, in particular in Children's Social Care
- weak and ineffective arrangements for taxi licensing which leave the public at risk
- ineffective leadership and management, including political leadership
- no shared vision, a partial management team and ineffective liaisons with partners
- culture of covering up uncomfortable truths, silencing whistle-blowers and
- paying off staff rather than dealing with difficult issues

The report has had widespread press coverage and in a statement in the House of Commons the Secretary of State confirmed that he is considering exercising his powers of intervention in relation to Rotherham.

Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

Inclusion of overtime in the calculation of holiday pay

Accounting and audit issues

The Employment Appeal Tribunal (EAT) has delivered its judgement on the extent to which overtime pay should be included in the calculation of holiday pay. This case stems from an apparent conflict between UK law and European Law.

The EAT found that non-guaranteed overtime (i.e. overtime, which is not guaranteed by the employer, but which the worker is obliged to work, if it is offered), should be included in the calculation of holiday pay. Back-dated claims can only be made if it is less than three months since the last incorrect payment of holiday pay.

It is likely that there will be an Appeal to this decision. However that does not mean that authorities should hold off assessing the impact. Local authorities should be considering their own circumstances and if necessary taking their own legal advice as to the extent they might be affected by the ruling. If an authority is going to be affected they need to assess whether the liability can be reliably measured.

For an authority likely to be affected in a material way, where it is possible to reliably measure that liability, then appropriate provision should be made in the 2014/15 accounts. The fact that the issue might go to Appeal at some uncertain time in the future is not of itself grounds for not including a provision. The chances of any success would need to be taken account of in the legal analysis but, in any case, there are some indications that the key issue on Appeal would be whether to remove the three month cap (if this were done then the provision would increase), rather than dismissing the entire decision to include overtime in the calculation of holiday pay.



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East Herts Council Audit Committee Progress Report 18 March 2015

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report;
and
- Agree removal of implemented high
priority recommendations.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background
- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 High Priority Recommendations
 - 2.4 Proposed Amendments to Audit Plan
 - 2.5 Performance Management

Appendices

- A Progress against the 2014/15 Audit Plan
- B Implementation Status of High Priority Recommendations
- C Audit Plan Items (April 2014 to March 2015) – Start Dates Agreed with Management

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2014/15 as at 27 February 2015.
 - b) Proposed amendments to the approved 2014/15 Audit Plan.
 - c) Implementation status of previously agreed high priority audit recommendations.
 - d) An update on performance management information as at 27 February 2015.

Background

- 1.2 The 2014/15 Audit Plan was approved by Audit Committee on 19 March 2014.
- 1.3 The Audit Committee receives periodic updates against the Annual Internal Audit Plan, the most recent of which was brought to this Committee on 21 January 2015.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 27 February 2015, 86% of the 2014/15 Audit Plan days had been delivered. Appendix A provides a status update on each individual project within the audit plan.

2.2 The following 2014/15 reports have been finalised since 5 January 2015 (cut-off date for January 2015 Audit Committee):

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
AGS Benchmarking	Jan '15	N/A	N/A
Creditors (CRSA Year 2)	Jan '15	Full	None
Benefits	Jan '15	Substantial	None (comment in Executive Summary affects overall assurance opinion)
Leisure Services – Third Party Inspections	Jan '15	Moderate	Ten medium Two merits attention
Treasury Management	Jan '15	Moderate	Four medium
Fees and Charges	Feb '15	Full	None
IT Business Continuity Planning	Feb '15	Substantial	One medium One merits attention
IT Change Control	Feb '15	Substantial	One high
Main Accounting System	Feb '15	Full	None

High Priority Recommendations

2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to the attention of Members the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

Proposed Audit Plan Amendments

2.4 There are no further changes to the 2014/15 Audit Plan for the Committee to consider.

Performance Management

- 2.5 Annual performance indicators and associated targets were approved by the SIAS Board in 2011.
- 2.6 As at 27 February 2015 actual performance for East Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 27 February 2015	Actual to 27 February 2015
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	90%	86%
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	76% (22 of 29 projects to draft)	76% (22 of 29 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100%
4. Number of High Priority Audit Recommendations agreed	95%	95%	100%

2.7 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2014/15 Head of Assurance's Annual Report:

- **5. External Auditor's Satisfaction** – the Annual Audit Letter should formally record whether or not the External Auditors are able to rely upon the range and the quality of SIAS' work.
- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the civic year.
- **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 27 FEBRUARY 2015

2014/15 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Key Financial Systems								
Asset Management (CRSA Year 1)					14	Yes	13	Draft report issued
Benefits	Substantial	0	0	0	15	Yes	15	Final report issued
Council Tax	Substantial	0	1	0	12	Yes	12	Final report issued
Creditors (CRSA Year 2)	Full	0	0	0	8	Yes	8	Final report issued
Debtors (CRSA Year 2)	Full	0	0	0	8	Yes	8	Final report issued
Main Accounting (CRSA Year 1)	Full	0	0	0	10	Yes	10	Final report issued
NDR	Substantial	0	3	1	12	Yes	12	Final report issued
Payroll (CRSA Year 1)					10	Yes	9	Draft report issued
Payroll Certificate	Not Assessed	-	-	-	0.5	Yes	0.5	Complete
Treasury	Moderate	0	4	0	10	Yes	10	Final report issued
Operational Audits								
Enforcement					15	Yes	1.5	In planning – to start 16 March 2015
Parking Permits	Substantial	0	2	0	10	Yes	10	Final report issued
District Plan (consultation process)	Full	0	0	0	12	Yes	12	Final report issued
S106 Agreements	Moderate	1	2	1	13	Yes	13	Final report issued
Cash and Banking					12	Yes	4	In fieldwork

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 27 FEBRUARY 2015

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Fees and Charges	Full	0	0	0	15	Yes	15	Final report issued
Recruitment	Moderate	1	1	1	15	Yes	15	Final report issued
Community Grants	Full	0	0	0	15	Yes	15	Final report issued
Performance Framework					12	PwC	8	In fieldwork
Shared Services Benefits Realisation					10	Yes	6	In fieldwork
Hertford Theatre Governance Arrangements					30	PwC	29	Draft report issued
Facilities Management Compliance Project Plan					10	Yes	1	To commence March 2015
Data Protection					15	Yes	6	In fieldwork
Procurement								
Procurement of Planning / Building Control System	N/A	-	-	-	0	N/A	0	Audit cancelled
Leisure Services – Third Party Inspections	Moderate	0	10	2	10	Yes	10	Final report issued
Acquisition of Choice-based lettings System	N/A	-	-	-	0	N/A	0	Audit cancelled
IT Audits								
Business Continuity Planning	Substantial	0	1	1	12	PwC	12	Final report issued
IT Help Desk Operations	N/A	-	-	-	0	N/A	0	Audit cancelled

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 27 FEBRUARY 2015

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
IT Change Control	Substantial	1	0	0	12	PwC	12	Final report issued
IT Asset Management					12	Yes	7	In fieldwork
Joint Reviews								
NDR Avoidance	Substantial	0	0	1	10	Yes	10	Final report issued
Benchmarking of AGS	N/A	-	-	-	2	Yes	2	Final report issued
Strategic Support								
2015/16 Audit Planning	N/A	-	-	-	10	N/A	10	Complete
Audit Committee	N/A	-	-	-	15	N/A	14	On-going
Client Meetings	N/A	-	-	-	10	N/A	9	On-going
Liaison with External Audit	N/A	-	-	-	1	N/A	1	Complete
Head of Internal Audit Opinion 2013/14	N/A	-	-	-	5	N/A	5	Complete
Plan Monitoring	N/A	-	-	-	10	N/A	9	On-going
SIAS Development	N/A	-	-	-	5	N/A	5	Complete
Contingency								
Unused Contingency	N/A	-	-	-	24	N/A	N/A	On-going
Follow Ups								
Follow up of high priority recommendations	N/A				5	N/A	5	Complete
2013/14 Projects requiring completion								

APPENDIX A PROGRESS AGAINST THE 2014/15 AUDIT PLAN AS AT 27 FEBRUARY 2015

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Various	N/A				8.5	N/A	8.5	Complete
EHC TOTAL					435		352.5	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
1.	Follow-up of Various ICT reviews (IA Report 22/6/09)	The Information Technology Team should approve and oversee the implementation of the Council's Information Systems Strategy.	Draft IT Strategy in programme to go to ITSG, CMT/ICT – C3W Board, Executive and full Council for approval on 3/9/09.	Head of Shared Service	Mar 2012 (originally 30/09/09) Now September 2014	<p><u>Feb 14</u> Due March 2014</p> <p><u>Jun 14</u> An outline strategy has been produced. The full document is being drafted for discussion with CMT, SMG and the portfolio holder for IT before then scheduling a date for Executive. The draft document will be available by the end of June 2014.</p> <p><u>Sep 14</u> The revised date for making the draft</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						<p>IT Strategy available for discussion is the end of September 2014.</p> <p><u>Dec 14</u> The East Herts IT Strategy, effective April 2015, has now been drafted. Consultation with senior management is expected to commence in the next few weeks.</p> <p><u>Feb 15</u> The ICT Strategy has been drafted. It was submitted to</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						ITSG in January and SMG earlier this month. It was due to go to CMT on 24 February and it will then be submitted to Corporate Business Scrutiny Committee in March 2015.	
2.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Plan is reviewed annually. It is further recommended that the Business Continuity Plan is communicated to staff and made	The current East Herts Council Business Continuity Plan was sufficient, but it did not take into account C3W. Recognising	Director of Neighbourhood Services	Sep 2011	<u>Feb 14</u> Due March 2014 <u>Jun 14</u> The Business Continuity Plan will be revised once the new IT infrastructure is in place to reflect	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
		available on the intranet.	<p>this, we have engaged Zurich Ins Co. to conduct a scoping workshop 14th July.</p> <p>Zurich has already reviewed the Council's strategic risks. This work is being finalised before being put to CMT.</p>			<p>significant improvements in IT resilience and recovery. CMT reviewed critical services and scenarios to plan recovery from were reviewed at CMT on 29 Oct 2013.</p> <p><u>Sep 14</u> See note at recommendation 2.</p> <p><u>Dec 14</u> Now that the IT solution is nearing full implementation, the Council's Business Continuity</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						<p>Group is to reconvene in January 2015. Managers within critical services will be asked to develop continuity plans for their service in February 2015. In the meantime the core of the existing plan has been reviewed and updated.</p> <p><u>Feb 15</u> Business Continuity Group met in January 2015. Meetings have subsequently taken</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						place with every critical service and questionnaires / business continuity planning templates issued for return by 1 st April 2015.	
3.	Business Continuity (IA Report 7/6/11)	It is recommended that the Business Continuity Corporate Group (BCG) meet on a regular basis until the Business Continuity Plan is approved, and thereafter on a six monthly basis to review the plan.	The outcome from the Zurich workshop will trigger this group.	Director of Neighbourhood Services	Sep 2011	<p><u>Jun 14</u> The group last met on 19 November 2013. It will meet to consider a new Business Continuity Plan once the new IT infrastructure is in place.</p> <p><u>Sep 14</u> See note at recommendation 2.</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						<p><u>Dec 14</u> Business Continuity Group to reconvene on 12th January 2015.</p> <p><u>Feb 15</u> Business Continuity Group met in January 2015. To meet again in April 2015 when questionnaires and plans are received from services.</p>	
4.	Business Continuity Planning (01/10/13)	All departmental business continuity plans and resource recovery	Now that the Shared ICT service is in place and IT	Director of Neighbourhood Services	30 June 2014	<p><u>Feb 14</u> Not yet due</p> <p><u>Jun 14</u></p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
		<p>questionnaires should be reviewed to ensure they are complete, contain a sufficient level of detail, and have been reviewed and approved by appropriate members of staff.</p> <p>In addition to this, a periodic rolling programme of disaster recovery testing (at minimum requiring some downtime and recovery of IT services) should be performed and then</p>	<p>business continuity arrangements are being taken forward then this action will also move forward at the same time.</p> <p>Information captured by services in their Business Recovery Plans will be reviewed in line with the new ICT solution referred to in</p>			<p>The plan will be reviewed extensively once the new IT infrastructure is in place to reflect significant changes in IT resilience and recovery.</p> <p>CMT reviewed critical services in October 2013. Live business continuity incident occurred in May 2014 when a cable was cut and restoration took place within stipulated four hour timeframe.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
		reviewed to make relevant updates to the BCPs.	Recommendation 2. A provisional schedule for testing recovery plans will be established and reviewed annually. Testing will take place in line with the established schedule.			<p><u>Sep 14</u> See note at recommendation 2.</p> <p><u>Dec 14</u> See note at recommendation 4.</p> <p>A test will be conducted once the plan is complete.</p> <p><u>Feb 15</u> See item 2.</p>	
5.	Business Continuity Planning (01/10/13)	Once the actions related to findings 1 and 2 have been completed, the Council needs to	Now that the Shared ICT service is in place and IT business	Director of Neighbourhood Services	31 March 2014	<p><u>Feb 14</u> Not yet due</p> <p><u>Jun 14</u> The Business</p>	Partially implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
		<p>get the Business Continuity Plan formally approved and signed off, so that it can be distributed to the relevant members of staff.</p> <p>In addition to this, key stakeholders need to meet and agree on comprehensive roles and responsibilities with regard to business continuity planning, and these responsibilities should be</p>	<p>continuity arrangements are being taken forward then this action will also move forward at the same time.</p>			<p>Continuity Plan will be revised once the new IT infrastructure is in place to reflect significant changes in IT resilience and recovery.</p> <p>The revised plan will then proceed to formal approval and sign off. The plan will then be distributed with appropriate training.</p> <p><u>Sep 14</u> See note at recommendation 2.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
		documented within the plan.				<p><u>Dec 14</u> The plan will be formally signed off and distributed once complete. Roles and responsibilities of senior management and other key staff have been agreed previously. Information cascades will be reviewed in January / February 2015 and documented in the plan.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						<p><u>Feb 15</u> As per December 2014 comment.</p>	
6.	Hertford Theatre Payments (25/02/14)	Training around the application of Financial Regulations and Contract Procurement Rules should be delivered to all relevant staff to ensure that minimum records are maintained following procurement activities.	Agreed	Tracey Sargent (Procurement Officer)	31 August 2014 Now December 2014	<p><u>Feb 14</u> Not yet due</p> <p><u>Jun 14</u> Not yet due</p> <p><u>Sep 14</u> The Procurement Team have already started to provide training to Hertford Theatre staff and it is envisaged that this will encourage better business practice. This is an on-going piece of</p>	Implemented – remove from list

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						<p>work that will form part of general Procurement training throughout the Council now that a full-time Procurement Officer is in post. Revised target date December 2014.</p> <p><u>Dec 14</u> Further training opportunities will be offered during 2015. Staff are reminded by email if there are possible breaches of any regulations.</p>	

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

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No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
						<p><u>Feb 15</u> Appropriate information has been conveyed to all key staff. Revised Financial and Procurement Regulations are currently under consultation, with a view to coming into force from May 2015. Appropriate levels of training for all staff will then follow.</p>	
7.	IT Change Control (17/02/15)	Developers' access to the production environment should be restricted.	As it not practical to restrict developers'	Information Systems Manager	April 2015	<p><u>Feb 15</u> Not yet due.</p>	Not implemented – continue to monitor

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Target Date	History of Management Comments (Last 12 months only)	SIAS Comment (Feb 15)
		Where this may not be possible due to the number of staff, detective monitoring controls should be implemented such as independent periodic review of a sample of changes implemented.	access to the production environment for the reasons noted by the auditor, detective monitoring controls will be implemented as proposed, on a sample basis.				

APPENDIX C AUDIT PLAN ITEMS (APRIL 2014 TO MARCH 2015) – START DATES AGREED WITH MANAGEMENT

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Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
	NDR Avoidance	Recruitment		Leisure Services Third Party Inspections	Fees & Charges		Main Financial Systems (9 Reviews)	AGS Benchmarking (Joint Review)	Performance Framework	Cash & Banking	Facilities Management Compliance Project Plan
	Section 106 Agreements			Community Grants	Hertford Theatre		Parking Permits	Enforcement	Data Protection	IT Asset Management	
	Payroll Certificate				District Plan (Consultation Process)				Shared Services Benefits Realisation		
					IT Change Control						
					Business Continuity						



East Herts Council
Audit Committee

2015/16 Internal Audit Plan Report

18 March 2015

Recommendation

Members are recommended to approve the
proposed East Herts Council
Internal Audit Plan for 2015/16

Contents

1. Introduction and Background

- 1.1 Purpose
- 1.2 Background

2. Audit Planning Process

- 2.1 Planning Principles
- 2.2 Approach to Planning
- 2.4 Planning Context
- 2.7 Internal Audit Plan 2015/16

3. Performance Management

- 3.1 Update Reporting
- 3.3 Performance Indicators

Appendices

- A Proposed East Herts Council Audit Plan 2015/16
- B Proposed East Herts Council Audit Plan 2015/16 – Reserve List
- C Audit Start Dates Agreed with Management

1. Introduction and Background

Purpose of Report

- 1.1 To provide Members with the proposed East Herts Council 2015/16 Internal Audit Plan.

Background

- 1.2 The East Herts Council Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Head of Internal Audit annual report.
- 1.3 The Shared Internal Audit Service (SIAS) Audit Charter which was presented to the June 2014 meeting of this Committee shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. An updated version of the SIAS Audit Charter will be brought to the June 2015 Audit Committee meeting for Member approval.
- 1.4 The PSIAS require that the audit plan must incorporate or be linked to a strategic or high-level statement which:
 - Outlines how the service will be developed in accordance with the internal audit charter
 - Details how the internal audit plan will be delivered
 - Evidences how the service links to organisational objectives and priorities
- 1.5 Section 2 of this report details how the SIAS complies with this requirement.

2. Audit Planning Process

Planning Principles

- 2.1 SIAS audit planning is underpinned by the following principles:
- a) Focus of assurance effort on the Council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
 - b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the council's control arrangements.
 - c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk;
 - d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource constrained environment, all needs cannot be met.
 - e) Identification of responsibilities where services are delivered in partnership.
 - f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge;
 - g) Capacity to deliver key commitments including work undertaken on behalf of External Audit, governance work and counter fraud activity;
 - h) Capacity to respond to management requests for assistance with special investigations, consultancy and other forms of advice.

Approach to Planning

- 2.2 In 2014/15 in order to comply with the requirements of the PSIAS, SIAS revised its approach to planning and for 2015/16 has continued with a methodology for all SIAS partners which contains the following elements:

Local and National Horizon Scanning

SIAS reviews, on an ongoing basis:

- key committee reports at each client and identifies emerging risks and issues;
- the professional and national press for risks and issues emerging at national level

Consideration of risk management arrangements

SIAS assesses the risk maturity of the council and based on this assessment, determines the extent to which information contained within the council's risk register informs the identification of potential audit areas.

Confirmation of the council's objectives and priorities

SIAS confirms the current objectives and priorities of the Council. This information is used to confirm that identified auditable areas will provide assurance on areas directly linked to the achievement of the council's objectives and priorities.

- 2.3 The approach to audit planning for 2015/16 has been characterised by:

- a) Detailed discussions with senior managers and other key officers within the council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following four steps to assist in the later prioritisation of projects:

Risk Assessment

Managers and SIAS agree the level of risk associated with an identified auditable area

Other sources of Assurance

Managers are asked whether assurance in the auditable area is obtained from other assurance providers e.g. External Audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

Significance

Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings

Managers identify when an audit should be undertaken to add most value.

- b) Proposed plans are based on the information obtained from the planning meetings. Details of audits that have not been included in the proposed draft plan as a result of resource limitations are reported to senior management and the audit committee.
- c) The proposed 2015/16 plans for all SIAS partner councils are then scrutinised and cross-partner audits highlighted;
- d) Proposed draft plans are presented to Corporate Management Team for discussion and agreement;
- e) The views of Members of the Audit Committee and the council's external auditor are sought to confirm that their requirements are adequately addressed.

This approach ensures that our work gives assurance on what is important and risky and thus assists the Council in achieving its objectives.

The Planning Context

- 2.4 The context within which local authorities and housing associations provide their services remains challenging:

- Austere public finances will last well into the next parliament, meaning that previous expenditure levels are not sustainable and public leaders expect serious financial difficulty ahead
- Demand continues to rise, driven by complex needs, an ageing population and higher service expectations from citizens
- Technology ranging from use of mobile devices and applications, to Big Data and predictive analytics, is developing rapidly and offers opportunities along with significant risks
- Major, national programmes in areas like welfare reform and business rate reform, and structural changes such as the introduction of Police and Crime Commissioners, Clinical Commissioning Groups and Local Enterprise Partnerships mean the environment has been relatively unstable.

2.5 The resultant efficiency and transformation programmes that councils are in the process of implementing and developing are profoundly altering each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.6 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives;
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective;
- Give assurance which covers the control environment in relation to new developments, using leading edge audit

approaches such as ‘control risk self assessments’ or ‘continuous assurance’ where appropriate;

- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses.

Internal Audit Plan 2015/16

2.7 The draft plan for 2015/16 is included at Appendix A and contains a high level proposed outline scope for each audit; Appendix C details the agreed start months. The table below shows the estimated allocation of the total annual number of purchased audit days for the year.

	15/16	%
Purchased audit days		
Key Financial Systems	103	26%
Operational audits	122	31%
Joint Reviews	5	1%
Procurement / Contracts	66	16%
IT Audits	16	4%
Strategic Support*	56	14%
Risk Management	12	3%
Follow Ups	5	1%
Completion of 14/15 Work	15	4%
Total allocated days	400	100%

* This covers supporting the Audit Committee, monitoring, client liaison and planning for 2016/17.

2.8 A list of reserve audits that will be performed in the event that a planned review is cancelled is presented at Appendix B.

2.9 Members will note the inclusion of a provision for the completion of projects that relate to 2014/15. The structure of Internal Audit’s programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing draws on their time e.g. year end closure procedures.

- 2.10 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Head of Assurance to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer.

3. Performance Management

Update Reporting

- 3.1 The work of Internal Audit is required to be reported to a Member Body so that East Herts Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan. Progress against the agreed plan for 2015/16 and any proposed changes will be reported to this Committee four times in the 2015/16 civic year.
- 3.2 The implementation of agreed high priority recommendations will be monitored by Internal Audit and progress will be reported as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board meeting on the 7 September 2011 and are reviewed annually by the Board. Details of the targets set for 2015/16 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target
<p>1. Planned Days percentage of actual billable days against planned chargeable days completed</p>	<p>95%</p>
<p>2. Planned Projects percentage of actual completed projects to draft report stage against planned completed projects Note: To be based on the judgement of the SIAS management team and representing the best estimate as to a reasonable expectation of progress on the audit plan.</p>	<p>95%</p>
<p>3. Client Satisfaction percentage of client satisfaction questionnaires returned at 'satisfactory' level</p>	<p>100%</p>
<p>4. Number of High Priority Audit Recommendations agreed</p>	<p>95%</p>
<p>5. External Auditor Satisfaction</p>	<p>Annual Audit Letter formally records that the External Auditors are able to rely upon the range and quality of SIAS' work</p>

6. Annual Plan	Presented to the March meeting of each Audit Committee. Or if there is no March meeting then presented to the first meeting of the new financial year
7. Head of Assurance's Annual Report	Presented to the first meeting of each Audit Committee in the new financial year.

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

Audit	Proposed Outline Scope / Reason for Inclusion	Proposed Days
KEY FINANCIAL SYSTEMS		
Main Accounting	Key financial system - CRSA year 2	8
Debtors	Key financial system	12
Creditors	Key financial system	12
Treasury Management	Key financial system – CRSA year 1	8
Payroll	Key financial system - CRSA year 2	8
Council Tax	Key financial system	12
NDR	Key financial system	12

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

Benefits	Key financial system	15
Asset Management	Key financial system – CRSA year 2 & Strategy	15
Payroll Annual Pension Certificate	Annual certificate verification	1
OPERATIONAL AUDITS		
FM Planned Maintenance	Looking at the implementation of recommendations made by an external consultant in respect of how the Authority complies with external requirements with regard to the maintenance of its offices and buildings.	15
Homelessness	Looking at controls that ensure responsible officers comply with the Homelessness Act 2002 and including the use of grant funding from the DCLG to prevent homelessness in the district.	15

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

HR Policy Revisions & Communications Strategy	Looking at the communication of the revised policies and compliance with the new approaches in a sample of operational departments.	15
Insurance Arrangements	Examining the provision / procurement of insurance services and the processing of claims.	12
Member Allowances / Staff Expenses	Looking at the controls around payment of allowances and expenses including receipt of evidence of expenditure etc.	10
Public Health Burials	A review looking at the controls which ensure that the Authority meets its statutory obligations and at the subsequent recovery of costs from the deceased's estate (where applicable).	10
Section 106	Review of how the Council monitors the calculation, justification and spend of new contributions received to ensure there is sufficient clarity over the use of funds received and minimise the risk of repayment.	15

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

Street Markets	A review looking at income reviews and collection; performance management and monitoring; as well as monitoring of the contract relating to the new outsourced arrangement.	15
Development Management	A review looking at the planning cycle including: the processing of applications through to decision: recovery of fees and income; as well as appeals and compliance with legislative timelines.	15
JOINT REVIEWS		
Shared Learning	Shared Learning Newsletters and Summary Themed Reports - 2 days Audit Committee Workshop – 1 day Joint Review – Risk Management Benchmarking Workshop – 2 days	5
PROCUREMENT / CONTRACTS		
Procurement & Contract Management	A review looking at the effectiveness of the various approaches to procurement of goods and services across the Authority and the post award management of a variety of contracts. Will include: corporate policies and procedures; corporate training performance; and financial management.	25

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

Veolia Waste Contract Mgt	A review looking at the controls around continuity of management in this area reflecting the recent personnel changes as well as the value of the contract (£5.5m pa)	15
Leisure Services 3 rd Party Inspections	Follow Up of the review carried out in 2014/15	6
Acquisition of LOCATA System	A post implementation review of the new system within the housing service.	10
Land Drainage Contract	Covering the letting of the contract to provide drainage services to the Authority	10
IT AUDITS		
IT Helpdesk	A review of the arrangements with regard to the new help desk function, to include incident recording and production of management information and the development of a service catalogue for clients.	8

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

Software Licensing	A review of controls for ensuring that software used by the Authority is appropriately licensed and such licences are up to date. To review mechanisms to react to changes in the user base.	8
RISK MANAGEMENT		
Operational Risk Mgt	Looking at the controls to ensure that there is a consistent approach to the use of the corporate risk register including communication of the corporate view on approaching risk; the application of independent scrutiny e.g. internal peer review; the management of risks where possible and identification of any associated opportunities.	12
FOLLOW UP OF AUDIT RECOMMENDATIONS		
Follow Up of Audit Recommendations	Follow Up of High Priority Recommendations	5

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

STRATEGIC SUPPORT		
Head of Internal Audit Opinion 2014/15	To prepare and agree the Head of Internal Audit Opinion for 2014/15	5
Audit Committee	To provide services linked to the preparation and agreement of Audit Committee reports and presentation of reports / participation at Audit Committee	15
Client Liaison	To meet with the Council's Audit Champion and other key officers.	10
Liaison with External Audit	As required	1
Progress Monitoring	Audit plan monitoring and reporting	10
SIAS Development	Included to reflect the Council's contribution to developing the partnership	5

APPENDIX A – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015/16

2016/17 Audit Planning	To provide services in relation to preparation and agreement of the 2016/17 Audit Plan	10
COMPLETION OF 2014/15 Work		
Completion of 2014/15 Projects	Completion of outstanding work from 2014/15	15
TOTAL AUDIT PLAN DAYS		400

APPENDIX B – PROPOSED EAST HERTS COUNCIL AUDIT PLAN 2015 / 16 – RESERVE LIST

Reserve List		
Cemeteries	Looking at how the Authority meets its statutory obligations in this area.	12
Commercialisation Agenda	Scope to be confirmed with Management	15

APPENDIX C - AUDIT START DATES AGREED WITH MANAGEMENT

Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Payroll Certificate	Homelessness	Operational Risk Mgmt	Members Allowances	Procurement & Contract Mgmt	Key Financial Systems (9)	FM Planned Maintenance Programme	Section 106	Veolia Waste Contract	Follow Up - Leisure Services Contractor Compliance	Acquisition of LOCATA System	Software Licensing
HR Policy Review		Insurance			Public Health Burials	Development Mgt	Street Markets	Land Drainage Contract			
					IT Helpdesk						

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EAST HERTS COUNCIL

AUDIT COMMITTEE - 18 MARCH 2015

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES

UPDATE ON IMPLEMENTATION OF 2014/2015 ANNUAL GOVERNANCE STATEMENT ACTION PLAN

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The 2013/14 Annual Governance Statement includes eleven measures to enhance East Herts Council's internal control framework during 2014/15. The Audit Committee is requested to consider the content of **Essential Reference Paper 'B'** that provides details of proposed actions that need to take place prior to confirmation being given that adequate and effective controls are fully in place.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the Committee reviews the progress made against implementing the action plan contained in the 2013/14 Annual Governance Statement and advises of any concerns.

1.0 Background

1.1 The Annual Governance Statement Action Plan has identified key responsible officers and timescales and is monitored through reports to this Committee. Actions needed to address issues have been identified and are monitored on a R(ed), A(mber) and G(reen) basis.

2.0 Report

2.1 For the purposes of the Annual Governance Statement, internal control is being interpreted in its broadest sense covering both

financial and managerial controls that ensure that the implementation of East Herts Council's vision and priorities is being managed effectively.

- 2.2 Position statements are reflected in **Essential Reference Paper 'B'** following consultation with key responsible officers. The position statement contains a traffic light system whereby:
- "Green" indicates that the planned action has been achieved,
 - "Amber" indicates that satisfactory progress is being made towards achieving the planned action, and
 - "Red" is where a planned action has not been achieved or that progress is unsatisfactory.
- 2.3 The Annual Governance Statement Action Plan was approved by the Audit Committee on 24 September 2014. Current positions have been reflected in **Essential Reference Paper 'B'**.
- 2.4 There have been insufficient movements to change the RAG status of any actions. The updated positions were considered by Corporate Management Team on 24 February 2015. Minor revisions have been made to some of the target dates to reflect expected delivery of reports from SIAS that will have a direct bearing on several of the RAG assessments.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Update on Implementation of 2014/2015 Annual Governance Statement Action Plan – Audit Committee 21 January 2015.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives	<p>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</p> <p>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</p> <p>Place – Safe and Clean</p> <p>This priority focuses on sustainability, the built environment and ensuring our towns and villages are safe and clean.</p> <p>Prosperity – Improving the economic and social opportunities available to our communities</p> <p>This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services.</p>
Consultation:	No public or partner consultations were required during the preparation of this report.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resources implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report
Health and wellbeing – issues and impacts:	There are no additional health and wellbeing implications to those already contained in this report.

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ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2014/15

Issue	Resp. Off.	Target Date	Actions needed to achieve milestone	Current position	RAG status
<p>Risk of failure to deliver an effective, efficient and economic IT service.</p> <p>(From 2010/11 Action Plan)</p>	<p>Director of Finance and Support Services/ Head of Business & Techn'y Services</p>	<p>January 2015 revised from October 2014</p>	<ul style="list-style-type: none"> • All outstanding high risk IT audit recommendations implemented. • Resilient IT business continuity arrangements in place. 	<ul style="list-style-type: none"> • The Shared Internal Audit Service (SIAS), through PwC, have cleared outstanding high risk recommendations in their IT review. • SIAS have indicated that they are satisfied that resilient business continuity arrangements are now in place. Management have successfully tested the system this year and will test again next financial year. 	<p>GREEN</p>

Essential Reference Paper 'B'

IT Risk Diagnostic (Highlighted by SIAS during 2012/13)	CMT	March 2015 revised from October 2014	<ul style="list-style-type: none"> Develop an IT strategy which is aligned with the business objectives of the Council and sets out the vision and core priorities for ICT over the next 3 years. 	<ul style="list-style-type: none"> An IT Strategy, effective from April 2015, is currently out for consultation. 	AMBER
Hertford Theatre future governance arrangements (From 2011/12 Action Plan)	CMT	Feb 2015 revised from October 2014	<ul style="list-style-type: none"> Review to identify options for alternative governance models and the financial implications of adopting any of those models. 	<ul style="list-style-type: none"> SIAS, through PwC, have undertaken a review of governance arrangements as part of the 2014/15 Audit Plan. Draft report has been received. 	AMBER
Asset Management Plan (From 2012/13 Action Plan)	CMT	March 2015 revised from Dec 2014	<ul style="list-style-type: none"> Review assets held by the Council. 	<ul style="list-style-type: none"> Asset Management Plan 2013-17 approved by CMT but has been put on hold. The Executive on 7 October 2014 approved future investment of £10m in 	AMBER

Essential Reference Paper 'B'

				<p>each of two selected property funds which will impact on the Asset Management Plan.</p> <ul style="list-style-type: none"> • An audit of Council land is currently underway to ultimately gain assurance that all sites and assets are managed and that appropriate standards are reflected in corporate policy. • SIAS will be reviewing Asset Management arrangements before the end of this financial year. 	
Impact of Welfare Reform changes	CMT	March 2015	<ul style="list-style-type: none"> • New Legislation will have an adverse financial impact on a significant number of residents. Provide residents 	<ul style="list-style-type: none"> • The Council has responded well to changes in Welfare reform although this 	AMBER

Essential Reference Paper 'B'

(Identified as a strategic risk in 2013/14)			more support for services across the Council to staffing levels, manage the budget and the public expectations. Implement Council policies effectively.	has resulted in an increased number of contacts from affected residents. The impact of this increased contact is monitored through appropriate management teams and partnership boards. The timetable for full implementation of Universal Credit remains uncertain.	
Operating effectively in Shared Services (Taken forward from 2012/13 Action Plan)	CMT	Feb 2015 revised from Dec 2014	<ul style="list-style-type: none"> Complete a review of the operation of all shared service partnership arrangements 	<ul style="list-style-type: none"> The Shared Internal Audit Service are currently undertaking a review of Shared Services Benefits Realisation as part of the 2014/15 Audit Plan. 	AMBER

Essential Reference Paper 'B'

<p>Risk that S106 Monies remain unspent</p> <p>(Highlighted by SIAS during 2012/13)</p>	<p>Head of Comms, Engagement and Cultural Services/ Head of Planning and Building Control</p>	<p>Dec 2014</p>	<ul style="list-style-type: none"> • Ensure that funds are spent on appropriate schemes in accordance with the terms of the Section 106 agreement which provide value for money for the community. 	<ul style="list-style-type: none"> • Reports are made to CMT identifying projects and tracking outstanding payments. • SIAS reviewed this area and reported Moderate assurance in October 2014. Four recommendations made of which two medium priority recommendations remain outstanding. • Process continues to be monitored. 	<p>AMBER</p>
<p>Implementat'n of the Investment Strategy with sufficient levels of governance and due</p>	<p>CMT</p>	<p>March 2015</p>	<ul style="list-style-type: none"> • Find the optimum position of balancing risk and return and having financial strength to contribute to the local economy. 	<ul style="list-style-type: none"> • Audit Committee in July 2014 agreed a refreshed Treasury Management Strategy allowing investment in to property funds. 	<p>AMBER</p>

Essential Reference Paper 'B'

diligence (Identified as a new 2014/15 strategic risk)				<ul style="list-style-type: none"> Report on new Property fund proposals approved by the Executive on 7 October 2014. 	
Development of a District Plan that is approved by the planning inspectorate. (Identified as a new 2014/15 strategic risk)	CMT	March 2015	<ul style="list-style-type: none"> Plan to be agreed within required timeframe. 	<ul style="list-style-type: none"> Progress continues to be made on the production of the District Plan. It is clear that detailed scrutiny of the infrastructure that can be provided to support delivery is necessary. Consultants appointed by the Council have undertaken significant work to review the evidence and identify gaps which will need to be filled before the District Plan can move forward to an amendments consultation version. 	AMBER

Essential Reference Paper 'B'

				<p>The result of this work will have an impact on the timetable.</p> <ul style="list-style-type: none"> In December 2014 SIAS reviewed the District Plan Consultation Process and reported full assurance. 	
<p>The effectiveness of the delivery of the Here to Help programme (Identified as a new 2014/15 strategic risk)</p>	CMT	March 2015	<ul style="list-style-type: none"> Ensuring challenges are met, particularly staff engagement, communications and adequate resources. 	<ul style="list-style-type: none"> The next Here to Help quarterly update will be sent to CMT on 24 March 2015. 	AMBER
<p>Increased levels of demand for our services.</p>	CMT	March 2015	<ul style="list-style-type: none"> Demonstrate ability to adequately manage increased volume of contact from the public. 	<ul style="list-style-type: none"> The Here to Help activities are providing a platform for organisational 	AMBER

(Identified as a new 2014/15 strategic risk)			<ul style="list-style-type: none">• Demonstrate improvements, removal of barriers and increased capacity.	development while the development of a more focused Customer Services Strategy will develop capacity in the medium term.	
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EAST HERTS COUNCIL

AUDIT COMMITTEE – 18 MARCH 2015

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES.

ANNUAL REVIEW OF DATA QUALITY STRATEGY

WARD(S) AFFECTED: *None specific*

Purpose/Summary of Report:

This report introduces the 2014/15 revisions to the Data Quality Strategy.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>
That:
(A) the revisions to the attached strategy and summary guide be noted.
(B) the tracked changes updated in the strategy be agreed.

1.0 Background

1.1 East Herts is committed to delivering good data quality. The aim of the Data Quality Strategy is to continue to drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments and Council decisions are based.

2.0 Report

2.1 Audit Committee at its meeting on 19 March 2014 agreed to continue to receive an annual review of the Data Quality Strategy.

2.2 The Data Quality Strategy (version 13) with the tracked non material amendments can be found in **Essential Reference Paper B**. The addition of a Data Quality Strategy summary (**Essential Reference Paper C**) has been included which outlines the key principals to delivering good data quality, this came as a recommendation from the Audit Committee meeting on 19 March 2014.

3.0 Implications/Consultation

3.1 None

Background Papers

None

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ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives:</p>	<p>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</p> <p><i>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</i></p> <p>Place – Safe and Clean</p> <p><i>This priority focuses on sustainability, the built environment and ensuring our towns and villages are safe and clean.</i></p> <p>Prosperity – Improving the economic and social opportunities available to our communities</p> <p><i>This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services.</i></p>
<p>Consultation:</p>	<p>The data quality strategy policy has been circulated around to relevant officers and Heads of Service for comments.</p>
<p>Legal:</p>	<p>There are no legal implications.</p>
<p>Financial:</p>	<p>There are no financial implications.</p>
<p>Human Resource:</p>	<p>There are Human Resource implications.</p>
<p>Risk Management:</p>	<p>By not having an effective data quality strategy in place, it puts the Council at risk of losing confidence in the data on which the council decisions are based. The data quality strategy is one tool designed to help mitigate against this risk. Also good data quality practices increase local accountability.</p>
<p>Health and wellbeing – issues and impacts:</p>	<p>There are no direct Health and Wellbeing implications in regard to this report.</p>

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Data Quality Strategy

Data Quality Strategy Contents

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Data Quality Strategy

1. Document Control

Document

Client	East Herts Council
Project	Performance Management
Document	Data Quality Strategy
Author	Performance Monitoring Officer
Published Date	26 February 2009
Version	132.0

Change History

Issue	Date Of Issue	Comments / Reason For Change
1.0 – 5.0	N/A	Initial Draft
6.0	23 October 2007	Final Draft
7.0	3 February 2009	Annual amendments
8.0	26 January 2010	Annual amendments
9.0	8 March 2011	Annual amendments
10.0	13 December 2011	Annual amendments
11.0	12 February 2013	Annual amendments
12.0	19 March 2014	Annual amendments
13.0	18 March 2015	Annual amendments

Distribution

Name	Position	Organisation
N/A	Chief Executive	East Herts Council
N/A	Directors	East Herts Council
N/A	Heads of Service	East Herts Council
N/A	Officers responsible for PI's	East Herts Council

Abbreviations Used

EHPI	East Herts Performance Indicators
SPI	Service Performance Indicators
PI	Performance Indicators
OU	Organisational Units
CMT	Corporate Management Team
DMT	Department Management Team

Data Quality Strategy

2. Introduction

The purpose of this strategy is to outline the Council's approach to data quality.

The Council is committed to producing accurate, timely and relevant information. This strategy will ensure a consistent, corporate approach to data quality across the Authority by:

- Articulating a set of core principles of data quality and
- Standardising the Council's approach to the calculating and collating of data on a diverse range of outcomes.

Data Quality Strategy

3. Background

The Council is committed to having a robust approach to data quality, because it underpins not just performance management but effective decision making.

In addition, data is used in a variety of processes between Councils and their partners and that data can potentially be passed on to other party organisations. Councils are accountable for any information they supply and it is important that good data quality is applied when handling any data when any data is shared.

The principles of good quality data are outlined below:

- Awareness
- Definitions
- Input
- Verification
- Systems
- Output
- Presentation

Data Quality Strategy

4. Awareness

Data quality plays an important part towards contributing to the delivery of the Council's corporate priorities, "People, Place and Prosperity".

Data quality is the responsibility of every member of staff, whether they are inputting, extracting or analysing data from any of the Council's information systems. Each member of staff should be aware of their responsibility in relation to data quality, however some officers will play a greater role in data quality than others.

Responsibility for data quality should be reflected in job descriptions and the appraisal process as appropriate. Line managers are encouraged to ensure where relevant, that suitable appraisal targets and paragraphs in job descriptions reflecting the Council's policy are included. This should be proportionate to the level of involvement staff have.

Also staff that are responsible for data quality should be made aware that should any unauthorised tampering with data or any breaches to data quality be found, a line manager will look to remedy the case initially through the Council's Disciplinary Policy.

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Essential Reference Paper A details the roles and responsibilities for data quality in respect to the overall performance management framework.

Data Quality Strategy

5. Definitions

In respect to performance indicators it is the responsibility of all officers to have a clear understanding of the measures assigned to them, in terms of definition and calculation, and how lapses can either lead to errors or delayed reporting, both of which limit the Council's ability to manage performance effectively.

A clear understanding might be defined, for example, as the knowledge of what the numerator and denominator are, and whether there are any important technical guidelines (for example, the exclusion of certain cases).

Where indicators have originated from national measures, set definitions may therefore already exist. However it is important that the service is clear on the exact definition that is being applied. This ensures that data is recorded consistently, allowing for comparison over time.

The latest guidance for all performance indicators e.g. (EHPIs and SPIs) can be found by logging on to Covalent where the definition and calculation is stored.

Performance indicators are either monitored on a monthly, quarterly or annual basis using the Council's performance management system Covalent. All targets and outturns in relation to monthly and quarterly monitoring refer to a snapshot period (with the exception of a few indicators which are cumulative), whereas the annual reporting relates to the end of year position.

Targets for indicators are set in the following way:

- **Annual Targets** – are determined as part of the Estimate and Future Target setting process e.g. annual targets for 2015/156 are determined based on the 20143/15 estimates. This process takes place between November – March each year, so the following year's targets are set before 1 April.
- **Monthly and Quarterly Targets** – are determined in March/April each year, once the annual target has been set. The basket of indicators to be monitored is determined by the analysis the Performance Team undertakes in relation to:
 - Indicators that are off target
 - Indicators where performance is declining
 - Indicators that are in bottom quartile
 - Indicators that are key to the organisation

Every performance indicator has a named officer who is responsible for collecting and reporting the information. This ensures that there is consistency in the application of definitions and use of systems for providing the data. In some larger services this is split between two officers (see **Essential Reference Paper A**).

~~Each named officer is kept up to date with any changes in definition that may occur from time to time, through Covalent and directly from the Performance Team.~~

Although this section focuses on the importance of 'definition' in relationship to performance indicators, the good principles of 'definition' should apply to all measures of data.

Data Quality Strategy

6. Input

There must be adequate controls in relation to the input of data into service-based systems and Covalent. Data inputting is the responsibility of the relevant service department and named officer for the performance indicator/measure.

System produced figures are only as good as the data entered into that system in the first place. The aim should be 100% accuracy 100% of the time. It is important that officers have clear guidelines and procedures for using systems and are adequately trained to ensure that information is being entered consistently and correctly.

A key requirement is that data [isbe](#) entered on an ongoing basis, not saved up to be entered in a block at the end of a period. This reduces the error rate and the need for complex verification procedures.

Controls should also be in place to avoid double-counting. These should be designed according to the nature of the system, in particular where more than one person inputs data. A likely control will be a clear division of responsibility setting out who is responsible for what data entry.

Where a service does not have a bespoke/dedicated system to record data, data may be entered into a number of [Excel](#) workbooks. If this is the case then the service should ensure that the workbooks are linked and that the formulas to calculate performance are pre set. This not only saves officer time but decreases the chance of errors.

As Covalent is unable to integrate with service systems, the monthly, quarterly and annual data is inputted manually. Here the service, in line with the Performance [Team](#), needs to ensure that data from service systems is correct and consistent with Covalent. Please refer to **Essential Reference Paper C** for information on the relevant service systems.

[Covalent is reviewed annually to ensure that the system is up to date and that officers are informed of all functionality within the system to help support their roles.](#)

[Recently the trigger function has been activated which enables officers to be sent data update reminders via e-mail by the Covalent system in addition to the reminders sent by the Performance Team.](#)

Data Quality Strategy

7. Verification

Data verification is the responsibility of the:

- Service in terms of undertaking verification checks of their own systems and the;
- Performance Team in terms of performance indicator data and Covalent

Service responsibility:

The Council has a number of robust information systems, nevertheless even these have possibilities for errors in data entry. The frequency of verification checks for these systems needs to be aligned with the frequency for data reporting.

A simple verification process may be to review a sample of recent data against expectations, or a reconciliation of system-produced data with manual records if appropriate. Some systems may require more checks such as:

- Data cleansing, e.g. to remove duplicate records or to complete missing information
- Sample checks to eliminate reoccurrence of a specific error, e.g. checking one field of data that is pivotal for a PI against documentation, for a sample of cases
- Test run of report output, to check the integrity of the query being used to extract the data
- Spot checks, e.g. on external contractor information

Partnership responsibility:

The Council expects partners to demonstrate responsibility for the quality of data they provide. Where data is provided directly the service concerned will ensure partners (shared services/third parties) have an adequate data assurance process or sign up to an assurance process with East Herts Council. Where possible a record of source data should be kept.

Data that is provided from external sources also needs to be checked. The Council will work alongside contractors to ensure the data is correct.

A requirement to provide timely and accurate data should be made clear when entering into new contracts. Likewise, the contractor must be clear of their responsibility for data quality and how we will check their data.

Some information/data are provided directly by external agencies e.g. waste collection statistics. The Council will work with these agencies constructively

wherever possible to provide assurance on data quality and resolve any problems identified.

Performance Team responsibility:

Once performance indicator data has been entered on to Covalent the Performance Team is required to undertake periodic spot checks to ensure that the data has been calculated as per the performance indicator definition. In particular the spot check will look to see if the correct:

- Numerator and denominator have been used
- Calculation has been applied
- Data has been reported to the correct decimal place

The spot check and performance indicators involved are first identified in the annual estimates and future targets report which is presented to Corporate Management Team (CMT), Joint Scrutiny committee and then to Executive. The findings of the spot check are then reported as part of the annual outturn report and will again go through CMT, the three scrutiny committees and Executive.

Data Quality Strategy

8. Systems

Each system will have a named systems [administrator-Key user](#) and they will be responsible for data quality issues relating to that system. These officers will have the following responsibilities (although this is dependent on the type of system in place, so some or all will apply, it is down to the service to determine this)

- Ensure users are adequately trained, if appropriate this should include a formal training programme, which is periodically evaluated and adapted to respond to changing needs.
- Ensure there is security for accessing and amending the data if periodic tests of the integrity of the data are undertaken.
- Provide information management support to users.
- Undertake system upgrades where necessary (accommodate amendments to performance indicator definitions)
- Ensure the system meets the manager's information needs
- Ensure the system can produce adequate audit trails
- Produce a set of written procedures, i.e. a user guide (also available on download from intranet)
- Produce a business continuity plan for the system exists to protect vital records and data
- A named substitute officer is nominated to deputise for the systems [administrator-Key user](#) in his/her absence.

Please refer to **Essential Reference Paper C** for information on the relevant service systems.

Data Quality Strategy

9. Output

Data should be timely and accurate. In order for performance indicator data to be acted upon quickly by both Directors and Members, a timetable for reporting monthly and quarterly performance indicator data is produced by the Performance Team, at the start of each financial year, and communicated via E-mail.

Performance data is compiled into the Corporate Healthcheck report which is produced on a monthly basis for CMT and Executive. The Corporate Healthcheck details performance and financial data. The Healthcheck is also reported to [the three sScrutiny committees](#) on a regular basis.

In summary the process entails Service Heads meeting at the beginning of each month with their Service Accountant to discuss budget issues in terms of revenue and capital overspends and underspends, delivery of efficiency targets etc. Any significant variances or concerns are then flagged up on a form, along with the latest performance management data, which is discussed at the DMT meeting later that month. It is at this meeting the Director then identifies the key budget and performance issues for the Division and the necessary action that is required to rectify the situation. This is then fed into the production of the Corporate Monthly Healthcheck Report that is reported to the [Corporate Management TeamCMT](#) and then the appropriate scrutiny committee and the Executive respectively.

This process allows CMT to focus on addressing issues relating to achieving the [Ccouncil's](#) objectives and not on the data quality. This is because DMTs approve the quality of data before it is presented to CMT by querying various information at an early stage, such as:

- Performance data note/comments/~~interpretation~~
- Any missing performance data
- Process of improvement if performance data is ~~indicating~~ off target
- Patterns of recurring discrepancies to performance data

It is important that Heads of Service are satisfied that the data being presented to CMT and Members is accurate, as decision making is based in part on the data provided.

Data Quality Strategy

10. Presentation

| During external audits, there should be at least one other officer who is able to provide advice and information on the performance indicator in the absence of the lead officer. This is an important control to ensure that audit work proceeds smoothly.

When information is presented for external audit, a member of the Performance Team must review working papers (calculations/evidence) to confirm that the definition has been followed, also the calculations are correct and the indicator is supported by a full audit trail.

Data Quality Strategy

11. Data Sharing

Protocols for data sharing and data sharing agreements within partnerships should be defined at the start of any partnership work.

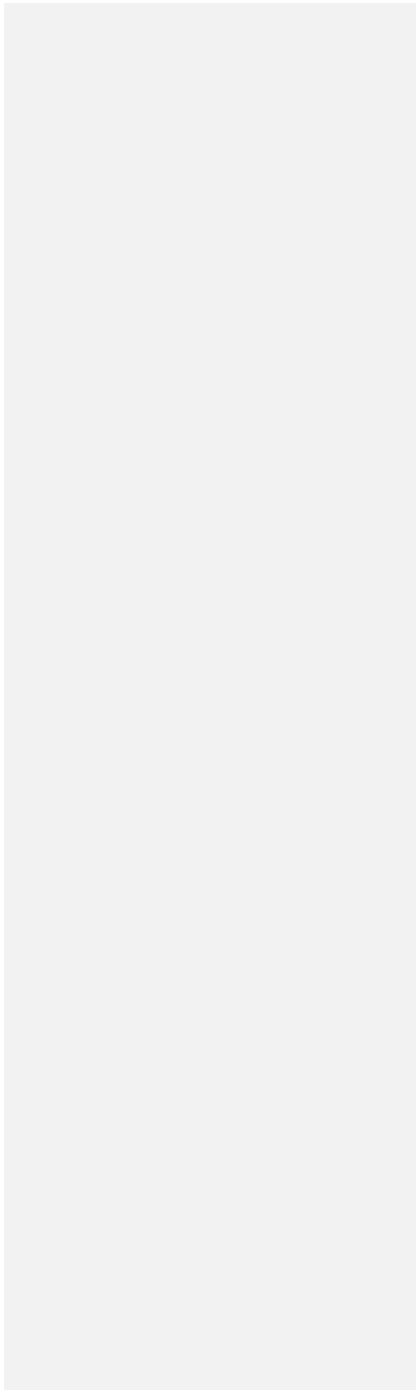
| The Council's Data Sharing Protocol can be obtained from the council's intranet or further information can be obtained from the link below:

<http://www.eastherts.gov.uk/intranet/media.jsp?mediaid=11370&filetype=PDF>

**Data Quality Strategy
Essential Reference Paper A**

The roles and responsibilities for data quality in respect to overall performance management framework.

	All officers responsible for inputting/extracting data from systems	Head of Service	Directors	Performance Monitoring Officer	Corporate Planning & Performance Manager
Covalent Role	‘Assignee’ and/or ‘Managed by’		Managed by	Administrator	
Responsibility	<ul style="list-style-type: none"> • Knowledge of relevant performance indicator definitions and guidance • Inputting accurate information on to Covalent and internal system • Ensuring up to date record keeping. • Support/assist in any external audit requirements 	<ul style="list-style-type: none"> • Ensuring a robust control environment exists for data inputting and extracting within service area/systems • Ensuring the data contained on Covalent and internal systems is accurate and reliable • Sufficient explanations are provided explaining performance data • Relevant evidence provided to support data • Support/assist in any external audit requirements 	<ul style="list-style-type: none"> • Robustly scrutinising data and responding to performance information reports E.g. Corporate Healthcheck, Estimates, Outturns and Targets 	<ul style="list-style-type: none"> • Maintain Covalent so that roles and permissions are current • Ensure services have access to the latest performance indicator definitions and guidance • Undertake training on Performance Management Framework processes e.g. monthly and quarterly monitoring, estimate and target setting, outturn collation • Undertake training on Covalent • Undertake data quality spot checks 	<ul style="list-style-type: none"> • Manage the Performance Management Framework • Support/assist in any external audit requirements. • Advice and support to officers to meet requirements of data quality.



**Data Quality Strategy
Essential Reference Paper B**

Performance indicators are monitored on a monthly, quarterly or annual basis using the Council's performance management system Covalent. The system enables different roles to be assigned to help support the collation of data.

The Ownership pane provides details on who is accountable and responsible for the performance indicator, at six different levels:

- **Responsible OUs** – the service responsible for the performance indicator.
- **Administered By** – the system administrators who have full control over the performance indicator in terms of setup, data and targets.
- **Managed By** – the most senior officer with responsibility for this performance indicator, usually a Head of Service or a Director.
- **Assigned To** – the lead officer or person with responsibility for the performance indicator, if a second officer is needed in addition to the 'Managed By' role.
- **Portfolio Owners** – the member who has responsibility for this performance indicator.
- **Also Visible To** – All the users who can see the performance indicator, though not necessarily edit it.

**Data Quality Strategy
Essential Reference Paper C**

Detailed below is a list of the core systems the Council uses to manage data, in relation to its performance management framework. As part of the consultation process services will be contacted about the systems they are currently using to input data and who is the registered system administrator.

Service Area	System Name	System Administrator <u>Key user</u>
<u>Financial Support Services and Performance Strategic Finance and Business Development</u>	Financials	<u>Principal Accountancy Manager</u>
	Covalent	Performance Monitoring Officer
Benefits & Revenues	Capita	Head of Benefits and Revenues
Planning & Building Control	Excel – for planned response	Building Control Manager

	FastCONTROL Building Control - site visits	Building Control Manager
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Service Area	System ⁴³	System Administrator <u>Key user</u>
Planning & Building Control (continued)	APAS in reference to Planning – back office system for Development Management.	Systems Administrator
	Opentext – for Development Control report generation	Administration Assistant
Community Safety and Health Services	LALPAC – Licensing applications Mayrise – Anti Social Behaviour data Access – Enforcement data data provided by the Police	<u>Head of Community Safety and Health Services</u>
Environmental Services	Mayrise	Waste Services Manager
Information, parking and Customer Services	Delphi	Administration Manager
	Covalent Mitel Contact Center Management – Telephones Lagan (CRM) - Complaints	Customer Services Manager
Housing Services	Excel – Housing register	Housing Manager
People and Property Services HR and Organisational Development	Delphi Business Objects HREvolution Excel – PDR, sickness monitoring and establishment list	Human Resource Officer Administration Assistant
Shared Business and technology Services	Track it – Service desk system	Network and Systems Support Manager

Data Quality Strategy Essential Reference Paper D

This appendix details the continuing actions the Council needs to undertake to ensure good data quality is embedded.

Action	Responsibility	Timescale
Theme 1 – Governance		
Periodic member training on Data Quality and Covalent.	<u>Corporate Planning and Performance Manager and Performance Monitoring Officer, in partnership with Democratic Services</u>	To be determined as part of the member training plan. (annually)
Data Quality Strategy reviewed annually.	<u>Corporate Planning and Performance Manager and Performance Monitoring Officer</u>	March each year
Theme 2 – Policies and procedures		
Continue to consult with SMG and officers responsible for inputting performance indicator data on Covalent updates and enhancements, revisions to the data quality strategy and training.	<u>Corporate Planning and Performance Manager and Performance Monitoring Officer</u>	As and when required – Consultation to be undertaken either face to face or through e-mail.

Action	Responsibility	Timescale
Theme 3 – Systems and processes		
Evaluate and maintain Covalent to ensure it remains relevant and fit for purpose to support the council's performance management framework.	<u>Corporate Planning and Performance Manager and Performance Monitoring Officer</u>	Ongoing through attendance at Covalent User group meetings and an annual review of system reported to either the Head of Finance Support Service and Performance Business Improvement or CMT.
Undertake an annual review of the controls in place on Covalent, reporting to Head of Financial Support Services and Performance Business Improvement on the outcomes of review.	<u>Corporate Planning and Performance Manager and Performance Monitoring Officer</u>	March each year
Theme 4 – People and Skills		
Periodic officer training on Data Quality and Covalent to take place	<u>Corporate Planning and Performance Manager and Performance Monitoring Officer</u>	As and when requested.

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Data Quality Strategy Summary

Our aim: To continue to improve the quality of local government performance information produced, leading to greater confidence in the data on which council decisions are based.

The data quality strategy is the council's approach to producing accurate, timely and relevant performance information that conforms to a set of core principles. The strategy supports the following corporate priorities and objectives:

People:

- Deliver customer focused services.

Prosperity:

- Deliver value for money and reduce our reliance on central government funding.

Having a data quality strategy in place ensures the following core principles:

Awareness

- Being aware of your responsibility. However big or small we all have a role to play ensuring we produce good data quality. For some this may mean having data quality responsibilities outlined in job descriptions and or PDRs so we are clear what is expected from us.

Definitions

- Understand the council's standards and methods to calculating and collection of data. This means that you are fully up to date with all policies and procedures and that you understand the methodology involved in collecting the data.

Input

- Safeguards in place ensuring accuracy of data and that data inputters are adequately trained on council systems in which data is entered. For some this will be outlined in your job descriptions and should be reviewed at PDRs to ensure you have sufficient training or if any additional training is required.

Verification

- All systems that need any form of manual data input should have in place an assigned user who is responsible for carrying out verification checks. This will reduce risk of errors occurring provide an extra level of accountability. For some services this will mean updating job descriptions to delegate who is responsible for data input and who is responsible for data verification.

Systems

- Ensuring each system has a named system administrator so staff knows who is responsible for any system issues/concerns and who is responsible for data quality issues. Services should have in place a structure that ensures a substitute officer can deputise in his/her absence.

Output

- Data should be timely and accurate. In order for performance indicator data to be acted upon quickly by both Directors and Members, a timetable for reporting monthly and quarterly performance indicator data is produced by the performance team, at the start of each financial year, and communicated via E-mail.

The full data quality strategy can be found on the council's intranet using the following link below:

<http://www.eastherts.gov.uk/intranet/index.jsp?articleid=12191>

Contact for more information:

Karl Chui – Performance Monitoring Officer
Ext 2243
karl.chui@eastherts.gov.uk

EAST HERTS COUNCIL

AUDIT COMMITTEE – 18 MARCH 2015

REPORT BY THE LEADER OF THE COUNCIL

RISK MANAGEMENT MONITORING REPORT (OCTOBER TO DECEMBER 2014)

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report relates to action taken to mitigate and control strategic risks in the period October to December 2014.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the action taken to mitigate and control strategic risks be approved.

1.0 Background

The Strategic Risk Register was last considered by Audit Committee on 26 November 2014. (Period July to September 2014). The register has been updated to reflect controls implemented between October and December 2014 and is attached at **Essential Reference Paper 'B'**

2.0 Report

2.1 Risk management can be defined as:

The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

2.2 Managing threats and opportunities helps to create an environment of “no surprises” and the Authority is in a stronger

position to deliver services in accordance with corporate priorities. By managing opportunities, it is better positioned to provide continuous improvement in its services and better value for money.

2.3 The following system of rating has been adopted:

Rating the potential impact if the risk was to occur using the following scores

- 4 **High** - Greater than £280,000 and / or national criticism and / or catastrophic fall in service quality
- 3 **Medium** - £140,000 to £280,000 and / or regional criticism and / or major long term fall in service quality
- 2 **Low** - £50,000 to £140,000 and / or long term local media criticism and / or minor long term or major short term fall in service quality
- 1 **Negligible** - Below £50,000 and / or short term local media criticism and / or short term fall in service quality

Rating the likelihood of occurrence using the following scores

- 4 **Probable** - The event is likely to occur within a year
- 3 **Possible** - The event is likely to occur within, or more than one in three years
- 2 **Unlikely** - The event could occur less frequently than every three years
- 1 **Rare** – The event could occur in exceptional circumstances

These scores are further assessed to classify whether risks are considered to be critical, caution, contingency or control.

2.4 The Strategic Risk Register, **Essential Reference Paper ‘B’**, details these, and the controls implemented between October and December 2014.

2.5 All scores remain unchanged.

2.6 This information was presented to the Executive on 3 February 2015. There are no comments to relay.

2.7 All strategic and operational risks can be viewed on the Council’s performance management system, Covalent (www.covalentcpm.com/eastherts).

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Risk Monitoring Report July to September 2014 – Audit Committee 26 November 2014.

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graham.mully@eastherts.gov.uk

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ESSENTIAL REFERENCE PAPER 'A'

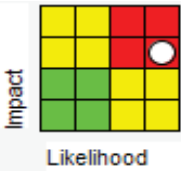
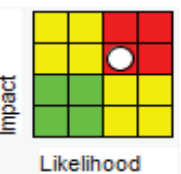
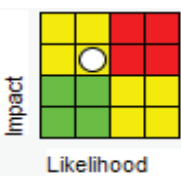
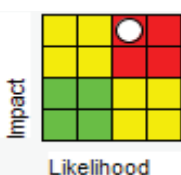
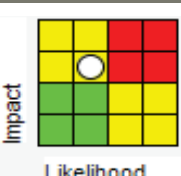
IMPLICATIONS/CONSULTATIONS

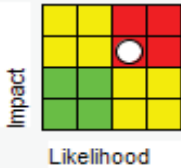
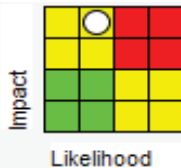
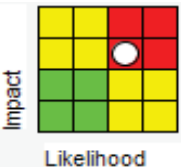
Contribution to the Council's Corporate Priorities/ Objectives:	<p>People This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</p> <p>Place This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean.</p> <p>Prosperity This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.</p>
Consultation:	There are no specific consultation implications arising directly from this report.
Legal:	There are no specific legal implications arising directly from this report.
Financial:	There are no specific financial implications arising directly from this report.
Human Resource:	There are no specific human resource implications arising directly from this report.
Risk Management:	There are no additional risk management implications to those already contained in this report. However, it should be noted that if East Herts did not have a risk management monitoring process, the Authority would be seen to be not managing risks appropriately, which would have a significant negative impact on recommendations made by the External Auditors through the Annual Audit Letter.
Health and wellbeing – issues and impacts:	There are no specific health and wellbeing implications arising directly from this report.

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Strategic Risk Register October to December 2014

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
14-SR1	Risk of significant reduction in funding above that planned for, in particular localisation of Council Tax Support, localisation of business rates and New Homes Bonus.	There is uncertainty around future funding, both from Government and other areas such as income from commodities markets for recycled materials. There are cost pressures combined with an increased awareness and scrutiny of financial position.		3	3	Adele Taylor	October to December 2014: Finance settlement for 2015/16 and the impact on the budget and Medium Term Financial Plan have now been modelled. This will be considered by Joint Scrutiny Committee, The Executive and Council from January to February 2015. Significant risk remains for 2016/17 onwards given uncertainty around funding.
14-SR2	Risk of not having capacity / capability and flexibility to continue to deliver service levels over time.	There are challenges around workforce planning to ensure the Council is fit for the future, in terms of workforce skills, capacity and flexibility. Also about being fleet of foot and responsiveness		3	3	George A Robertson	October to December 2014: Here to Help is considering all aspects of how staff work together, deploy resources and consider to build on the good practice within the authority to continue to improve how we do things. The outcomes of this work will feed into the refreshed Workforce Development and Planning work co-ordinated by the Head of People & Property.
14-SR3	Risk that supplier / contractor or key third sector partner fails or fails to deliver.	A number of key external and internal services are delivered through major contracts, both directly and in consortia. This is both through private sector supply chains and in conjunction with the voluntary and third sector.		3	2	George A Robertson	October to December 2014: The council has robust contract management processes and procedures in place to ensure any concerns are flagged up early.
14-SR4	Risk that investment and effort does not deliver benefits and returns in Shared Services.	Moving more towards shared services with other public sector partners. Potential for lack of consistent political buy-in by all partners resulting in considerable effort without benefit. There is also a challenging skill set for managers due to the complexity.		3	3	Adele Taylor	October to December 2014: Current shared services are delivering expected benefits. Governance arrangements in place to measure performance.

14-SR5a	There is short term uncertainty around government policy and a number of changes required without accompanying resource.	Risk of policy changes by decree which we do not comply with or implement		3	4	Simon Drinkwater	October to December 2014: The Council's ability to respond promptly and efficiently to changes in legislation poses risks for delivery of service. Software changes are not always reliable or easy to implement.
14-SR5b	There is long term uncertainty on overall future government policy and direction, and its impact on local government.	Risk of being unable to long term strategically plan.		3	3	Simon Drinkwater	October to December 2014: The Council has responded well to changes in welfare legislation. The risk remains that future changes to housing benefit and housing rules may be more difficult to manage particularly if they are accompanied by funding reductions.
14-SR6	HR and Workforce management policies are being brought up to date. These will need to be applied across the Council in a coherent and consistent way.	There could be a lack of consistency and cohesion at senior management levels of applying policies.		3	2	Adele Taylor	October to December 2014: The review and update of policies is continuing with policies being regularly presented for decision at HRC. Appropriate training is being provided for new and existing policies.
14-SR7	Availability and performance of IT systems and resources impacting on service delivery.	Reduced levels of service across the Authority. Targets may not be achieved. Staff morale and reputation of Council may suffer. Influence of ITSG should reduce risks		4	3	Adele Taylor	October to December 2014: The core infrastructure is now more resilient. Roll out of the system is ongoing, with Revenues & Benefits being the largest service remaining outstanding but will go live in early 2015. All key systems with the exception of Finance are now operating from the new data centres and are protected by the new business continuity arrangements.
14-SR8	Data Protection: Failure to comply with the data protection principles. The potential disclosure of personal data inappropriately.	Action may be taken by the ICO. Individuals may suffer if their personal data, particularly sensitive personal data is disclosed.		3	2	George A Robertson	October to December 2014: Additional training to further assist staff in application of Data Protection principles to working environment has commenced. Data protection risk assessments revisited within service planning process.

14-SR9	Impact of welfare reform changes, specifically Universal Credit.	New legislation will have an adverse financial impact on a significant number of residents. Residents will require more support from services across the Council affecting staffing levels, finances, and a risk of increased aggression. There may also be difficulties in implementing Government policy, with uncertainty on timetable.		3	3	Adele Taylor	October to December 2014: Uncertainty on timetable remains but relevant officers are ensuring that they attend briefings and learning events to prepare for changes as they come in.
14-SR10	Development of an Investment Strategy with sufficient levels of governance and due diligence.	A need to find the optimum position of balancing risk and return and having financial strength to contribute to the local economy. Risk of failing to undertake and implement effective due diligence and governance meaning potential consequences of: Incurring significant costs, Challenge, Qualification of accounts, Scrutiny Publicity, Loss of reputation		4	2	Adele Taylor	October to December 2014: Two property funds have been selected to invest money in to and the Council is currently on the waiting list. Investment adheres to updated Treasury Management Strategy. New Principal Accountant starting early 2015 will review other aspects of investment strategy.
14-SR11	Development of a District Plan that is acceptable to the community and the planning inspectorate.	Risk of not being able to agree plan in timeframe meaning: Increased costs, Lack of effective development control, Cannot bid for funding for infrastructure, Lost opportunity, Open to challenge in meantime, Legal / Reputational / political issues		3	3	Simon Drinkwater	October to December 2014: Progress continues to be made on the production of the District Plan. It is clear that detailed scrutiny of the infrastructure that can be provided to support delivery is necessary. Consultants appointed by the Council have undertaken significant work to review the evidence and identify gaps which will need to be filled before the District Plan can move forward to an amendments consultation version. The result of this work will have an impact on the timetable. In December 2014 SIAS reviewed the District Plan Consultation Process and reported full assurance.

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EAST HERTS COUNCIL

AUDIT COMMITTEE – 18 MARCH 2015

EXECUTIVE – 2 JUNE 2015

COUNCIL – 29 JULY 2015

REPORT BY THE LEADER OF THE COUNCIL

RISK MANAGEMENT STRATEGY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- The Risk Management Strategy has been updated to reflect current best practice.

RECOMMENDATIONS FOR AUDIT COMMITTEE:

That:

(A)	the updated Risk Management Strategy be scrutinised; and
------------	---------------------------------------------------------------------

(B)	the Executive be advised of any recommendations.
------------	---------------------------------------------------------

RECOMMENDATIONS FOR THE EXECUTIVE:

That:

(A)	the comments of Audit Committee be received; and
------------	-------------------------------------------------------------

(B)	the Executive recommend to Council that the updated Risk Management Strategy be approved.
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RECOMMENDATIONS FOR COUNCIL:

That:

(A)	the updated Risk Management Strategy be approved.
------------	----------------------------------------------------------

1.0 Background

1.1 The Risk Management Strategy should be reviewed annually. This report details the minor amendments made.

2.0 Report

2.1 Risk management can be defined as:

The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

2.2 By managing risks effectively, the Authority is in a stronger position to deliver services in accordance with corporate priorities. By managing opportunities, it is better positioned to provide continuous improvement in its services and better value for money.

2.3 The current strategy was prepared in 2013 following an overhaul. The Committee cycle was completed on 16 October 2013.

2.4 The Strategy should be subject to annual review, but the review scheduled for autumn 2014 was intentionally delayed to coincide with the new financial year. This has been reported verbally at previous Audit Committee meetings.

2.5 The Director of Neighbourhood Services, the Director of Finance and Support Services, the Head of Governance and Risk Management, and the Risk Assurance Officer have reviewed the Strategy to reflect changes in Council structure and procedure, and ensure that best practice continues to be followed.

2.6 The strategy is based largely on a 'toolkit' prepared by the Association of Local Authority Risk Managers. This remains in place. Minimal changes were therefore required. These are detailed in the following paragraphs (2.7 to 2.9).

2.7 Outdated text concerning the Localism Act has been deleted from page 4.

2.8 The figures contained in the financial elements of the risk scoring matrix have been rounded up. The former method of calculation, a percentage of the general reserve, has ceased. However, the matrix still clearly defines the Council's 'risk appetite', i.e. the level

of service disruption, financial loss or reputation damage that the authority can tolerate.

- 2.9 The process for monitoring corporate risks has been tidied up on pages 8, 11 and 16. The changes are very minor and only reflect tweaks to internal processes including linkages to the Corporate Operational Risk Management Group.
- 2.10 The Institute of Risk Management has updated its definition; however, the previous version shown on page 4 of Essential Reference Paper B is preferred and has been retained. (The Institute of Risk Management's new definition is 'The systematic process of understanding, evaluating and addressing risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable. Risk management also exploits the opportunities uncertainty brings, allowing organisations to be aware of new possibilities').
- 2.11 The risk identification and challenge processes are still considered to be robust and remain unchanged.
- 2.12 The Corporate Operational Risk Management Group is running well with risk monitoring being challenged and / or agreed by attendees. One major project has resulted. A corporate land management policy is currently being drafted with risk assessed standards of inspection and maintenance drafted for all services. A review of lone working arrangements for all services is also underway.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Risk Management Strategy – Audit Committee 18 September 2013.

Contact Member: Cllr Anthony Jackson
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Risk Assurance Officer
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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives:	<p>People This priority focuses on enhancing the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</p> <p>Place This priority focuses on the standard of the built environment and our neighbourhoods and ensuring our towns and villages are safe and clean.</p> <p>Prosperity This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic and social opportunities.</p>
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Health and wellbeing – issues and impacts:	There are no specific health and wellbeing implications arising directly from this report.

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Risk Management Strategy

Audit Committee
Executive
Council

18 March 2015
2 June 2015
29 July 2015

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Section 1 - Context

Policy statement

Risk is present in everything that we do, so it is our policy to identify, assess and manage the key areas of risk.

East Herts Council recognises that risk management is a vital activity, and we seek to embed risk management into the culture of the Authority. This includes the strategic decision making process, service planning, project management, partnerships, audit, procurement and contracts.

In order to obtain a clear picture of the risks that threaten the Council's ability to achieve its objectives, it is important that the Council determines its 'risk appetite' – the level of risk that is considered acceptable for the organisation to be exposed to. The Risk Management Strategy reflects our 'risk appetite', the size of the Authority and the nature of our operations.

The processes in place should provide assurance to all stakeholders that the identification and management of risk plays a key role in the delivery of our strategy and related objectives.

The objectives of this strategy are:

- Define what risk management is about and what drives risk management within the Council.
- Set out the benefits of risk management and the strategic approach to risk management.
- Outline how the strategy will be implemented.
- Identify the relevant roles and responsibilities for risk management within the Council.
- Formalise the risk management process across the Council.

Approval, Communication, Implementation and Review of the Risk Management Strategy

The Risk Management Strategy is on the intranet, and is specifically issued to:

- The Executive
- Audit Committee
- Corporate Management Team
- Senior managers

To demonstrate how risk management contributes to the achievement of the Council's and service objectives, training is provided to those listed above, and members of staff who prepare committee reports and / or those who should consider risk in the roles that they perform.

The strategy is reviewed internally each year, and following key changes in central or local policies. Risk management is also subject to frequent audit by the Shared Internal Audit Service (SIAS).

Section 2 - What is risk management and why do we do it?

Risk Management can be defined as:

The process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of their success and reducing the likelihood of their failure. (Source: The Institute of Risk Management).

Risk management therefore is essentially about identifying all the obstacles and weaknesses that exist within the Council. The approach is vital to ensuring that all elements of the organisation are challenged including decision making processes, working with partners, consultation processes, existing policies and procedures and also the effective use of assets – both staff and physical assets.

Once the obstacles have been identified, the next stage is to prioritise them to identify which are key to the Council moving forward. It is essential that steps are then taken to manage these effectively. The result is that major risks / obstacles that exist can be mitigated / controlled, providing the Council with a greater chance of being able to achieve objectives. Included within this should also be a consideration of the positive or 'opportunity' risk aspect.

National drivers behind strategic risk management

- The CIPFA/SOLACE framework on Corporate Governance requires the Council to make a public assurance statement annually, on amongst other areas, the Council's risk management strategy, process and framework. The framework requires the Council to establish and maintain a systematic strategy, framework and processes for managing risk.
- Risk management is best practice in both the public and private sectors.
- The coalition government have announced a number of changes in order to reduce bureaucracy and central government burdens and to save money. At the heart of all these changes is the government's ambition to decentralise – to transfer power from central government to local authorities and the communities and individuals they represent.

This means that going forward local authorities are in control of their systems and processes to allow them to fulfil their commitment to deliver their priorities and to account to their local communities for their performance.

Therefore it is essential that the Council's business planning and performance management processes are relevant and fit for purpose to support the delivery of the council's three key priorities – People, Place and Prosperity. Within this framework it is important that risk management continues to be a key discipline that is carried out. The Council's risks are managed by having a clear strategy and effective arrangements in place, including appropriate resources to manage the risk of fraud and corruption and partnership working.

Local drivers behind strategic risk management

The Council's vision is:

'To improve the quality of people's lives and preserve all that is best in East Herts'.

The Council's Strategic Priorities:

'East Herts Council is here to help you. 'We are committed to the communities we serve; delivering good quality services that reflect local priorities and resources'.

In order to strive to meet the vision and priority, East Herts Council has recognised the need to further embed its risk management arrangements. The desired outcome is that risks associated with these objectives can be managed and the potential impact limited, providing greater assurance that the vision will be achieved.

Benefits of risk management

Implementation of risk management produces many benefits for the Council including:

- Improved efficiency of operations.
- Protection of budgets from unexpected financial losses.
- Protection of reputation.
- Reduced losses arising from accidents and illnesses.
- Increased chance of achieving strategic objectives as key risks are minimised.
- The possibility of becoming less risk averse because risks are understood.
- Improved performance (accountability and prioritisation) - feeds into performance management framework.
- Better governance can be demonstrated to stakeholders.

Risk management, emergency planning and business continuity

There is a link between these areas; however it is vital for the success of risk management that the roles of each, and the linkages, are clearly understood. The diagram below sets out to demonstrate the differences.



Risk management is about trying to identify and manage those risks which are more than likely to occur and where the impact on our strategic objectives can be critical or even catastrophic.

Business continuity management is about trying to identify and put in place measures to protect priority functions against catastrophic risks that can stop the

Council in its tracks. There are some areas of overlap e.g. IT infrastructure and resilience features as a strategic risk, but is a key element of business continuity plans.

Emergency planning is about managing those incidents that can impact on the community. In some cases they could also be a business continuity issue. E.g. a plane crash is an emergency. It becomes a continuity event when significant numbers of Council staff are required to provide support.

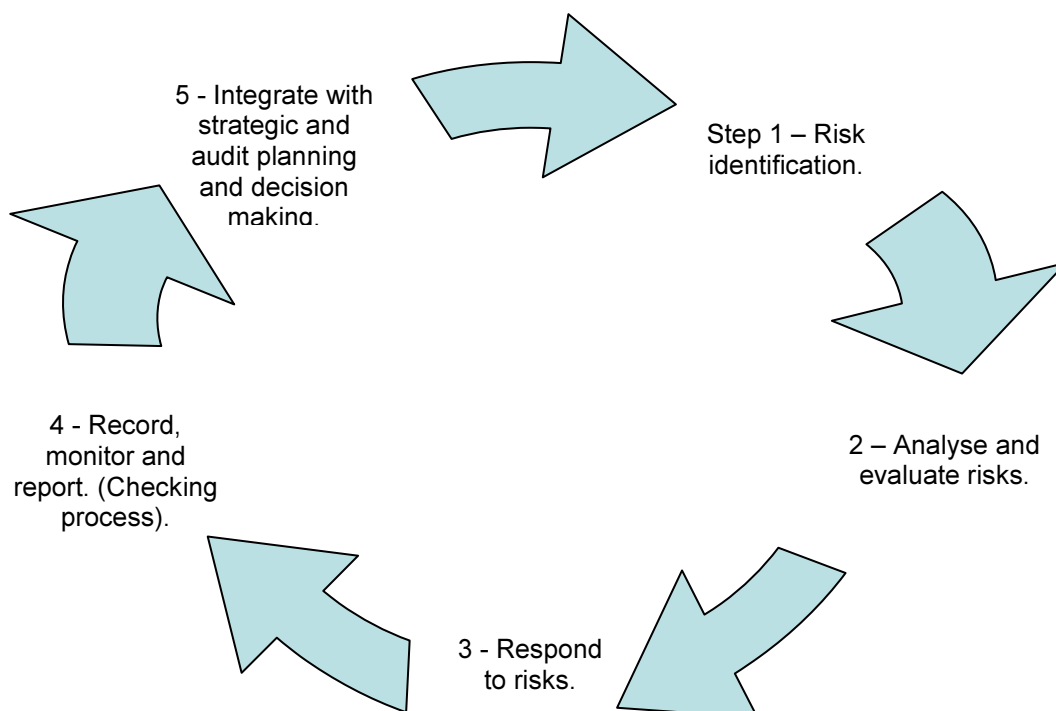
The Council recognises that there is a link between Risk Management, Business Continuity Management and Emergency Planning. Corporate Management Team leads in all three areas and strategies are developed concurrently.

Section 3 - Implementation of risk management

The risk management process

Implementing the strategy involves a 5-stage process as shown in figure 1.

Figure 1: The risk management cycle



Stage 1 – Risk identification

The first step is to identify the risks that could have an adverse affect or prevent key business objectives from being met. It is important that those involved with the process clearly understand what the Council wants to achieve in order to be able to identify the barriers.

When identifying risks it is important to remember that risk management is also about making the most of opportunities, e.g. making bids for funding, pursuing beacon status or other awards, taking a national or regional lead on policy development, savings that may be achievable if a project goes to plan etc.

Using appendix 1 as a prompt, various techniques can then be used to begin to identify 'key' or 'significant' business risks including:

- A 'brainstorm' session
- Own (risk) experience
- Challenge within team meetings
- 'Strengths, Weakness, Opportunities and Threats' analysis or similar
- Experiences of others - can we learn from others mistakes?
- Exchange of information / best practice with other authorities, organisations or partners.

The process for the identification of risk should be undertaken for projects (at the start of each project stage), partnerships, service planning and at a strategic / corporate level. Details of who contributes to these stages are explained further in the roles and responsibilities section.

Stage 2 – Analysing and evaluating the risks

The risk should be given a clear and concise title. A fuller description to include the root cause and the possible consequences of the risk if it occurs should be provided separately, e.g.

Title	Description
Response to changes to the Civil Procedure Rules governing the handling of liability (insurance) claims.	The timeframe to handle liability claims below £25,000 will reduce from 111 days to 30 / 40 days in April 2013. Failure to meet deadlines could result in financial penalties.

It is prudent to combine risks from more than one service that share common causes and consequences, e.g. IT network performance, data protection, staff recruitment and retention, health and safety etc. The Operational Risk Management Group will review such risks and recommend controls and devise policy where possible. These corporate risks, and strategic risks with implications for all services, will feature on each Department Management Team risk register to keep services informed, and to ensure that comments and ideas are recorded and Council policy followed.

Following identification and analysis, risk scoring is agreed at Department Management Team and / or in a facilitated workshop. Participants review risk scenarios, rate the potential likelihood of occurrence and the impact if it were to occur. A matrix is used to plot risks to illustrate priority. Impact and likelihood scoring criteria have been revised for 2013/14, and are detailed in the following matrix.

Risk appetite

A material risk is deemed to be any risk rated higher than 2:2. This is the Council's 'risk appetite' i.e. the level of risk that it is prepared to tolerate. Where a risk rating exceeds this 'control' area of tolerance, demonstrable evidence of how risks are being mitigated will be required, together with proposals for future controls.

Stage 3 – Respond to risks

This is the process of turning 'knowing' into 'doing'. It is assessing whether to control, accept transfer or terminate the risk on an agreed 'risk appetite'. Risks may be able to be: -

Controlled - It may be possible to mitigate the risk by 'managing down' the likelihood, the impact or both. The control measures should, however, be commensurate with the potential frequency, severity and financial consequences of the risk event.

Accepted - Certain risks may have to be accepted as they form part of, or are inherent in, the activity. The important point is that these risks have been identified and are clearly understood.

Transferred - to another body or organisation i.e. insurance, contractual arrangements, outsourcing, partnerships etc.

Terminated - By ending all or part of a particular service or project.

It is important to recognise that, in many cases, controls will already be in place. It is therefore necessary to look at these controls before considering further action. They may be out of date or not complied with.

The potential for controlling the risks identified will be addressed through service plans. Most risks are capable of being managed – either by managing down the likelihood or impact or both. Relatively few risks have to be transferred or terminated. These service plans will also identify the resources required to deliver the improvements, timescale and monitoring arrangements.

Existing controls, their adequacy, new mitigation measures and associated action planning information are all recorded on the risk register, including ownership of the risk and allocation of responsibility for each mitigating action. Full details of the risk mitigation measures that are to be delivered are likely to be recorded in the respective service plans and cross reference should be made to this in the risk registers.

Consideration should also be given here as to the 'Cost-Benefit' of each control weighed against the potential cost / impact of the risk occurring. N.B. 'cost / impact' here includes all aspects including financial, resourcing, but also reputational.

Stage 4 – Recording, monitoring and reporting

Corporate Management Team is responsible for ensuring that key strategic risks are managed.

The Operational Risk Management Group is responsible for ensuring that Council-wide operational risks are managed.

Directors and senior managers are responsible for ensuring that key risks in their service are managed. They will be reviewed and challenged at least quarterly at Department Management Team healthcheck meetings, with controls discussed and agreed. Council-wide operational and strategic risks are also considered, with comments collated and reported to risk owners, Corporate Management Team or the Operational Risk Management Group as necessary.

Risk owners should update descriptions, scores, controls and planned controls on Covalent. See Appendix 3 for details and an example.

Corporate Management Team then undertakes a review of the strategic risk register and receives updates from Departmental Management Teams.

A comprehensive review of risk registers is undertaken annually by the Risk Assurance Officer, Head of Governance and Risk Management, and the Director of Neighbourhood Services following receipt of service plans. A comparison is made between risks identified in the service plan, existing risk registers, and new risks and trends identified elsewhere. Risk ratings will be moderated where necessary, and proposals for the following year's risk registers are then presented at Departmental Management Team meetings for amendment and final approval before addition to Covalent. (Proposed strategic risks are also presented to Corporate Management Team).

During the year new risks are likely to arise that have not previously been considered. The environment in which risks exist will change making some more critical, and others less important or obsolete. Risk registers and scores should be updated to reflect these changes, ensuring that risk registers and resulting mitigation measures are appropriate for the current service and corporate objectives. (Addition of new risks to and deletion of obsolete risks from Covalent can only be carried out by the Risk Assurance Officer).

If any risks require corporate ownership and management then they should be incorporated into the strategic risk register or referred to the Operational Risk Management Group, as appropriate.

Risks scored 'critical' (red) will be reviewed monthly at Departmental Management Team meetings, although Covalent need not be updated unless significant movement occurs.

Corporate Management Team will report strategic risks to the Executive quarterly as part of the Corporate Healthcheck report. Audit Committee will receive four monitoring reports each year.

Stage 5 - Integrate with strategic and audit planning and decision making

In order to formalise and structure risk management at the Council, it is recognised that there are obvious and clear links between risk management and strategic planning; financial planning; policy making and review and performance management. The linkages are as follows:

- Risk management is a key part of the business planning process and therefore forms one of the key elements of the integrated **Strategic and Financial Planning framework**. Guidance on the framework is issued annually to senior managers with the publication of the Medium Term Financial Strategy. The guidance includes a section on risk assessments, which clearly explains that services need to recognise risk not just in relation to planned activity coming out of the service planning process (that supports the Council's priorities) but also in terms of the broader objectives of the service.
- Risks that have been identified that have a potential financial impact need to be considered as part of the preparation of the Medium Term Financial Plan (MTFP). Sources of funding the mitigation of risks, or the consequences of risk assessment need to be clearly identified within the MTFP, either as specific budget lines, provisions or use of general reserves. In addition, consideration of the Council's ability to withstand shocks from external factors is included as part of the Consolidated Budget report annually, which stress tests the MTFP and ability to withstand unexpected events.
- Financial Regulations apply to every Member and officer of the Council, and anyone acting on its behalf. As a modern Council, East Herts encourages innovation, providing this is within the framework laid down by the Financial Regulations, and the necessary risk assessment and approval safeguards are in place.
- The Council's **performance management framework** supports the monitoring of strategic and operational risks through the Council's **Corporate Healthcheck Report**. This encourages greater ownership and accountability by service heads in managing budgets, more prudent and focused management of service performance and risk management.
- The Council's **Performance Development Review (PDR) scheme** flows through the organisation from the Chief Executive to staff and ensures that all employees have clear accountabilities and objectives linked to those of the service and the Council.
- Annually the Shared Internal Audit Service review service plans and risk registers with the Governance and Risk Management team to produce the risk based audit plan for the next financial year.

The Council's **performance management system – Covalent** – also serves to strengthen the linkages. All performance and risk monitoring reports are generated from the system and the features of Covalent enable us to demonstrate the link between our corporate priorities, key activity, performance indicators and risks.

Section 4 - Risk management in projects and partnerships

Risk management needs to be a key part of the ongoing management of projects and partnerships, including shared services.

Project / Programme management

There is a consistent and robust approach to risk management used in projects, both at Project Initiation stage and throughout the entire project. This is based largely on the approach used across the authority. Written guidance is available on the intranet.

The approach to risk management defined within this strategy document and within the project management system, is exactly the same.

Partnerships

Reduced funding is leading to more public services and community projects being delivered through partnerships between the public, private and third sectors. Partnerships are essential to deliver benefits to residents, businesses, and visitors, but they bring risks as well as opportunities.

The Council's 'Partnership Protocol', which is available on the intranet, provides guidance on governance, including risk management, and the key processes that can be followed to establish and maintain effective partnerships. A review of these arrangements is undertaken annually and reported to Corporate Business Scrutiny Committee each November.

Section 5 - Roles and responsibilities

The following describes the roles and responsibilities that Members and officers have in introducing, embedding and owning the risk management process:

Members

Elected Members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the Council faces, and will be made aware of how these risks are being managed through the annual strategic and service planning process, and through reports to the Executive and Audit Committee.

All Members will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the reports that are submitted to them. They cannot seek to avoid or delegate this overall responsibility, as it is key to their stewardship responsibilities. Awareness training will be available for all Members when specific training needs are identified.

All Members can access all strategic and operational risks on Covalent.

Full Council

Full Council recognises the importance of effective risk management and considers risk management issues when making decisions.

Executive

- To receive regular reports, covering implementation of the Council's risk management policy and strategy to determine whether corporate risks are being actively managed.
- Agree the Risk Management Policy and Strategy on an annual basis, or if significant changes require a revision.
- Agree / set the Council's risk appetite.
- Allocate sufficient resources to address top risks.
- The Portfolio Holder for Risk Management is recognised as the Member champion for Risk Management

Audit Committee

- To monitor the effective development and operation of risk management and corporate governance in the Council.
- Receive updates regarding the mitigation and control of strategic risks four times per year, and gain assurance that risk management is properly undertaken.

Corporate Business Scrutiny Committee

- To develop policy options and to review and scrutinise the policies of the Council including Risk Management.

Chief Executive and Corporate Management Team (CMT)

- To ensure that effective systems of Risk Management and internal control are in place to support the Corporate Governance of the Council.
- Take a leading role in identifying and managing the risks and opportunities to the Council and to set the example and standards for all staff. (The Director of Neighbourhood Services is recognised as the Officer Champion for Risk Management).
- Advise the Executive and Council on the risk management framework, policy, strategy and processes.
- Advise on the management of strategic and other significant risks.
- Ensure that the Policy and Strategy are communicated, understood and implemented by all Members, managers and staff and fully embedded in the Council's service planning and monitoring processes.
- Identify, analyse and profile high-level corporate and cross-cutting risks on a regular basis as outlined in the monitoring process. Refer key corporate and service specific operational risks to the Operational Risk Management Group for action.
- To report to Members on the management of strategic risks.
- Ensure that appropriate risk management skills training and awareness is provided to all Members and appropriate staff.

Directors

- To be individually responsible for proper monitoring of the relevant service risk registers and the embedding of risk management into the business and service planning of their relevant services.
- To ensure that the risk management process is part of all major projects, partnerships and change management initiatives.

- To ensure that all reports of a strategic nature written for Members include risk commentary.
- To ensure that new and existing risks are reviewed, challenged and updated quarterly at Department Management Team meetings. Critical risks will be reviewed monthly.
- Report quarterly to Corporate Management Team on the progress being undertaken to manage strategic risks.

Senior Managers

- To be individually responsible for proper monitoring of their service risk register, and the embedding of risk management into the business and service planning of their relevant service.
- Be actively involved in the identification and assessment of service risks resulting in an up to date service risk register and matrix.
- Ensure that all reports of a strategic nature written for Members include risk commentary.
- To maintain the awareness of risks and the risk identification process.
- To implement the detail of the Risk Management Strategy and risk related corporate policies, e.g. Health and Safety, Data Protection.
- Share / exchange relevant information with colleagues in other service areas.

Operational Risk Management Group

- To review operational risks that affect numerous teams within the authority. Plan mitigation activity and produce procedures / policies. Provide feedback to services and committees where necessary.
- To monitor health and safety compliance and land management standards.
- To act as a forum for the sharing of best practice.
- To consider concerns escalated by the Council's Safety Committee and update / act on risks as appropriate.

Governance and Risk Management Team

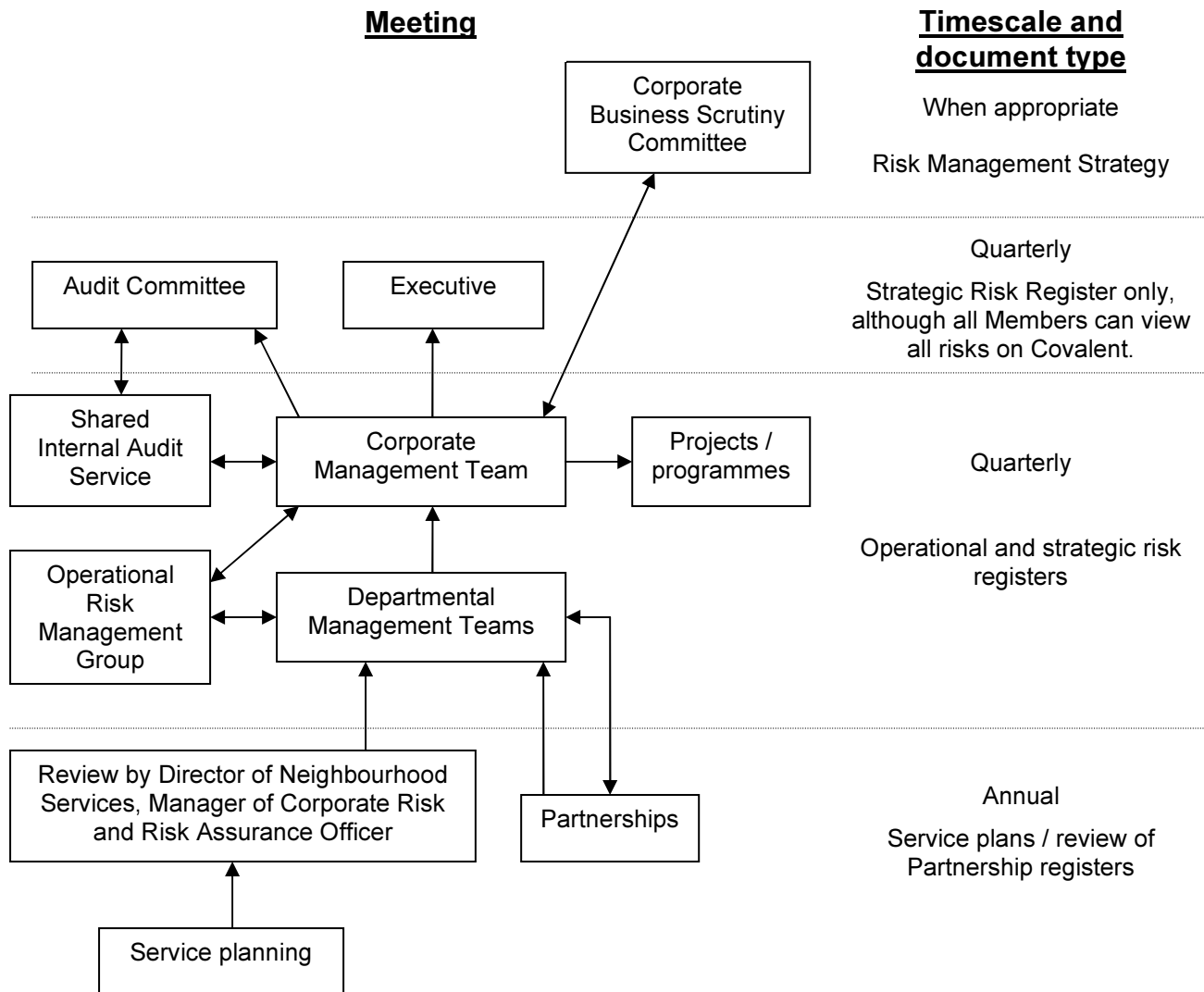
- Co-ordinate risk management activities and prepare related reports for management and Members.
- Review and develop the Risk Management Strategy and processes.
- Facilitate risk discussion workshops and support and assist the maintenance of risk registers. Gain assurance on the process being conducted.
- Facilitate / arrange risk management training for staff and Members.
- To play an active role within the Operational Risk Management Group.
- Pass experiences of strategy implementation to the appropriate services.
- Maintain awareness of risks and feed them into the risk identification process.
- Support the risk based audit planning process.

Shared Internal Audit Service

- To provide assurance to the Council through an independent and objective opinion on the control environment comprising risk management, control procedures and governance.
- To provide an annual Audit Plan that is based on a reasonable evaluation of risk, and to provide an annual assurance statement to the Council based on work undertaken in the previous year.

- Review and challenge the effectiveness of the risk management framework.

The following table shows the risk management reporting arrangements:



Section 6 - Conclusion

This strategy will set the foundation for integrating risk management into the Council’s culture. It will also formalise a process to be applied across the Council to ensure consistency and clarity in understanding the role and benefits of strategic risk management.

The reporting and escalation of risks from Services to Corporate Management Team should interlock with the existing quarterly healthcheck for performance reporting, through Covalent. The intention being that the management of risks is incorporated into business plans so that by reporting on performance naturally reports progress on the mitigation of risks.

Appendix 1 – Categories of risk

Risk	Definition	Examples
Political	Associated with the failure to deliver either local or central government policy or meet the local administration's manifest commitment.	New political arrangements. Political personalities. Political make-up. Policy and decisions.
Economic	Affecting the ability of the Council to meet its financial commitments. These include internal budgetary pressures, external macro level economic changes or consequences of proposed investment decisions.	Financial climate. Cost of living. Changes in interest rates. Inflation. Poverty indicators.
Social	Relating to the effects of changes in demographic, residential or socio-economic trends on the Council's ability to meet its objectives.	Ageing population. Health statistics. Crime rates.
Technological	Associated with the capacity of the Council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands. They may also include the consequences of internal technological failures on the Council's ability to deliver its objectives.	E-Gov.. IT infrastructure. Staff/client needs. Security standards.
Legislative	Associated with current or potential changes in national or European law.	Human rights. TUPE regulations
Continuity / service delivery	Ability to deliver services.	Loss of key staff, building, documents or IT.
Environmental	Relating to the environmental consequences of progressing the Council's strategic objectives.	Land use. Recycling. Pollution.
Competitive	Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.	Fail to win quality accreditation. Alternative service providers.
Customer/ Citizen	Associated with failure to meet the current and changing needs and expectations of customers and citizens.	Managing expectations. Extent of consultation.
Managerial/ Professional	Associated with the particular nature of each profession, internal protocols and managerial abilities.	Staff restructure. Internal capacity.
Financial	Associated with financial planning and control.	Budget overspends. Level of Council tax. Level of reserves.
Legal	Related to possible breaches of legislation.	Client brings legal challenge.
Partnership/ Contractual	Associated with failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.	Contractor fails to deliver. Partnership agencies do not have common goals. Shared services.
Physical	Related to fire, security, accident prevention and health and safety.	Land / facility management. Use of equipment.

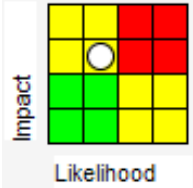
Appendix 2 – Risk Register

Part A – risks related to Section 3a and b of the service planning template.

Risk No.	Risk title and detail (limit to 255 characters)	Consequence	Impact (1 to 4)	Likelihood (1 to 4)	Risk owner
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Appendix 3 – Covalent screen

Risks can be mapped to your home page, or also viewed by clicking 'maps' – 'risk central'.
 To update risk descriptions click on 'Notes and history' – 'add status update'. (To see history click 'show all').
 To change the scoring click 'new assessment'.

Code	Title	Description	Current Risk Matrix	Impact	Likelihood	Managed By	Latest Note
15FSS1	Response to changes to the Civil Procedure Rules governing the handling of liability insurance claims	The timeframe to handle liability claims below £25,000 will reduce from 111 days to 30 / 40 days in April 2013. Failure to meet deadlines could result in financial penalties.		3	2	Head of Governance and Risk Management	Mitigating actions April to June 2015: Procedure manual drafted and new methods of working introduced. Training provided to all teams. Planned mitigating actions: Monitor numbers of claims and response times. Meet teams when investigating claims. Further training as rules develop.

Concise title. (Cap at 255 characters)
 See guidance on page 8.

Description of root cause and potential consequence.

Latest assessment of risk.

 The likelihood of a risk occurring during the year may increase or decrease, and the impact similarly too. This should be reflected in the scoring.

The risk owner. (A Director or senior Manager).

The controls / mitigating actions for the reporting period should be listed here, along with the actions that you plan to implement in future.

Code allocated by Corporate Risk Team. Year followed by individual code, then reference number. Codes are:
 SR = Strategic Risk
 OR = (Corporate) Operational Risk
 CCS = Customer and Community departmental risk
 FSS = Finance and Support Services
 NS = Neighbourhood Services

The matrix will update automatically.

EAST HERTS COUNCIL

AUDIT COMMITTEE - 18 MARCH 2015

REPORT BY DIRECTOR OF FINANCE AND SUPPORT SERVICES

AUDIT COMMITTEE WORK PROGRAMME 2015/16

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report provides a proposed Audit Committee work programme for the 2015/16 civic year for consideration.

<u>RECOMMENDATION FOR AUDIT COMMITTEE:</u>	
That:	
(A)	the proposed 2015/16 Audit Committee work programme be approved.

1.0 Background

1.1 The Audit Committee was formed on 17 May 2006 and as part of the governance arrangements its work programme is approved each civic year. The work of the Committee during this civic year has been analysed. In the light of this work and discussions with the Council's External and Internal Auditors, the programme for the next civic year has been prepared.

2.0 Report

2.1 A proposed Audit Committee work programme for the 2015/16 civic year is given at **Essential Reference Paper 'B'**.

2.2 It has been usual practice to have some training as the first item on the agenda. Specific issues will be identified following the appointment of the new Committee. A questionnaire will be sent to all Members on the new Committee to identify possible areas where training will enhance the role of the Audit Committee.

2.3 The last meeting of the civic year has currently been set for 13 April 2016. This date is too late as various items have to be approved ahead of the new financial year. A revised date will be proposed to the new Committee.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Audit Committee Work Programme 2014/15- Audit Committee 21 January 2015.

Contact Member: Councillor Jim Ranger
Chairman of Audit Committee
jim.ranger@eastherts.gov.uk

Contact Officer: Adele Taylor
Director of Finance and Support Services
Ext 1406
adele.taylor@eastherts.gov.uk

Report Author: Chris Gibson
Head of Governance and Risk Management
Ext 2073
chris.gibson@eastherts.gov.

ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives:	<i>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</i> This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.
Consultation:	External Audit and the Shared Internal Audit Service have been fully consulted in the preparation of this work programme.
Legal:	There are no additional legal implications to those already contained in this report.
Financial:	There are no additional financial implications to those already contained in this report.
Human Resource:	There are no additional human resources implications to those already contained in this report.
Risk Management:	There are no additional risk management implications to those already contained in this report.
Health and wellbeing – issues and impacts:	There are no additional health and wellbeing implications to those already contained in this report.

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ESSENTIAL REFERENCE PAPER 'B'

Audit Committee Draft Work Programme 2015/16 Civic Year

Committee Date	Agenda Items
15 July 2015	<ul style="list-style-type: none"> • Training item • External Audit- Audit Plan • Draft Statement of Accounts 2014-2015. • Shared Internal Audit Service Annual Assurance Statement and Annual Report 2014/15. • Shared Internal Audit Service- Audit Plan Update Report. • Update on Implementation of Annual Governance Statement Action Plan. • Draft 2014/15 Annual Governance Statement. • Risk Management monitoring report 1 January 2015 to 31 March 2015. • Audit Committee Work Programme.
23 Sept 2015	<ul style="list-style-type: none"> • Training item • External Audit report- Audit Findings Report. • Treasury Management Strategy – 2014/15 Outturn • Treasury Management Strategy- 2015/16 Mid-year Review. • Statement of Accounts 2014/15. • 2014/15 Annual Governance Statement. • Annual Shared Internal Audit Service Board Report 2014/15. • Shared Internal Audit Service- Audit Plan Update Report. • Shared Anti-Fraud Service (SAFS) Position Statement. • Risk Management monitoring report 1 April 2015 to 30 June 2015. • Audit Committee Work Programme.
25 Nov 2015	<ul style="list-style-type: none"> • Training item • External Audit report- 2014/15 Annual Audit Letter. • Council response to 2014/15 Annual Audit Letter. • External Audit report- Planned Audit Fees for 2015/16. • Treasury Management Strategy- 2015/16 Mid-

ESSENTIAL REFERENCE PAPER 'B'

Audit Committee Draft Work Programme 2015/16 Civic Year

	<p>year Review.</p> <ul style="list-style-type: none"> • Update on Implementation of Annual Governance Statement Action Plan. • Risk Management monitoring report 1 July 2015 to 30 September 2015. • Audit Committee Work Programme.
<p>20 Jan 2016</p>	<ul style="list-style-type: none"> • Training item • External Audit- Grants Claim Certification Work 2014/15. • Treasury Management Strategy Statement 2016/17. • Shared Internal Audit Service- Audit Plan Update Report. • Update on Implementation of Annual Governance Statement Action Plan. • Audit Committee Work Programme.
<p>13 April 2016</p>	<ul style="list-style-type: none"> • Training item • External Audit Update report. • Shared Internal Audit Service- Audit Plan Update Report. • Shared Anti-Fraud Service (SAFS) Position Statement. • Internal Audit Plan 2016/17. • Update on Implementation of Annual Governance Statement Action Plan. • Annual Review of Data Quality Strategy. • Risk Management monitoring report 1 October 2015 to 31 December 2015. • Risk Management Strategy. • Audit Committee Work Programme 2016/17 Civic Year.