



James Ellis
Head of Legal and Democratic
Services

MEETING : AUDIT AND GOVERNANCE COMMITTEE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 31 MAY 2022
TIME : 7.00 PM

PLEASE NOTE TIME AND VENUE

MEMBERS OF THE COMMITTEE

Councillor Mark Pope (Chairman)
Councillors A Alder, S Bell, K Crofton, R Fernando, A Huggins and
A Ward-Booth

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

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AGENDA

1. Appointment of Vice- Chairman for 2022/23

2. Apologies

To receive any apologies for absence

3. Minutes - 5 April 2022 (Pages 5 - 24)

To approve as a correct record the minutes of the meeting held on 5 April 2022.

4. Chairman's Announcements

5. Declarations of Interest

To receive any declarations of interest.

6. Training - The Role of Internal Audit

7. Annual Assurance Statement and Internal Audit Annual Report 2021/22 (Pages 25 - 54)

8. Strategic Risk Register - Monitoring Quarter 4 2021/22 (Pages 55 - 98)

9. Data Protection Update (Pages 99 - 106)

10. Audit and Governance Work Programme (Pages 107 - 120)

11. Urgent Items

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.

MINUTES OF A MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER -
COUNTY HALL, HERTFORD, SG13 8DQ ON
TUESDAY 5 APRIL 2022, AT 7.00 PM

PRESENT: Councillor M Pope (Chairman)
Councillors A Alder, J Burmicz, R Fernando,
A Huggins, R Townsend and A Ward-Booth

ALSO PRESENT:

Councillors D Andrews, E Buckmaster,
J Ranger, P Ruffles and G Williamson

OFFICERS IN ATTENDANCE:

| | |
|---------------------|--|
| Michele Aves | - Democratic Services Officer |
| Jess Khanom-Metaman | - Head of Operations |
| Steven Linnett | - Head of Strategic Finance and Property |
| Katie Mogan | - Democratic Services Manager |
| Alison Street | - Financial Planning Manager |

ALSO IN ATTENDANCE:

| | |
|---------------|---------------------|
| Duncan Cogger | - Everyone Active |
| Debbie Hanson | - Ernst Young LLP |
| Dan Humpries | - Everyone Active |
| Nick Jennings | - Shared Anti-Fraud |

| | | |
|--|--------------|---|
| | Simon Martin | Service (SAFS) - Shared Internal Audit Service |
| | Rachel Merez | - Ernst Young LLP |

393 APOLOGIES

An apology for absence was submitted on behalf of Councillor Stowe. It was noted that Councillor Burmicz was substituting for Councillor Stowe.

394 MINUTES - 25 JANUARY 2022

The Chairman read a statement prepared by the Head of Strategic Finance and Property. The statement clarified the grant awarded to the Citizens Advice Bureau (CAB), as discussed at minute number 299 of the previous meeting of the Committee on 25 January 2022.

The Chairman said that when the CAB moved to Wallfields they were paid, in June 2018, the sum of £5,716.28 for moving in costs. This was on top of their grant of £150,793, and a grant for homelessness work of £17,711. The remarks made regarding the dependency on East Herts Council for grant funding were about the third sector in East Herts in general, and not about the CAB specifically. This is why the Council has set up the East Herts Community Alliance, and is working with its members on bid writing to access other funding streams.

Following this statement it was moved by Councillor Fernando and seconded by Councillor Ward-Booth, that the Minutes of the Committee meeting held on 25

January 2022 as amended be confirmed as a correct record and signed by the Chairman. After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that the minutes of the Committee meeting held on 25 January 2022, as amended, be confirmed as a correct record and signed by the Chairman.

395 DECLARATIONS OF INTEREST

There were no declarations of interest.

396 CHAIRMAN'S ANNOUNCEMENTS

The Chairman reminded the members of the Committee to use their microphones when speaking.

397 TRAINING - RISK MANAGEMENT

The Head of Strategic Finance and Property presented a training briefing on Risk Management. He explained that risk management is the process by which risks are identified, evaluated and controlled, and how this enables the Council to effectively use its resources, secure its assets, successfully achieve its objectives and deliver its strategies.

The Head of Strategic Finance and Property described the different types of risks faced by the Council, and included examples of both strategic and operational risks. He explained the Council's risk management strategy, covering the identification, reporting and monitoring mechanisms, the methodology to be used

and the roles and responsibilities of officers and Members, including that of the Audit and Governance Committee.

The Head of Strategic Finance and Property said that governance processes relating to risk monitoring had improved over the past eighteen months. He explained how risks are identified, recorded and scored using a matrix. He showed an example of the risk register, explaining the importance of the narrative. He said that risk management was subject to frequent auditing.

The Head of Strategic Finance and Property said that there were no proposed changes to the Risk Management Strategy or processes for 2022/23. He outlined the reintroduction of operational risk monitoring, the monitoring of the highest level of operational risks by Leadership Team and the development of risk management training for staff.

The Chairman asked if external audit looked at the risk register. Debbie Hanson from Ernst Young LLP said that the risk register does feed into external audit, allowing auditors to judge value for money.

The Chairman asked how much time was spent considering emerging risks. The Head of Strategic Finance and Property said that consideration of emerging risks was part of the risk management process, and that this was looked at by the Leadership Team, the Executive and the Audit and Governance Committee. He stressed the importance of having an enquiring mind, and a risk management ethos which enabled suitable opportunities to be capitalised upon.

The Head of Strategic Finance and Property said that with regard to emerging climate change it was a case of how quickly and how often these extremes of weather will happen, and how adapted to these changes the Council was. He gave examples of the effect of weather extremes on Council buildings and the possible operational changes needed within refuse contracts.

The Chairman asked if there could be a section devoted to emerging risks within the risk report. The Head of Strategic Finance and Property advised that this could be accommodated.

Councillor Huggins suggested that rather than a separate emerging risks section, a tracked change could be used within the risk register to show new emerging risks. The Chairman said that this was a valid suggestion.

The Chairman thanked The Head of Strategic Finance and Property for his briefing.

398 LEISURE ANNUAL REPORT

The Executive Member for Wellbeing, Councillor Eric Buckmaster introduced the operational report which detailed the current leisure contract awarded to Everyone Active in January 2020. He said that the report covered performance since the start of the contract, and therefore included the challenging times when the Covid pandemic caused the closure of facilities.

He said that the Grange Paddocks Leisure Centre reopened in October 2021, and that Hartham Leisure Centre was expected to reopen fully in the Summer of 2023. He said that the swimming pool at Hartham was due to reopen at the end of the month, and its 3G football pitch would be available by the end of August 2022. The Executive Member for Wellbeing said that he was confident that with increased customer interest and confidence attendance levels would exceed those pre-Covid. He thanked both Officers and contractors for their work and cooperation and introduced Dan Humpries, from Everyone Active who led a presentation to the Committee.

Dan Humpries said that it had been a challenging year, he advised that during the lockdown phase in Quarter 1 equipment had been refreshed, and that the facilities at both Hartham and Fanshawe had been used as Covid testing sites. He said that remote exercise activities had been made available to leisure members via the Everyone Active app, with live workout sessions also available on line via social media platforms. He said that nominations for a month's free membership for NHS workers upon reopening were also received through the 'lockdown legends' scheme.

Dan Humpries said that during Quarter 2 centres reopened, with a focus on retraining staff and a high commitment given to cleaning in line with Covid safe protocols. A walking netball taster was trailed at Hartham in this period.

He said that in Quarter 3 free baby first aid training sessions were offered to new parents. And that Netball

camps in partnership with Saracens were organised. The annual Marie Curie Swimathon was also held in July of this period. He went on to say that Quarter 4 saw the launch of the new Grange Paddocks, which achieved a company record for new subscribers in an opening month. This quarter also saw holiday activity camps for disadvantaged families set up in conjunction with Herts Sports Partnership.

Dan Humpries said that all of the data obtained since the facilities had reopened was positive, and that he was confident that participation would continue to grow. He said that the closure of Hartham swimming pool had affected the data, and that a substantial proportion of revenue came from swim programmes.

He said that dementia awareness was now a key training area for staff. That eighteen new lifeguards had been trained (sixteen of which were local people), and that referrals were still being taken to give ongoing support to talented athletes via the 'E A Champions' scheme. He continued that from May 2022 the swimming pools at Hartham and Grange Paddocks would both launch large inflatable sessions, and that Grange Paddocks was investing in its 'Splash Lagoon'. For more mature users 'Good Boost' aquatic based water therapy sessions were being offered, seven day free passes were being given out in partnership with Herts County Council, and 'Bat and Chat' table tennis sessions organised.

The Chairman thanked Dan Humpries for his presentation, and reminded Members of the need to move a motion to exclude the press and public should they wish to discuss the exempt information contained

with Appendix 1A of the Leisure Annual Report.

Councillor Huggins said that the report was encouraging and that achieving pre Covid participation numbers looked hopeful. He asked what activities were being offered to members who did not feel confident in returning to use the facilities at centres, to older, more isolated residents and those with mental health issues. Duncan Cogger from Everyone Active said that the activities available to members via the app were still available. He said that they were working with the mental health charity Mind, and were seeking a holistic approach to activity participation. He said that further work was needed in these areas, and that the Community Activity Manager would welcome ideas. Additionally, free memberships were being offered to those suffering from Parkinson's Disease in partnership with Parkinson's UK.

Councillor Townsend asked about the available parking spaces at Grange Paddocks. The Head of Operations, said that when the 3G pitch was completed at the end of August 2022 more parking spaces would be released, but that green travel was being promoted.

Councillor Townsend said that the facilities at Grange Paddocks were phenomenal, but he wondered if there were concerns from users regarding the joint changing facilities. Dan Humpries said that there were private cubicles available and that any specific needs would be discussed with users.

Councillor Alder asked if the presentation could be emailed to the Committee Members. She also asked if the leisure centres could offer a social space for

teenagers, and help with the cost of swimming equipment for deprived families. Dan Humpries said that the gym sessions offered to teenagers had been very successful, and that the forthcoming 3G pitch would offer Friday night sessions to users. He said that the inflatable pool sessions were intended for all groups, and there was an intention to add a 'pool party' session to the programme. With regards help with the costs of swim equipment the hiring of swimming costumes was not viable, but other options could be looked into by the Group Aquatics Manager.

The Chairman asked about the energy costs at the leisure centres. Duncan Cogger said that this was the biggest risk of 2022, and that they continued to talk to Government. He added that the centres continued to monitor temperatures to ensure that they were streamlined and efficient.

The Chairman thanked the Everyone Active representatives for their presentation.

RESOLVED – that the Annual Leisure Report 2021 be received and considered.

399 RECEIPT OF THE EXTERNAL AUDITOR'S ANNUAL GOVERNANCE REPORT

Debbie Hanson from Ernst Young LLP introduced the report, explaining that it was a provisional report due to audit procedures not being fully concluded. She drew Members' attention to the scope update on page 13, and listed the specific risks identified. She explained how these risks had been regraded.

She referred to page 18 of the report which related to fraud and error and explained that this section of testing was substantially completed, and that no issues had been identified. She said that the high interest risk testing was complete, and again no issues had been identified. She explained that an error had been identified in the pension liability, but this was an error attributed to Herts Building Control and not the Council and did not expect this error to delay the final audit report further.

She concluded by saying that business rates testing was finished, with an error attributed to Analyse Local. That group testing was largely concluded and that Covid grant testing was completed. She said that value for money testing was not yet fully complete, but that no issues in this area were foreseen.

The Chairman asked if the final audit report would need to be considered by the Committee alongside the approval of the statement of accounts. The Head of Strategic Finance and Property said that this would require the Committee to hold a Sub-Committee meeting of the Audit and Governance Committee at the beginning of May 2022.

It was moved by the Chairman and seconded by Councillor Ward-Booth that the recommendation, as detailed, be approved. After being put to the meeting, and a vote take, the motion was declared CARRIED.

RESOLVED that (B) that the Committee noted that the statement of accounts would need to be approved by the Sub-Committee in the week commencing 2nd May 2022.

The Chairman thanked Debbie Hanson for her report and the Head of Strategic Finance and Property and the Finance Team for their hard work.

As Recommendation (B) had already been carried it was moved by Councillor Huggins and seconded by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting, and a vote take, the motion was declared CARRIED.

RESOLVED – that (A) the external auditor’s Provisional Audit Results Report 2020/21 be received and any comments made; and

(C) the Committee thanked the staff in Strategic Finance for producing the budget and Medium Term Financial Plan as well as facilitating the delayed external audit and commencing preparation for the closedown of the 2021/22 financial year

400 APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT 2020/21

The Head of Strategic Finance and Property briefly introduced the report. He explained that the report referred to the 2021 financial year, and contained the changes as requested by Members.

The Chairman said that the report had previously been seen by the members of the Committee. He said it was a very detailed piece of work, which covered all of the things which Members needed to be mindful of.

It was moved by Councillor Townsend and seconded by Councillor Alder that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED that Members approve the Annual Governance Statement for 2020/21.

401 APPROVAL OF THE STATEMENT OF ACCOUNTS - 'TO FOLLOW'

This report was not available.

402 MONITORING OF 2021/22 QUARTER THREE STRATEGIC RISK REGISTER, REVIEW OF CONTENT OF THE STRATEGIC RISK REGISTER FOR 2022/23 AND ANNUAL REVIEW OF RISK MANAGEMENT STRATEGY

The Head of Strategic Finance and Property introduced the report. He said that there were no significant changes in risk/ the risk register since the last meeting of the Committee.

The Chairman said that it was an excellent report, and asked about the risk of cyber-attacks. The Head of Strategic Finance and Property said that mandatory cyber training had been introduced for all Council staff and Members. He emphasized the importance of this response and encouraged all to complete the training by 8 April 2022.

The Chairman referred to the matrix of risks contained within the report and asked about the certainty of

several of the Council's most significant risks. The Head of Strategic Finance and Property said that the risk of poor performance by a key partner or contractor was a possibility, but that in such a situation rather than issue penalties the Council would use a positive approach by seeking to work with contractors to obtain a resolution. He said that the risk of a judicial review was always a consideration and that the need to deploy business continuity/ emergency plans had a low likelihood. He said that the Covid pandemic was an example of how the Council can deal with major incidents, and added that the Leadership Team worked on call out of hours to respond to emergency situations. He finished by saying that a key priority was to ensure that the Council's IT systems were secure, and advised the Committee of several completed and planned upgrade and resilience measures.

The Chairman thanked The Head of Strategic Finance and Property for his report and comments.

It was moved by Councillor Fernando and seconded by Councillor Ward-Booth that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the 2021/22 quarter three Strategic Risk Register be received; and
(B) the risks monitored at present be retained for 2022/23; and

(C) the Risk Management Strategy remain unchanged for 2022/23.

403 SHARED INTERNAL AUDIT SERVICE - INTERNAL AUDIT PLAN
2022/23

Simon Martin from the Shared Internal Audit Service (SIAS) briefly introduced the plan.

The Chairman asked if the plan's reduction in audit days was as agreed in the budget. Simon Martin confirmed that this was the case, and that the audit plan fitted into these days.

The Chairman asked if assurance mapping was changing the way in which the Shared Internal Audit Service worked. Simon Martin said it was, and that it gave auditors a different set of tools to work with. He said that his team had described these changes as "a marathon, and not a sprint". The Head of Strategic Finance and Property said that these changes allowed for a more rounded view of the service, which highlighted issues and gave better value for money.

The Chairman thanked Simon Martin and officers for the plan.

It was moved by Councillor Townsend and seconded by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED - that the proposed East Herts Council Internal Audit Plan for 2022/23 be approved.

404 SHARED ANTI-FRAUD PLAN 2022/23 REPORT

Nick Jennings from The Shared Anti- Fraud Service introduced the report. He referred to page 240 of the report which detailed the reduced amount of fraud referrals received by the service during the first three quarters of 2021/2022, and explained that the reasons for this reduction were trying to be understood. He said the majority of referrals received by the service related to Housing Benefit and Council Tax matters, and confirmed that there were 26 referrals relating to fraudulent Covid grants which required further review. He added that all of the Covid grant referrals which had been administered by East Herts Council had been found to be correct, with no fraud found.

He drew the Committee's attention to 4.8 of the report which referred to the output from the National Fraud Initiative (NFI), saying that this was a huge data matching exercise, and to 4.9 of the report relating to business grant schemes. He finished by saying that the targets set out in Appendix B of the report would be achieved by year end.

The Chairman thanked Nick Jennings for his report, and asked if the make up of the allegations received by the service remained the same. Nick Jennings said that most referrals were linked to Housing Benefit and Council Tax, and that discrepancies were due to error as well as fraud. He said that more referrals were expected in connection with housing, and so work had been done with housing teams and stressed the importance of encouraging reporting and sharing information.

The Chairman asked about the membership of the service. Nick Jennings said that this had been static since Luton joined in 2017, but that the service did work with authorities outside of its membership.

The Chairman asked about progress of the Fraud Hub which had been discussed at a previous meeting of the Committee. Nick Jennings said that the Fraud Hub would be effective, but work was required to improve the data analytics which at present produced a lot of false positive results.

It was moved by Councillor Fernando and seconded by Councillor Huggins that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the Anti-Fraud Plan 2022/23 be approved; and

(B) the activity to protect the Council against fraud and corruption in 2021/22 be noted.

405 FINANCIAL MANAGEMENT QUARTER 3 FORECAST TO YEAR
END - QUARTERLY CORPORATE BUDGET

The Financial Planning Manager, Alison Street introduced the report, and described the budget overspend and underspend.

The Chairman congratulated officers for the Council's improved financial position. He said that report showed that the Revenues and Benefits Department was the standout performer, and asked how long the Central Government grants related to this department

would continue for. The Financial Planning Manager advised that work would continue with burden grants for the long term.

The Head of Strategic Finance and Property said that although these grants had done a lot of good, Members would also see the negative impact they have had on the Revenues and Benefits Department. He said that this included the pressure and stress placed upon the staff who processed these grants, the increase in the time to process other claims and change of circumstances (such as Housing Benefit), and the effect on collection rates.

Councillor Townsend asked if the Ukraine crisis would place more demands on the Revenue and Benefits Department. The Head of Strategic Finance and Property said that the required housing inspections would probably fall under the Council's responsibility, but at present it was unclear if the responsibility for payments would be the remit of the Council or Social Services.

The Chairman referred to page 64 of the report, and asked for clarity on the forecasted underspend attributed to the shared business and technology services. The Financial Planning Manager said that this underspend was due the slippage on IT projects. The Head of Strategic Finance and Property said that these funds would be used within the next six months upon conclusion of these projects.

The Chairman asked about the Council's debtors. The Head of Strategic Finance and Property said that under the Transforming East Herts project it was proposed

that debt recovery would be centralised back within the Finance Department.

The Chairman referred to page 67 of the report and asked for clarity on projects which had moved into the “approved, but not yet committed” table. The Head of Strategic Finance and Property said that this was a way of managing the Council’s budget, and showed items for which Council approval had been given, but were not yet bound.

It was moved by Councillor Alder and seconded by Councillor Burmicz that the recommendations, as detailed, be approved. After being put to the meeting and a vote taken, the motion was declared CARRIED.

RESOLVED – that (A) the net revenue budget forecast overspend of £95k in 2021/22 be noted (table 1); and

(B) the revised capital budget of £56.676m for 2021/22, with a forecast underspend of £27.669m, of which £27.603m will be carried forward to 2022/23 (appendix A), be noted.

406 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

The Head of Strategic Finance and Property introduced the programme and asked for observations from Members.

The Chairman said that the programme worked well.

It was moved by Councillor Townsend and seconded

by Councillor Fernando that the recommendations, as detailed, be approved. After being put to the meeting, and a vote take, the motion was declared CARRIED.

RESOLVED - (A) that the work programme as set out in the report be approved; and

(B) any training requirements be specified.

407 URGENT ITEMS

There was no urgent business

The meeting closed at 9.34 pm

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| Chairman |
| Date |

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East Herts Council
2021/22 Annual Assurance Statement and
Internal Audit Annual Report

31 May 2022

Recommendations

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report

Note the results of the self-assessment required by the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP)

Accept the SIAS Audit Charter

Seek management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2021/22

Contents

1. Purpose and Background
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 - 1.2 Background

2. Annual Assurance Statement for 2021/22
 - 2.1 Context
 - 2.2 Control Environment
 - 2.4 Review of Effectiveness - compliance with the PSIAS and QAIP
 - 2.13 Confirmation of independence of internal audit and assurance on limitations
 - 2.14 Assurance Opinion on Internal Control
 - 2.15 Assurance Opinion on Corporate Governance and Risk Management

3. Overview of Internal Audit Activity at the Council in 2021/22

4. Performance of the Internal Audit Service in 2021/22
 - 4.1 Performance Indicators
 - 4.2 Service Developments

5. Audit Charter 2022/23

Appendices

- A Final position against the Council's 2021/22 Audit Plan

- B Definitions of Assurance Recommendation Priority Levels

- C Position against Public Sector Internal Audit Standards as of April 2022

- D Internal Audit Charter 2022/23

1. Purpose and Background

Purpose of Report

1.1 This report:

- a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of East Herts Council's (the Council) control environment. Reference is made to any significant matters and key themes.
- b) Shows the outcomes of the self-assessment against the Public Sector Internal Audit Standards (PSIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
- c) Summarises the audit work that informs this opinion.
- d) Shows SIAS performance in respect of delivering the Council's audit plan.
- e) Presents the 2022/23 Audit Charter.

Background

1.2 A key duty of the Chief Audit Executive (the Council's Client Audit Manager) is to provide an annual opinion on the Council's internal control environment. This opinion informs the conclusions of the Council's Annual Governance Statement.

1.3 In preparing this annual report, it is important to acknowledge the challenges presented to Local Authorities in responding to COVID-19, which continued to impact the Council during 2021/22. Whilst the Council has essentially returned to business as usual, some changes to governance structures and internal control arrangements in response to the challenges presented by the pandemic would have been operating during 2021/22.

1.4 The assurance opinion in this report is based on internal audit work undertaken during 2021/22. The Audit Plan continued to give sufficient assurance on the Council's management of its key risks. Also considered is any relevant work undertaken in 2022/23 before the Audit Committee report deadline.

1.5 As reported to the Audit & Governance Committee in July 2021, SIAS changed the scale and definitions of assurance ratings used to communicate the results of audit assignments from 1st April 2021. This change was in response to the CIPFA publication in April 2020, "Internal Audit Engagement Opinions – Setting Common Definitions", where CIPFA recommended that a standard range of opinions and definitions were used by Internal Audit teams with the intention of:

- Increasing confidence amongst audit committee members and managers that the engagement opinion issued is consistently applied.

- Assist the sharing, comparability and understanding of assurances across public bodies.
 - Supporting audit committee members and senior managers in their understanding of audit reports, in particular those that sit on more than one public sector audit committee, or in respect of partnerships and joint ventures.
 - Supporting the training of internal audit staff, helping to drive up the quality and consistency of audit opinions, and facilitate staff moving across different internal audit teams.
 - Reducing disruption when changing internal audit provider
- 1.6 The associated definitions for the opinions of Substantial, Reasonable, Limited and No assurance, can be found within Appendix B of this report.
- 1.7 SIAS is grateful for the co-operation and support it has received from client officers during 2021/22.

2. Annual Assurance Statement 2021/22

Context

Scope of responsibility

- 2.1 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

Control environment

- 2.2 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to completely eliminate it.
- 2.3 A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

Review of effectiveness

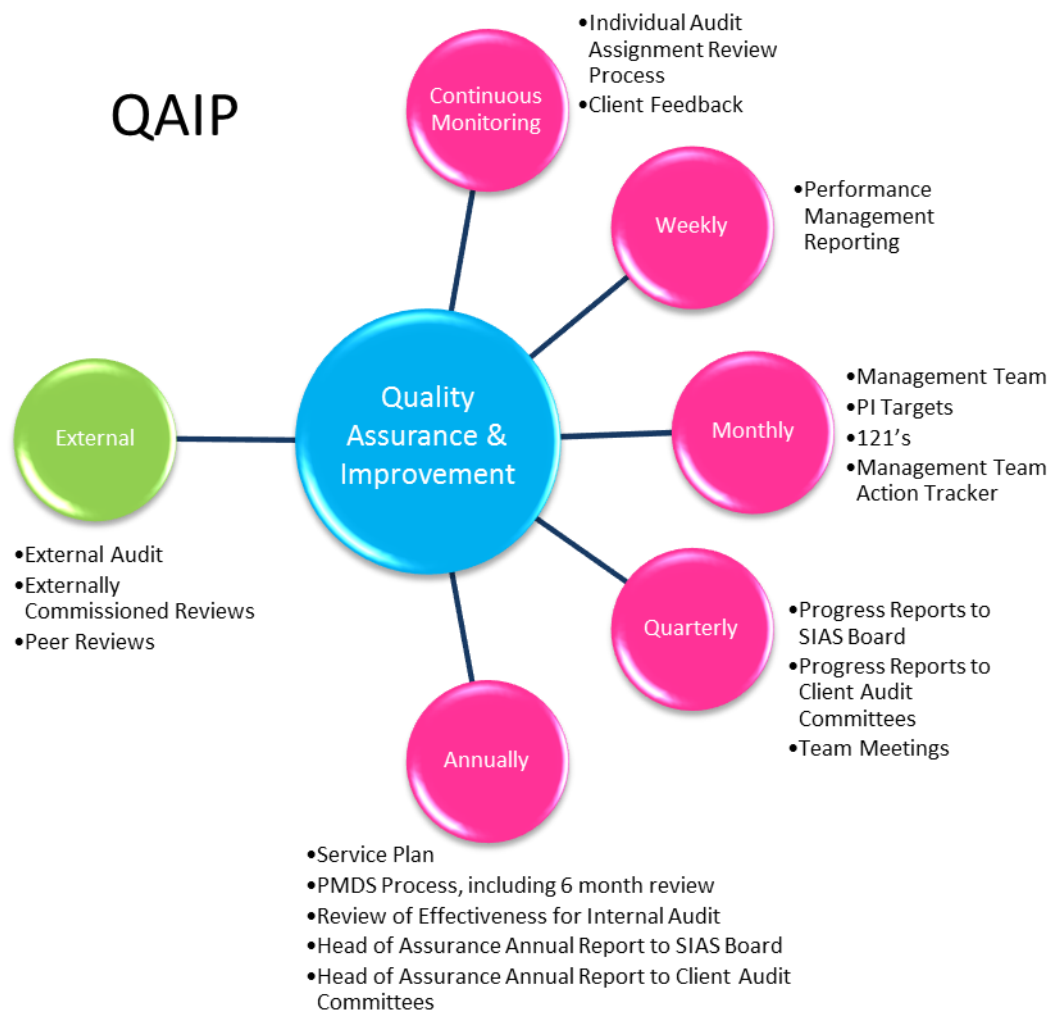
- 2.4 The Client Audit Manager must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion.
- 2.5 As part of our Quality Assurance and Improvement Programme, a self-assessment was conducted against the Public Sector Internal Audit Standards (PSIAS). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International

Annual Assurance Statement and Internal Audit Annual Report - East Herts Council

Professional Practices Framework (IPPF). They promote professionalism, quality, consistency and effectiveness of internal audit across the public sector. They also highlight the importance of robust, independent and objective internal audit arrangements to provide senior management with the key assurances needed to support them in both managing the organisation and producing the Annual Governance Statement.

- 2.6 The PSIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was completed in June 2021 (the previous review being undertaken in 2015/16), with the result of the assessment reported to the Audit & Governance Committee in November 2021.
- 2.7 The EQA outcomes concluded that SIAS 'partially conforms' to the PSIAS. The findings that led to this conclusion largely related to defining the role of the Chief Audit Executive, the Audit Committee, and reflecting this in the Audit Charter. Associated recommendations made in the peer review were subsequently addressed in year, permitting SIAS to 'generally conform' to the Standards. 'generally conforms' is the highest opinion within the scale of three ratings, and the peer review also identified areas of good practice and high standards.
- 2.8 Within the EQA report, the assessors provided ratings of 'generally conforms' (the highest rating) for 36 of the 43 PSIAS standards, and 'partially conforms' for the remaining seven standards. The assessors concluded that revisions to Audit Charter would address the three relevant areas of partial conformance that would allow SIAS to self-assess as generally conforms. The revisions to the Audit Charter were completed, presented to, and approved by the Audit & Governance Committee in November 2021.
- 2.9 In respect of the remaining four areas of partial conformance, these were not deemed material by the assessors to the overall assessment rating, but nevertheless were identified as areas for further development. These have been addressed in year by SIAS as part of our service plan activities.
- 2.10 Based on the results of the 2022/23 PSIAS self-assessment, the Client Audit Manager has concluded that SIAS 'generally conforms' to the PSIAS, including the Definitions of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. 'generally conforms' is the highest rating and means that SIAS has a charter, policies and processes assessed as conformant to the Standards and is consequently effective.
- 2.11 The self-assessment identified two areas of agreed non-conformance, these reflecting the unique nature of a partnership arrangement and are not considered material. These are detailed in Appendix C. There are no significant deviations from the Standards which warrant inclusion in the Council's Annual Governance Statement.

2.12 The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.



Confirmation of independence of internal audit and assurance on limitations

2.13 The Client Audit Manager confirms that during the year:

- No matters threatened SIAS's independence; and
- SIAS was not subject to any inappropriate scope or resource limitations.

Annual Assurance Statement for 2021/22

Assurance opinion on internal control

- 2.14 Based on the internal audit work undertaken at the Council in 2021/22, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment, broken down between financial and non-financial systems.



Assurance opinion on Corporate Governance and Risk Management

- 2.15 SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2021/22 and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

S H Martin

**Client Audit Manager
May 2022**

3. Overview of Internal Audit Activity at the Council in 2021/22

- 3.1 This section summarises work undertaken at the Council by SIAS in 2021/22. It highlights any significant internal control matters and opportunities for improvement.
- 3.2 Appendix A shows the final position against the audit plan, assurance levels and the number of recommendations made. A summary of assurance levels and recommendation priorities is shown in the tables below (2020/21 data in brackets).

| Assurance Level | Number of reports 2021/22 (2020/21 data in brackets) | Percentage of reports 2021/22 (2020/21 data in brackets) |
|-----------------|--|--|
| Substantial | 10 (9) | 45% (44%) |
| Reasonable | 6 (9) | 27% (44%) |
| Limited | 1 (0) | 5% (0%) |
| No | 0 (1) | 0% (4%) |
| Not Assessed | 3 (1) | 14% (4%) |
| Not Complete | 2 (1) | 9% (4%) |
| Total | 22 (21) | 100% (100%) |

| Recommendation Priority Level | Number of recommendations 2021/22 (2020/21 data in brackets) | Percentage of recommendations made 2020/21 (2019/20 data in brackets) |
|----------------------------------|---|--|
| Critical | 0 (0) | 0% (0%) |
| High | 2 (2) | 6% (6%) |
| Medium | 22 (19) | 61% (53%) |
| Low | 12 (15) | 33% (41%) |
| Total | 36 (36) | 100% (100%) |

- 3.3 **The Reasonable assurance opinion overall on financial systems** has been concluded from 8 financial systems audits. 7 received Substantial assurance and 1 received Reasonable assurance. No Critical or High priority recommendations were made across these audits. However, 4 Medium priority recommendations were made.
- 3.4 **The Reasonable assurance opinion overall on non-financial systems** has been concluded from 12 audits. 3 audits received Substantial assurance, 5 received Reasonable assurance and 1 received Limited assurance. In addition, 3 audits were classified as “Not Assessed” i.e. no audit assurance opinion was given. 2 High priority recommendations were made across these audits.

- 3.5 In arriving at our Reasonable assurance opinion for non-financial systems, we highlight that 89% of opinions issued for individual audits during the year were assessed as Substantial or Reasonable assurance. This generally indicates the Council has satisfactory or good systems of internal control for a wide range of areas. However, it should be noted that there were some risks and impacts associated with control weaknesses in the Cyber Security audit, which received a Limited assurance opinion and contained 1 High priority recommendation.
- 3.6 Three audits were at draft report stage at the time of writing this Annual Report, with a management response awaited. These audits have contributed to the assurance opinion for 2021/22.
- 3.7 As with many other areas of the Council's operations, the impacts of COVID-19 and the move to hybrid working arrangements resulted in SIAS continuing to review and adjust the approach to audits. Social distancing requirements and the move to hybrid working resulted in SIAS undertaking audits through remote approaches, such as MS Teams. Whilst a different approach, this did not present significant issues in relation to conducting our work.
- 3.8 For some audits, the need to use lower evidence bases for compliance testing, due to the practical difficulties of obtaining the required evidence, with data analytics used where appropriate to provide whole population testing.

Critical and High Priority Recommendations

- 3.9 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 made. It is Internal Audit's responsibility to advise Members of progress on the implementation of critical and high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date. Two High priority recommendations were made within audits carried out during 2021/22. Members will continue to receive updates on the implementation progress of critical and High priority recommendations through the SIAS quarterly progress reports to the Audit Committee.

4. Performance of the Internal Audit Service in 2021/22

Performance indicators

4.1 The table below compares SIAS's performance at the Council against the 2021/22 targets set by the SIAS Board.

| Indicator | Target 2021/22 | Actual to 31 March 2022 |
|--|---------------------|------------------------------|
| 1 SIAS Planned Days – percentage of actual billable days delivered against planned billable days | 95% | 90% |
| 2 SIAS Planned Projects – actual completed projects to draft report stage against planned completed projects | 95% | 86% |
| 3 SIAS Annual Plan – presented to the March Audit Committee or the first meeting of the financial year should a March committee not meet. | Deadline met | Yes |
| 4 Client Satisfaction - client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall) | 100% | 100% (4 received). |
| 5 Chief Audit Executive's Annual Report – presented at the first Audit Committee meeting of the financial year | Deadline met | Yes |
| 6 Number of High Priority Audit Recommendations agreed | 95% | 100% (1 agreed) |

Service Developments

- 4.2 During 2021/22 the main service and development activities for SIAS included:
- a) Organisational Change – the Service was restructured during the Autumn, partly as a response to changes in client commissions and budgetary pressures, but also recognition that the Service needed to re-skill staff in areas such as data analytics and assurance mapping. As part of the above changes SIAS will be following a “grow your own” strategy, looking to develop staff from the bottom of the structure to progress through the different levels of the Service. A Training & Development Strategy has also been produced to build staff skills and knowledge to support the above Strategy.
 - b) Recruitment and Retention – in addition to the above, several staff have left the Service for new jobs during 2021/22. The current market is widely recognised as very challenging, however the Service has successfully recruited two new Trainees and a new Client Audit Manager during the last six months, as well as internal promotions for three staff members.
 - c) External Quality Assessment (EQA) – As part of the terms of reference for the review, the Head of Assurance Services took the opportunity to ask the assessors to expand the remit of the assessment to look at improvement opportunities for the partnership, beyond just the requirements of PSIAS. Key changes prompted through this review include revisions to the audit planning process (improving the visibility of the links to risk registers, corporate objectives, and other assurance provision), review of the existing processes for customer feedback on the audit service and updates to the audit manual to support staff new to management / supervisory activities.
 - d) Ways of Working – like other services, SIAS has considered how best to operate following the relaxation of COVID-19 home working arrangements. As part of this, the Service has recently moved from being based at Robertson House in Stevenage to County Hall in Hertford. SIAS staff are now returning to the office when needing to collaborate, under an overall hybrid working arrangement. Visits to client premises have also resumed and are being made when it is beneficial to do so.
 - e) Data Analytics – SIAS continue to progress the adoption of data analytics into the audit process where this is deemed feasible. Data analytics is a powerful tool which can be incorporated into the audit process and enhances the ability to carry out whole population testing and continuous auditing. This in turn can enhance the assurance provided on the management of risk and controls. The above is being supported through close collaboration with our colleagues in the Local

Authority Chief Auditors Network, our co-sourced audit partner (BDO) and training and development for our audit staff.

5. Audit Charter 2022/23

- 5.1 The PSIAS require a local authority to formally adopt an Audit Charter which covers the authority and responsibility for an internal audit function.
- 5.2 The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the partner councils. It details the permanent arrangements for internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.
- 5.3 The Audit Charter is reviewed annually. The review in April 2022 did not result in any changes and the 2022/23 Charter is attached at Appendix D.

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN

East Herts Council Audit Plan – 2021/22

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|--------------------------------|--------------------|------|---|---|----|-----------------|---------------------|
| | | C | H | M | LA | | |
| Key Financial Systems | | | | | | | |
| Creditors | Substantial | 0 | 0 | 0 | 0 | 10 | Final Report Issued |
| Treasury Management | Substantial | 0 | 0 | 0 | 0 | 10 | Final Report Issued |
| Payroll | Reasonable | 0 | 0 | 2 | 3 | 10 | Draft Report Issued |
| Council Tax | Substantial | 0 | 0 | 1 | 1 | 7 | Final Report Issued |
| Business Rates | Substantial | 0 | 0 | 1 | 0 | 7 | Final Report Issued |
| Housing Benefits | Substantial | 0 | 0 | 0 | 2 | 7 | Final Report Issued |
| Main Accounting System | Substantial | 0 | 0 | 0 | 1 | 10 | Draft Report Issued |
| Debtors | Substantial | 0 | 0 | 0 | 0 | 10 | Final Report Issued |
| Operational Audits | | | | | | | |
| Resources Benefits Realisation | | | | | | 0 | Audit Cancelled |
| Procurement & Tendering | | | | | | 12 | In Fieldwork |
| Corporate Capacity | | | | | | 1 | Audit Cancelled |

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|--------------------------------|--------------------|------|---|---|----|-----------------|-----------------------|
| | | C | H | M | LA | | |
| Contract Management | Reasonable | 0 | 0 | 3 | 0 | 10 | Final Report Issued |
| COVID-19 Pandemic Response | Not Assessed | 0 | 0 | 0 | 0 | 12 | Final Report Issued |
| Equalities | Not Assessed | 0 | 1 | 5 | 1 | 12 | Final Report Issued |
| Risk Management | Substantial | 0 | 0 | 0 | 0 | 6 | Final Report Issued * |
| Corporate Governance | Substantial | 0 | 0 | 0 | 0 | 6 | Final Report Issued * |
| Fly-Tipping | Reasonable | 0 | 0 | 5 | 2 | 11 | Final Report Issued |
| Property Investment | Substantial | 0 | 0 | 0 | 0 | 10 | Final Report Issued |
| Licensed Premises | | | | | | 10 | In Fieldwork |
| Economic Development | Reasonable | 0 | 0 | 1 | 1 | 12 | Final Report Issued |
| Safeguarding | Reasonable | 0 | 0 | 1 | 0 | 12 | Final Report Issued |
| Temporary Accom/Rough Sleepers | Reasonable | 0 | 0 | 1 | 1 | 10 | Final Report Issued * |
| Follow Up Audit (1) | | | | | | 0 | Audit Cancelled |
| Follow Up Audit (2) | | | | | | 0.5 | Audit Cancelled |

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|-----------------------------------|--------------------|------|---|---|----|-----------------|---------------------|
| | | C | H | M | LA | | |
| Homes England - Grant Audit | Not Assessed | 0 | 0 | 0 | 0 | 5 | Final Report Issued |
| IT Audits | | | | | | | |
| IT Resilience | | | | | | 0 | Audit Cancelled |
| Cyber Security | Limited | 0 | 1 | 2 | 0 | 10 | Draft Report Issued |
| Other Chargeable | | | | | | | |
| 2022/23 Audit Planning | - | - | - | - | - | 4 | Complete |
| Plan Delivery Monitoring | - | - | - | - | - | 12 | Complete |
| Annual Audit Opinion 2020/21 | - | - | - | - | - | 3 | Complete |
| Client Liaison | - | - | - | - | - | 4 | Complete |
| Adhoc Advice | - | - | - | - | - | 4 | Complete |
| Audit Committee | - | - | - | - | - | 12 | Complete |
| Shared Learning and Joint Reviews | - | - | - | - | - | 4.5 | Complete |
| SIAS Development & EQA | - | - | - | - | - | 6 | Complete |

APPENDIX A – FINAL POSITION AGAINST THE COUNCIL’S 2021/22 AUDIT PLAN

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|-------------------------------------|--------------------|----------|----------|-----------|-----------|-----------------|----------------|
| | | C | H | M | LA | | |
| 20/21 Projects Requiring Completion | - | - | - | - | - | 3 | Complete |
| Contingency | - | - | - | - | - | 37 | N/A |
| Total | | 0 | 2 | 22 | 12 | 300 | |

* At Draft Report stage on 31 March 2022, Final Report issued after year end.

Key to Recommendation Priority Levels: C = Critical priority recommendations; H = High priority recommendations; M = Medium priority recommendations; LA = Low/Advisory priority recommendations.

APPENDIX B – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

2021/22 Definitions of Assurance and Recommendation Priority Levels

| Assurance Level | | Definition |
|--------------------|-----------------------|--|
| Substantial | | A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable | | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited | | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No | | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited. |
| Priority Level | | Definition |
| Corporate | Critical | Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately. |
| | High | Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently. |
| Service | Medium | Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner. |
| | Low / Advisory | Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible. |

APPENDIX C – POSITION AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS AT APRIL 2022 – ACTION PLAN

Section A: Conformance - All areas apart from those identified in Section B below were conforming.

Section B: Intentional Non-Conformance

| Ref | Area of Non-Conformance with the Standard | Commentary | |
|------|---|---|--|
| 3.1a | <p>Purpose, Authority and Responsibility</p> <p>Does the board (defined as the Audit Committee) approve decisions relating to the appointment and removal of the Chief Audit Executive (CAE)</p> | <p>The Head of SIAS, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE.</p> <p>This is as provided for in the governance of the Shared Internal Audit Service.</p> | <p>Non-conformance</p> <p>No further action proposed. The current arrangements are considered effective given the shared nature of SIAS.</p> |
| 3.1c | <p>Purpose, Authority and Responsibility</p> <p>Does the chief executive or equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?</p> | <p>The performance appraisal is carried out by the Head of SIAS (HCC).</p> | <p>Non-conformance</p> <p>No further action proposed. The appraisal process was carried out by the head of SIAS (HCC). The current arrangements are considered effective given the shared nature of SIAS.</p> |



Audit Charter 2022/2023

1. Introduction and Purpose

- 1.1. Internal auditing is an independent and objective assurance and consulting activity. It is guided by a philosophy of adding value to the operations of an organisation. It assists a council in achieving its objectives and ultimately provides assurance to the public by systematically evaluating and improving the effectiveness and efficiency of risk management, control, and governance processes.
- 1.2. The purpose of the Shared Internal Audit Service (SIAS) is to provide independent, objective assurance and consulting services designed to add value and improve client operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. SIAS helps clients accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

2. Statutory Basis of Internal Audit

- 2.1. Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 Officer relies, amongst other sources, upon the work of internal audit.

3. Role

- 3.1. SIAS internal audit activity is overseen by East Herts Council's committee charged with fulfilling audit committee responsibilities, herewith referred to as the Audit and Governance Committee. As part of its oversight role, the Audit

and Governance Committee is responsible for defining the responsibilities of SIAS via this Charter.

- 3.2. SIAS may undertake additional consultancy activity requested by management. The Client Audit Manager will determine such activity on a case-by-case basis, assessing the skills and resources available. Significant additional consultancy activity not already included in the Internal Audit Plan will only be accepted and carried out following consultation with the Audit and Governance Committee.

4. Professionalism

- 4.1. SIAS governs itself by adherence to the Public Sector Internal Audit Standards (PSIAS). These standards include the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (IPPF). They set out the fundamental requirements for the professional practice of internal auditing and the evaluation of the effectiveness of an internal audit function.
- 4.2. SIAS also recognises the Mission of Internal Audit as identified within the IPPF, 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight' and the Core Principles for the Professional Practice of Internal Auditing, which demonstrate an effective internal audit function, achieving internal audit's mission.
- 4.3. SIAS operations are guided by its operating procedures manual as well as applicable, Chartered Institute of Internal Auditors (CIIA) and Chartered Institute of Public Finance and Accountancy (CIPFA) Position Papers, Practice Advisories and Guides, and relevant council policies and procedures, including compliance with the Bribery Act 2010.
- 4.4. Should non-conformance with the PSIAS be identified, the Head of SIAS will investigate and disclose, in advance, if possible, the exact nature of the non-conformance, the reasons for it and, if applicable, its impact on a specific engagement or engagement outcome.

5. Authority and Confidentiality

- 5.1. Internal auditors are authorised full, free, and unrestricted access to any and all of a client's records, physical property, and personnel as required to carry out an engagement. All client employees are requested to assist SIAS in fulfilling its roles and responsibilities. Information obtained during an engagement is safeguarded and confidentiality respected in accordance with the Council's GDPR and information security policies.
- 5.2. Internal auditors will only use information obtained to complete an engagement. It will not be used in a manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client

organisation(s). Internal auditors will disclose all material facts known, which if not disclosed could distort a report or conceal unlawful practice.

6. Organisation

- 6.1. The Client Audit Manager and their representatives have free and unrestricted direct access to Senior Management, the Audit and Governance Committee, the Chief Executive, the Chair of the Audit and Governance Committee and the External Auditor. The Client Audit Manager will communicate with any and all of the above parties at both committee meetings and between meetings as appropriate.
- 6.2. The Chairman of the Audit and Governance Committee has free and unrestricted direct access to both the Client Audit Manager and the Council's External Auditor.
- 6.3. The Client Audit Manager is line managed by the Head of SIAS who approves all decisions regarding the performance evaluation, appointment, or removal of the Client Audit Manager, in consultation with the SIAS Board.

7. Stakeholders

The following groups are defined as stakeholders of SIAS:

- 7.1. The Head of SIAS, working with the Client Audit Manager, both suitably experienced and qualified (CCAB and / or CMIIA), is responsible for:
 - hiring, appraising, and developing SIAS staff in accordance with the host authority's HR guidance
 - maintaining up-to-date job descriptions which reflect the roles, responsibilities, skills, qualifications, and attributes required of SIAS staff
 - ensuring that SIAS staff possess or obtain the skills, knowledge, and competencies (including ethical practice) needed to effectively perform SIAS engagements
- 7.2. The Audit and Governance Committee is responsible for overseeing the effectiveness of SIAS and holding the Client Audit Manager to account for delivery. This is achieved through the approval of the annual audit plan, approval of performance targets set by the SIAS Board and receipt of regular reports.
- 7.3. The Audit and Governance Committee is also responsible for the effectiveness of the governance, risk, and control environment within the Council, holding operational managers to account for its delivery.
- 7.4. Where stated in its Terms of Reference, the Audit and Governance Committee provides an annual report to the Council detailing the Committee's activities through the year. In addition, and as required, the Committee ensures that there

is appropriate communication of, and involvement in, internal audit matters from the wider publicly elected Member body.

- 7.5. The Client Audit Manager is responsible for ensuring that the outcome of all final Internal Audit reports is reported to all members of the Audit and Governance Committee, and Executive Members for Financial Sustainability, in a format agreed with these relevant parties.
- 7.6. Senior Management, defined as the Head of Paid Service, Chief Officers, and their direct reports, are responsible for helping shape the programme of assurance work. This is achieved through analysis and review of key risks to achieving the Council's objectives and priorities.
- 7.7. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS and reporting to the Audit and Governance Committee its findings, including:
 - resourcing and financial performance
 - operational effectiveness through the monitoring performance indicators
 - the overall strategic direction of the shared service.

8. Independence and Objectivity

- 8.1. No element in the organisation should interfere with audit selection, scope, procedures, frequency, timing, or report content. This is necessary to ensure that internal audit maintains the necessary level of independence and objectivity.
- 8.2. As well as being impartial and unbiased, internal auditors will have no direct operational responsibility or authority over any activity audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that might impair their judgment.
- 8.3. When asked to undertake any additional roles/responsibilities outside internal auditing, the Client Audit Manager will highlight to the Audit and Governance Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the PSIAS Code of Ethics as well as any relevant requirements set out in other professional bodies to which the Client Audit Manager may belong. The Audit and Governance Committee will approve and periodically review any safeguards put in place to limit any impairments to independence and objectivity.
- 8.4. Where SIAS has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, the Client Audit Manager and Head of SIAS will ensure that the risks of doing so are managed effectively, having regard to the Head of SIAS's primary responsibility to the management of the partners for which they are engaged to provide internal audit services.

8.5. The Client Audit Manager will confirm to the Audit and Governance Committee, at least annually, the organisational independence of SIAS.

9. Conflicts of Interest

9.1. Internal auditors will exhibit clear professional objectivity when gathering, evaluating, and communicating engagement information. When forming judgments, they will make a balanced assessment of all relevant circumstances and not be influenced by their own interests or the views and interests of others.

9.2. Each auditor will comply with the ethical requirements of his/her professional body and proactively declare any potential conflict of interest, whether actual or apparent, prior to the start of an engagement.

9.3. All auditors sign an annual declaration of interest to ensure that the allocation of work avoids conflict of interest. Auditors who undertake consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.

9.4. SIAS procures an arrangement with an external delivery partner to provide service resilience, i.e., additional internal audit days on request. The external delivery partner will be used to deliver engagements as directed by the Client Audit Manager in particular providing advice and assistance where SIAS staff lack the required skills or knowledge. The external delivery partner will also be used to assist with management of potential and actual conflicts of interest in internal audit engagements, providing appropriate independence and objectivity as required.

9.5. In the event of a real or apparent impairment of independence or objectivity, (acceptance of gifts, hospitality, inducements, or other benefits) the Client Audit Manager will investigate and report on the matter to appropriate parties.

9.6. Hertfordshire County Council's Head of Assurance not only leads and has overall management responsibility for SIAS, but also the similarly constituted Shared Anti-Fraud Service (SAFS).

9.7. Given that SIAS will potentially undertake internal audit activity in relation to SAFS, this relationship is formally disclosed, and appropriate safeguards will be put in place against any potential impairment to independence. The Head of SIAS will manage the internal audit engagement of this service and report findings directly to the Head of Strategic Finance and Property in their capacity as S151 Officer.

10. Responsibility and Scope

- 10.1. The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation’s governance, risk management, and internal control processes (as they relate to the organisation’s priorities and objectives) and the promotion of appropriate ethics and values.
- 10.2. Internal control and risk management objectives considered by internal audit extend to the organisation’s entire control and risk management environment and include:
- consistency of operations or programs with established objectives and goals, and effective performance
 - effectiveness and efficiency of governance, operations, and employment of resources
 - compliance with significant policies, plans, procedures, laws, and regulations
 - design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
 - safeguarding of assets
- 10.3. SIAS is well placed to provide advice and support on emerging risks and controls and will, if requested, deliver consulting and advisory services, or evaluate specific operations.
- 10.4. SIAS is responsible for reporting to the Audit and Governance Committee and senior management, significant risk exposures (including those to fraud addressed in conjunction with the Shared Anti-Fraud Service), control and governance issues and other matters that emerge from an engagement.
- 10.5. Engagements are allocated to (an) internal auditor(s) with the appropriate skills, experience, and competence. The auditor is then responsible for carrying out the work in accordance with the SIAS Operating Procedures Manual, and must consider the relevant elements of internal control, the needs and expectations of clients, the extent of work required to meet the engagement’s objectives, its cost effectiveness, and the probability of significant error or non-compliance.

11. Role in Anti-Fraud

- 11.1. The SIAS work programme, designed in consultation with Senior Management, the Audit and Governance Committee and, where applicable, the Shared Anti-Fraud Service (SAFS), seeks to provide assurance on how the council manages the fraud risks to which it is exposed.
- 11.2. SIAS must have sufficient knowledge to evaluate the risk of fraud and the way it is managed by the Council but are not expected to have the expertise of a

person or team whose primary responsibility is detecting and investigating fraud.

- 11.3. SIAS will exercise due professional care by considering the probability of significant errors, fraud, or non-compliance when developing audit scopes and objectives.
- 11.4. EHC is a partner of both SIAS and SAFS and benefits from collaboration and intelligence sharing between the teams. This informs both horizon scanning as part of the internal audit planning process and individual audit engagements.
- 11.5. The Client Audit Manager should be notified of all suspected or detected fraud, corruption, or impropriety so that the impact upon control arrangements can be evaluated.

12. Internal Audit Plan

- 12.1. Following discussion with appropriate senior management, the Client Audit Manager will submit a risk-based plan to the Audit and Governance Committee for review and approval. This will occur at least annually. The plan sets out the engagements agreed by the Section 151 Officer and Senior Leadership Team and demonstrates the priorities of both SIAS (the need to produce an annual internal audit opinion) and those of the organisation. Also included will be any relevant declarations of interest.
- 12.2. The plan will be accompanied by details of the risk assessment approach used and will take into account the organisation's assurance framework. Also shown will be the timing of an engagement, its budget in days, details of any contingency for new or changed risks, time for planning and reporting and a contribution to the development of SIAS.
- 12.3. The plan will be subject to regular review in year and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems, and controls. All significant changes to the approved internal audit plan will be communicated in the quarterly update reports.

13. Reporting and Monitoring

- 13.1. A draft written Terms of Reference will be prepared and issued to appropriate personnel at the start of an engagement. It will cover the intended objectives, scope and reporting mechanism and will be agreed with the client. Changes to the terms of reference during the engagement may occur and will be agreed following consultation with the client.
- 13.2. A report will be issued to management on completion of an engagement. It will include a reasoned opinion, details of the time period and scope within which it was prepared, management's responses to specific risk prioritised findings and recommendations made and a timescale within which corrective action will be /

has been taken. If recommended action is not to be taken, an explanation for this will also be included.

- 13.3. SIAS will follow-up the implementation of agreed recommendations in line with the protocol at each client. As appropriate, the outcomes of this work will be reported to the audit committee and may be used to inform the risk-based planning of future audit work. Should follow-up activity identify any significant error or omission, this will be communicated by the Client Audit Manager to all relevant parties. A revised internal audit opinion may be issued on the basis of follow-up activity.
- 13.4. In consultation with senior management, the Client Audit Manager will consider, on a risk-basis, any request made by external stakeholders for sight of an internal audit report.
- 13.5. Quarterly update reports to the Audit and Governance Committee will detail the results of each engagement, including significant risk exposures and control issues. In addition, an annual report will be produced giving an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement) with a summary of the work that supports the opinion. Hertfordshire County Council's Head of Assurance will also make a statement of conformance with PSIAS, using the results of the annual self-assessment and Quality Assurance and Improvement Plan (QAIP) required by the PSIAS. The statement will detail the nature and reasons for any impairments, qualifications, or restrictions in scope for which the Committee should seek reassurances from management. Any improvement plans arising will be included in the annual report.

14. Periodic Assessment

- 14.1. PSIAS require Hertfordshire County Council's Head of Assurance and the SIAS Board to arrange for an independent review of the effectiveness of internal audit undertaken by a suitably knowledgeable, qualified, and competent individual or organisation. This should occur at least every five years.
- 14.2. Hertfordshire County Council's Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. These will include the Quality Assurance and Improvement Programme, client feedback, appraisals, and shared learning with the external audit partner as well as coaching, supervision, and documented review.
- 14.3. A single review will be carried out to provide assurance to all SIAS partners with the outcomes included in the partner's Annual Report.

15. Review of the Audit Charter

- 15.1. The Client Audit Manager will review this charter annually and will present to the first audit committee meeting of each financial year, any changes for approval.
- 15.2. The Client Audit Manager reviewed this Audit Charter in April 2022. It will next be reviewed in April 2023.

Glossary of Terms

| | |
|------------------------|---|
| <p>Audit Committee</p> | <p>The PSIAS defines the Audit Committee as “The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.”</p> <p>The Audit and Governance Committee operates in accordance with its terms of reference contained in East Herts Council’s Constitution.</p> <p>CIPFA’s <i>Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition</i> indicates that for a local authority, it is best practice for the audit committee to report directly to full council rather than to another committee, as the council itself most closely matches the body of ‘those charged with governance’. This is the case at EHC.</p> |
| <p>Audit Plan</p> | <p>The programme of risk-based work carried out by the Shared Internal Audit Service (SIAS) on behalf of its clients.</p> |
| <p>Board</p> | <p>The PSIAS defines the ‘Board’ as “The highest-level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organisation’s activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word “board” in the Standards refers to a group or person charged with governance of the organisation. Furthermore, “board” in the Standards may refer to a committee or another</p> |

| | |
|---|--|
| | <p>body to which the governing body has delegated certain functions (e.g., an Audit Committee).</p> <p>For the purposes of the SIAS Audit Charter, the Board as referred to in the PSIAS shall be East Herts Council’s Audit and Governance Committee. All references to the Audit and Governance Committee in the SIAS Audit Charter should be read in this context.</p> |
| <p>Chief Audit Executive (CAE)</p> | <p>The PSIAS describes the role of CAE as “a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The CAE or others reporting to the CAE will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the CAE may vary across organisations.”</p> <p>The CAE is fundamental to the success of the service and to the extent to which it complies with the Standards. Regular reference is made to this role throughout the PSIAS, including some specific requirements relating to whoever is designated the role.</p> <p>For the purposes of the SIAS Audit Charter, the CAE as referred to in the PSIAS shall be EHC’s Client Audit Manager. All references to the Client Audit Manager in the SIAS Audit Charter should be read in this context.</p> |
| <p>Management</p> | <p>Operational officers of the Council responsible for creating corporate policy and organising, planning, controlling, and directing resources to achieve the objectives of that policy. Senior management is defined as the Head of Paid Service, Chief Officers, and their direct reports.</p> |
| <p>Public Sector Internal Audit Standards (PSIAS)</p> | <p>These standards, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency, and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent, and objective internal audit</p> |

APPENDIX D – AUDIT CHARTER 2022/2023

| | |
|--------------------------------------|---|
| | arrangements to provide stakeholders with the key assurances they need to support them both in managing and overseeing the organisation and in producing the annual governance statement. |
| Shared Internal Audit Service (SIAS) | SIAS is a local authority partnership comprising Hertfordshire County Council (HCC) and seven Hertfordshire district and borough councils. SIAS also provides internal audit services to a limited number of external clients. HCC is the host authority for the partnership and provides support services such as HR, technology, and accommodation. |
| SIAS Board | The Board that comprises officer representatives from the partner authorities and that is responsible for the governance of the SIAS partnership. |

Note:

For readability, the term 'internal audit activity' as used in the PSIAS guidance has been replaced with 'SIAS' in this Charter.

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East Herts Council Report

Audit and Governance Committee

Date of meeting: 31 May 2022

Report by: Executive Member for Corporate Services

Report title: Strategic Risk Register – Monitoring 2021/22 quarter four

Ward(s) affected: All

Summary – The report provides details the changes to the Strategic Risk Register for quarter four.

RECOMMENDATIONS FOR Audit and Governance Committee:

- a) The 2021/22 quarter four Strategic Risk Register be reviewed and officers advised of any further action that could be taken to manage risk.**

1.0 Proposal(s)

1.1 This report details the controls introduced during quarter four.

2.0 Background

2.1 Leadership Team reviews the content of the Strategic Risk Register quarterly and provides updates that are relayed within this monitoring report to Audit and Governance Committee.

3.0 Reason(s)

3.1 The Strategic Risk Register details significant business risks; essentially those that could prevent the council meeting its objectives.

3.2 Leadership Team has set a risk tolerance level. Risks above the tolerance levels are actively managed and regularly reviewed in order to ensure that contingency and mitigation action is being taken. Risks below the tolerance line are managed by Heads of Service but these are often delegated. (Heads of Service are responsible for keeping all risks under review and taking action to reduce the impact of the risk on the council.)

3.3 A summary of business risks and the risk tolerance line is shown in the matrix below. Risks in the red area of the grid are those actively managed by Leadership Team in accordance with the Risk Management Strategy.

| | | | | | |
|---------------|-------------------|----------|----------|----------|----------|
| Impact | A | 7, 9, 13 | 10 | 3 | 1, 8, 12 |
| | B | | 4, 11 | 2 | |
| | C | | | 6 | 5 |
| | D | | | | |
| | | 1 | 2 | 3 | 4 |
| | Likelihood | | | | |

| | Description | Likelihood of occurrence | Probability of occurrence |
|-------------------|-------------|-----------------------------------|--|
| Likelihood | 4 High | Monthly | The event is expected to occur or occurs regularly |
| | 3 Medium | Annually | The event will probably occur |
| | 2 Low | 1 in 5 years | The event may occur |
| | 1 Very Low | Less frequently than 1 in 5 years | The event may occur in exceptional circumstances |

| | Description | Financial | Reputation | Service / operation |
|---------------|---------------|---------------------------|--|--|
| Impact | A Critical | > £1m p.a. | Serious negative media | Catastrophic fall in service quality or long term disruption to services |
| | B Significant | £400,000 to £1m p.a. | Adverse national media | Major fall in service quality or serious disruption to services |
| | C Marginal | £100,000 to £400,000 p.a. | Adverse local media | Significant fall in service quality |
| | D Minor | < £100,000 | Public concerns restricted to local complaints | Little impact to service quality |

| | |
|----|--|
| 1 | Financial resources |
| 2 | Corporate governance and external political environment |
| 3 | Performance, resilience and security of IT systems |
| 4 | Staff capacity and skills to deliver services |
| 5 | Poor performance or failure of key partner or contractor |
| 6 | Judicial review and or major legal challenge |
| 7 | District Plan |
| 8 | Climate change |
| 9 | Child / vulnerable adult protection |
| 10 | Equalities |
| 11 | Internal control |
| 12 | Outbreak of disease in humans |
| 13 | Business Continuity Plan / Emergency Plan |

4.0 Options

4.1 No new strategic risks have been identified in quarter four and no risks have become obsolete.

4.2 All existing risks have been reviewed and updated as necessary and Leadership Team has not proposed any changes to scores. (Risk 7 has been considered but did not require update.)

4.3 The council's most significant risks at present remain:

4.3.1 The current financial climate and the impact on the council's medium and long term financial planning.

4.3.2 Although the initial difficulties caused by the pandemic continue to recede, support continued for the community, the economy and services. Supply chains and the labour market have been affected by the pandemic and following Brexit and costs have increased. The threat of a new variant remains.

4.3.3 Climate change and the need to reduce the council's carbon footprint.

4.3.4 Performance, resilience and security of IT systems and the increased threat of cyber-attacks.

4.4 The impact of the pandemic continues to influence a number of risks:

4.4.1 Risk 1 - Financial resources: the uncertainty over post Covid economic and policy agenda, and the demand on council services. Inflation and the global supply chain have impacted major capital projects.

4.4.2 Risk 2 – Corporate Governance and the external political environment: Administering Council Tax refunds, Covid support grants, business rate relief and funding to support the safe reopening of high streets in the District. The pandemic has also presented an opportunity to develop customer self-help options.

4.4.3 Risk 4 – Staff capacity and skills to deliver services: The uncertainty over the future demand for council services, or support that the council may have to provide to partners including the NHS.

Staff turnover had reduced during the pandemic but there has been an increase as the employment market stabilised and people increasingly make lifestyle choices.

4.4.4 – Risk 5 – Poor performance or failure of key partner or contractor: Risk of business failure remains due to the pandemic. The national shortage of HGV drivers places additional pressures on the waste contract and has caused supply chain difficulties and financial pressures for major projects. There is an increased reliance on agency staff and a labour market shortage generally.

4.4.5 – Risk 8 – Climate change: The pandemic had resulted in a reduction of the council's carbon footprint with fewer journeys to the office and reduced energy consumption. The blended working arrangements mean that most employees remain at home for half of their work pattern. Many meetings now take place across various online platforms reducing business travel.

4.4.6 – Risk 13 - Business continuity and emergency planning generally.

5.0 Risks

5.1 This report details the top business risks facing the council.

6.0 Implications/Consultations

6.1 Leadership Team reviewed on 10 May 2022. The Executive Member for Corporate Services has also been consulted.

Community Safety

No

Data Protection

None specific but the topic features within the Strategic Risk Register.

Equalities

None specific but the topic features within the Strategic Risk Register.

Environmental Sustainability

None specific but climate change features within the Strategic Risk Register.

Financial

None specific but risk management can provide protection of budgets from unexpected losses. Better governance can be demonstrated and the annual audit plan is risk based.

Health and Safety

None specific but risk management processes can provide a safer environment across the District and all services for the benefit of the public, staff and our contractors.

Human Resources

No

Human Rights

No

Legal

None specific but legal matters feature within the Strategic Risk Register.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 Please see the Strategic Risk Register with changes tracked at Appendix 1.

Contact Member

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| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---------------------|---|--|--------------------------------------|--|
| 1 | A 4 | Financial Resources | <p>Reduction in government grant combined with higher demand for demand-led services such as homelessness, or failure to generate income.</p> <p>Failure to realise capital receipts from disposals to support capital expenditure.</p> <p>External auditor challenges MRP Policy and capital financing decisions</p> <p>Council Tax Referendum levels set too low to generate sufficient tax revenue. Sudden economic Down turn results in negative Tax Base figures because of increased local Council Tax support claims</p> | <ul style="list-style-type: none"> • Reductions in services required • Performance against community expectations and targets reduced • Investment in improvement not possible or severely reduced • Failure to meet statutory duties with potential for legal action or Local Government Ombudsman finds significant cases of maladministration • Corporate Manslaughter charges if maintenance works not carried out, e.g. Legionella in air handling and cooling units • Large numbers of staff redundancies • Major media | Head of Strategic Finance & Property | <ul style="list-style-type: none"> • Minimum Balances held on risk assessment basis to cushion impact over short term (max 2 years) • Modelling of impact of grant settlement scenarios and function and funding changes • Three year MTFP savings programme • Transforming East Herts savings plan due to be reported at June Executive to deliver savings and efficiencies through an emphasis on: digital self-service; process automation; agile working leading to a much reduced accommodation requirement with target of £1 million cashable savings. • Transforming East Herts Commercial Strategy will specify commercial skill sets |

East Herts Council Corporate Risk Register - 2021/22 quarter four

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| | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|--|-------|---------------|---|---|------------|--|
| | | | <p>Members do not agree significant savings at budget setting leading to an unbalanced budget leading to a s.114 report.</p> <p>Delay and/or significant cost over runs on major projects</p> | <p>engagement</p> <ul style="list-style-type: none"> • Potential for MHCLG intervention • Delay leads to cost increases beyond the ability of the council to finance the capital costs • Delays and cost overruns lead to non- | | <p>and set out the council's approach to risk appetite and give guidance on how income generating ideas should be taken forward.</p> <ul style="list-style-type: none"> • New capital programme items must make a return for the investment in cost reductions or income on top of covering the interest and MRP costs • Charges will be required to be in conformity with proposed corporate policy on charging recovering total costs and concessions will need to be justified in policy terms and funded by higher charges for others. • Business case reviews to ensure that projects make a return • Cost and income estimates commissioned from industry expert consultants to feed into business case • Project delivery by Major |

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---------------|---------|---|------------|--|
| | | | | delivery of savings requiring service offer reductions to compensate <ul style="list-style-type: none"> • Projected savings not achieved after project completion due to changes in market away from service offer • Significant local media engagement • Reputational damage. | | Projects Team with quarterly reports on progress to Leadership Team and Executive. <ul style="list-style-type: none"> • Capital Programme is phased and financed across years and contingency built into budgets so can be re-phased if required. |

Update on current position

| | | | | | | |
|---|--|--|--|---|--|--|
| 1 | | | | <ul style="list-style-type: none"> • In developing our medium and longer term plans we will need to have regard to the broader context in which we will be working. This includes: <ul style="list-style-type: none"> ○ The impact of operating in a post-pandemic economy with significant inflation driven by global supply chain issues. The Government will have to consider how it begins to pay off the borrowing it has undertaken during the pandemic – this is a mixture of higher taxation, with possible impact on economic recovery, and reductions in public service expenditure. Both would impact on the Council’s income and ability to spend; ○ The shape of the post-Brexit and post-Covid economic and policy agenda, the impact of new post-EU funding regimes and the Government’s Levelling Up programme; ○ Specific uncertainty over the future of local government funding, with key reforms due to be introduced from 2023/24 as indicated in the Levelling Up White Paper. The level of Government funding that the council will receive from 2022/23 onwards is not confirmed but the Comprehensive Spending Review levels indicate local government funding overall will be flat, i.e. no growth.; These are significant areas of change will have a | | |
|---|--|--|--|---|--|--|

Update on current position

- potentially significant financial impact and absolutely key will be any floor protection mechanism as East Herts is judged to have too much government support at present.
- The lasting impact the pandemic will have on young people in terms of education and employment opportunities;
 - The growing impact of climate change, the national and local commitments to achieve carbon neutrality and the introduction of a range of new measures through the Environment Bill;
 - The impact of Government reviews and reforms of public services and changes in policy- for example changes to infrastructure, transport and planning and potential structural changes;
 - The ongoing need to support post-Covid recovery and adjustment, both in our services and for society and the economy, against a backdrop of residual risk of further waves of infection and the potential need for an ongoing vaccination programme; and
 - Reviewing the way that we work and accelerating our planned changes to move towards a more hybrid way of working, and evolving our working practices to ensure we have modern, flexible workspaces and workstyles as part of the Transforming East Herts Programme.
- The Council’s business and financial planning is underpinned by the Corporate Plan and its four priorities, which provide a clear focus for decisions about spending and savings and direct activity across the Council. The four priorities are:
 - Sustainability at the heart of everything we do;
 - Enabling our communities;
 - Encouraging economic growth; and
 - Digital by default.
 - Officers will continue to explore options to further reduce net cost to meet the savings target for submission to the Executive. This will include examining non-statutory service provision levels and also reviewing and benchmarking contracts to ensure the prices remain competitive. A recent review of the office furniture contract resulted in an indicative 68% saving by switching to an alternative framework. A procurement strategy and indicative procurement timeline both featured in the improvements identified in the Annual Governance Statement endorsed by Audit & Governance Committee. A Social Value Policy is being developed to leverage funding for the third sector and as well

Update on current position

as applying to procurement it will invite developers to submit social value statements alongside planning applications, although this cannot be made compulsory until it is taken into consideration as part of the review of the East Herts District Plan. This Policy is due for Executive approval at its June meeting.

- Rent payments on investment properties have no significant defaults to date. Rent reductions have been agreed for 2 tenants in Charringtons but this has to set against compensation that would have been payable when we need to move tenants out for handover for the Old River Lane regeneration as we have included appropriate break clauses as part of the new rent agreement.
- Savings plan for 2021/22 is on target with garden waste sign up being on budget assumption with a high on-line sign up of 92.5% and direct debit payments at 82%.
- Fees and Charges policy approved at December 2021 Council which sets full recovery as the standard charging basis. There have been a number of below cost charges agreed with no clear policy or justification in the past that are having to be dealt with as part of aligning charges with North Herts for joint commercial waste services. New template developed for staff hourly charges for full cost recovery developed for income opportunities with other local authorities.
- Grange Paddocks Leisure Centre construction completed October 2021 and 3G pitch planning application due February 2022 approved. Northgate End construction work is substantially complete with multi-storey car park due to open June 2022.
- Hartham contract awarded and works commenced late March.
- Old River Lane /Arts Centre change in scope progressing and approved by Council in March 2021 alongside the business plan. Development Agreement and Development Management Agreement draft to be agreed with s.151 officer and monitoring officer input. Master Planning process is underway and approval of the Masterplan SPD by Executive in June 2022.
- Hertford Theatre ~~delayed due to non-award of contract as tendered prices too high. Subsequent re-tender has resulted in compliant bids and Council to vote on increase in scheme budget as part of Budget Council on 1 March 2022.~~ construction works to commence May 2022.
- All major capital projects are at risk of price increases as a result of the combined impact of COVID / BREXIT related inflationary pressures. In addition to the increasing cost of materials, there is a significant shortage of labour supply

Update on current position

for the construction and M&E industries, which is in turn pushing up the price of labour. This is a national issue as evidenced by the average 13% increase in the Office for National Statistics Construction Output Prices Index. The insurance market has also hardened significantly which will likely result in higher buildings insurance premiums and / or levels of excess or difficulties obtaining cover.

- The national shortage of HGV drivers and labour market shortages is driving up pay and this will lead to pressures on the cost of the waste contract as well as the cost and delivery of building materials.

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---|---|--|-----------------|---|
| 2 | B 3 | Corporate Governance and external political environment | <p>Brexit trade deal risks</p> <p>Planning Policy Changes</p> <p>Local government reorganisation / Devolution</p> | <ul style="list-style-type: none"> • Potential project delays due to labour shortages or materials imports, or increased project costs due to tariffs or supply chain difficulties. • Non-Tariff barriers leading to supply chain price increases and longer replenishment times. Some UK businesses may relocate to the EU making current domestic supplies into imports. • Government policy changes to introduce development zones, ends s.106 and CIL for government infrastructure levy • Government impose unitary authorities and reduce exchequer grants by savings made | Chief Executive | <ul style="list-style-type: none"> • Address issues of labour shortage with contractors at progress meetings. Raise skills shortages at the LEP to ensure we train young people. • Consider forward funding stockpile of materials subject to delays as part of contract mobilisation • <u>Consider risks to supply chain as part of procurement exercises</u> • Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies • Both officers and Members are engaged in Herts Growth Board (with consideration of the devolution framework in the |

East Herts Council Corporate Risk Register - 2021/22 quarter four

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| | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|--|-------|---------------|---|--|------------|--|
| | | | <p>Climate Change / Zero Carbon / Build Back Greener</p> <p>Changes to local taxation</p> | <ul style="list-style-type: none"> • District required to be carbon neutral from 2030 and Government targets set with fines for non-achievement • Business Rates and or Council Tax replaced with Land Value Tax or Local Income Tax • Potential protests and non-payment campaigns • Measure may end land banking with developers commencing on multiple sites to build out permissions and avoid LVT • Uncertainty as to tax yields and redistribution mechanisms cause difficulties budgeting • Change in leadership politically sets radically | | <p>Levelling Up White Paper which was published in February 2022</p> <ul style="list-style-type: none"> • Work underway to progress carbon reduction and also exploring potential investments that support this aim but would also produce income for the council in the medium term. • Both officers and Members are engaged in networking and lobbying to seek to influence change and to gain early indications of new policies. • LVT is in operation in Denmark, Estonia and Latvia and there are suggested routes to implementation already published. Local Income Tax would require key data from HMRC before implications could be understood. |

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---------------|--|--|------------|---|
| | | | <p>Leadership / Management change</p> <p>Recession leading to increase in unemployment, business failure; low business growth and commercial property values decreasing significantly.</p> | <p>different policy agenda and tone</p> <ul style="list-style-type: none"> • Change in Leadership Team structure • Unemployment. • Empty properties / shops. • Lower rental income from council property portfolio. • Increased demand on council services. • Reduction in Council Tax Base due to LCTSS being a discount. • Reduction in Business Rates income to the safety net level | | <ul style="list-style-type: none"> • Corporate Plan process • Member induction and training • Code of conduct • Monitoring Officer/ s.151 officer • HR policies • Estimates of workload v capacity • Corporate Plan process • European Regional Development Fund / MHCLG project to support businesses with advice and support on growing. Ware and Bishop’s Stortford Launchpad to be grown. • COVID support grants and business rates reliefs for 2020/21 and 2021/22 to support businesses through the pandemic. • Broxbourne BC and CVS digital / employment skills support |

Update on current position

2

- Despite challenges from the pandemic, Brexit and global supply issues Grange Paddocks Leisure Centre opened on time and within budget in October 2021. Costs of other key capital projects (Hartham, Northgate End and ORL, Hertford Theatre) are being kept under constant review. Budget Council in March 2022 ~~asked to~~ approved an increase in the Hertford Theatre scheme budget to reflect price inflation since the budget was set in 2019.
- Number of residents with an East Herts address applying for Settled Status exceeded 7,000 (well above the estimated 4000).
- Officers are considering the lessons from how the Council has been able to operate during the pandemic within the Transforming East Herts Programme. It is evident that working from home is possible on a greater scale and this will have implications for our future accommodation needs and reduce travel leading to lower carbon emissions.
- Council is actively targeting food waste reduction. The Climate Change Committee say that for the UK’s next carbon budget food waste must be reduced by 75% i.e. the vast majority of carbon emissions are from the production and transportation of food that is wasted. The UN report on food waste said that almost a billion tons of food was wasted and led to carbon emissions that if it were a country, would be third behind the USA and China.
- 2 stage approach to mitigating recession following COVID-19: In the first lockdown the council supported over 2,200 businesses with £30m of government funded grants and £18m of reliefs. A further £20m has been paid out since through different government grant schemes (via East Herts) and a further 600 businesses have benefitted on top of the 2,200 above.
- £132,000 of RHSS funding has been allocated to support safe re-opening of High Streets and has covered work such as traffic management on high streets to encourage social distancing. Due to the second national lockdown retail businesses are again facing significant challenges and our most recent response has been to introduce a shop local campaign focused on on-line buying and takeaways / click and collect services. The funding was also used to purchase hand sanitisers in town centres and planters to replace temporary traffic barriers. A second round of this funding has also been allocated to East Herts for the 2021/ 22 year under the “Welcome Back Fund” All 5 towns and 6 parish councils have received funding to undertake further cleaning, advertising and promotion of village/ town centres and provide additional seating to support safe re-opening of high streets.
- A new grant scheme was also launched in August aimed at encouraging new businesses to open up premises (or take on empty premises) in the district. As at the end of Q43 over 5030 businesses had been awarded funding

Update on current position

through this scheme indicating healthy demand for business start ups and expansion in the district. Feedback from businesses is that there is not enough vacant commercial space to support the level of demand. Other feedback from businesses and business representative organisations is the challenging labour market with a number of sectors facing high level of vacancies which cannot be filled. Council also commissioned a new service with Broxbourne Borough Council and the CVS to support newly unemployed residents get back into work by supporting them with digital skills such as interviewing over Zoom and MS Teams. Service launched 5th October 2020. As at the end of Q4 ~~over 340~~ 250 individuals from East Herts had been referred to this scheme which is much higher than originally expected.

- [Pre-guidance on the UKSPF was published in February 2022 and East Herts' allocation from the fund is £1.7m Work will begin with partners on looking at investment priorities](#)

East Herts Council Corporate Risk Register - 2021/22 quarter four

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| 3 | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|---|-------|--|---|---|------------------------|--|
| 3 | A 3 | Performance, resilience and security of IT systems | <p>Data and/or information lost causing breach of Data Protection Act</p> <p>Cyber-attack results in total loss of data and systems</p> <p>Investment in ICT does not result in savings</p> | <ul style="list-style-type: none"> • Substantial fine from Information Commissioner • Major media engagement • Reputational damage • Disruption to services potentially long-running • Inability to carry out enforcement as no records to check against • Resources devoted to recovery moved off to assist police investigation delaying recovery • Major media engagement • Reputational damage • Council becomes financially unsustainable | Deputy Chief Executive | <ul style="list-style-type: none"> • Network Virtual Desktop configuration prevents download of data to local storage devices • Network firewall and security systems tested and monitored • Staff training • Confidential waste shredded • Massive reductions in printing since pandemic • Intuned laptops to be rolled out in Q4<u>underway</u> • Projects to include estimated benefits and monitored through benefits realisation reports. The investment requirements are tried and tested systems that have resulted in savings elsewhere. |

Update on current position

3

- ~~December's report showed that in November 2021:~~
 - ~~1,941 spam emails were blocked out of 268,796 received.~~
 - ~~5 impersonation attempts were blocked.~~
 - ~~44 emails containing malware were blocked.~~

~~October's figures were similar.~~
- The GDPR/Data Protection Officer has been trained up and is now undertaking the full range of duties.
- M365 has started to be rolled out across the organisation with priority to Elected Members. M365 and the new VDI roll out has started to staff with Human Resources and Organisational Development and Communications, Strategy and Policy being the first to be upgraded.
- ~~SBC (IT Shared partner) are developing a scope to be agreed by both parties for a review to be undertaken at the request of the respective council leaders, to provide assurance going forward and SOCITM has been appointed. In addition additional resourcing is being investigated to see if the replacement programme can be accelerated. SOCITM report on ICT is due in quarter 4. The Shared Internal Audit Service is undertaking an audit of data security and cyber risk.~~
- SOCITM has reported and a new Executive joint committee to provide Member oversight for the shared ICT service has been approved in the constitution review for East Herts and is due to be approved in the annual constitution review for Stevenage. Work is underway to look at the structures and staffing of the joint ICT service to deliver the recommended improvements contained in the SOCITM report. The first six months priority is to complete the VDI and M365 roll out and external companies have been appointed to complete the network infrastructure changes, e.g. firewalls, so that the long running basic infrastructure improvements are completed within six months. The risk score remains the same but as the work is undertaken the likelihood score could reduce.
- A new interim ICT Partnership Manager came into post during August and is making changes in project delivery arrangements and major incident protocols.
- The cyber insurance market has contracted significantly and cover may prove difficult to procure when insurance contracts are tendered in spring 2022, or prohibitively expensive. Scoping exercise with IT proposed to enable council to obtain our broker's view on the prospects of securing cover.

Update on current position

- Compulsory cybersecurity training undertaken by staff and Members. All staff completed the training. Some Members did not and have had their access withdrawn.

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---|---|---|---|---|
| 4 | B 2 | Staff capacity and skills to deliver services | <p>Loss of key staff</p> <p>Staff capacity unable to deliver projects</p> <p>Unable to recruit to key posts</p> | <ul style="list-style-type: none"> • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Staff cannot undertake level or volume of work to meet all priorities • Council does not deliver performance expectations • Opportunities lost to improve outcomes • Partners lose confidence in ability to deliver • Public lose confidence in ability to deliver • Disruption to Council services • Poor customer service • Internal control or governance failure • Reputation damaged in the media • Disruption to Council | Head of Human Resources and Org Development | <ul style="list-style-type: none"> • Staff development including the on-line learning pool • Succession planning for key staff within Services • Use of flexible retirement to ensure continuity of experienced staff whilst bringing on staff into roles • Prioritisation of work through the Corporate Plan and Executive Members • Major projects taken forward with corporate project management standards via the Major Projects Team • Market supplements where appropriate • Selective use of external resources and contingent labour through neutral vendor to drive down costs. • Internal communications emphasising welfare and mental health • Contingency planning |

| Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|-------|---------------|-------------------|--|------------|--|
| | | Industrial action | services <ul style="list-style-type: none"> • Poor customer service • Non-delivery of projects | | <ul style="list-style-type: none"> • Contingency planning |

Update on current position

| | | |
|---|--|--|
| 4 | | <ul style="list-style-type: none"> • The number of leavers in Q4 did increase and it remains challenging to recruit senior planning officers especially as agency terms are more favourable than direct salaries, the service is being restructured in 21-22 to try to improve the structure and create more opportunities for growth and retention. Golden Hellos are already used where appropriate as is 100% funding for qualifications. The service has now recruited a second service manager and created some team leader roles which have been filled and vacancies are being filled more often first time. The area remains a priority for grow your own through apprentice and career graded posts and these are used but currently there is not a valid apprentice framework to utilise. The service is undertaking a service review and this will be progressed in quarter one of 2022/23. • The transformation programme also includes service reviews aimed at improving structure and ways of working i.e. to increase efficiency and effectiveness. Service reviews have begun in all services and meetings are being held in late March and early April. The reviews will be looking at staffing structure and roles to ensure fit for purpose. • Turnover: <ul style="list-style-type: none"> • In Q1 of the 21/22 annual period turnover increased: There were 12 leavers in Quarter 1 (April – June 2021) giving a turnover rate for the quarter of 3.6%. Based on the number of leavers so far in Quarter 1, it is estimated that the turnover rate for the annual period 2021/22 will be 14.5%. This is higher than the annual projections in the same quarter in the previous year (4.8% in Quarter 1 in 2020/21 which was impacted by the pandemic) and it is higher than the local government average currently available (14% for 2018/19 for Local Authority districts in the UK). With the exception of 2020/21, historically turnover in Quarter 1 every year has been high (26.3% in 2018/19, 16.4% in 2019/20) and then it gradually decreases throughout the rest of the year. It is anticipated that turnover for 2021/22 will follow the same pattern. The increase has been reported |
|---|--|--|

Update on current position

- to LT and HRC who have asked that it is monitored, looking at the reasons for leaving we have seen an increase in retirements and lifestyle changes, delayed leaving impacted by the pandemic.
- There were 11 leavers in Quarter 2 (July – September 2021) giving a turnover rate for the quarter of 3.4%. Based on the number of leavers so far in Quarters 1 and 2, it is estimated that the turnover rate for the annual period 2021/22 will be 14.1%. This is higher than the projections in the same quarter in the previous year (5.9% in Quarter 2 in 2020/21) and it is slightly higher than the local government average (14% for 2018/19 for Local Authority districts in the UK). It has however fallen since the previous quarter (14.5% in Quarter 1).
 - There were 9 leavers in Quarter 3 (October – December 2021) giving a turnover rate for the quarter of 2.8%. Based on the number of leavers so far in Quarters 1, 2 and 3 it is estimated that the turnover rate for the annual period 2021/22 will be **13.1%**. This has reduced and fallen by 1% since quarter 2 (21/22) and is now lower than the local government average (14% for 2018/19 for Local Authority districts in the UK).
 - Turnover is therefore reducing but as with many organisations we are seeing increased numbers of staff retiring and we have also seen staff change career as the Pandemic has effected people lifestyle choices. Homeworking is also a threat a staff can potentially work further away meaning that competing with London salaries will become more challenging. is at 14.4% for the annual period 21/22 which is an increase from last year as to be expected following the pandemic. Many people have made career changes and held off leaving during the initial stages.
 - In terms of sickness absence this remains lower than other authorities but has increased this year to 6.15 days. Again this is due to the pandemic, vaccinations, COVID illness and mental health impacts. Please see Employee Health and Wellbeing Report 21/22.
 - In line with savings required all recruitment must be approved by the Leadership Team sub-group for Recruitment with enhanced justification and a requirement to explore either restructures or process changes to eliminate the need for the post.
 - The transformation programme includes a Modern Workforce Development strand which includes organisation development to support transformation (e.g. staff briefings, resilience training, six sigma training etc.), new staff and management competencies, a revised PDR, development to improve our one team culture as well as a blended work offer.

Update on current position

- The Blended Work Offer has been shared with staff, the trials have worked well and from 1/11/2021 staff who wish to and their role allows ~~will be~~ are working up to 50% at home and 50% in the office. There will be rota based system continuing in the shared Revenues and Benefits service where staff will continue with higher levels of home working in line with the shared service and potential growth. This has helped with some retention but the employment market is difficult in terms of hard to recruit posts becoming harder due to limited supply as well some employers offering full home working meaning that staff can be based further away.
- The temporary labour supply arrangement went live in April 2020 which has reduced fees paid to agencies and ensures a wider pool of potential candidates. This is working fairly well with issues resolved with Matrix where they arise to improve the pooling.
- The Indeed EHC branded website is working ok but has not been as successful as hoped and is being replaced with a multi-site package which will use several of the top recruitment platforms as well as indeed. This is being implemented through an Applicant Tracking System (ATS) which will include an improved online application form, online shortlisting, name blind shortlisting and improve our presence online. The new system will also aid onboarding again improving the candidate/new starter experience.
- Ongoing work has continued with the Communications team and HR to improve the online presence and promote the employer brand further. Case studies have been developed to support welcoming diversity and a photographer is creating better images.
- Career graded posts are continuing to be used and proving successful for hard to recruit posts with all four Lawyer roles successfully filled last year. A review of apprentices is continuing to both manage costs and support succession. This has been slowed by the pandemic, but we now recruiting into customer services as this allows progression into a range of services. We are awaiting a new planner framework and will potentially use this to bring further planning apprentices.
- A further important update to note is that the Council has secured funding to commission an 8 module resilience programme from a company called Art of the Brilliant which will run over 8 months for all staff to improve and support their wellbeing and reliance and therefore support this key risk area.
- Once completed, Northgate End, Hertford Theatre and Old River Lane sites will all require IT and Facilities Management support over extended operating hours.

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|--|---|---|--------------------|---|
| 5 | C 4 | Poor performance or failure of key partner or contractor | <p>Poor performance or failure of key partner or contractor</p> <p>Failure to mobilise major outsourced contracts properly and/or on time</p> | <ul style="list-style-type: none"> • Disruption to all Council services • Additional costs resulting from response • Demand to partner organisations to provide mutual aid to support our response • Cost and time involved in unplanned procurement exercises • Major media engagement • Reputational damage • Damage to relations with outsourcing partner and potential damages claim | Head of Operations | <ul style="list-style-type: none"> • Risk of contractor failure increased due to COVID. Regular discussions are continuing with contractors and key third sector partners to ensure no <u>minimal</u> failures in delivery, particularly during the pandemic • Credit risk scores are obtained for major contractors during the operation of the contract and particular attention is paid to trade news concerning contractors' financial health. • Offer of open book accounting to examine any potential cost increases as a result of changing circumstances. • Waste-related business continuity plans are also regularly reviewed. Brexit restrictions and the closure of Asian export markets will |

| Update on current position | | | | | | |
|----------------------------|--|--|--|--|--|---|
| | | | | | | <p>impact on the sale of materials and income may cease and costs may increase. Talks are ongoing with other Hertfordshire authorities to determine alternative recycling operators options. The council is investigating a circular economy option for the plastics waste stream in particular.</p> |

| Update on current position | | | | | | |
|----------------------------|--|--|--|--|--|--|
| 5 | | <ul style="list-style-type: none"> • Risk of business failure remains the same due to COVID and Brexit i.e. staff shortages, there remains an increased use of agency staff (and risks associated with service delivery of no shows, not knowing the routes etc). Business continuity plans refreshed and regular dialogue maintained with contractors who have been informed the council would look sympathetically at cost increases provided the council was told in advance and the contactor undertook to use reasonable endeavours to resolve cost pressures themselves utilising furlough and other central government support. • Customer confidence growing slowly within leisure centres, continued discussions with contractor to monitor impacts. • Contingency plans to step in should contractors fail. Principal route will be to use a TEKAL company to provide the service pending retendering as the company vehicle preserves the private sector T&Cs of employment. • Council has and is prepared to offer loans to help contractors with cash flow, subject to an assessment that they are a going concern. | | | | |

East Herts Council Corporate Risk Register – 2021/22 quarter four

Update on current position

- Requirement for higher recycled packaging content has caused some plastic materials prices to increase.
- Escalated performance management discussions have taken place with waste contractor, an action plan to manage recruitment and vehicle breakdown is now in place.

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|--|--|---|---------------------------------------|---|
| 6 | C 3 | Judicial Review and or major legal challenge | <ul style="list-style-type: none"> • Council loses case | <ul style="list-style-type: none"> • Council policies may no longer be fit for purpose • Unregulated activity until soundly based policy put in place • Large costs award against Council • Reputational damage • Major media engagement • Monitoring Officer and/or s.151 officer issues Report in the Public Interest • Department for Levelling Up, Housing and Communities intervention • Potential requirement to repeat procurement | Head of Legal and Democratic Services | <ul style="list-style-type: none"> • All Executive, Committee and Council reports require sign off by legal and finance to ensure compliance with budget and policy framework and current legislation. • List of policies maintained with review dates. • Information Governance function strengthened to ensure compliance with data protection. • Policies should be backed by evidence and Leadership Team consideration involves constructive challenge as well as formal Monitoring Officer and s.151 officer. |

East Herts Council Corporate Risk Register – 2021/22 quarter four

Page 84

| Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|-------|---|--|---|------------|--|
| | Loss of access to Cabinet Office systems | <ul style="list-style-type: none"> IT systems not meeting government standards leading to the elections team being unable to communicate with central government systems | exercise and compensate unsuccessful bidders in first exercise <ul style="list-style-type: none"> Additional and or abortive costs Loss of access to electoral registers, inability to run day to day elections business. | | <ul style="list-style-type: none"> IT have sought a waiver to allow access to Cabinet Office systems until such time that we are moved over to Windows 10. |

Update on current position

| | | |
|---|--|---|
| 6 | | <ul style="list-style-type: none"> All four new solicitors are now in post. The Contracts Lawyer, who started in March 2021, has been advising on the Council’s major projects, allowing for much greater control. The Council’s Information Governance and Data Protection Manager who started at the beginning of 2021, has undertaken a great deal of work with regards data mapping and updating the Council’s policies, providing the Council with greater resilience against data breaches. Work being outsourced has more or less ceased, meaning that, where legal advice is required, East Herts Legal Team are now consulted throughout, reducing the risk of problems arising further down the line. Cabinet Office requiring that all Local Authorities move away from their soon to be defunct “Public Services Network” onto a new web based system. East Herts’ IT systems do not currently meet the Cabinet Office’s requirements and so we are unable to access the new web based system. IT have sought and been granted a waiver on certain |
|---|--|---|

East Herts Council Corporate Risk Register – 2021/22 quarter four

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|-----------------------------------|---|
| Update on current position | |
| | requirements on the proviso that we will be moving onto Windows 10 shortly. |

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---------------|---|---|------------------|--|
| 7 | A 1 | District Plan | Failure to refresh District Plan to timescales and /or refreshed District Plan found to be unsound at examination | <ul style="list-style-type: none"> • Planning becomes developer led rather than planning policy led through 5 year land supply test • Additional costs to redo work Additional costs of planning appeals and possible judicial reviews • Reputational damage • Loss of affordable housing and S.106 / community infrastructure levy benefits • Failure to meet 5 year Housing Land Supply requirements • Possible intervention by the Department for Levelling, Housing & Communities | Head of Planning | <ul style="list-style-type: none"> • Evidence based planning policy decisions • Strong focus on Member, Parish, partner and community buy-in |

Update on current position

7

- The District Plan was adopted in October 2018 following a successful examination in public.
- Planning in East Herts is therefore ‘plan-led’ rather than ‘developer-led’.
- The majority of strategic sites now have an agreed Masterplan.
- Following the Housing Delivery Test results in January, the Council has maintained the minimum 5% buffer and therefore can demonstrate a housing year land supply in excess of 5 years.
- The Council has also continued its trend of annual improvements on the Housing Delivery Test, this year being able to demonstrate a 130% delivery rate meaning that the Council is meeting its housing need and addressing the undersupply of previous years as well.
- A total of 853 dwellings were completed in 2020/21. Of these, 267 were affordable homes which represents 31.3% of all completed dwellings in the district.
- To be effective plans need to be kept up-to-date. The National Planning Policy Framework states policies in local plans, should be reviewed to assess whether they need updating at least once every 5 years, and should then be [updated as necessary](#). Officers are currently considering whether a review of the District Plan is required.

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|----------------|--|---|--------------------------|---|
| 8 | A 4 | Climate change | <p>Severe Weather causing major incident (includes flood, wind, snow, cold and heat)</p> <p>Drought</p> <p>Weather extremes require substantial retrofit costs for asset adaptations</p> | <ul style="list-style-type: none"> • Disruption to Council services as staff diverted to response • Additional costs of response • Service changes required if long recovery phase • Service change required to adapt e.g. heatwave early day starts • Major media engagement • Disruption to some services through water restrictions • Additional costs of support to vulnerable service users • Public health issues • Non-availability of capital resources may cause working conditions on some days to be unbearable. • Instances of abandoning assets where hold the | Head of Housing & Health | <ul style="list-style-type: none"> • Business Continuity Plan Severe Weather section • Emergency Plan including specific response plans to flooding etc. • Health and Safety Policy details severe weather response • Council reducing carbon footprint for the district • Emergency Plan • Business continuity plan • Council reducing carbon footprint for the district • New modern workspace work stream of the Transformation Programme will address climate change issues in the design |

East Herts Council Corporate Risk Register - 2021/22 quarter four

Page 88

| Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|-------|---------------|---------|--|------------|----------------------|
| | | | line defences against floods no longer viable <ul style="list-style-type: none"> • Increasing attacks by non-native species causing biodiversity loss • Increased costs arising from new operating requirements, e.g. sustained +30 degree heat requires refuse freighter insides to be degreased and jetted out regularly to prevent oils and fats combusting | | |

| Update on current position | | | | | |
|----------------------------|--|--|--|--|--|
| 8 | | | <ul style="list-style-type: none"> • Climate change motion agreed July 2019. • Multi-agency environmental and climate change forum continues. • Energy efficiency modifications to key existing buildings and new electricity contract is from renewable sources. • Review underway of motor fleet with extended use of e-vehicles. • Carbon footprint reducing as a consequence of pandemic and homeworking. Future agile working will support. • Food waste minimisation campaign to reduce carbon footprint by food being wasted as well as the disposal route. • List of achievements posted on website at https://www.eastherts.gov.uk/about-east-herts-0/environmental-sustainability/sustainability-get-involved. • Training commenced for officers. • Clean Air Day campaign held. | | |

East Herts Council Corporate Risk Register – 2021/22 quarter four

| Update on current position | |
|----------------------------|---|
| | <ul style="list-style-type: none"> Engagement with insurers over design / materials for new buildings. Use of sustainable materials and modern methods of construction proving problematic. Insurers want more emphasis on property protection (in addition to life saving standards). Major developments are also situated in or adjacent to flood zones. Insurance Broker Surveyor to be instructed to review Hertford Theatre plans and provide report on likely insurance market reaction. <u>Construction insurance for Hertford Theatre currently proving very difficult to procure.</u> HCCSP strategic theme – adaptation. <u>Climate Change Strategy 2022 – 2026 drafted with public consultation due to run from 20th April to 23rd May. The strategy lays out a route map for the council to become carbon neutral by 2030 and the mechanisms via which the council will contribute to carbon neutrality across the whole district by that date.</u> |

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|-------------------------------------|---|--|--------------------------|--|
| 9 | A 1 | Child / Vulnerable Adult Protection | Child / Vulnerable Adult protection failure | <ul style="list-style-type: none"> Possible legal action for damages Possible prosecution Major media engagement Reputational damage | Head of Housing & Health | <ul style="list-style-type: none"> Safeguarding policy Annual training for staff and Members |

| Update on current position | |
|----------------------------|---|
| Page 89 | <ul style="list-style-type: none"> 90% of Members have received safeguarding training or briefings. Officer training on safeguarding annually. Targeted training took place for 10 officers in quarter one with 40 booked |

Update on current position

| | | |
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| | | <p>to future sessions. Further training being provided to Community Safety Partnership Board and Joint Advisory Group Partners.</p> <ul style="list-style-type: none"> • Quarterly safeguarding report submitted to Leadership Team. • Hertfordshire Safeguarding Adults Board self-assessment complete. Favourable feedback received along with recommendations for further improvement. • <u>SIAS audit of safeguarding function reported in Feb 2022. 'Reasonable' assurance provided with one 'medium priority' recommendation made to instigate a process of further compliance checks among grant recipients, taxi licence holders and contracts. This work will be carried out by 31.03.23. SIAS Audit scheduled for February 2022.</u> • Domestic Abuse Policy considered and approved by HR committee in November 2021. |
|--|--|--|

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---------------|---|---|----------------------------------|---|
| 10 | A 2 | Equalities | Council found to have discriminated against individuals or communities with protected characteristics OR council has made a decision without considering equalities and diversity implications. | <ul style="list-style-type: none"> • Possible legal action for damages • Possible enquiry and report by Equalities & Human Rights Commission • Major media engagement • Reputational damage | Head of Comms, Policy & Strategy | <ul style="list-style-type: none"> • East Herts into a shared service for equalities and diversity support with HCC in November 2020. • New strategy being developed to address challenges and embed equalities and diversity in decision making. |

Update on current position

| | | |
|----|--|--|
| 10 | | <ul style="list-style-type: none"> • <u>New strategy was approved by Council on 28 July. Since then significant work has been undertaken on training staff on the equalities impact assessment process and forming a staff equalities group</u> |
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Update on current position

- Unfortunately shared service with HCC ended in April 2022 due to post holder leaving. We are currently reviewing options for provision within the limited resources we have for corporate equality support.

East Herts Council Corporate Risk Register - 2021/22 quarter four

Page 92

| Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|-------|------------------|--|--|--|---|
| B 2 | Internal control | Failure of internal control or unethical behaviour | <ul style="list-style-type: none"> • Qualified accounts • Possible Police involvement if fraud involved • Major media engagement • Reputational damage • Increased costs as a result of loss or fine or compensation payments | Head of Strategic Finance and Property | <ul style="list-style-type: none"> • Key reconciliations carried out regularly. • Internal audit work planned and undertaken on key areas. • Assurance Mapping • Electronic workflow where controls much harder to circumvent • Separation of duties appropriate to the staffing numbers |

| Update on current position | | | | | |
|----------------------------|--|--|--|--|--|
| 11 | | <ul style="list-style-type: none"> • Audits remain mostly on track and there is sufficient audit scope for an assurance opinion to be given • Assurance Mapping approach to be introduced which will show visually where assurance is gained and also identifies duplications and unnecessary steps which will inform officers undertaking lean process reviews and help Audit & Governance Committee to see where there are risks and then internal audit resources can be directed there. • Full suite of updated anti-fraud and corruption policies approved by to be submitted to Leadership Team in October and Audit and Governance Committee in November 2021. Intranet and website content to be updated once agreed. • The new policies will be publicised to all employees. • The Shared Anti-Fraud Service recommenced meetings with teams to provide training and increase awareness, starting with Parking (blue badge misuse), Licensing and Housing in October 2021. | | | |

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|-------------------------------|--|---|----------------------------|--|
| 12 | A 4 | Outbreak of disease in humans | Pandemic and/or Public Health Emergency Declared | <ul style="list-style-type: none"> • Loss of staff and/or key skills due to illness and related absenteeism • Requirement to enable entire workforce to work from home • Requirement for Council and Committees to meet via video conference • Loss of income/additional costs • Loss of essential services /utilities/ suppliers • Demand from partner organisations to provide staff and other resources to support their response • Major media engagement • Disruption to all Council services • Increased risk of fraud from support programmes | Head of Housing and Health | <ul style="list-style-type: none"> • Business Continuity Plan • Emergency Plan • Dynamic risk assessments and keeping office open and COVID secure in line with government guidance. • Agile working introduced and scaled up to ensure social distancing • Fraud alerts on pandemic circulated by SAFS |

Update on current position

12

- Updates on financial compensation are included under Risk 1
- Updates on recovery work on supporting the local economy are detailed under Risk 2
- Alternative working methods instigated as a result of Covid 19 including home working and IT communications solutions (Zoom, Teams, WhatsApp and the like)
- Blended working arrangements commenced autumn 2021 with staff working 50% at the office and 50% from home.
- Detailed, up-to-date risk assessments in place including frequent Covid self-testing
- Live Well, Work Well programme amended to incorporate greater emphasis on staff mental health
- Joined up working with key partners, notably HCC and the police, to ensure coherent and planned use of financial and staff resources, for example Covid marshals and joint visits/advice/enforcement actions re: businesses. (Covid marshal scheme extended during quarter one.) Shop safe, shop local campaign held.
- Restart grants for businesses and community covid recovery grant schemes opened.
- Public facing recovery plan published in April.
- In-person Member meetings resumed.
- East Herts vaccination plan drawn up. Bidding for resources for vaccine tracing.
- The council continues to work with HCC Public Health as the national Covid measures and guidance recede.

East Herts Council Corporate Risk Register – 2021/22 quarter four

| No | Score | Vulnerability | Trigger | Consequence | Risk owner | Mitigation / control |
|----|-------|---|---|--|--------------------------|---|
| 13 | A 1 | Business Continuity Plan / Emergency Plan | Major Incident Occurs Plan fails | <ul style="list-style-type: none"> • Loss of essential services / utilities/ suppliers • Demand from partner organisations to provide staff and other resources to support their response • Major media engagement • Disruption to all Council services • Unable to support partner organisations to provide staff and other resources to support their response • Possible legal action or public inquiry | Head of Housing & Health | <ul style="list-style-type: none"> • Emergency Plan Major Incident protocols • Business Continuity Plan • Keep plans under review every 6 month and keep evidence. • Review of response after every incident • Training for staff in EP roles • Regular exercises once a quarter • Emergency and Resilience work provided through Hertfordshire County Council |

Update on current position

| | | |
|----|--|--|
| 13 | | <ul style="list-style-type: none"> • Normal business continuity and emergency planning activities have continued during the pandemic. • Mutual aid was provided to the NHS to support staff shortages as well as supporting testing and vaccination • Desk top exercise accessing plans and refresh of contact lists undertaken • Communications test undertaken from County to Districts to check notification cascade. • Review of business continuity plan by Hertfordshire County Council Resilience Officer underway, <u>particularly in light of the potential heightened risk of cyber attacks in the context of Russia's invasion of Ukraine. All staff mandated to</u> |
|----|--|--|

Update on current position

- [complete cyber risk online training by 08.04.22.](#)
- Proposed test of the emergency plan postponed during pandemic. The test will be the priority once the business continuity plan review is complete.
- Review of IT Disaster Recovery Plan to take place.

| | | Description | Likelihood of occurrence | Probability of occurrence |
|-------------------|--------------------|--|-----------------------------------|--|
| Likelihood | 4 | High | Monthly | The event is expected to occur or occurs regularly |
| | 3 | Medium | Annually | The event will probably occur |
| | 2 | Low | 1 in 5 years | The event may occur |
| | 1 | Very Low | Less frequently than 1 in 5 years | The event may occur in exceptional circumstances |
| Impact | Description | Financial | Reputation | Service / operation |
| | A Critical | > £1m p.a. | Serious negative media | Catastrophic fall in service quality or long term disruption to services |
| | B Significant | £400,000 to £1m p.a. | Adverse national media | Major fall in service quality or serious disruption to services |
| | C Marginal | £100,000 to £400,000 p.a. | Adverse local media | Significant fall in service quality |
| D Minor | < £100,000 | Public concerns restricted to local complaints | Little impact to service quality | |

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East Herts Council Report

Audit and Governance Committee

Date of meeting: 31 May 2022

Report by: Tyron Suddes, Information Governance and Data Protection Manager

Report title: Data Protection Update

Ward(s) affected: All

Summary – To provide an update on data protection compliance, including data breaches and subject access requests.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a) **That the Committee notes the content of the report and provides any observations to the Information Governance and Data Protection Manager**

1.0 Proposal(s)

- 1.1 As above

2.0 Background

- 2.1 This report provides a regular six monthly update on data protection compliance, including the number of data breaches reported and responded to, and the number of Subject Access Requests (SARs) received in the six month reporting period.
- 2.2 Since the last update on the items noted in 2.1 above given on the 9th November 2021, the Information Governance and Data Protection Manager has carried out the following actions:

- 2.3 The Council's data processing activities and assets have uploaded onto OneTrust, a data protection and information management software. This is to allow for the automatic identification, assessment and update of the Council's data assets and processes. The software also allows for the automatic generation of the Council's latest Record of Processing Activity and Information Asset Register.
- 2.4 The Council's Data Protection and Information Governance Policies have been reviewed. A revised Data Protection policy has been drafted and is awaiting final approval. Training sessions will be offered to all staff on this policy once adopted with an emphasis on the recognition on data subject rights.
- 2.5 The Information Governance Policy will be revised jointly with Stevenage Borough Council to ensure consistent and effective information management within Microsoft 365.
- 2.6 An additional 10 privacy notices have been drafted and all privacy information on Council webforms is currently being reviewed.
- 2.7 Data Protection Impact Assessments are now being carried out using automated assessments on OneTrust. This leaner process ensures that risks are flagged, mitigated and monitored against the associated data processing activity or asset within a central platform.
- 2.8 Data breach training sessions were offered to staff which aimed to increase staff awareness of reporting a suspected breach and to share learning from past breaches within the Council and those reported to the Information Commissioner's Office. 179 staff members attended these sessions.
- 2.9 As part of a regular data protection update, the committee requested an update on data breaches and SARs.
- 2.10 There have been 9 reported breaches from the 26th October 2021 to the 30th April 2022, none of which posed a likely risk to data subjects

and were therefore not reported to the Information Commissioner's Office (ICO) or to the data subjects.

2.11 Of the nine reported breaches, eight were caused by human error whereby:

2.11.1 A register of electors was attached to a Myview claim in error

2.11.2 An email was sent to a housing association with incorrect customer details

2.11.3 A document was insufficiently redacted before publication

2.11.4 Four emails were sent to incorrect recipients

2.11.5 A letter was sent to an incorrect recipient

2.12 One breach was caused by a software error which resulted in a number of invitations to register being addressed to electors at an incorrect address.

2.13 Where breaches were due to human error, the following action(s) were taken:

2.13.1 The register was immediately deleted from Myview and the Councillor responsible was contacted by the Data Protection Officer and reminded of the serious implications had the data been more widely breached and of the limited uses of the register. The register cover sheet, which covers onward use of elector data, is currently being reviewed. Additionally, data breach training will be offered to Councillors.

2.13.2 The incorrect recipients of data, including the housing association, were asked to permanently destroy the data and confirm once done.

2.13.3 Staff were reminded to ensure sufficient redaction before sharing.

2.13.4 The Information Governance and Data Protection Manager is currently investigating a trial of Egress which uses machine learning to prompt users to check whether emails are being sent to the correct recipient. Microsoft 365 has a similar feature which will be trailed alongside Egress to identify the

best and most cost effective solution to implement to reduce the amount of breaches caused by human error.

- 2.14 Where a breach had occurred due to a software issue, the elections team have now taken steps with the software provider to address the issue and will ensure that data is checked and cleansed before importing and that data is spot checked following this.
- 2.15 The number of reported data breaches has increased from five in the previous reporting period to nine in the current, however, this may be due to a greater understanding and awareness of data breach reporting following data breach training. Additionally, learning and actions taken following any breach are noted and shared with all staff via a data protection best practice page to prevent breaches of a similar nature occurring in future.
- 2.16 There have been two SARs received from the 26th October 2021 to the 30th April 2022. One request was provided in full and the other was partially provided as some of the personal data formed part of a Monitoring Officer investigation and was therefore exempt under the Data Protection Act 2018.

3.0 Reason(s)

- 3.1 The Audit & Governance Committee has within its terms of reference; to provide an effective mechanism to monitor the control environment within the council, ensuring the highest standards of probity and public accountability by challenging and following up internal audit recommendations.

4.0 Options

- 4.1 The Committee requested an update and so there are no alternative options to consider

5.0 Risks

- 5.1 Data breaches can pose a financial and reputational risk to the council if they are not reported and dealt with correctly, however, the council, through e-learning and virtual classroom training and updated policies and procedures has limited the amount of breaches. Additionally, through regular reporting of breaches, the council is able to identify trends and possible actions to prevent these reoccurring.
- 5.2 Similarly, subject access requests, if not responded to correctly and within the statutory one month time frame, can pose financial and reputational risks to the council. This report provides reassurance that the council continues to respond to these requests in line with legislation.

6.0 Implications/Consultations

- 6.1 None

Community Safety

No

Data Protection

Yes – regular updates on data protection aim to provide assurance that the council remains compliant with data protection legislation. Equally, updating on data breaches and subject access requests provides assurance that the council remains compliant in these areas.

Equalities

No

Environmental Sustainability

No

Financial

No

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

None, other than as identified above.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

Contact Member

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East Herts Council Report

Audit & Governance Committee

Date of meeting: 31 May 2022

Report by: Head of Strategic Finance & Property

Report title: Audit and Governance Committee Work Programme

Ward(s) affected: All

Summary – To present to Audit and Finance Committee the work programme for the year of finance and audit business with a brief summary of each report so that Members can see the business that will come before the Committee at each meeting.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE

- a)** Approve the work programme as set out in the report; and
- b)** Specify any training requirements.

1.0 Proposal(s)

- 1.1 Audit and Governance Committee's audit functions are:
 - 1.1.1 Approving the Council's statement of accounts.
 - 1.1.2 Consider the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
 - 1.1.3 Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.

- 1.1.4 Be satisfied that the Council's assurance statements, including reviewing the Annual Governance Statement against the good governance framework, properly reflect the risk environment and any actions required to improve it.
 - 1.1.5 Approve internal audit's strategy, its plan and monitor its performance.
 - 1.1.6 Approve the shared anti-fraud service strategy, its plan and monitor its performance.
 - 1.1.7 Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
 - 1.1.8 Receive the annual report of the head of internal audit.
 - 1.1.9 Receive and consider the reports of external audit (including the annual audit letter) and inspection agencies, and monitor management action in response to the issues raised.
 - 1.1.10 Ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.
 - 1.1.11 Review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
 - 1.1.12 Oversight of the Council's commercial projects.
- 1.2 Audit and Governance Committee's finance functions are:
- 1.2.1 Receive budget monitoring reports and risk management reports.

- 1.2.2 Lead the cross Member scrutiny and consideration of the Council's draft annual budget and medium term financial plan.
 - 1.2.3 Scrutinise the Council's Annual Investment Strategy, Annual Capital Strategy, Mid-Year Treasury Management Report and Annual Treasury Management Report and through review gain assurance that systems of governance and control for Treasury Management are effective.
 - 1.2.4 Where appropriate, assisting the Council and the Executive in the development of its budget and policy framework by in-depth analysis of financial, procurement and governance related policy issues.
 - 1.2.5 Where relevant to the audit or finance functions of the Committee, overseeing and scrutinising all Internal, Corporate and Corporate Governance functions of the Council.
- 1.3 In order to fulfil these functions a series of reports will be brought to Members to provide:
- 1.3.1 Assurance that the council's financial affairs are being properly managed and that the council is making the best use of resources;
 - 1.3.2 An adequate and effective system of internal audit is operating and that it's approved plan is being delivered;
 - 1.3.3 The Council's governance arrangements are adequate;
 - 1.3.4 That key business risks have been identified, evaluated and are being managed;

- 1.3.5 That key systems and controls are operating effectively giving assurance that the Statement of Accounts is materially correct and can be approved;
- 1.3.6 Receive and consider the external auditor's Audit Plan, report and Annual Audit Letter; and
- 1.3.7 Receive copies of Executive budget monitoring reports, for information, so that the final accounts outturn position can be compared to forecasts during the year.

2.0 Training

- 2.1 Training for Members of the Committee will be delivered for the first 30 minutes of the Committee meeting and will be related to the business before the Committee.
- 2.2 Members are recommended to review the proposed work programme and suggested training and identify any other training needs they require.

3.0 Work Programme

- 3.1 The Committee will recall that the external audit of the council's accounts was due to start in October and conclude in December. EY have delayed the start to the audit until 3 January 2022. Therefore the Accounts Approval Sub-Committee will now not need to sit in December but may need to sit in March.
- 3.2 The work programme for the Committee is proposed to be as follows:

| Committee | Date | Report Title | Report Summary |
|--------------------|--------------|--|---|
| Audit & Governance | 19 July 2022 | Training: Statement of Accounts | Presentation to Members on the key elements of the Statement of Accounts and the inter-relationship of the core statements. |
| | | Receipt of the External Auditor's Annual Governance Report | In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'. |
| | | Approval of the Statement of Accounts | Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit. |

| Committee | Date | Report Title | Report Summary |
|--------------------|-------------------|---|--|
| | | Audit and Governance Committee Work Programme | To present to Audit and Governance Committee an update on the work programme for the year. |
| Audit & Governance | 29 September 2022 | Training: Transforming East Herts Programme Overall Business Case | Presentation to Members on the Transforming East Herts Programme Overall Business Case |
| | | Transforming East Herts Programme Overall Business Case | To present to Audit and Governance Committee for scrutiny the Transforming East Herts Programme Overall Business Case |
| | | Shared Anti-fraud Service Anti-Fraud Plan progress report | To present to Audit and Governance Committee the Shared Anti-Fraud Service's progress against the Anti-Fraud Plan. |
| | | Draft Annual Governance Statement | To present to Audit and Governance Committee for comment the Draft Annual Governance Statement for incorporation in the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement to accompany the statement of accounts. |
| | | 2021/22 Provisional Outturn | To provide Audit and Governance Committee with a copy, for information, of the Executive Report with the provisional outturn position |

| Committee | Date | Report Title | Report Summary |
|--------------------|------------------|---|---|
| | | | on revenue spending and the capital programme as at the end of the financial year. |
| | | Financial Management 2022/23 – Quarter 1 Forecast to Year End | To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 1 |
| | | Annual Treasury Report 2021/22 | To provide Audit and Governance Committee with a copy of the Annual Treasury Report so that they can scrutinise the Report. |
| | | Strategic Risk Register Monitoring Q1 2022/23 | To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 1. |
| | | Audit and Governance Committee Work Programme | To present to Audit and Governance Committee an update on the work programme for the year. |
| Audit & Governance | 15 November 2022 | Training: | Shared Anti-Fraud Service |
| | | Budget 2023/24 and Medium Term Financial Plan 2023/24 – 2027/28 | To provide Audit and Governance Committee with an update on the budget and MTFP including costs pressures, savings and efficiencies against the original proposals, forward budget and planning assumptions for scrutiny. |

| Committee | Date | Report Title | Report Summary |
|--------------------|-----------------|---|--|
| | | External Audit Planning Report 2022/23 | To present to Audit and Governance Committee the external auditor's Audit Planning Report. The Committee receives the report on behalf of the Council. |
| | | Treasury Management 2022/23 Mid-Year Review | To provide Audit and Governance Committee with a copy of the Treasury Management Mid-Year Review Report so that they can scrutinise the Report |
| | | Strategic Risk Register Monitoring Q2 2022/23 | To present to Audit and Governance Committee the Strategic Risk Register Monitoring at the end of quarter 2. |
| | | Shared Internal Audit Service Internal Audit Plan Progress Report | To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan. |
| | | Annual Infrastructure Funding Statement Report 2021/22 | To present to Audit and Governance Committee an update on Section 106 contributions and the council's Annual Infrastructure Funding Statement Report 2020/21 |
| | | Audit and Governance Committee Work Programme | To present to Audit and Governance Committee an update on the work programme for the year |
| Audit & Governance | 24 January 2023 | Budget Scrutiny - Budget 2023/24 and Medium Term Financial Plan 2023-27 | To present to Audit and Governance Committee the Executive's proposed General |

| Committee | Date | Report Title | Report Summary |
|--------------------|---------------|--|--|
| | | | Fund Budget and Medium Term Financial Plan for scrutiny. |
| | | Investment Strategy 2023/24 for scrutiny | To present to Audit and Governance Committee the Executive's proposed Investment Strategy for scrutiny. |
| | | Capital Strategy and Minimum Revenue Provision Policy 2023/24 for scrutiny | To present to Audit and Governance Committee the Executive's proposed Capital Strategy and Minimum Revenue Provision Policy for scrutiny. |
| | | Shared Internal Audit Service Internal Audit Plan Progress Report | To present to Audit and Governance Committee the Shared Internal Audit Service's progress against the Internal Audit Plan. |
| | | Financial Management 2022/23 – Quarter 2 Forecast to Year End | To provide Audit and Governance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 2. |
| | | Audit and Governance Committee Work Programme | To present to Audit and Governance Committee an update on the work programme for the year. |
| Audit & Governance | 28 March 2023 | Training: Risk Management | Presentation on risk management and its importance for the council |
| | | Strategic Risk Register Monitoring Q3 2022/23 and Annual Review of Risk | To present to Audit and Governance Committee the Strategic Risk Register |

| Committee | Date | Report Title | Report Summary |
|--------------------|-------------|---|--|
| | | Management Strategy | Monitoring at the end of quarter 3 and the annual review of the council's risk management strategy. |
| | | Financial Management Quarter 3 Forecast to Year End | To provide Audit and Finance Committee with a copy for information of the Executive Report with the forecast position on revenue spending and the capital programme as at the end of quarter 3. |
| | | Review of Internal Audit | To present to Audit and Governance Committee the review of the effectiveness of Internal Audit. Regulation 6 of The Accounts and Audit Regulations 2015 require the Council, at least once a year, to conduct a review of the effectiveness of its internal audit. |
| | | Audit and Governance Committee Work Programme | To present to Audit and Governance Committee an update on the work programme for the year. |
| Audit & Governance | May 2023 | Training | The role of internal audit |
| | | Annual Report on Internal Audit Activity | To present to Audit and Governance Committee the Annual Report on Internal Audit Activity for the preceding financial year. |
| | | Strategic Risk Register Monitoring Q4 | To present to Audit and Governance |

| Committee | Date | Report Title | Report Summary |
|-----------|------|--|---|
| | | 2021/22 | Committee the Strategic Risk Register Monitoring at the end of quarter 4. |
| | | Receipt of the External Auditor's Annual Governance Report | In accordance with the Code of Audit Practice (the Code), this report provides a summary of the work the external auditor has carried out during their audit of accounts, the conclusions they have reached and the recommendations they have made to discharge their statutory audit responsibilities to those charged with governance (in this case the Audit and Finance Committee) at the time they are considering the financial statements. In preparing their report, the Code requires them to comply with the requirements of International Standards on Auditing (United Kingdom & Ireland) – ISA (UK&I) - 260 'Communication of Audit Matters to Those Charged With Governance'. |
| | | Approval of the Statement of Accounts | Regulation 10 (1) of the Accounts and Audit Regulations 2015 requires the Statement of Accounts to be approved by a resolution of a committee of the Council, such approval to take place before 30 September immediately following the end of a year, or as soon as practicable after the conclusion of the audit. |

| Committee | Date | Report Title | Report Summary |
|------------------|-------------|---|--|
| | | Audit and Governance Committee Work Programme | To present to Audit and Governance Committee an update on the work programme for the year. |

4.0 Reasons

4.1 To ensure that Audit and Finance Committee is aware of the work programme and ensure that Members have the opportunity to request any training or briefing around upcoming items.

5.0 Risks

5.1 Risk Management is reported to the Committee regularly.

6.0 Implications/Consultations

Community Safety

No

Data Protection

Data Protection reports and policies will be brought before the Committee as appropriate.

Equalities

No

Environmental Sustainability

No

Financial

The report details the Committee's responsibilities in relation to finance.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Legal requirements are noted in the report summaries in the table in this report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

7.1 None

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