

Public Document Pack



**North East
Derbyshire**
District Council

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Date: Friday, 5 April 2024

To: **Members of the Audit Committee**

Please attend a meeting of the Audit Committee to be held on **Monday, 15 April 2024 at 3.00 pm in Meeting Rooms 1 & 2**, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield S42 6NG.

Yours sincerely

A handwritten signature in black ink that reads "Sarah Steenberg".

Assistant Director of Governance and Monitoring Officer

Members of the Committee

<u>Labour Group</u>	<u>Conservative Group</u>
Councillor Christine Smith – Chair Councillor David Cheetham Councillor Gerry Morley	Councillor Alex Dale Councillor Martin E Thacker MBE JP

For further information about this meeting please contact: Tom Scott 01246 217045

A G E N D A

1 Apologies for Absence

2 Declarations of Interest

Members are requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

3 Minutes of Last Meeting (Pages 4 - 7)

To approve as a correct record and the Chair to sign the Minutes of the Audit Committee held on 22 January 2024.

4 Report of the External Auditors - Mazars

a. External Audit Update (Pages 8 - 17)

5 Report of the Managing Director

a. Risk Management Strategy (Pages 18 - 62)

6 Reports of the Head of the Internal Audit Consortium

a. Monitoring the Implementation of Internal Audit Recommendations (Pages 63 - 71)

b. Internal Audit Plan 2024/25 (Pages 72 - 80)

7 Reports of the Director of Finance & Resources and S151 Officer

a. Annual Review of the Effectiveness of Internal Audit (Pages 81 - 84)

b. Corporate Debt (Pages 85 - 90)

c. Anti-Fraud and Corruption Strategy (Pages 91 - 100)

8 Report of the Assistant Director Governance & Monitoring Officer

a. Work Programme (Pages 101 - 104)

9 Urgent Matters (Public)

To consider any other matter which the Chair of the Committee is of the opinion should be considered as a matter of urgency.

10 Exclusion of Public

The Chair to move:-

That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006).

11 Internal Audit Progress Update (Pages 105 - 135)

12 Urgent Matters (Private)

To consider any other matter which the Chair of the Committee is of the opinion should be considered as a matter of urgency.

13 Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place in the new Municipal Year.



**North East
Derbyshire**
District Council

Access for All statement

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AUDIT COMMITTEE

MINUTES OF MEETING HELD ON MONDAY, 22 JANUARY 2024

Present:

Councillor Christine Smith (Chair) (in the Chair)
Councillor David Cheetham (Vice-Chair)

Councillor Alex Dale
Councillor Martin E Thacker MBE JP

Councillor Gerry Morley

Also Present:

J Dethick	Director of Finance and Resources (Section 151 Officer)
J Williams	Head of Internal Audit Consortium
T Scott	Governance and Scrutiny Officer
N Magwaza	Engagement Lead - Mazars
M Hardwick	Senior Risk Consultant - Zurich Municipal
H Kaur	Trainee Risk Consultant - Zurich Municipal

AUD/ Apologies for Absence

28/2

3-24 No apologies for absence were received.

AUD/ Declarations of Interest

29/2

3-24 Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

No declarations of interest were received.

AUD/ Minutes of Last Meeting

30/2

3-24 RESOLVED – That the Minutes of the Audit Committee held on 4 December 2023 be approved.

AUD/ Report from Zurich Municipal

31/2

3-24 The Senior Risk Consultant from Zurich Municipal presented the Risk Management Health Check Review report. Zurich had been commissioned by the Council to review risk management arrangements across the organisation. The report came to the conclusion that the Council's risk management maturity was at Level 4 (Integrated).

Members were pleased that 'risk appetite' had been considered in the report as one of the six risk management categories, and felt the Council's risk appetite should be given further consideration by the Committee. The Director of Finance

and Resources advised Members that the Risk Management Update scheduled for the next Audit Committee meeting would cover this area.

Members were also pleased to read positive references to the Council's leadership culture and wished to place on record their thanks to the officers responsible for it. The Senior Risk Consultant for Zurich Municipal added that the way in which the Council integrates risk into everything it does is very good.

RESOLVED - That the Committee noted the update.

AUD/ External Audit Progress Report

32/2

3-24

The Engagement Lead of external auditor Mazars presented the Council's Audit Progress Report.

The Engagement Lead – Mazars explained that the Executive Summary section of the report included a breakdown of what was presented to the Committee at its previous meeting on 4 December 2023 and work that had been undertaken since then.

Members referred to the part of the report which stated Mazars were yet to receive the final report from the external auditors of the Derbyshire Pension Fund, and asked if this had been received yet. The Engagement Lead – Mazars confirmed that Mazars were still waiting for the report.

Members referred to the part of the report within the Executive Summary which stated Mazars had been unable to issue audit certificates, and asked if these would be issued by the end of the financial year. The Engagement Lead – Mazars explained that the National Audit Office was unlikely to sign them off by this time.

RESOLVED - That the Committee noted the update.

AUD/ Internal Audit Progress Update

33/2

3-24

The Head of the Internal Audit Consortium presented a progress report in respect of the 2023/24 Internal Audit Plan.

Members discussed housing benefit overpayments. The Director of Finance and Resources agreed to bring a position statement to the next meeting.

RESOLVED - That the Committee noted the report.

AUD/ Review of the Internal Audit Charter

34/2

3-24

The Head of the Internal Audit Consortium presented a report for both information and approval, which set out the results of a review of the Internal Audit Charter. The Public Sector Internal Audit Standards (PSIAS) stated that the Head of Internal Audit must periodically review the Internal Audit Charter and present it to the relevant Committee for approval.

RESOLVED –

- (1) That the Committee noted the outcome of the review of the Internal Audit Charter.
- (2) That the Committee approved the Internal Audit Charter.
- (3) That the agreed Internal Audit Charter be reviewed in a years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

AUD/ Treasury Management Strategies 2023/24 - 2026/27

35/2

3-24

The Director of Finance and Resources presented a report to enable the Committee to consider the attached treasury strategies prior to them being taken to Council for approval.

Members suggested having interim reviews of the Capital Programme to be better prepared for global influences.

Members questioned the levels of debt shown in certain parts of the report. The Director of Finance and Resources provided an explanation of the Council's debt profile and explained that the majority related to the Housing Revenue Account.

RESOLVED - That the Committee noted the report.

AUD/ Proposed Accounting Policies 2023/24

36/2

3-24

The Director of Finance and Resources presented a report to request approval by the Committee of the accounting policies that it is proposed to adopt for the current financial year in the preparation of the Statement of Accounts 2023/24.

The Director of Finance and Resource stated that any significant change to the policies would be presented to the Committee at a later date.

RESOLVED -

- (1) That the Audit Committee approved the Accounting Policies detailed at Appendix 1 to the report.
- (2) Members noted that any proposed amendments or changes to these policies will be reported back to the Committee, together with an explanation for the reasons a change is considered to be appropriate and detailing any financial implications of the amendments.

AUD/ Audit Committee Work Programme

37/2

3-24

The Director of Finance and Resources presented the draft Work Programme 2023/24 for Member approval.

The Committee agreed to add an item to the Work Programme to reflect the earlier discussion about housing benefit overpayments.

Members enquired if Council Tax Debt was still a concern. The Director of

Finance and Resources stated that this area was on track to meet its targets at the end of the municipal year.

RESOLVED –

- (1) That the Committee agreed to add an item to the Work Programme about housing benefit overpayments.
- (2) That the Committee noted and approved the proposed Audit Committee Work Programme for 2023/2024 (with the one amendment) as set out in the attached Appendix 1.

AUD/ Urgent Matters

38/2

3-24 None.

AUD/ Date of Next Meeting

39/2

3-24 The next meeting of the Audit Committee was scheduled to take place on 15 April 2024 at 3.00 pm.

North East Derbyshire District Council

External Audit Progress Report

15 April 2024



Contents

- 01 Engagement and responsibilities summary
- 02 Status of the 2022/23 audit
- 03 Value for money
- A Appendix A – Insights and publications
- Appendix B – Consultations on measures to tackle the local government financial reporting and audit backlog

This document is to be regarded as confidential to North East Derbyshire Council. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. Engagement and responsibilities summary

Overview engagement responsibilities

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting. Our audit does not relieve management or the Audit and Governance Scrutiny Committee, as those charged with governance, of their responsibilities.

The Section 151 is responsible for the assessment of North East Derbyshire District Council's ability to continue as a going concern.

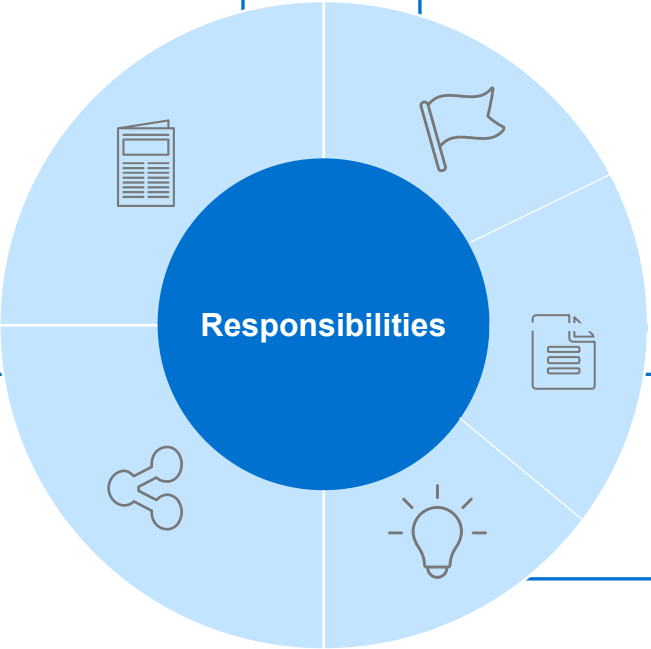
As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists; and
- b) consider the appropriateness of Section 151's use of the going concern basis of accounting in the preparation of the financial statements.

Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North East Derbyshire District Council's internal control.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Wider reporting

We report to the NAO on the consistency of the Council's financial statement with its Whole Government Accounts (WGA) submission. The 2014 Act requires us to give an elector, or any representative of the elector the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom

Value for money

We are also responsible for forming a commentary on the arrangements that the Trust has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.

2. Status of the 2022/23 audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters at time of drafting this report detailed below.

Audit area	Description of the outstanding matters	As at January 2024	As at April 2024
Land, Buildings and Investment properties	Evidence supporting the values disclosed in the accounts is yet to be reviewed, further queries may arise from this.	Post review of evidence, further queries were raised to the management and valuer which are currently under review	Completed
Pensions	Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Derbyshire Pension Fund. We are yet to receive their final report for our consideration and completion of the testing required	No changes	Completed – Misstatement raised to be added in the ACR Follow up letter
Expenditure testing	We have a small number of tests to complete, including on Housing Benefits.	Completed	Completed
Group accounts	We have some outstanding audit procedures on the group accounts	Bulk of the work is now completed with review procedures outstanding.	Awaiting actuary's calculations of asset ceiling for RHL
Investments	Enquiries have been made to management regarding the reporting of interest in other bodies. –.	This query has since been resolved	Completed
Whole Government Accounts	NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time. We provide more information on this matter at page 14.	No changes	No Changes
Housing Revenue Account and Collection Fund	Work in this area is ongoing	Bulk of the work is now completed with review procedures outstanding.	Completed
Evidence, review and evaluation	Including debtors	Completed	Completed
Audit Quality Control and other Completion Procedures including the Disclosure Checklist	Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including review of revised financial statements, updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.		

3. Value for money arrangements

The framework for value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council’s arrangements in the Auditor’s Annual Report under three specified criteria:

- 1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
- 2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
- 3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

Matters under review

Throughout the year, we stay alert to any matters that may be relevant to our work, which at the point of drafting this report includes:

- The Council’s financial position, including progress in delivering cost efficiencies and stay within budget..
- The development of the Council’s budget for 2024/25 and its updated medium term financial strategy, including the extent of reliance on capital flexibilities to balance the budget.
- Reports from regulators,
- Any specific local issues .



Appendix A: Insights and publications

Public and Social Sector Insights

Click [here](https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights) to find and subscribe to our public and social sector articles (or copy and paste this link: <https://www.mazars.co.uk/Home/Industries/Public-Social-Sector/Public-and-Social-Sector-insights>).



Beyond efficiency: what's left for local government?

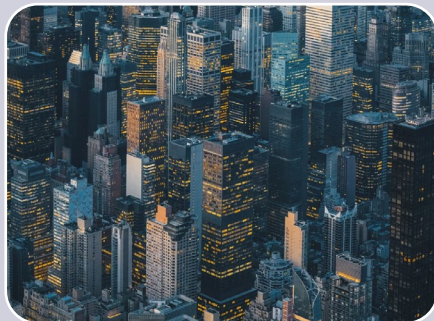
Today, the financial stability of local authorities is no longer guaranteed, placing public services and employment increasingly at risk. All of which means: it's time to take action.

Based on survey data, the 'Beyond efficiency report' looks to understand Councils' approaches to financial sustainability and risk



Supporting vulnerable communities

Against a backdrop of political uncertainty, unprecedented strike action and the prevailing cost of living crisis – itself a consequence of the conflict in Ukraine among other factors – many of the UK's most vulnerable communities are at risk of becoming more marginalised and face more hardship.



A global public and social sector study (2023)

The public and social sector is in a time of transformation. Expectations of organisations in the sector are higher than ever while financial constraints and regulatory burdens are increasing.

To understand some of the challenges leaders in this sector face and the steps they are taking to tackle them, we surveyed more than 100 public sector executives in five countries.



Why culture is critical to local government

The extent to which an organisation's culture supports the execution of its strategy, the management of risk and the treatment of its service users is increasingly under the spotlight, and weaknesses in culture are now frequently blamed for failings in these areas.

National publications

Publication / Update		Key points	Link
National Audit Office (NAO)			
	NAO report – Government Resilience: Extreme Weather 5 December 2023	The NAO has published its report Government Resilience: Extreme Weather which examines how well-prepared the country is for future extreme weather events	Government resilience: extreme weather - NAO report
	NAO Departmental overview: Department for Work and Pensions 2022-23 – 5 December 2023	The NAO has published its Departmental Overview of the Department for Work and Pensions (DWP) 2022-23. overview summarises information and insights gained from the NAO’s examinations of DWP and related bodies and DWP’s annual report and accounts.	Department for Work and Pensions 2022-23 - NAO overview
	NAO insight: Good practice in annual reporting – 19 February 2024	The NAO has published a good practice guide on annual reporting which sets out principles of annual reporting that includes real-world examples of good practice for annual reporting from organisations from the public, private and charity sectors, who are leading the way.	Good practice in annual reporting - National Audit Office (NAO) insight
	Whistleblowing in the civil service - 21 February 2024	The NAO has published a guide for people who deal with whistleblowers, investigate concerns or manage whistleblowing processes in government organisations.	Whistleblowing in the civil service - NAO insight
	NAO good practice - Digital transformation in government: a guide for senior leaders and audit and risk committees 27 February 2024	The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid.	Digital transformation in government: a guide for senior leaders and audit and risk committees - NAO insight
Chartered Institute of Finance and Accountancy (CIPFA) and Department for Levelling Up, Housing and Communities (DLUHC)			
	Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - 21 December 2023	DLUHC is consulting on the statutory guidance and final form of the Minimum Revenue Provision Regulations. The deadline for responses was 16 February.	Consultation on changes to statutory guidance and regulations: Minimum Revenue Provision - Department for Levelling Up, Housing and Communities - Citizen Space
	Consultation on the Code of Practice on Local Authority Financial Reporting in the United Kingdom short term England-only measures to aid the recovery of local authority reporting and audit – 29 February 2024	CIPFA has launched its Invitation to Comment on short term proposals intended to help address the backlog of local authority audits. After considering a wide range of options CIPFA LASAAC decided to explore two approaches. These would affect the 2023/24 and 2024/25 Codes, by providing: > An option to simplify measurement of operational property plant and equipment using specified indexation, and > Reduced disclosures for pensions reporting, by aligning that reporting with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.	Consultation on short term England only measures in the Code CIPFA

Appendix B: Consultations on measures to tackle the local government financial reporting and audit backlog

As we outline in the introduction to this report, there are a number of consultations currently taking place that may have implications for: the format and content of the Council’s financial statements, the work we are required to undertake under the Code of Audit Practice and the timetable for the publication of the audited statements of account.

In this Appendix, we summarise the proposals in each of the consultations for information.

CIPFA/LASAAC consultation on short-term measures to aid the recovery of local authority reporting and audit

This [consultation](#) proposes amendments to the Code of Practice on Local Authority Accounting (the Accounting Code), applicable only to relevant bodies in England. The proposals are to:

- Extend the current temporary solution for accounting for infrastructure assets beyond 2024/25;
- Remove some disclosure requirements relating to a body’s net defined benefit liabilities / assets; and
- Simplify the measurement for operational property, plant and equipment in specific circumstances up to 2025/26.

DLUHC consultation on addressing the local audit backlog in England

This [consultation](#) proposes a range of measures aimed at ‘clear the backlog and put the system on a sustainable footing’ and outlines two key phases of recovery up to 2027/28. A key aspect of the proposals is to require Category 1 bodies, such as the Council, to publish audited financial statements by a series of backstop dates. This proposal will be put in place by amending the Accounts and Audit Regulations 2015. For statements of account for financial years up to and including 2022/23, this would mean audited accounts will need to be published by 30 September 2024 unless a pre-defined exemption criteria has been

met (such as there being an outstanding objection to the accounts at the backstop date).

The consultation sets out other proposals including:

- Publishing a list of bodies and audit firms which do not meet the statutory deadline for publishing audited statements of account; and
- Setting out ‘backstop’ dates for each financial year up to and including 2027/28.

In including a statutory backstop date for the publication of audited statements of account, the consultation makes it clear that the DLUHC expects that this will give rise to auditors issuing modified audit reports where they have not been able to complete their work on the financial statements.

NAO consultation on draft amendments to the Code of Audit Practice

This [consultation](#) has been launched alongside DLUHC’s consultation on amendments to the Accounts and Audit Regulations 2015 and seeks to introduce measures that support more timely auditor reporting. The principle changes to the Code of Audit Practice being proposed are to:

- Require the auditor to issue an opinion on the financial statements by the ‘backstop’ date outlined in the amended Accounts and Audit Regulations 2015, whether this opinion is modified or not (subject to a number of exemptions);
- Allow the auditor to apply a reduced scope of work in relation to VFM arrangements work for outstanding audits up to and including 2022/23; and
- Require the auditor to publish the Auditor’s Annual Report by 30 November each year from the 2023/24 audit year, and for this report to provide a summary of progress on the audit at the time of issue (even if the audit is not complete).

Contact

Mazars

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Page 17

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North East Derbyshire District Council

Audit Committee

15 April 2024

Risk Management Strategy 2024

Report of the Managing Director

Classification: This report is public

Report By: Lee Hickin – Managing Director

Contact Officer: Lee Hickin – Managing Director

PURPOSE / SUMMARY

To update Audit Committee on the review of the current Risk Management Strategy and to seek endorsement of the Council's new/reviewed Risk Management Strategy and Action Plan.

RECOMMENDATIONS

1. That Audit Committee endorse the new/reviewed Risk Management Strategy and Action Plan.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

There are no specific financial implications arising out of this report.

Risk Management Issues are covered throughout the body of the main report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

Details:

This strategy will help to satisfy the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Framework on Corporate Governance which requires the Council to make public assurance statements to stakeholders on,

amongst other areas, the authority's risk management strategy, process, and framework.

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

There are no significant direct additional HR implications arising from the proposals.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☐ Capital - £250,000 ☐ ☒ <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	All
Consultation: Leader / Deputy Leader ☒ Cabinet ☐ SMT ☒ Relevant Service Manager ☐ Members ☐ Public ☐ Other ☐	Yes

Links to Council Plan priorities:
Council Plan Objective: A great place to access good public services

REPORT DETAILS

1 Background

- 1.1 The risks facing the Council are many and varied and the approach to managing those risks should be applied within decision making processes. Risks will change over time so need continual monitoring, the approach to risk management should also be continuous with a structured review process. A comprehensive review of the Council's risk management framework took place in 2020 following which the Risk Management Strategy 2020, and then a reviewed version in 2022, were approved and adopted to ensure that the continued effective and systematic management of risk was achieved.
- 1.2 The Strategy set out the mechanisms and processes for both the maintenance and development of Risk Management within the Council's operational framework. The Strategy detailed the need for the Council to be risk aware rather than risk averse as the decision whether to accept risk should be taken considering the potential benefits of a proposed course of action.
- 1.3 The Strategy also detailed the need to establish a 'Risk Management Group'. This has been in place for the past four years, it is elected Member led and includes the Council's Senior Risk Officer (SRO), Senior Information Risk Officer (SIRO), S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group provides a comprehensive oversight of risk throughout the organisation and is the conduit to and from the whole organisation in terms of risk management.
- 1.4 The group meets 'regularly' and 'consistently' to oversee, at least quarterly, all the risk registers ensuring they are up to date and accurate whilst offering challenge to the assessment process itself. It is responsible for risk management reporting to stakeholder groups across the Council, including the Audit Committee and supports the production of the Annual Governance Statement. The group leads on the development and review of all risk related policies, plans and strategies across the Council and oversees and champions the implementation of the Risk Management Strategy and associated action plan including training 'relating to' and the 'embedding of' an effective risk management culture.

2. Details of Proposal or Information

- 2.1 A comprehensive review of the Council's risk management framework now takes place every two years following which the Risk Management Strategy for the two years ahead will be set. During the autumn of 2023, the Council undertook an external assessment in relation to its Risk Management Strategy and arrangements to help inform the 'then' upcoming strategic review. Across a range of themes and out of a maximum score of 5 the Council were assessed at level 4 overall (public sector score expected to be at level 2) with the Council scoring level 5 for its Culture and Leadership, the highest score possible - this is classed as Transformational. Due to this review, much of the framework and processes remain reassuringly unchanged, however the key amendments and changes are summarised below:

- The opening section – whilst this does not intend to detail every change in the environment that we operate in, it is important to set the scene and demonstrate the changing risk environment to the reader, a reassurance that we as an organisation recognise the changing world which in-turn reinforces the requirement to review every two years – an action identified in the action plan
- Risk Appetite and Applying Risk Appetite and Tolerance Thresholds – these sections go into more detail, clearly articulating the ‘measures’ when we consider the organisations risk appetite and tolerance and how we apply this – these sections will be read in conjunction with Appendix 1 and 2 which provide context and descriptions
- Action Plan - this is updated to reflect the continual improvement requirements identified – this is not to be confused with our risk registers which contain specific actions within them to deal with the specific risk areas

3 Reasons for Recommendation

3.1 The Council is committed to maintaining, developing, and actively monitoring the operation of a formal and systemic approach to Risk Management. The key objectives of this Strategy meet that commitment, these are detailed below:

- To operate in line with best practice and update our approach to reflect evolving best practice
- To protect service delivery arrangements, the reputation, and the financial position of the Council by managing risk effectively
- To maintain and strengthen robust managerial and governance arrangements within the Council
- To promote risk awareness, risk intelligence and risk management throughout the Council
- To ensure programme, project and partnership risk is effectively managed
- To ensure there are clear roles, responsibility, and accountability for risk management within the Council
- To ensure the effective identification of risks relating to service delivery, a new project, new initiative, external origins, or circumstance to ensure fully informed decisions are made and measures to mitigate or exploit are in place
- To ensure that the Council has a fully informed level of awareness of its overall risk exposure

4 Alternative Options and Reasons for Rejection

4.1 Under relevant good practice and to facilitate the development of robust managerial arrangements the Council is required to have in place a robust risk management framework - the alternative of not providing this is therefore rejected.

DOCUMENT INFORMATION

Appendix No	Title
1	Draft Risk Management Strategy 2024

Risk Management Strategy 2024

*Managing the
threats,
maximising the
opportunities*



North East
Derbyshire
District Council

Contents

The ever-changing risk environment	3
Risk management - an introduction	4
Scope and objectives	5
Benefits of risk management	6
Risk categorisation	7
Risk management process	11
Risk appetite and tolerance	17
Applying risk appetite and tolerance thresholds	22
Our risk management arrangements	24
Risk management framework	30
Appendix 1	31
Appendix 2 - Appetite matrices by category	35
Appendix 3 - Action plan	37

The ever-changing risk environment

The period ahead remains affected by the challenges of the past couple of years along with new ones beginning to emerge. Challenges including the war in Ukraine and elsewhere, cost of living, difficult financial times for many Councils and the impact of this upon the services provided, and widespread recruitment issues to name a few.

As the sophistication of cybercrime increases, so too must our defences. Relying on one or two products such as anti-virus and firewalls is a thing of the past, along with seeing the issue as an ICT department concern only. Cyber security has to be on everyone's radar and multi-layered including effective training and awareness and be built into the corporate consciousness and culture.

With the newly established East Midlands Combined County Authority comes the potential of much needed resource to our area. However, the way that District and Borough Councils effectively engage with this new entity, will be key for our organisation to ensure that investment in our district is maximised.

Last year also saw a change in political administration here at NEDDC. With such change and at the start of a new political term came the need for a new Council Plan - a plan through which the ambitions of the organisation are mapped out for the next term, a time of new beginnings, new energy, and new opportunities.

Against this backdrop of challenges and opportunities both new and old...each day, our Council continues to provide a diverse range of services to our communities. The risks facing the Council in this endeavour are many, varied and ever-changing -the approach to managing those risks must be applied consistently and be embedded within the decision-making processes.

A comprehensive review of the Council's risk management framework now takes place every two years following which the risk management Strategy for the two years ahead will be set. During the autumn of 2023, the Council undertook an external assessment in relation to its risk management Strategy and arrangements to help inform the 'then' upcoming strategic review. Across a range of themes and out of a maximum score of 5 the Council were assessed at level 4 overall (public sector score expected to be at level 2) with the Council scoring level 5 for its Culture and Leadership, the highest score possible - this is classed as Transformational.



Lee Hickin
*Managing Director
and Senior Risk
Officer*



Cllr Pat Kerry
Deputy Leader

Risk management - an introduction

When we think of risk, most of us are conditioned to think of this in a negative sense - the risk of a negative outcome. Increasingly however, there is a realisation that risk is a double sided concept, with both positive and negative outcomes. To manage risk effectively we need to perhaps think of risk as 'uncertainties that affect us' - not all of which are bad. In other words; an uncertainty that, if it occurs, will have a negative effect might be seen as a threat, whereas an uncertainty that, if it occurs, will have a positive effect might be known as an opportunity. Both of these are uncertainties that affect us.

Risk is integral to everything we do, every action we take, every decision we make - part of our everyday. Whether we realise it or not we are managing risk constantly - it is our attempt to prevent something going wrong and causing us harm or helping something to go well and producing benefits. When driving we will wear a seatbelt, when it comes to our money we will keep it in a bank and when the clouds are grey we might choose to take an umbrella with us on our way to work. These are all risk management decisions and actions designed to either reduce the potential consequence or support the realisation of the benefits associated with our actions.

None of these risk management decisions and actions however, will either remove the threat or guarantee the benefits completely. For example, wearing a seatbelt will not remove the risk of accident or injury, it may however allow us

to manage the risk to a level that allows us to make the decision to drive a car. If our aim is to remove the threats associated with driving the car completely, then we simply don't drive the car - this would of course also result in the loss of the possible benefits resulting from driving the car. Taking risks therefore is an inevitable part of our daily lives - without risk taking we simply could not advance, progress and achieve.

Risks will however be interpreted differently by each individual because we all have a different perception of the threat or opportunity depending on our propensity to take risk or avoid it. Using the car as an example, wearing a seatbelt and driving at a certain speed will be enough for some of us to manage the threat presented whilst enjoying the benefits, for others they may choose to manage this threat further by avoiding a motorway or driving at busy times, this approach will of course impact upon the benefits or opportunities too. This is known as our **Risk Appetite**, the level of risk that an individual is prepared to take in order to pursue their goals.

When considering the business of the Council, the same principles apply. Risk taking is something we simply can't avoid... therefore, the success and operability of our organisation depends on how well we manage our risks. We need to know what they are, understand them, identify ways to mitigate or exploit them and control them in line with our organisational risk appetite. Where risks are effectively managed, the chances of achieving our objectives will be optimised. Conversely, poor risk management will reduce the likelihood of success.

Scope and objectives

This Strategy sets out the mechanisms and processes for both the maintenance and development of risk management within the Council's operational framework. Whilst the main focus of the arrangements set out within this Strategy will be in respect of the Council's own activities, it also recognises that key elements of the Council's service delivery may well be delivered by way of partnership working. Accordingly the Council's own risk management approach needs to ensure that the risks arising from partnering with others are appropriately addressed as part of this Strategy.

Our organisation needs to be risk aware rather than risk averse, as the decision whether to accept risk should be taken in light of the potential benefits of a proposed course of action. The extent to which the Council is risk averse, will undoubtedly impact on its potential to progress available opportunities to secure benefits for local residents.

Risk management, both in the identification of risks and the action taken to address the risks, needs to be flexible and have the ability to respond to change. National policies, service delivery arrangements, national and local circumstances, together with Council priorities will change and evolve over time. Risk Management focus and arrangements need to adjust in order to ensure that current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

The Council is committed to maintaining, developing and actively monitoring the operation of a formal and systemic approach to risk Management.

The key objectives of this Strategy are as follows:

- To operate in line with best practice and update our approach to reflect evolving best practice.
- To protect service delivery arrangements, the reputation and the financial position of the Council by managing risk effectively.
- To maintain and strengthen robust managerial and governance arrangements within the Council.
- To promote risk awareness, risk intelligence and risk management throughout the Council.
- To ensure programme, project and partnership risk is effectively managed.
- To ensure there are clear roles, responsibility and accountability for risk management within the Council.
- To ensure the effective identification of risks relating to service delivery, a new project, new initiative, external origins or circumstance to ensure fully informed decisions are made and measures to mitigate or exploit are in place.
- To ensure that the Council has a fully informed level of awareness of its overall risk exposure.

Benefits of risk management

The challenges faced by local government in recent years have been significant, often resulting in a great deal of uncertainty - uncertainty that affects us, or in other words risk. Our ability to manage these risks or those uncertainties that affect us, both the threats and the opportunities, will have a direct bearing on the Council's ability to succeed.

Risk management is a tool and should not be seen as something we must do, but rather something we 'need to do' to achieve the Council's objectives. It is an essential tool in helping to bring a greater level of understanding of those risks; it enables the Council to be more prepared, more resilient to change, more able to minimise threats and more able to seize opportunities.

Below are a number of widely accepted benefits resulting from the effective management of risk:



Risk categorisation



Risk management is a complex subject due in part to the multi-dimensional nature of the risks that we face, the illustration on the previous page highlights some of these along with a high level categorisation of risk types.

Some risk areas will have varying risk types, for example; Financial risks may be identified within all broad risk type categories; Strategic - perhaps due to legislative change; Operational - service area budgets; and Governance - the way we deal with our Treasury Management for instance. The endless nature of risk management makes it impossible to list every single risk and future risk specifically within this document, the following areas do however provide an approach that will support the identification and appropriate management of risks in the context of our organisation.

Strategic risks

Strategic Risks are those which have the potential to have a significant impact upon the Council as a whole. Such risks might include; the impact of global events such as war; national events such as cost of living; changes in government policy; legal and regulatory change; Brexit; environmental and social factors and high operational risk factors such as investment, safeguarding and emergency planning. Due to the nature and scale of the possible threat and potential opportunity arising from this level of risk, strategic risks should be owned by the Senior Management Team.

In order for the Council to have a clear overall position in relation to its strategic risks and to be able to track and review

them regularly, strategic risks will be contained within the Council's **Strategic Risk Register**. This register identifies the strategic risks facing the Council so that elected members and senior management can make informed decisions and prioritise actions, with these high level risks in mind.

Operational risks

Operational Risks are those that relate to a given service area which have the potential to have a significant impact on the delivery of that service. These might include; human resources; health and safety; procurement; asset management and systems failure. These risks are more closely associated with the 'day to day' operation of the service areas within the Council, service based risks that may prevent individual service aims and objectives being met.

Risks within this category are identified, assessed and dealt with within the operational service area. These risks are contained within an **Operational Risk Register** that is unique to the given service area, although the process by which they are managed remains the same as those of a strategic nature.

Governance risks

Governance related risks are those that relate to 'how we do things' as an organisation, including; how we manage our risks. These might also include; the Council's Constitution; data protection; policy and strategy; leadership and accountability; contracting arrangements and performance management. As with high level operational risks, governance

related risks might also be managed as strategic risks, depending upon the nature and scale of the risk. Ordinarily however, these risks are associated with the broader organisational day-to-day framework of running our organisation. Risks associated with the Council's governance will feature in both the Operational Risk Registers of those service areas who 'own' the governance related risk along with the Strategic Risk Register where appropriate.

Project risks

Project risks are those risks that are integral to or arise during the lifecycle of a project. These may relate to; roles and responsibilities; timescales; resources; objectives; communication and monitoring for example. These risks will usually start and end with the project and need to be treated separately to those linked with the everyday operation of the Council.

With projects, it is vitally important that risks are identified and assessed early in the planning process. When undertaking a project, the Council will create a **Project Plan** in order to effectively manage the project, the plan might include; scope management; planning and delivery; budget; monitoring and control; administration; communication and risk management.

The project related risks are managed through a **Project Risk Register** which is developed specifically for the project at hand and maintained throughout the life of that project.

Partnership risks

Reduced public service funding is leading to more services and community projects being delivered through different forms of partnership involving the public, private and third sector. Partnership working can take many forms including; integrated services; joint ventures; shared procurement; and co-ordination of activities. The use of risk management to mitigate threats whilst also exploring opportunities is key to ensuring that collaborative working arrangements contribute positively to service delivery. Partnership related risks might include; lack of relevant skill levels; differing legislative environments of the partners; differing governance arrangements and differing agendas.

Key considerations prior to entering into or reviewing a partnership need to include whether or not; the partnership helps secure the Council's objectives; it provides value for money; there are any alternatives; the governance arrangements are robust; and whether or not the Council has a legal duty or right to enter into the partnership at all.

The risks related to the partnership will be managed through a **Partnership Risk Register** which is developed specifically for the partnership at hand and maintained throughout the life of that partnership.

Community risk register

Although this strategy document concerns itself with the organisation itself, our organisation also feeds into a broader category of risk through our membership of the Local Resilience Forum (LRF), this includes risks which might affect the whole area, particularly in relation to emergency situations - known as Community Risks.

Risk Assessments are required to be carried out by all designated 'Category 1' responders in all areas under the Civil Contingencies Act 2004. Local authorities are 'Category 1' responders under the Act along with others such as the emergency services, Health, and the Environment Agency.

Community Risk Registers have been compiled to show the results of these detailed assessments. This enables us to

better understand our risks, decide our priorities and identify the further actions required, including enhanced contingency planning.

The documents covers hazards such as:

- Flooding
- Hazardous chemicals and Control of Major Accident Hazards
- Pipeline accidents
- Severe Weather related and untoward natural events
- Transport Accidents
- Outbreaks of diseases (both animal and human)

More information on this can be found on the ***Derbyshire Prepared website - Community Risk Registers*** which includes risk assessments for the Derbyshire districts and boroughs and for the County as a whole.

Risk management process

To ensure risk management is effective it must be part of an overall framework and be supported by processes and procedures - a systemic and consistent approach. Whether the risk poses a threat or an opportunity

- the stages remain the same. A *Risk Assessment* template/form shall be used when carrying out the stages below - the findings of which will be included on the appropriate *Risk Register*.

RISK IDENTIFICATION

Threats or opportunities which might prevent or help achieve, delay or accelerate the objectives of the Council



RISK ANALYSIS & ASSESSMENT

Following identification of the threats/opportunities, the risks need to be assessed



RISK CONTROL

Taking risk appetite into account, the risks now need to be controlled



RISK MONITORING

Most risks will change over time, timely, regular and appropriate monitoring must take place

Risk identification

The identification of risks will be the result of a variety of sources and endeavours including but not limited to; lessons learned and analysis of previous events; technical briefings; national reports; workshops; team meetings; networking; management experience; and through a 'staple' element of the **Risk Management Group** - something we will cover in later sections of this strategy. Another key source of risk identification will of course be the business/service planning process where SWOT (strengths, weaknesses, opportunities, threats) and PESTEL (political, economic, social, technological, environmental, legal) analysis takes place.

Traditionally this stage of the risk management process has focused on the things that can go wrong or the threats, if the organisation wishes to improve outcomes however, then it must search for the 'upside risks' or opportunities to make things better and maximise any potential benefits that may also be available. If an opportunity risk is identified, decisions can be made to pursue and increase the likelihood/impact of the opportunity - i.e. it can be managed in the way a negative risk can, to make the most of the potential offered.

N.B. It is important to note here that when attempting to capture the opportunity risk description that we do not attempt to replace or duplicate the purpose or rationale for a given activity. Opportunity risk is not the argument or reason for doing something - it is the awareness and control of the uncertainties that matter in relation to the 'upside' risks involved with the activity or issue at hand.

Risk analysis and assessment

Once the risks have been identified and articulated they need to be assessed using the **Risk Matrix** in terms of the **Likelihood** of them occurring and the **Impact** of them if they do. This will provide an indication of the **Inherent risk** - the level of risk prior to any action being taken.

Likelihood is scored based upon probability of the risk occurring and impact based on the consequences of the risk occurring. Taking each threat/opportunity in turn the risk should be assessed using the impact/likelihood tables. The ratings may well be mixed, as one overarching risk could have a number of threats/opportunities associated with it. For example, the consequence may carry a moderate threat financially but may have a significant impact upon reputation.

Once the consequence is understood for all of the threats/opportunities associated with the risk, a 'best fit' impact rating shall be determined and the **Inherent Risk Value** identified. For example; if the impact of all of the threats/opportunities associated with the risk are significant with only one moderate, then the overall impact would be significant. It is important to note that the tables and descriptions are not and can never be exhaustive, they are designed to give a common perspective but not to be prescriptive.

Risk matrix

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
	LIKELIHOOD					

Impact table

Score	Description	Examples/guidance
5	Catastrophic	Risks that can have a catastrophic impact on the operation of the Council or service, for example: • Death • Unable to function without Government or other agency intervention • Inability to fulfil obligations • Adverse national publicity - highly damaging, loss of public confidence.
4	Severe	Risks which can have a severe impact on the operation of the Council or service, for example: • Extensive injury, major permanent harm • Significant impact on service objectives • Short to medium term impairment to service capability • Major adverse local publicity.
3	Moderate	Risks which have a noticeable impact on the services provided. Will cause a degree of disruption to service provision / impinge on the budget, for example: • Medical treatment required, semi-permanent harm up to 1 year • Short term disruption to service capability • Significant financial loss • Some adverse publicity, needs careful public relations.
2	Minor	Risks where the impact and any associated losses will be minor, for example: • First Aid treatment, non-permanent harm up to 1 month • Minor impact on service objectives • Financial loss that can be accommodated at service level • Some public embarrassment, no damage to reputation.
1	Negligible	Risks where the impact and any associated losses will be small, for example: • No obvious harm or injury • Negligible impact on service capability • Minimal financial loss • Unlikely to cause any adverse publicity, internal only.

Likelihood table

Score	Description	Examples/guidance
5	Common	- Is expected to occur in most circumstances. - Perhaps annually or more frequent.
4	Likely	- Will probably occur in most circumstances - Not persistent, perhaps once in 3 years.
3	Foreseeable	- Could occur in certain circumstances. - Perhaps once in 10 years.
2	Occasional	- May occur in exceptional circumstances. - Not expected to happen, perhaps every 25 years.
1	Freak Event	- Is never likely to happen or no knowledge of this happening before. - Very unlikely, perhaps once in 50 years.

Risk control

When deciding how to control the ‘downside’ risks or threats, there are four options available, sometimes more than one option may be chosen, the Council could transfer and treat. For example:

Negative risk (threat) Control measures			
Transfer E.G. Insurance, Outsource, Partnerships.	Treat E.G. Mitigation, Likelihood & Consequence.	Tolerate Understand and live with the risk.	Terminate Avoid the risk, Do not pursue.

Transfer the Risk - this might include transferring some of the consequence to an insurer e.g. legal liability, property, vehicles etc. Other examples might include services being delivered on the Council’s behalf through outsourcing. When deciding to transfer, it must be acknowledged that this does not mean that the risk disappears. Some risks may, whilst others remain, such as responsibility for the service being delivered and the reputational risk remaining with the Council for example.

Treat the Risk - the risk at this stage is unacceptable to the Council as it stands. Action needs to be taken and controls put in place to mitigate and reduce the risk to an acceptable level - the **residual risk**. This might include putting procedures in place or modifying the activity to reduce the risk.

Tolerate - the Council intends to do nothing different to manage the risk identified aside from the usual management arrangements that are in place.

Terminate - the risk is so significant that even with control measures in place or modifications being made, the risk cannot be reduced to an acceptable level for the Council.

When attempting to control the ‘upside’ risks or opportunities, the four options above will be replaced by the three below:

Positive risk (opportunity) control measures		
Share E.G. Joint Venture, Design and Build Contract.	Enhance E.G. Action, Likelihood & Consequence.	Accept Understand and accept the risk.

Share - the benefits of the opportunity risk might be shared, a project being completed early for instance which would save money overall.

Enhance - using the project example again, action might be taken to improve the likelihood and consequence of the project completing early.

Accept - as with tolerating a threat, the Council intends to do nothing different to manage the risk identified aside from the usual management arrangements that are in place.

By this stage, using the **Risk Assessment** template/forms, the risks have been identified and analysed taking into account any current controls in place, giving an **inherent risk value**, beyond this other control measures may have been put in place resulting in a **residual risk value**. The Council will now consider the residual risk and decide how this fits with the Council’s **risk appetite** in terms of acceptability - this shall be detailed in a later section of the strategy.

Risk Monitoring

Now that the risks have been identified, analysed, controlled, and scored according to the Risk Matrix and considered alongside the Council’s Risk Appetite (see next section), the final stage of the effective risk management process begins - risk monitoring. It is critical that risk assessments and action plans relating to them are monitored and reported on regularly to ensure progress is being made in both the management of the threats, or the taking advantage of the opportunities.

Risk registers are an important tool within the risk monitoring stage, as long as they are kept up-to-date and accurate. Previously identified risks will change over time; some may become less of an issue once planned activity has taken place, therefore reducing the likelihood of the risk occurring. Others may have an increased level of risk due to external changes or important milestones approaching. When things change, or at a given frequency, the reassessment of the risk is necessary.

When reviewing, the following should be considered;

- Is the risk still valid?
- Have any of the circumstances or the situation changed?
- Has any planned mitigation/treatment/enhancement or action now taken place which has affected the **residual risk value**?
- Has the planned mitigation/treatment/enhancement or action been deemed effective?
- Is there more that the Council should be doing?
- Has the threat/opportunity passed?

Along with those sources listed in the Risk Identification stage previously, the risk monitoring and review stage is also a good time to consider the following:

- Has anything new happened either externally or within the service, department, Council, project or partnership?
- As a result, are there any new threats or opportunities facing the service, department, Council, project or partnership?
- Has the risk appetite changed?

Part of the monitoring process is of course **risk reporting**. This is required to ensure that managers, senior officers and elected members are fully aware of the risks when making decisions and taking any action. Effective risk reporting should provide management and elected members with assurance that all risks have been identified, assessed, controlled and are being effectively monitored - this shall be detailed further in a later section of the strategy.

Risk appetite and tolerance

Risk appetite relates to the type, quantity, and level of risk an organisation is prepared to take to achieve its objectives. Risk tolerance is the amount of acceptable deviation from an organisations risk appetite. Whilst appetite is set quite broadly, tolerance is more influenced by the granular detail of a given task.

Risk appetite for local authorities on the whole will most likely be lower than that of many other organisations due in part to the regulatory nature of most of its services and because of its stewardship obligations for public resources. It is however, increasingly important for the Council to identify innovative solutions and new ways of working in the delivery of its services and operations.

New opportunities or changes to the way we do things will often bring new risks,

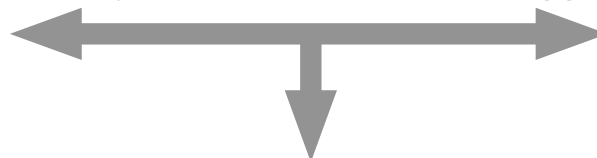
both specific to the change at hand and to the Council as a whole. A key determinant in the risk management process is the Council's risk appetite and the scalability of this depending upon the individual circumstances.

The Council's risk appetite in relation to a given opportunity needs to be gauged individually to ensure that the tolerance level of the risks at hand are adjusted in accordance with the level or scale of the risk. A specific project may well have a different risk tolerance level to that of the wider operation of the Council or a health and safety matter for example. The Council should not be risk averse but risk aware and able to accept risk at a level that meets the Council's risk appetite.

Effective risk management aims to minimise the likelihood and impact of the threats whilst maximising the likelihood and impact of the opportunities.

Risk aware

Sensible management of threats and opportunities



Risk blind

- Exposed to threats
- Too opportunity focused

Risk averse

- Excessive management of threats
- Do not maximise opportunities

Acknowledgement and awareness of the two aspects of risk - the 'upside' and 'downside' increases the importance of an effective risk appetite framework which has the ability to be repositioned along the continuum on the previous page in line

with the given subject matter at hand.

Generally speaking, the amount of risk that the Council is willing to take on, tolerate or be exposed to in the pursuit of its objectives can be illustrated below:

Risk Matrix

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
	LIKELIHOOD					

Green = Low Priority - no immediate action other than to set a review date to re-consider assessment.

Amber = Medium Priority - check current controls and consider if others are required.

Red = High Priority - must take action to mitigate or terminate if not possible to do so.

Any threats that are an unacceptable level to the Council have to be mitigated as far as possible. So when viewed generally, where a proposed activity has a residual risk value that is considered unacceptable and there is no means of reducing this value, then the activity will be rejected. Therefore, generally speaking, the Council's risk appetite threshold is 15 or above, in other words if the residual risk is 15 or above the Council's risk appetite has been exceeded and the activity will be terminated.

There may be however, occasions where there is a statutory obligation to undertake a given activity despite the risk exposure. There may also be occasions where, in entrepreneurial terms, it will be appropriate to take measured but

increased levels of risk in furtherance of the Council's business objectives.

In determining the Council's risk appetite, elected members and senior officers will consider many things including, but not limited to the following:

- Wider macro-economic factors including legislation
- The level of risk that can be justified
- The Council's capacity to bear the risk
- The Council's resource, expertise and skill-set for taking the risk
- The extent and prevalence of operational and commercial opportunities capable of being exploited by the Council.

Public sector organisations cannot be culturally risk averse and be successful. Effective and meaningful risk management remains more important than ever in taking a balanced view of risk and opportunity in delivering public services. Risk management is an integral part of good governance and corporate management mechanisms. An organisation's risk management framework harnesses the activities that identify and manage uncertainty, allows it to take opportunities and to take managed risks not simply to avoid them, and systematically anticipates and prepares successful responses. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the conscious and dynamic determination of the organisation's risk appetite.

The Council should recognise the following when understanding its own risk appetite:

- While desirable, it is often not possible to manage all risks at any point in time to the most desirable level, but the discipline and approach set out in our approach provides a means to manage risks to a tolerable level.
- Outcomes cannot be guaranteed when decisions are made in conditions of uncertainty.
- It is often not possible, and not financially affordable, to fully remove uncertainty from a decision or in the design and application of control activities.
- Decisions should be made using the best available information and expertise.
- When decisions need to be made urgently, the information relied upon and the considerations applied to it should, as in the normal course of business, be retained.
- The risk culture must embrace openness, support transparency, welcome constructive challenge and promote collaboration, consultation, co-operation and continual improvement.

Below is the ‘typical’ risk appetite profile for the Council, this needs to be flexible and dynamic and open to factors that may cause this to change on an ongoing basis along with regular systematic review (see in conjunction with Appendix 1).

Risk Appetite Profile					
	Eager	Open	Cautious	Minimal	Averse
Strategy		●			
Governance					●
Operations			●		
H&S					●
Legal					●
Property			●		
Financial investment			●		
Financial management					●
Commercial		●			
People		●			
Technology			●		
Data & Info Management				●	
Project /Programme		●			
Reputational					●

In reaching this risk appetite position, the Council risks are organised by categories of risk as set out in Government’s guidance on the management of risk - grouping risks in this way supports the development of an over-arching sense of appetite whilst differentiating tolerance levels on a given area or category. Failure to manage risks in any of these categories may lead to financial, reputational, legal, regulatory, safety, security, environmental, employee, customer and operational consequences.

These categories provide a ‘flavour’ and are not intended as exhaustive:

Strategy risks - Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).

Governance risks - Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.

Operations risks - Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.

Legal risks - Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).

Property risks - Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.

Financial risks - Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.

Commercial risks - Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.

People risks - Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.

Technology risks - Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.

Information risks - Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential. **Project/Programme risks** - Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.

Reputational risks - Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.

Applying risk appetite and tolerance thresholds

Having set out the principles of risk appetite and tolerance, along with the Council's 'typical' risk appetite profile in the previous section, we are able to demonstrate in further detail how this is applied. The diagram below sets out the risk categories differently, allowing the tolerance levels to be better illustrated:

					Tolerance	Appetite
Eager 25	Open 16	Cautious 9	Minimal 4	Averse 1		
						Strategy
						Governance
						Operations
						Health and Safety
						Legal
						Property
						Finance/invest
						Finance/Managment
						Commercial
						People
						Technology
						Data & Info Management
						Project/Programme
						Reputational



If we take the following categories: **Strategy, Commercial, People and Project/programme**, you can see that organisationally we are quite ‘open’ and ‘eager’ in terms of our risk appetite - as such the ‘generic’ risk matrix viewed earlier, will now be viewed differently to enable the risk assessors to consider the proposed activity with a more nuanced appetite and tolerance threshold. See illustration right.

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
LIKELIHOOD						

If on the other hand, we take; **Governance, Health and Safety, Legal, Financial Management and Reputational** categories, then we are quite ‘averse’ with our appetite and have only a minimal tolerance threshold. See illustration right.

See Appendix 2 for full list of appetite and tolerance threshold matrices by category).

When applying risk appetite and tolerance thresholds in the ‘real world’, it will very rarely be just one category that relates to a given activity - it will most likely involve several aspects and categories that must be considered which will collectively go on to influence the final position taken by the organisation, having weighed up the threats and the opportunities present or on offer.

To further illustrate this, let’s use a ‘real-world’ example - the **development or provision of a swimming pool**.

Organisationally we will be very ‘open’ and ‘eager’ to provide such a facility - in a strategic context, we recognise the benefits and opportunities that this would bring to our communities; improved health and wellbeing, adding value to life experiences, improving opportunities to interact socially and even helping equip our residents with a lifesaving skill for life.

IMPACT	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
LIKELIHOOD						

On the other hand,...If we were only to take a ‘Health and Safety’ perspective with this example, then the provision of such a facility could present significant threat potentially leading to a fatality...to remove the threat of drowning completely, we might conclude that we should not develop and provide a swimming pool at all. In doing so of course we lose the potential benefits or opportunities described above.

Whilst the scenario above represents the two ends of the risk appetite spectrum, there will also be many other appetite categories that will be considered along the way...if not all the categories listed previously. So, we can see, effective risk management aims to minimise the likelihood and impact of threats whilst maximising the likelihood and impact of opportunities too.

Our risk management arrangements

This strategy sets out to ensure that effective risk management is embedded throughout all levels of the Council. Whether it relates to day-to-day service delivery or the decision making process of elected members, the Council and its employees need to know what the risks are, understand them, identify ways to mitigate or exploit them and control them in line with the Council's risk management processes and appetite.

Risk management roles and responsibilities

Elected Members

All elected members are responsible for effective governance in the delivery of services to the local community and the achievement of the Council's objectives. Elected members have a responsibility to understand the risks that the Council faces and will be made aware of how these risks are being managed through a variety of mechanisms including, but not limited to; the corporate, strategic and service planning and delivery process. It is the responsibility of all elected members to support and promote an effective risk management culture and consider the risks associated with recommendations put forward in reports to the various committees at which decisions are made.

Cabinet

Cabinet has a fundamental role to play in the management of risk. Its role is to set the risk appetite and influence the culture of risk management within

the organisation. Cabinet will ensure that risks are fully considered as part of every decision it makes whilst ensuring effective procedures are in place to monitor the management of significant risks. Cabinet will establish portfolio holder representation on the Risk Management Group and regularly review the content of the strategic risk register. Cabinet will periodically review the Council's approach to risk management and approve changes or improvements to processes and procedures.

Audit Committee

The Audit and Corporate Governance Committee has responsibility for overseeing all aspects of risk management, governance and internal control. The Committee will provide guidance and oversight to the management of risk but also challenge the effectiveness of the risk management arrangements within the Council. The Committee will look to seek assurance for the Council that risk management is being effectively undertaken and that all risk related processes and procedures are being implemented.

To this end, the Committee will receive reports on behalf of the Council including but not limited to; Quarterly Risk Management Group reports, Internal Audit reports, External Audit reports and the Annual Governance Statement.

Scrutiny

In their role of scrutinising decisions taken by the Cabinet, Scrutiny Members should ensure that associated risks have been taken into account. Scrutiny Committees also have a role in bringing potential risks that have not previously been identified to the attention of the organisation.

Managing Director

The Head of Paid Service leads on the wider Corporate Governance arrangements of the Council of which risk management is a part. The Managing Director has ultimate responsibility for risk management within the paid service and as Senior Risk Officer (SRO) will support the Senior Information Risk Officer (SIRO) in carrying out their roles and responsibilities.

Senior Risk officer (SRO)

The SRO plays an important role in raising the profile and promoting the benefits of risk management to elected members and officers. The SRO also ensures that the accountability and responsibility of elected members, officers and staff is understood by embedding risk management throughout every level of the Council and by overseeing the implementation of the Risk Management Strategy and Action Plan.

Senior Information Risk Owner (SIRO)

Information has never been more important to the essential working of the Council. As the quantity, diversity and nature of Council information changes, so will the risks. The role of the SIRO is to ensure that 'information' related risks are identified and addressed. The SIRO will establish an Information Risk Management Framework which allows information based threats and opportunities to be managed effectively.

Section 151 officer

Section 151 of the Local Government Act 1972 requires all Councils to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For this Council this statutory role is carried out by the Director of Finance and Resources. The Section 151 Officer is a key member of the Senior Management Team who helps to develop and implement the strategy and appropriate resourcing to deliver the Council's objectives sustainably and in the public interest. The role brings influence and bearing on all material business decisions to ensure opportunities and threats are fully considered and aligned to the Council's financial strategy. The Section 151 Officer leads on the promotion of good financial management by the whole organisation so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

Risk Management group

The Risk Management Group shall be elected member led and will include the Council's SRO, SIRO, S151 Officer, representation from senior management, Internal Audit and Health and Safety. The group will provide a comprehensive oversight of risk throughout the organisation and be the conduit to and from the whole organisation in terms of risk management. The group will regularly and consistently oversee, at least quarterly, all of the risk registers ensuring they are up-to-date and accurate whilst offering challenge to the assessment process itself. It will be responsible for risk management reporting to stakeholder groups across the Council and support the production of the Annual Governance Statement. The group will lead on the development and review of all risk related policies, plans and strategies across the Council and will oversee and champion the implementation of the Risk Management Strategy and associated action plan including training relating to and the embedding of an effective risk management culture.

Directors and Assistant Directors

Directors and Assistant Directors are responsible for creating an environment and culture within their directorate and portfolio of services where risk management is promoted, facilitated and effectively undertaken. They will drive forward risk management to raise its profile and ensure that Service Managers and their teams understand the importance and benefits of effective risk management, embedding the Risk Management Strategy and arrangements throughout their span of control. They will include risk management

as a standing item on all directorate, service and team meeting agendas to keep risk management ever present and ensuring effective, regular and consistent 'check and challenge' is in place throughout the directorate. Assistant Directors will review the content of the strategic risk register and their Directorate operational risk registers at least quarterly and represent their directorate and portfolio of services at the Risk Management Group. They will identify existing and emerging risks, address them in line with the risk management arrangements and ensure sufficient resource is allocated to for this purpose within their span of control, including identifying and meeting any risk management training needs within the directorate.

Service Managers

As with the Directors and Assistant Directors, Service Managers will support the creation of an environment where risk management is promoted, facilitated and effectively undertaken within their service area. Service Managers will also form part of the quarterly review process of their service related operational and when necessary, strategic risks. They will work with the Directors and Heads of Service to identify and address existing and emerging risks within their service area and ensure that training needs are identified and addressed in relation to risk management within their service area. Service Managers will be the consistent day-to-day champions of an effective risk management culture throughout their service area and will ensure that the risk management strategy and arrangements are understood, embedded and implemented by their team.

Project and partnership leads

Project and Partnership Leads are responsible for ensuring that the project or partnership is being effectively managed in terms of risk and that the Risk Management Strategy and arrangements are implemented fully throughout the lifecycle of the project or partnership. As mentioned in previous sections of the document however, project risks and partnership risks do need to be treated slightly differently to the Council's other risks.

The Project Lead will;

Ensure that there is senior management team commitment to and involvement in the project/programme delivery. They will set out clearly defined roles and responsibilities at all levels within the project/programme with responsibility for risk identified and agreed. The Project Lead will ensure stakeholder engagement in the early identification of the risks which will inform the project/programme scope, objectives and outcomes. They will embed the active management of risk throughout the lifecycle of the project/programme through the development of a project plan.

The Partnership Lead will;

Ensure that the partnership has a senior management team made up of members from all organisations involved who will support, own and lead on risk management. The Partnership Lead will ensure that an agreed risk management framework is in place and managed on an ongoing basis. They will promote a partnership culture which supports an effective and appropriate approach to managing risks by reducing the threats and maximising the opportunities that the partnership will bring.

Both Leads will approach the project/programme/partnership in line with the Risk Management Strategy and arrangements set out within. They will ensure that the risk management process is followed, risk assessments completed, control measures are in place and risk registers are maintained throughout. The Leads will report to the Risk Management Group quarterly and assist in the production of the Risk Management Group reporting process.

Internal Audit

Internal Audit's role is to maintain independence and objectivity, they are not responsible for risk management or for managing risks on behalf of others. Internal Audit will check, challenge and test the risk management process and arrangements for adequacy in order to provide assurance to the Council that risk is being effectively managed.

All staff

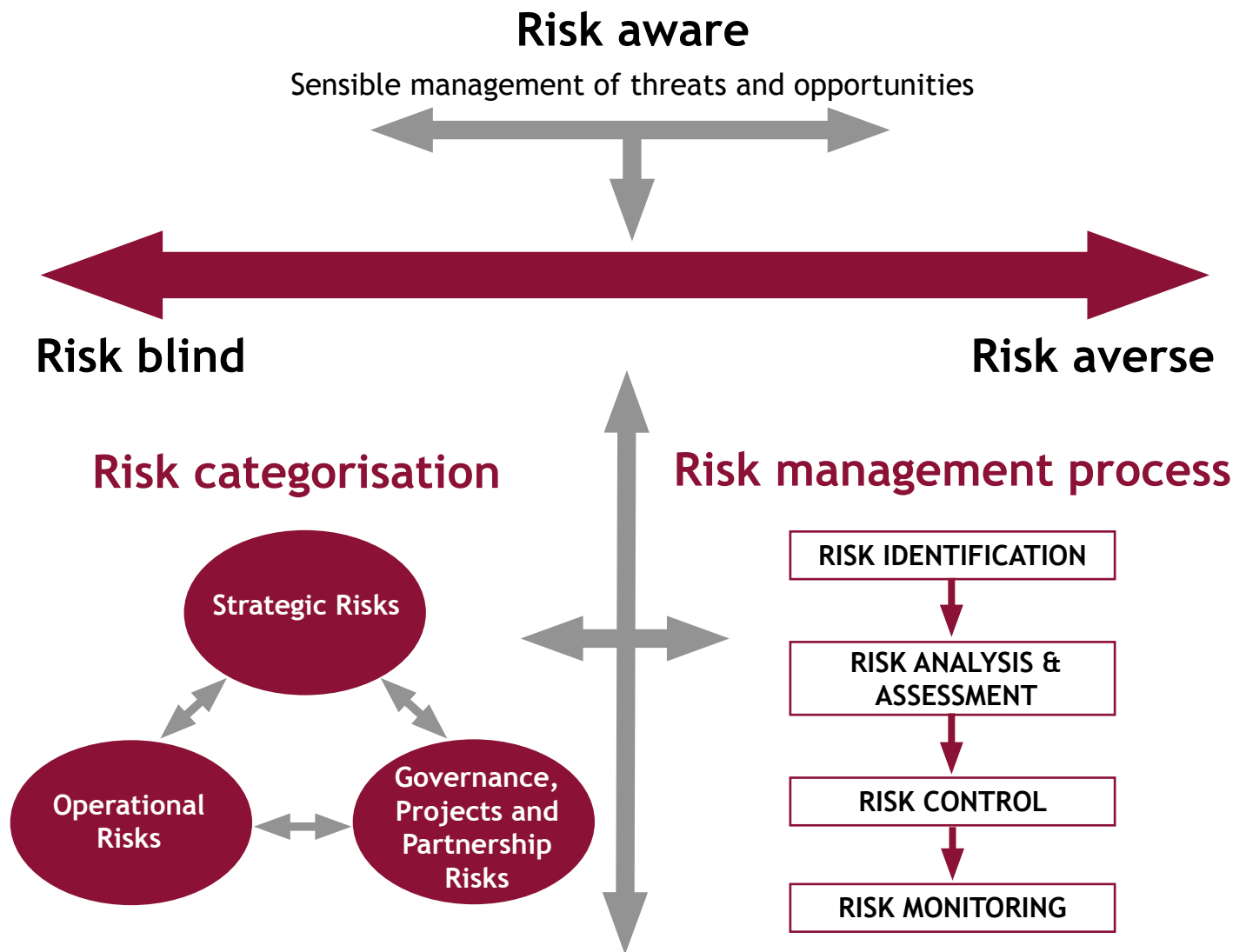
All staff have a responsibility for identifying threats and opportunities in performing their day-to-day duties. They also have a responsibility to participate in training, supporting the risk assessment process and action planning where appropriate.

Roles and responsibilities summary table:

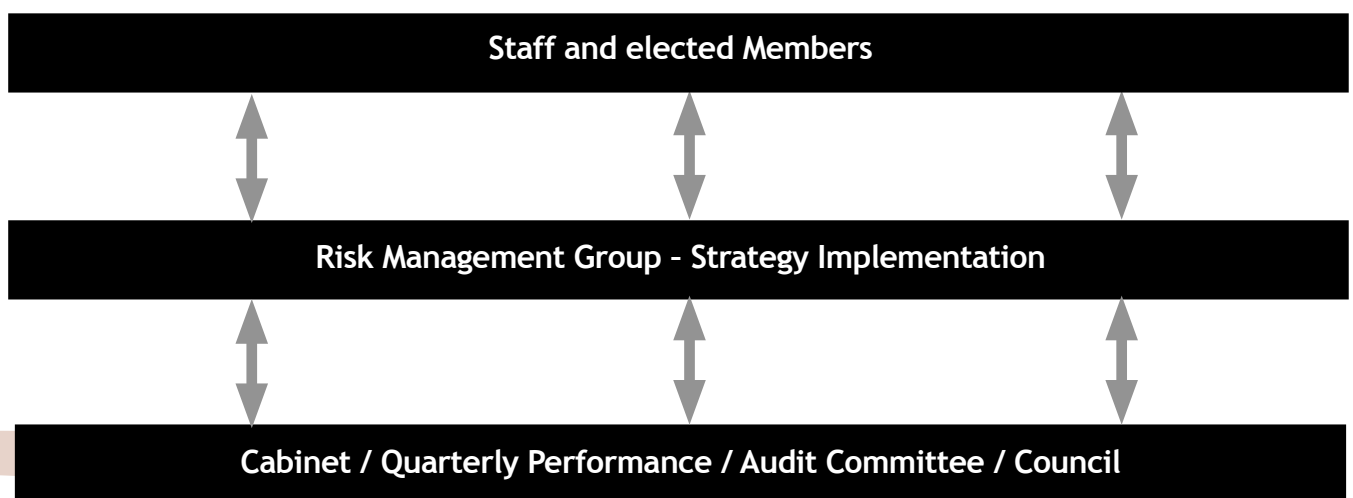
Group or individual	Roles & responsibilities
Elected Members	• Support and promote an effective risk management culture • Understand the strategic risks that the Council faces and how these risks are being managed • Consider the risks associated with recommendations put forward in report
Cabinet	• Provide leadership on risk management within the Council • Monitor the Council's risk management arrangements • Assess the risks in Cabinet reports and provide challenge where necessary, particularly in relation to key decisions
Audit Committee	• Overseeing all aspects of risk management, governance and internal control • Provide guidance and oversight to the management of risk and challenge the effectiveness of arrangements • To seek assurance for the Council that risk management is being properly undertaken.
Scrutiny	• In their role of scrutinising decisions taken by Cabinet, Scrutiny members will ensure that associated risks have been taken into account • Identifying potential risks that may not have been previously identified.
Managing Director	• Leads on the wider Corporate Governance arrangements of which risk management is a part • Overall responsibility for ensuring that strategic risks are effectively managed within the Council.
Senior Risk officer (SRO)	• Raising the profile of risk management • Promoting the benefits of risk management • Promoting the accountability and responsibility of all staff • Embedding risk management throughout all levels of the Council.
Senior Information Risk Owner (SIRO)	• Manage information risk from a business perspective • Establish an effective information governance framework • Ensure compliance with regulatory, statutory and organisational information security policies and standards.
Section 151 officer	• To assist with the development and implementation of the strategy and resourcing required to deliver the Council's objectives sustainably and in the public interest • To ensure opportunities and risks are fully considered and aligned to the Council's financial strategy • Leads on the promotion of good financial management by the whole organisation.
Risk Management Group	• To provide a comprehensive oversight of risk throughout the organisation and become an effective conduit to and from the whole organisation in terms of risk management • To regularly and consistently oversee, at least quarterly, all of the risk registers ensuring they are up-to-date and accurate whilst offering challenge to the assessment process itself • To be responsible for risk management reporting to stakeholder groups • To review and support the development of all risk related policies, plans and strategies • To oversee the implementation of the Risk Management Strategy.

Group or individual	Roles & responsibilities
Directors and Assistant Directors	• To review the content of the strategic risk register at least quarterly • To allocate sufficient resources to address strategic and operational risks • To identify emerging risks and address them through the risk management arrangements • To ensure that operational risks are being managed in line with the risk management arrangements and that the service area operational risk registers are up-to-date • Escalate when necessary.
Service Managers	• To implement the Risk Management Strategy and arrangements within their service area • To review the content of their operational risk register at least quarterly and provide assurance to stakeholders that risks are being effectively managed • To identify emerging operational risks and address them through the risk management arrangements • Escalate when necessary.
Project / Partnership Leads	• To ensure that the risks associated with the project / partnership are identified and managed in line with the risk management arrangements • To review the content of their project/partnership risk register regularly. Depending upon the project/partnership this could be weekly • To identify emerging project/partnership risks and address them through the risk management arrangements • Escalate when necessary.
Internal Audit	• Audit the risk management process • Assess the adequacy of the arrangements • Provide assurance to officers and elected members on the effectiveness of the processes and arrangements • Be guided by the risk registers in terms of the annual audit plan - areas of greatest risk = greatest need for assurance.
All staff	• To adhere to the risk management strategy and arrangements • Report emerging or new threats and opportunities to their manager • Participate in training, risk assessments and action planning where appropriate.

Risk management framework



Training and development roles and responsibilities



Appendix 1

Risk appetite level definition					
	Eager	Open	Cautious	Minimal	Averse
Strategy	Guiding principles or rules in place that welcome considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed each year. Strategies are aspirational.	Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals. Strategies are aspirational but smart.	Guiding principles or rules in place that allow considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 3-4 year intervals. Strategies require more certainty in terms of deliverability.	Guiding principles or rules in place that minimise risk in organisational actions and the pursuit of priorities. Organisational strategy is longer term and quite fixed.	Guiding principles or rules in place that limit risk in organisational actions and the pursuit of priorities. Organisational strategy is 'safe' with less aspiration and more knowns rather than unknowns.
Governance	Ready to take difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements support informed risk taking. Good Governance levels of controls are varied to reflect scale of risks with costs.	Receptive to taking difficult decisions when benefits outweigh risks. Processes, and oversight / monitoring arrangements enable considered risk taking. Good Governance levels of controls are varied to reflect scale of risks with costs.	Willing to consider actions where benefits outweigh risks. Processes, and oversight / monitoring arrangements enable cautious risk taking. Good Governance levels of controls enable poor Governance prevention, detection and deterrence by maintaining appropriate controls and sanctions.	Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise poor Governance prevention, detection and deterrence through robust controls and sanctions.	Avoid actions with associated risk. No decisions are taken outside of processes and oversight / monitoring arrangements. Organisational controls minimise risk of poor Governance, with significant levels of resource focused on detection and prevention.

Risk appetite level definition					
	Eager	Open	Cautious	Minimal	Averse
Operations	Innovation pursued - desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust / lagging indicators rather than close control.	Innovation supported, with clear demonstration of benefit / improvement in management control. Responsibility for non-critical decisions may be devolved.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Innovations largely avoided unless essential. Decision making authority held by senior management.	Defensive approach to operational delivery - aim to maintain/ protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority.
Health and safety	Activity/outcome prioritised with less focus upon H&S restrictions or parameters.	Activity/outcome prioritised whilst seeking solutions to the H&S restrictions or parameters.	Activity/outcome balanced equally with H&S requirements, restrictions or parameters.	H&S prioritised over activity/ outcome.	An avoidance of activity - seek another way to produce the outcome.
Legal	Chances of losing are high but exceptional benefits could be realised.	Challenge will be problematic; we are likely to win, and the gain will outweigh the adverse impact.	Want to be reasonably sure we would win any challenge.	Want to be very sure we would win any challenge.	Play safe and avoid anything which could be challenged, even unsuccessfully.
Property	Application of dynamic solutions for purchase, rental, disposal, construction and refurbishment that ensures meeting organisational requirements.	Consider benefits of agreed solutions for purchase, rental, disposal, construction and refurbishment that ensures meeting organisational requirements.	Requirement to adopt a range of agreed solutions for purchase, rental, disposal, construction and refurbishment that ensures producing good value for money.	Recommendation to follow strict policies for purchase, rental, disposal, construction and refurbishment that ensures producing good value for money.	Obligation to comply with strict policies for purchase, rental, disposal, construction and refurbishment that ensures producing good value for money
Financial investment	Prepared to invest for best possible benefit and accept possibility of financial loss.	Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	Seek safe delivery options with little residual financial loss only if it could yield upside opportunities.	Only prepared to accept the possibility of very limited financial impact if essential to delivery.	Avoidance of any financial impact or loss, is a key objective.
Financial management	Prepared to manage for best possible benefit and accept possibility of financial failings.	Prepared to manage for benefit and to minimise the possibility of financial failings by managing the risks to tolerable levels.	Seek safe management options with small residual financial failings only if it could yield upside opportunities.	Only prepared to accept the possibility of very limited financial failings if essential to delivery.	Avoidance of any financial failings, is a key objective.

Risk Appetite Level Definition					
	Eager	Open	Cautious	Minimal	Averse
Commercial	Innovation pursued- desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust / lagging indicators rather than close control.	Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	Appetite for risk taking limited to low scale activity. Decision making authority held by senior management.	Zero appetite for untested commercial activity. Priority for close management controls and oversight with limited devolved authority.
People	Innovation pursued - desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust rather than close control.	Prepared to invest in our people to create innovative mix of skills environment. Responsibility for non- critical decisions may be devolved.	Seek safe and standard people policy. Decision making authority generally held by senior management.	Decision making authority held by senior management. Development investment generally in standard practices.	Priority to maintain close management control & oversight. Limited devolved authority. Limited flexibility in relation to working practices. Development investment in standard practices only.
Technology	New technologies viewed as a key enabler of operational delivery. Agile principles are embraced.	Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	Consideration given to adoption of established / mature systems and technology improvements. Agile principles are considered.	Only essential systems / technology developments to protect current operations.	General avoidance of systems / technology developments.
Data & Info Management	Level of controls minimised with data and information openly shared.	Accept need for operational effectiveness in distribution and information sharing.	Accept need for operational effectiveness with risk mitigated through careful management limiting distribution.	Minimise level of risk due to potential damage from disclosure.	Lock down data & information. Access tightly controlled, high levels of monitoring.

Risk Appetite Level Definition					
	Eager	Open	Cautious	Minimal	Averse
Project/ Programme	Innovation pursued - desire to 'break the mould' and challenge current working practices. High levels of devolved authority - management by trust rather than close control. Plans aligned with organisational governance.	Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for non-critical decisions may be devolved. Plans aligned with functional standards and organisational governance.	Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Plans aligned with strategic priorities, functional standards.	Innovations avoided unless essential. Decision making authority held by senior management. Benefits led plans aligned with strategic priorities, functional standards.	Defensive approach to transformational activity - aim to maintain/protect, rather than create or innovate. Priority for close management controls and oversight with limited devolved authority. Benefits led plans fully aligned with strategic priorities, functional standards.
Reputational	Appetite to take decisions which are likely to bring additional governmental / organisational scrutiny only where potential benefits outweigh risks.	Appetite to take decisions with potential to expose organisation to additional scrutiny, but only where appropriate steps are taken to minimise exposure.	Appetite for risk taking limited to those events where there is little chance of any significant repercussions for the organisation.	Appetite for risk taking limited to those events where there is no chance of any significant repercussions for the organisation.	Zero appetite for any decisions with high chance of repercussions for organisation's reputation.

Appendix 2 - Appetite matrices by category

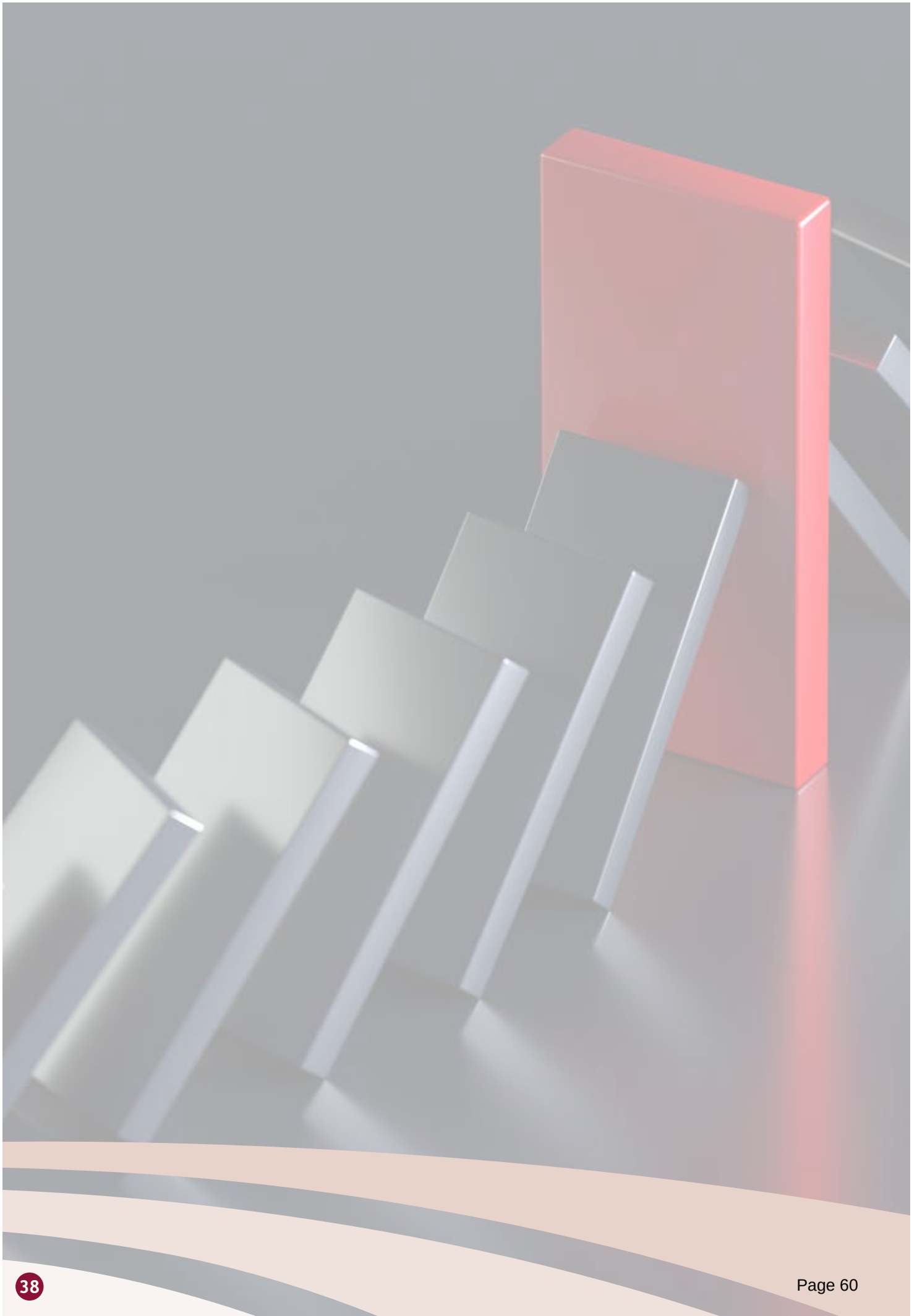
Strategy	Open / Eager - Guiding principles or rules in place that are receptive to considered risk taking in organisational actions and the pursuit of priorities. Organisational strategy is refreshed at 2-3 year intervals. Strategies are aspirational but smart.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					
Governance	Minimal - Willing to consider low risk actions which support delivery of priorities and objectives. Processes, and oversight / monitoring arrangements enable limited risk taking. Organisational controls maximise 'Poor Governance' prevention, detection and deterrence through robust controls and sanctions.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					
Operations	Cautious - Tendency to stick to the status quo, innovations generally avoided unless necessary. Decision making authority generally held by senior management. Management through leading indicators.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					
Health and Safety	Minimal - Health and Safety prioritised over activity/outcome.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					
Legal	Minimal - Want to be very sure we would win any challenge.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					
Property	Open / Cautious - Consider benefits of agreed solutions for purchase, rental, disposal, construction and refurbishment that meeting organisational requirements.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					
Financial Investment	Open / Cautious - Prepared to invest for benefit and to minimise the possibility of financial loss by managing the risks to tolerable levels.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
			1	2	3	4	5	
			LIKELIHOOD					

Page 57

Financial Management	Minimal / Averse - Avoidance of any financial failings, is a key objective.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					
Commercial	Open / Eager - Innovation supported, with demonstration of benefit / improvement in service delivery. Responsibility for non-critical decisions may be devolved	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					
People	Open / Eager - Prepared to invest in our people to create innovative mix of skills environment. Responsibility for non- critical decisions may be devolved.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					
Technology	Open / Cautious - Systems / technology developments considered to enable improved delivery. Agile principles may be followed.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					
Data & Info Management	Cautious - Accept need for operational effectiveness with risk mitigated through careful impact management limiting distribution.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					
Project / Programme	Open / Eager - Innovation supported, with demonstration of commensurate improvements in management control. Responsibility for non-critical decisions may be devolved. Plans aligned with functional standards and organisational governance.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					
Reputational	Appetite for risk taking limited to those events where there is no chance of any significant repercussions for the organisation.	IMPACT	5	5	10	15	20	25
			4	4	8	12	16	20
			3	3	6	9	12	15
			2	2	4	6	8	10
			1	1	2	3	4	5
				1	2	3	4	5
			LIKELIHOOD					

Appendix 3 - Action plan

Ref	Action	Responsibility	Target date
RMS1	Schedule the new Risk Management Strategy review date and process for 2026 .	SRO (MD) With support of RMG	July 2024
RMS2	Roll-out digital online training package for staff and elected Members.	SRO (MD) and HR With support of RMG	Autumn 2024
RMS3	Establish an Information Risk management framework.	SIRO AD - R & P	Sep 2024
RMS4	Further develop the Projects and Partnerships Risk Registers. Including training for these.	AD - R & P	Sep 2024
RMS5	Promote a positive risk awareness culture within the organisation through our collective spans of influence.	RMG	Ongoing
RMS6	Undertake quarterly detailed strategic risk review to include assessment, adjustment, and update for each risk area. Undertake quarterly risk appetite reviews as part of this process.	SRO (MD) With support of RMG	Ongoing
RMS7	Review the format of the strategic risk register including trend analysis.	SRO (MD) With support of RMG	Sep 2024
RMS8	Undertake an annual Risk management audit.	Internal Audit Consortium Manager	Ongoing
RMS9	Monitor the implementation of the Antifraud and Corruption Strategy.	S 151 officer and RMG	Built into agenda - for the lifetime of the plan



Access for All statement

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- Phone: [01246 231111](tel:01246231111)
- Email: connectne@ne-derbyshire.gov.uk
- Text: [07800 00 24 25](tel:07800002425)
- BSL Video [Call](#): a FREE, three way video call with us and a BSL interpreter.
- Call with [Relay UK](#) via textphone or app on [0800 500 888](tel:0800500888). FREE phone service for anyone who has difficulty hearing or speaking.
- Visiting our [offices](#) at Wingerworth: 2013 Mill Lane, [S42 6NG](tel:01246231111).



North East Derbyshire District Council

Audit Committee

15th April 2024

Implementation of Internal Audit Recommendations

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

Contact Officer: Jenny.williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

To present, for members' information, a summary of the internal audit recommendations made, implemented and outstanding for the financial years 2020/21 to date.

RECOMMENDATION

1. That the report be noted.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The implementation of internal audit recommendations helps to ensure that there are effective controls in place to reduce the risk of fraud and error.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☐ Capital - £250,000 ☐ ☒ <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader ☐ Cabinet ☐ SMT ☐ Relevant Service Manager ☒ Members ☐ Public ☐ Other ☐	Yes Details:

Links to Council Plan (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.

The implementation of Internal audit recommendations helps to ensure that the Council is continuously improving to deliver excellence and value for money.

REPORT DETAILS

1 Background

- 1.1 Internal Audit make recommendations to improve the governance, risk and control processes in place. It is important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

2. Details of Proposal or Information

- 2.1 This report is to inform Members of the Audit Committee of the internal audit recommendations made and the progress in respect of implementing them.
- 2.2 Appendix 1 provides an analysis of the number of recommendations made and implemented for the financial years 2020/21 to date. The table also summarises the number of recommendations that have been implemented and those that are outstanding. Below this the table details every outstanding recommendation.
- 2.3 No high priority recommendations are outstanding. In total there are 6 recommendations outstanding 2 with medium priority and 4 with low priority. The position continues to improve with a large number of recommendations having been implemented.

3 Reasons for Recommendation

- 3.1 To inform Members of the internal audit recommendations made, implemented and outstanding so that it can be assessed if appropriate and timely action is being taken.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
1	Summary of Internal Audit Recommendations Made, Implemented and Outstanding
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	

North East Derbyshire District Council

Appendix 1

Summary of Internal Audit Recommendations made and implemented 2020/21 – 2023/24 (March 2024)

Recommendations Made	2020/21	2021/22	2022/23	2023/24
Number of High Priority	0	0	0	0
Number of Medium Priority	21	19	11	17
Number of Low priority	33	29	24	26
Total	54	48	35	43
Recommendations Implemented	53	47	20	21
High Recommendations Outstanding	0	0	0	0
Medium Recommendations Outstanding	0	0	2	0
Low Recommendations Outstanding	1	1	2	0
Not overdue yet	0	0	11	22
Total Overdue Recommendations	1	1	4	0
Percentage due implemented or carried fwd to next audit	98%	98%	83%	100%

North East Derbyshire

2020/21

Report	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not	Overdue	Implemented
Ref				High	Medium	Low		Overdue		
N015	Laptops and Removable Media	Corporate Resources	Reasonable		2	4	6		1L	5
Total				0	2	4	6		1	5

2021/22

Report	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not	Overdue	Implemented
Ref				High	Medium	Low		Overdue		
N009	Disaster Recovery	Transformation	Substantial			3	3		1L	2
Total					3	6	9		1	2

2022/23

Report	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not	Overdue	Implemented
Ref				High	Medium	Low		Overdue		
N003	Food Hygiene	Organisation and Place	Reasonable		2	5	7	3		4
N006	Recruitment & Selection	Organisation & Place	Reasonable		1	1	2		1L	1
N009	Sundry Debtors	Finance & Resources	Reasonable		1	1	2	2		
N010	Cemeteries	Organisation & Place	Substantial			2	2		1L	1
N014	Network Security	Finance & Resources	Reasonable		4		4	1	2M	1
N015	Taxi Licensing Arrangements	Organisation & Place	Reasonable		1	4	5	5		
Total					9	13	22	11	4	7

2023/24

Report Ref	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not Overdue	Overdue	Implemented
				High	Medium	Low				
N001	Sickness Absence Management	Organisation & Place	Substantial			1	1			1
N002	Commercial Waste	Organisation & Place	Reasonable				0			0
N003	Facilities Compliance	Growth & Assets	Reasonable		2		2	1		1
N004	Land Charges	Organisation & Place	Reasonable			4	4			4
N005	Clay Cross Town Deal	Growth & Assets	Substantial			2	2			2
N006	Pollution Prevention & Control	Organisation & Place	Limited		4	6	10	2		8
N007	Treasury Management	Finance & Resources	Substantial			2	2			2
N008	Members IT Equipment	Finance & Resources	Reasonable		3		3	2		1
N009	VAT	Finance & Resources	Substantial			2	2			2
N010	FOI /EIR	Growth & Assets	Substantial				0			0
N011	Housing Benefits	Finance & Resources	Substantial			4	4	4		
N012	Coney Green Business Centre	Growth and Assets	Limited		8	5	13	13		
N013	Members Allowances	Organisation and Place	Substantial				0			0

Total					17	26	43	22	0	21

NEDDC Outstanding Recommendations March 2024

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment
Laptops and Removable Media – March 21	As part of its next review, the Joint Information Security Policy should be examined and updated where appropriate to reflect any lessons learned from the effects of the rapid move to home working experienced during the Covid-19 pandemic.	Low January 2022 Revised target date March 24	The Information and cyber-security policy is currently being finalised and through the approval process. This will be published on the Corporate Teams file area.
IT Disaster Recovery – November 2021	It would be beneficial to complete internal phishing exercises on an annual basis across all 3 authorities to increase awareness of threats within the authorities	Low December 2022 Revised target December 2024	Priorities diverted to other cyber related mitigation tasks such as moving to exchange online. Phishing training was distributed in June to all Staff and members with real examples highlighted. Known Phishing example publicised regularly when they come up. Currently investigating use of additional tools provided with M365 suit; however, this may take some time to implement.
Recruitment and Selection – October 2022	The Recruitment & Selection Policy should be reviewed and updated. Consideration should be given to if a joint NEDDC/BDC policy is still	Low June 2023 Revised target date	The policy has been reviewed and consultation has been completed with SMT. Consultation is taking place with Unions in April with a view to approval at full Council in

Audit and date audit completed	Recommendation Outstanding	Priority and Original Target Date	Managers Comment
	appropriate.	June 2024	May or June.
Cemeteries – November 2022	Extensions to the management agreement / contract between NEDDC and Clay Cross Parish Council for the management of Danesmoor Cemetery should be signed and agreed by both parties.	Low 31 st March 2023 Revised target date End March 2024	Revised price and contract being discussed currently with Clerk at Clay Cross Parish Council. To be completed End of March.
Network Security – May 2023	It is essential that all policies and strategies are reviewed, updated and approved on a timely basis. Once approved the policies should be published on the Joint ICT Intranet site.	Medium End October 2021 Revised target date March 2024	The Information and cyber-security policy is currently being finalised and through the approval process. This will be published on the Corporate Teams file area.
Network Security – May 2023	ICT should consider the development of an I-Cloud Policy for NEDDC and BDC and include this on the Council's Joint ICT Intranet Site.	Medium End March 2022 Revised target date March 2024	This has been included into the Information and cyber-security policy currently being finalised and through the approval process. This will be published on the Corporate Teams file area.

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

15th April 2024

INTERNAL AUDIT PLAN 2024/25

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

Contact Officer: Jenny Williams – 01246 959770
Jenny.williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

To present to Members for consideration and agreement the Internal Audit Plan for 2024/25.

RECOMMENDATIONS

1. That the Internal Audit Plan for 2024/25 be agreed.
2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any emerging risks / staff shortages etc.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The internal audit budget for 2024/25 has been approved by the Joint Board.

The audit plan is designed to provide assurance that the council's significant risks identified as part of the risk assessment process are being managed effectively. If additional risks are identified and / or there are changes to priorities during the year the plan will be reconsidered. Any significant changes to the plan will be reported back to the Audit Committee for approval.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☐ Capital - £250,000 ☐ ☒ <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader ☐ Cabinet ☐ SMT ☒ Relevant Service Manager ☒ Members ☐ Public ☐ Other ☐	Yes Details:

Links to Council Plan (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.

The internal audit plan is linked to the Council Plan in respect of its aim to continually improve Council services to deliver excellence and Value for money and to provide assurance in respect of the Council's governance, risk and control arrangements.

REPORT DETAILS

1 Background

- 1.1 A key requirement of the Public Sector Internal Audit Standards is that a periodic risk- based plan should be prepared that is sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk- based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.

2. Details of Proposal or Information

- 2.1 The plan has been prepared taking into account the following factors: -

- The organisational objectives and priorities,
- The organisations strategic and operational risks,
- The requirement to produce an annual internal audit opinion on the Council's governance, risk and control arrangements,
- Consultation with the Senior Management Team

- 2.2 Over the last few years there has been a gradual reduction of time spent on the main financial systems. This is on the basis that the controls in place are tried and tested, that systems and staff remain the same. This allows us to spend more time on other areas that may pose greater risk or that we have not reviewed for some time. Internal audit covers the whole of the council's governance, risk and control arrangements and therefore there is an increasing number of non- financial areas to assess such as climate change and health & safety.

- 2.3 Some reserve audit areas have been included at the end of the plan. Whilst every effort will be made to complete the 2024/25 planned areas first, a list of reserve areas provides more flexibility if it is necessary to defer any audits. If the contingency days are not required then these will be utilised on the reserve areas.

- 2.4 An annual report summarising the outcome of the 2023/24 internal audit plan will be presented to this Committee after the year-end. Some of the areas within the 23/24 plan have been carried forward to 2024/25.

- 2.5 A summary of the internal audit plan for 2024/25 is shown below and in detail at Appendix 1.

Internal Audit Plan 2024/25

Summary	Audit Days
Main Financial Systems	67
Other Operational Audits	138
Computer / IT Related	15
National Fraud Initiative	5
Rykneld Homes	97
Corporate / Cross Cutting / Governance	79
Special Investigations & Contingency	40
Apprenticeships / Training	30
Audit Committee / Client Liaison	15
Grand Total	486

- 2.6 Resource availability has been based on the Consortium Business Plan that was approved by the Joint Board on the 27th March 2024. The plan allocates 486 days to North East Derbyshire District Council for 2024/25, this is the same allocation as in 2023/24.
- 2.7 The plan is ambitious and is reliant upon having a full staffing complement and fully trained staff. The Consortium is currently fully staffed but has a number of new staff that are being trained.

3 Reasons for Recommendation

- 3.1 To comply with the Public Sector Internal Audit Standards and to determine the internal audit work plan for the year.
- 3.2 To ensure that the annual internal audit opinion can provide assurance in respect of the Council's governance, risk and control arrangements.

4 Alternative Options and Reasons for Rejection

- 4.1 None

DOCUMENT INFORMATION

Appendix No	Title
1	Internal Audit Plan 2024/25
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	

Appendix 1

North East Derbyshire District Council Internal Audit Plan 2022/23 – 2024/25

Audit not completed

Priority		22/23 Days	2023/24 Days	2024/25 Days	Risk Factor / Strategic Risk
	Main Financial Systems				
M	Main Accounting/Budgetary Control/MTFP	0	0	12	Failure to produce a reliable set of accounts, lack of control over spending, (Strategic Risk 2)
M	CIPFA Financial Management Code	12	0	0	Financial Resilience / sustainability (Strategic Risk 2)
M	Payroll	0	20	0	Employees are paid incorrectly, there are ghost employees in the system
M	Creditor Payments	0	0	20	Incorrect or fraudulent payments are made (Strategic Risk 3)
M	Debtors	15	0	15	Loss of income, fraud
M	Treasury Management	0	10	0	Misappropriation of funds, poor investment decisions
M	Cash and Banking/Income Management	18	0	10	Loss of income, theft
M	Council Tax	20	0	10	Loss of income, fraud (Strategic Risk 3)
M	Non- Domestic Rates	10	10	0	Loss of income, fraud (Strategic Risk 3)
M	Housing / Council Tax Benefits	18	20	0	Reputational damage, fraud (Strategic Risk 3)
M	Business Grants	0	0	0	Monies not paid out in accordance with scheme / fraud
	Total Main Financial Systems	93	60	67	
	Other Operational Audits				
M	Asset Management Arrangements	0	0	12	Assets not fit for purpose, not providing VFM
H	Business Centres – Coney Green & Midway	0	15	10	Loss of income, health & safety
M	Clay Cross Town Deal	10	12	0	Risk that project won't be delivered / reputational damage (Strategic Risk 6)
M	Committee Processes	12	0	0	Poor Governance, lack of transparency (Strategic Risk 8)

Priority		22/23 Days	2023/24 Days	2024/25 Days	Risk Factor / Strategic Risk
L	Corporate Credit Cards	0	0	8	Fraud, theft
M	Disabled Facilities Grants	0	0	10	Fraud, poor VFM
M	Eckington Leisure Centre	0	0	15	Loss of income, theft, poor practice (Strategic Risk 3)
M	E Health Food Hygiene	12	0	0	Public Health risk (Strategic Risk 3)
L	E.Health Licensing	0	0	8	Loss of income, reputational damage
M	E. H Pollution Prevention and Control	0	8	0	Public Health risk (Strategic Risk 3)
L	Expenses and Allowances	0	0	10	Fraud, theft
M	Facilities Compliance	0	15	0	Staff health risk
M	Final Accounts (contractors)	4	0	0	Poor value for money / fraud
L	FOI / Env Regs	0	10	0	Lack of transparency
L	Grounds Maintenance swapped for commercial waste 2023/24	0	10	10	Reputational
H	Industrial Property Rents/Periodic Income	15	15	15	Loss of income, fraud
M	Insurance	10	0	0	Wrong cover levels and type, fraudulent claims
M	Killamarsh Leisure Centre	15	15	15	Loss of income, theft, poor practice (Strategic Risk 3)
L	Land Charges	0	8	0	Loss of income
M	Leisure Reviews	15	0	0	Loss of income, theft, poor practice (Strategic Risk 3)
L	Members Allowances	0	10	0	Incorrect payments
H	Northwood Building Company	0	12	0	Company fails, projects fail, budget implications. Strategic Risk 20
L	Petty Cash	5	5	5	Theft
M	Planning Fees	10	0	0	Loss of income
M	Recruitment and Selection	12	0	0	Fraud
M	Section 106	0	0	12	Loss of income/fraud/ reputational damage, failure to deliver projects
M	Sickness Absence / Wellbeing	12	12	0	Staff morale / high absence levels (Strategic Risk 9)
M	Taxi Licensing	12	0	0	Safeguarding risk (Strategic risk 10)
H	Transport / Vehicles / fuel Swapped for Cemeteries 22/23	13	13	8	Theft / Health & Safety (Strategic Risk 6)

Priority		22/23 Days	2023/24 Days	2024/25 Days	Risk Factor / Strategic Risk
L	VAT	0	8	0	Fines through errors
	Total Operational Audits	157	168	138	
	Computer and IT Related				
H	Cyber Security / Network Security/systems security / Transformation Programme - Digital	15	0	15	Attack on Council systems / business continuity/ reputational damage / financial (Strategic Risk 13)
L	It Inventory / disposal of Equipment	0	8	0	Theft, loss of data, reputation (Strategic Risk 13)
L	Members IT Equipment	0	12	0	Misuse, theft
	Total Computer and IT related	15	20	15	
	Rykneld Homes	97	97	97	Partnership fails (Strategic Risk 7)
	Cross Cutting Areas				
H	Corporate Governance and AGS	2	2	2	Poor Governance (Strategic Risk 8)
H	Climate Change	0	12	12	Failure to deliver on targets, reputation (Strategic Risk 15)
M	Data Protection	12	0	0	Mis- use of data, large fines
N/A	Financial Advice / Working Groups	20	20	20	Appropriate controls not in place
N/A	Government Grants sign off	0	0	3	Loss of Grant funding
M	Health and Safety	0	0	10	Risk of injury, death (Strategic Risk 8)
M	Performance Management/Corporate Targets	0	12	0	Decisions made on inaccurate data (Strategic Risk 8)
M	Procurement	0	0	12	Fraud, poor value for money
M	Risk Management	0	5	10	Failure to identify and mitigate risks (Strategic Risk

Priority		22/23 Days	2023/24 Days	2024/25 Days	Risk Factor / Strategic Risk
					8)
M	Safeguarding	0	0	10	Safety of the vulnerable, reputational risk (Strategic Risk 10)
	Total Cross Cutting Areas	34	51	79	
	Fraud and Corruption				
M	National Fraud Initiative	5	5	5	Fraud
	Total	5	5	5	
	Special Investigations/Contingency	40	40	40	Fraud, loss of income
	Apprenticeship / Training	30	30	30	Lack of appropriately trained staff
	Audit Committee / Client Officer Liaison	15	15	15	Non- compliance with Public Sector Internal Audit Standards
	Planned Total Days	486	486	486	

Reserve Areas for 2024/25

Facilities Statutory Compliance

Street Cleaning

Business Continuity / Emergency Planning

Leisure Direct Debits

Corporate Targets

North East Derbyshire District Council

Audit Committee

15 April 2024

Review of the Effectiveness of Internal Audit

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: Jayne Dethick

PURPOSE/SUMMARY

- To provide to the Audit Committee a review by the S151 Officer of the effectiveness of the Council's Internal Audit arrangements.
 - For the Audit Committee to consider whether the conclusion set out within this report represents a reasonable evaluation of the Internal Audit service and its effectiveness as part of the Council's Governance arrangements.
-

RECOMMENDATIONS

- 1 That the Audit Committee consider and endorse the S151 Officer's assessment of the Internal Audit Service as detailed at 1.3 below.
 - 2 That the Audit Committee make any comments which they consider to be appropriate either on the contents of this report, or on the opinion of the S151 Officer regarding the effectiveness of the Internal Audit service.
-

IMPLICATIONS

Finance and Risk

Yes ✓

No

There are no additional financial implications arising out of this report.

On the basis that the Internal Audit Consortium provides a service on which the Council can place reliance then this provides a significant mitigating factor which will reduce the risk of a failure of the Council's Internal Control arrangements.

On Behalf of the Section 151 Officer

Legal including Data Protection**Yes ✓****No**

There are no Legal or Data Protection issues arising directly from this report

On Behalf of the Solicitor to the Council

Staffing**Yes****No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☒ Capital - £250,000 ☒ ☒ Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader ☐ Cabinet ☐ SMT ☐ Relevant Service Manager ☐ Members ☐ Public ☐ Other ☐	No Details:

Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.

All

1 REPORT DETAILS**Background**

- 1.1 The Accounts and Audit Regulations require local authorities to follow proper accounting practices and to maintain an appropriate regime of internal control. These Regulations require that the Council conduct annual reviews of the effectiveness of its internal audit service, and that this review will be considered by a committee of the Council as part of the wider consideration of the system of internal control.

- 1.2 Given the role of the Audit Committee in relation to financial governance and internal control issues it is appropriate that this report is brought before that Committee for consideration.

Review of the Effectiveness of Internal Audit

- 1.3 The Council's S151 Officer in reviewing the effectiveness of the Council's Internal Audit Service during 2023/24 is satisfied that an effective service has been provided, and concludes:

"It is my opinion that the Internal Audit Consortium carries out this function competently and to a high standard. The Consortium provides an effective service upon which I can place reliance."

The sections below outline the evidence which support that judgement and the Committee are asked to consider and comment upon the reasonableness of the conclusion that has been reached.

- 1.4 The Internal Audit Consortium has achieved more than 95% of the Internal Audit Plan for 2023/24. The Audit Plan is based on a risk assessment process of the Council's systems and internal controls, and demonstrates that a systematic review of the Council's activities has been undertaken during the year. The Council's Senior Management Team were consulted and agreed the Audit Plan before the start of the financial year. Progress against the Audit Plan has been reported to this Audit Committee on a regular basis during the year by the Internal Audit Consortium Manager.
- 1.5 The most direct outcome which arises from the work of Internal Audit are the reports, which cover the areas as agreed within the Audit Plan. These reports provide important evidence which enable other stakeholders to evaluate the quality of the work of internal audit. Before publication the relevant service manager, assistant director and director are invited to review the report and comment as appropriate. In addition, all reports that have limited or inadequate assurance are brought to the attention of the Managing Director who will trigger a review of the outcomes and require a corrective action plan be devised.
- 1.6 The audit team operate to recognised good practice as set out by the Chartered Institute of Public Finance and Accountancy (CIPFA), in its Public Sector Internal Audit Standards (2013, 2017) and the Head of the Internal Audit Consortium reports on compliance to the Audit Committee. In addition, the Council operates its internal audit function in line with best practice as set out in the CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations (2010).
- 1.8 Finally, it should be noted that the service has operated within the approved financial budget since its inception in April 2007. Given that these budgets were based upon the Business Case which was developed concerning the Internal Audit consortium as part of the process of setting up the Consortium arrangements, and that the Business Plan explicitly considered best value issues the S151 Officer is satisfied that the service is providing good value for money for the Council.

2 Reasons for Recommendation

- 2.1 The Chief Financial Officer is required to consider at the end of each financial year whether the Internal Audit team provide a service on which reliance can be placed.

3 Alternative Options and Reasons for Rejection

- 4.1 None considered, there is a requirement to report effectiveness of the Internal Audit Service.

DOCUMENT INFORMATION

Appendix No	Title
Background Papers	

North East Derbyshire District Council

Audit Committee

15 April 2024

Corporate Debt 31 January 2024
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Report of the Director of Finance & Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: Jayne Dethick

PURPOSE/SUMMARY

- To present to Members of the Audit Committee a summary of the corporate debt position at 31 January 2024.

RECOMMENDATIONS

1. That the Audit Committee note the report concerning the Council’s corporate debt position as at 31 January 2024.

IMPLICATIONS

<u>Finance and Risk</u>	Yes	✓	No
Appendix 1 details the current position regarding corporate debt.			
On Behalf of the Section 151 Officer			
<u>Legal including Data Protection</u>	Yes		No ✓
There are no legal implications arising directly from this report.			
On Behalf of the Solicitor to the Council			
<u>Staffing</u>	Yes		No ✓
There are no staffing issues arising directly from this report.			

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☐ Capital - £250,000 ☐ ☒ <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader ☐ Cabinet ☐ SMT ☐ Relevant Service Manager ☒ Members ☐ Public ☐ Other ☐	No Details:

Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.
All

REPORT DETAILS

1 Corporate Debt Position

- 1.1 This report updates Members of the Audit Committee on the current position in relation to corporate debt.
- 1.2 Appendix 1 contains details of the debt position in relation to sundry debtors, overpaid housing benefits and rents.

Housing Benefit Overpayments

- 2.1 At its last meeting the Committee asked for an update on housing benefit overpayment collection. Housing benefit totalling £16.22m is paid to tenants living in rented accommodation in North East Derbyshire each year. On occasion an overpayment can happen, these are mostly recoverable. The overpayment is not recovered if it is the result of official error, unless it was reasonable for the tenant to have known they were being overpaid.

- 2.2 Overpayments happen for various reasons, most commonly when we are not told about a change in circumstance such as an income increase or someone moving in or out of the home. It can also occur because of overlaps in payment of other benefits such as Universal Credit.
- 2.3 When an overpayment is identified the tenant (or former tenant) is notified and arrangements are made to recover the amount. If Housing Benefit or Universal Credit is still being paid then the overpayment is recovered by deducting an amount from the benefit received each week. The Department of Work and Pensions specify the maximum amount that can be recovered each week. This cannot be exceeded but can be reduced depending on individual circumstances.
- 2.4 Where housing benefit is no longer being paid then an invoice will be issued for the due amount and arrangements made for collection. If an invoice remains unpaid or an arrangement to repay persistently defaults, then further action may be taken including pursuing the debt in the County Court.
- 2.5 The amount of Housing Benefit Overpayments outstanding reduced from £1.530m at the 31st March 2022 to £1.434m at the 31st March 2023 and then to £1.289m at the 31st December 2023. The amount outstanding has therefore reduced by £0.241m in the last 21 months. This follows a period of targeted investigation on a case by case basis. This has included writing off uncollectable debts where all avenues for recovery have been exhausted and allows more time to focus on debts that are collectable.
- 2.6 In numerous cases, payments are being made but will take a considerable amount of time to pay in full. It is important that we remain engaged with such cases and don't write off debts which are being paid, but this means clearing debts can take some time.

3 Reasons for Recommendation

- 3.1 To ensure the Audit Committee are informed of the latest position concerning the Council's debt.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no alternative options for consideration.

DOCUMENT INFORMATION

Appendix No	Title
1	Corporate Debt as at 31 January 2024
Background Papers	

APPENDIX 1

Aged Debt Reporting - Sundry Debtors

	Debt Outstanding as at	Current Debt	90 – 365 Days	1 to 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ years	Total	Write Offs
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2018/19	31 March 2019	71	34	13	26	5	18	27	194	41
2019/20	31 March 2020	382	28	32	13	26	5	25	510	3
2020/21	31 March 2021	244	216	33	25	12	23	25	577	4
2021/22	31 March 2022	218	171	95	26	8	4	34	556	40
2022/23	31 March 2023	914	81	128	68	22	7	32	1,252	12
2023/24	30 June 2023	158	520	113	104	29	8	32	965	1
2023/24	30 September 2023	66	527	112	90	27	10	32	864	38
2023/24	31 January 2024	366	229	510	103	40	13	36	1,297	39
	Average	366	126	135	44	19	12	30	731	23

Aged Debt Reporting - Housing Benefit Overpayments

	Debt Outstanding as at	Current Debt	90 – 365 Days	1 to 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5+ years	Total	Write Offs
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2018/19	31 March 2019	55	237	285	251	223	143	367	1,561	38
2019/20	31 March 2020	55	523	279	240	204	139	344	1,493	68
2020/21	31 March 2021	57	95	146	194	223	186	622	1,526	10
2021/22	31 March 2022	87	62	135	133	173	182	760	1,535	49
2022/23	31 March 2023	18	105	139	122	122	153	776	1,443	148
2023/24	30 June 2023	29	74	156	111	107	133	813	1,423	9
2023/24	30 September 2023	23	54	87	113	89	99	836	1,301	87
2023/24	31 January 2024	45	47	98	85	96	88	839	1,298	20
	Average	53	178	180	171	173	148	618	1,476	56

Aged Debt Reporting - HRA Indebtedness

	Debt Outstanding as at	Debt Outstanding as at	Write Offs in Year
		£000's	£000's
2018/19	31 March 2019	1,465	192
2019/20	31 March 2020	1,420	190
2020/21	31 March 2021	1,938	116
2021/22	31 March 2022	1,700	158
2022/23	31 March 2023	1,630	110
2023/24	30 June 2023	1,334	5
2023/24	30 September 2023	1,357	27
2023/24	31 January 2024	1,372	31
	Average	1,588	133

Summary of Provision for Doubtful Debts 2023/24

	General Fund Sundry Debtors	Over Paid Housing Benefit	HRA Rents	Total
	£000's	£000's	£000's	£000's
Balance B/Fwd	(415)	(1,316)	(1,006)	(2,737)
Write offs in current financial year	43	0	31	74
Actual increase in provision	0	0	0	0
Provision C/Fwd	(372)	(1,316)	(975)	(2,663)
Current Debt Position	1,297	1,298	1,372	3,967
Percentage Coverage	29%	101%	71%	67%

North East Derbyshire District Council

Audit Committee

15 April 2024

Anti Fraud and Corruption Strategy

Report of the Director of Finance & Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick, Director of Finance & Resources (S151 Officer)

Contact Officer: Jayne Dethick

PURPOSE/SUMMARY

- To present the reviewed Anti-Fraud and Corruption Strategy to the Audit Committee for consideration

RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee approves the refreshed Anti-Fraud and Corruption Strategy (attached).

IMPLICATIONS

Finance and Risk **Yes ✓** **No**

Contained within the report and strategy. There are no additional financial implications arising.

On Behalf of the Section 151 Officer

Legal including Data Protection **Yes ✓** **No**

Contained within the report and strategy. There are no additional legal implications arising.

On Behalf of the Solicitor to the Council

Staffing**Yes****No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☐ Capital - £250,000 ☐ ☒ <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader ☐ Cabinet ☐ SMT ☐ Relevant Service Manager ☒ Members ☐ Public ☐ Other ☐	No Details:

REPORT DETAILS**1 Anti-Fraud and Corruption Strategy**

- 1.1 The Anti-Fraud and Corruption Strategy aims to set out the Council's commitment to promoting a strong counter fraud culture to prevent, detect and deter fraud and corruption.
- 1.2 The Council has a responsibility to protect the public purse and is committed to protecting the funds that it administers at all times. Therefore the highest standards of probity and conduct from members, employees, contractors, partners and any other parties involved in the delivery of its services to the public is expected at all times. This includes a requirement to act lawfully and comply at all times with the Council's policies and procedures as well as statute and regulation.
- 1.3 The Strategy is part of a collection of policies aimed at maintaining high standards of probity including the Codes of Conduct for members and

employees, the Financial Regulations embedded in the Constitution and the Whistle Blowing Policy.

1.4 The purpose of the strategy is to provide management with a tool to ensure the fraud resilience measures are in place and fit for purpose and to demonstrate the stewardship of public funds. It adopts the principles included in *Fighting Fraud and Corruption Locally 2020* which is the counter fraud and corruption strategy for local government, which provides a roadmap for dealing with fraud and corruption in local authorities.

1.5 The routine review of the Strategy has taken place and no major changes have been made. Additionally, there are no updates to the Fraud Act 2006 or the Fighting Fraud and Corruption Locally 2020 principles that need to be incorporated. The action plan within the Strategy has been updated to reflect the review outcomes.

2 Reasons for Recommendation

2.1 The strategy demonstrates the Council's commitment to promoting a strong counter fraud culture to prevent, detect and deter fraud and corruption and is periodically reviewed to ensure it continues to do so.

4 Alternative Options and Reasons for Rejection

4.1 There are no alternative options for consideration.

DOCUMENT INFORMATION

Appendix No	Title
1	Anti-Fraud and Corruption Strategy March 2024
Background Papers	



North East Derbyshire District Council

Anti-Fraud and Corruption Strategy

Introduction

This strategy aims to sets out the Council's commitment to promoting a strong counter fraud culture to prevent, detect and deter fraud and corruption.

The Council also has a responsibility to protect the public purse and is committed to protecting the funds that it administers at all times. Therefore the Council expects the highest standards of probity and conduct from members, employees, contractors, partners and any other parties involved in the delivery of its services to the public. This includes a requirement to act lawfully and comply at all times with the Council's policies and procedures as well as statute and regulation.

Fraud and Corruption

The Fraud Act 2006 contains the legal definitions of fraud, largely used in criminal prosecutions. Non-criminal fraud also occurs and is dealt with through the Council's own policies and procedures such as the Code of Conduct and Whistleblowing Policy.

For the purposes of this strategy, fraud is defined as ***the dishonest action designed to facilitate gain (personal or otherwise) at the expense of the Council, the residents of the District or the wider national community.*** Offences such as deception, forgery, theft, misappropriation, collusion and misrepresentation will all fall within this definition.

The Strategy

The Anti-Fraud and Corruption Strategy is part of a collection of policies aimed at maintaining high standards of probity including the Codes of Conduct for members and employees, the Financial Regulations embedded in the Constitution and the Whistle Blowing Policy.

The purpose of the strategy is to provide management with a tool to ensure the fraud resilience measures are in place and fit for purpose and to demonstrate the stewardship of public funds.

The strategy adopts the principles included in *Fighting Fraud and Corruption Locally 2020* which is the counter fraud and corruptions strategy for local government, providing a roadmap for dealing with fraud and corruption in local authorities. These are:

- **Govern**
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.
- **Acknowledge**
Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

- **Prevent**

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

- **Pursue**

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

- **Protect**

Protecting against serious and organised crime, protecting individuals from becoming victims of crime including cybercrime and protecting against the harm that fraud can do to the community.

Achieving the Principles Locally

Govern

The key principle of the strategy is that those charged with governance support it by ensuring there are robust arrangements and support at a senior level in the organisation to ensure all anti-fraud, corruption and bribery measures are embedded.

Beating fraud is everyone's business and internal arrangements are in place that communicate throughout the Council and publicly that there is a culture and commitment to prevent fraud.

The Council has a robust framework of policies and procedures and governance structures which combine to act as an effective deterrent and provide avenues for reporting and detecting fraud and corruption.

Acknowledge

An organisation needs to acknowledge and understand fraud risks in order to create an effective anti-fraud culture and be prepared to provide the right resources to tackle fraud and corruption.

The Council's Internal Audit Service plays an important role in acknowledging the importance of understanding fraud. This is embedded in the annual Audit Plan.

Prevent

Fraud can be prevented and detected by enhancing fraud controls and processes and making best use of information and technology to achieve this. The Council participates annually in a national data matching exercise coordinated by the Cabinet Office (NFI) which does just this.

Specifically, councils have a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure that proper arrangements are made for their financial affairs with sound financial systems and efficient and effective internal controls.

Pursue

Stopping fraud and corruption from happening in the first place is the primary aim. In order to achieve this, a robust enforcement response is essential.

The Council has a zero tolerance policy towards any individual or organisation who defrauds or attempts to defraud it. Legal action will be taken where appropriate as will the seeking of financial redress.

Protect

The Council seeks to protect individuals and communities against the harm that fraud can do. This includes the protection of public funds and increasingly, cybercrime.

Action Planning

An essential part of strategic planning is working towards the achievement of aims and provide a measure of progress.

This action plan will be embedded into the Risk Management Strategy with progress reported on a quarterly basis to the Audit Committee.

Anti-Fraud and Corruption Strategy Action Plan

Principle	Aims	Mitigation	Future Action Required
<u>GOVERN</u> Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the Council	To have established frameworks that demonstrate a commitment to having effective fraud deterrents To document fraud policies through policies and procedures To evaluate effectiveness of the policies and procedures in place	The Council's policies and procedures, Constitution, S151 Officer and Monitoring Officer and Internal Audit Function. The Anti-Fraud and Corruption Strategy Annual review of Fighting Fraud and Corruption Locally by the Head of Internal Audit, reviewed by the Audit Committee	Continue to review fraud risk prevention and detection as a work stream for the Risk Management Group
<u>ACKNOWLEDGE</u> Understanding fraud risks, identifying risk exposure and the impact on the Council and the wider community Committing the right support to tackling fraud and corruption Communicating the risks to those charged with governance	To have a well-informed fraud risk register that allows the Council to formulate effective responses to all risks and implement preventative and detective control actions To maintain a skilled and competent workforce to manage the Council's fraud resilience To integrate the fraud risks into the risk management framework	The Council's policies and procedures, Constitution, S151 Officer and Monitoring Officer and Internal Audit Function. The Council's policies and procedures, Constitution, S151 Officer and Monitoring Officer and Internal Audit Function. Anti-Fraud and Corruption Policy reviewed by SMT and Audit Committee. Quarterly Risk Management updates to Audit Committee	Continue to review fraud risk prevention and detection as a work stream for the Risk Management Group
<u>PREVENT</u>		Participation in NFI	

OFFICIAL-[SENSITIVE]

Enhance fraud controls and processes	To use and participate in existing methods of fraud prevention/detection To ensure processes and procedures are robust when measured against new and emerging fraud and corruption.	Internal Audit plan Annual review of Fighting Fraud and Corruption Locally by the Head of Internal Audit, reviewed by the Audit Committee	Continue to review fraud risk prevention and detection as a work stream for the Risk Management Group
Develop a more effective anti-fraud culture	To have a culture that promotes and supports communication of any reasonably suspected breach of policies and procedures.	The Council's policies and procedures, including the Code of Conduct and Whistleblowing Policies, the Constitution, S151 Officer and Monitoring Officer and Internal Audit Function.	Continue to review effectiveness of training programmes
<u>PURSUE</u> Prioritise zero tolerance approach and prioritise fraud recovery	To commit to pursuing a wide range of sanctions including civil, disciplinary and regulatory, against those found to have committed fraud	The Council's policies and procedures, including the Code of Conduct and Whistleblowing Policies, the Constitution, S151 Officer and Monitoring Officer and Internal Audit Function. Dedicated function within teams where there is a higher risk of fraud and corruption.	
<u>PROTECT</u>			

OFFICIAL-[SENSITIVE]

Protect the Council and its residents from fraud	To provide support and guidance to staff	The Council's policies and procedures, Constitution, S151 Officer and Monitoring Officer and Internal Audit Function.	Continue to review fraud risk prevention and detection as a work stream for the Risk Management Group
	To provide support and guidance across the community to help residents and stakeholders protect themselves against fraud and advice on how to refer concerns when suspected fraud occurs	The Anti-Fraud and Corruption Strategy The Council's policies and procedures, Constitution, S151 Officer and Monitoring Officer and Internal Audit Function. The Council's Communications Strategy	Continue to review effectiveness of training programmes Continual review of fraud awareness in external communications, use of social media etc

North East Derbyshire District Council

Audit Committee

15 April 2024

Committee Work Programme 2023/2024

Report of the Assistant Director of Governance and Monitoring Officer

Classification: This report is public

Report By: Tom Scott – Governance and Scrutiny Officer

Contact Officer: Tom Scott thomas.scott@ne-derbyshire.gov.uk 01246 217045

PURPOSE / SUMMARY

To enable the Audit Committee to review the Work Programme for the remainder of the municipal year 2023/2024.

RECOMMENDATIONS

1. That the Committee notes and approves the proposed Audit Committee Work Programme for the remainder of the 2023/2024 municipal year as set out in the attached **Appendix 1**.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

Risk - the development of a Work Programme for the Audit Committee will provide an appropriate structure to assist and support the Committee's work. This will help to ensure that the Committee continues to operate effectively and that the Council's governance and accountability arrangements remain robust. The Programme is designed to allow the Audit Committee to continue its flexible approach to its and consider work the range of matters which are within its remit. There are no financial issues arising from the report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☐

No ☒

Details:

There are no legal issues or Data Protection matters arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

There are no staffing issues arising from the report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 ☐ Capital - £250,000 ☐ ☒ Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader ☐ Cabinet ☐ SAMT ☐ Relevant Service Manager ☐ Members ☒ Public ☐ Other ☐	Yes Details: Members of the Audit Committee

Links to Council Ambition (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

None.

REPORT DETAILS

1 Background

- 1.1 The Audit Committee considers a range of financial and governance issues on a regular basis. Given the number of matters that are examined by the Committee it is appropriate that an Annual Work Programme continues to be in place.
- 1.2 The Work Programme is set out in the attached **Appendix 1**. It should be recognised that the work plan is a live document to which matters may be added or removed as appropriate and approved by the Committee, including standing items.
- 1.3 The Work Programme enables Members to give structured consideration as to whether the proposed agenda items are appropriate and serve to meet the objectives of the Committee. That question needs to be considered in the light of the Council's Constitution, Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on the role of an Audit Committee and established good practice.

2. Details of Proposal or Information

- 2.1 To enable the Audit Committee to review the Work Programme for the municipal year 2023/24.

3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the 2023/24 municipal year.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme 2023/24
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) you must provide copies of the background papers)	

AUDIT COMMITTEE: PROPOSED WORK PROGRAMME 2023/24

<u>DATE OF MEETING</u>	<u>ITEM</u>
3 July 2023	• Induction Session • External Audit Progress Report • Risk Management Update • Treasury Management Presentation
4 December 2023 Accounts Sign off Meeting	• Annual Governance Statement and Code of Corporate Governance 2022/23 • Annual Statement of Accounts and Going Concern Report 2022/23 • Audit Completion Report 2022/23 • Letter of Representation 2022/23 • Internal Audit Annual Report • Internal Audit Progress Report • Monitoring the implementation of Internal Audit recommendations • Risk Management Update • Treasury Management update • Safeguarding update
22 January 2024	• Treasury Management Strategies 2023/24 – 2026/27 • External Audit Progress Report • Internal Audit Progress Update • Risk Management Update – update of review by Zurich Municipal • Proposed Accounting Policies 2023/24 • Review of the Internal Audit Charter
15 April 2024	• Annual Review of Effectiveness of Internal Audit • Internal Audit Progress Update • Monitoring the implementation of Internal Audit recommendations • External Audit Progress Update • Internal Audit Plan 2024/25 • Risk Management Strategy • Corporate Debt • Anti-Fraud and Corruption Strategy

Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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