



# Epping Forest District Council

## **AUDIT & GOVERNANCE COMMITTEE** **Monday, 28th September, 2020**

You are invited to attend the next meeting of **Audit & Governance Committee**, which will be held at:

**Virtual Meeting on Zoom**  
on **Monday, 28th September, 2020**  
at **7.00 pm** .

**Georgina Blakemore**  
Chief Executive

**Democratic Services**  
**Officer**

Gary Woodhall  
Tel: 01992 564243  
Email: [democraticservices@eppingforestdc.gov.uk](mailto:democraticservices@eppingforestdc.gov.uk)

### **Members:**

Councillors I Hadley, S Heap, R Jennings, B Vaz and P Keska

Independent -

### **WEBCASTING/FILMING NOTICE**

**Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The meeting may also be otherwise filmed by third parties with the Chairman's permission.**

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**Therefore by entering the Chamber and using the lower public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for web casting and/or training purposes. If members of the public do not wish to have their image captured they should sit in the upper council chamber public gallery area or otherwise indicate to the Chairman before the start of the meeting.**

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## **1. WEBCASTING INTRODUCTION**

(Corporate Communications Manager) This meeting is to be webcast. The Chairman

will read the following announcement:

*“Please note that this virtual meeting will be filmed for live or subsequent broadcast via the Council's internet site.*

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*Therefore by participating in this virtual meeting, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes. If members of the public do not wish to have their image captured they should ensure that their video setting throughout the virtual meeting is turned off and set to audio only.*

*In the event that technical difficulties interrupt the virtual meeting that cannot be overcome, the Chairman may need to adjourn the meeting.*

*If you have any queries regarding this, please contact the Corporate Communications Manager on 01992 564039.”*

**2. APOLOGIES FOR ABSENCE**

(Democratic & Electoral Services Manager) To be announced at the meeting.

**3. DECLARATIONS OF INTEREST**

(Monitoring Officer) To declare interests in any item on the agenda for the meeting of the Committee.

**4. MINUTES (Pages 5 - 10)**

To confirm the minutes of the meeting of the Committee held on 27 July 2020.

**5. MATTERS ARISING**

(Democratic & Electoral Services Manager) To consider any matters arising from the minutes of the previous meeting of the Committee.

**6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Pages 11 - 12)**

(Chief Internal Auditor) To consider the attached work programme for the Committee for 2018/19.

**7. THE REDMOND REVIEW (Pages 13 - 20)**

(Section 151 Officer) To consider the attached report regarding the independent review into the oversight of local audit and the transparency of local authority financial reporting (AGC-011-2020/21).

**8. RISK MANAGEMENT (Pages 21 - 54)**

(Section 151 Officer) To consider the attached report reviewing the Corporate Risk

Register and recommending the revised Risk Management Strategy to the Cabinet for approval (AGC-012-2020/21).

**9. INTERNAL AUDIT MONITORING REPORT - SEPTEMBER 2020 (Pages 55 - 72)**

(Chief Internal Auditor) To consider the attached report summarising the work of Internal Audit and Corporate Fraud for the period July to September 2020 (AGC-013-2020/21).

**10. STATEMENT OF ACCOUNTS 2019/20 - UPDATE (Pages 73 - 74)**

(Section 151 Officer) To consider the attached report on the progress with preparing the Statutory Statement of Accounts for 2019/20 (AGC-010-2020/21).

**11. ANY OTHER BUSINESS**

(Democratic & Electoral Services Manager) Section 100B(4)(b) of the Local Government Act 1972 requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

**12. EXCLUSION OF PUBLIC AND PRESS**

Exclusion:

(Democratic & Electoral Services Manager) To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Background Papers:

(Democratic & Electoral Services Manager) Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential

information and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection one copy of each of the documents on the list of background papers for four years after the date of the meeting. Inspection of background papers can be arranged by contacting either the Responsible Officer or the Democratic Services Officer for the particular item.

## EPHING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

**Committee:** Audit & Governance Committee      **Date:** 27 July 2020

**Place:** Virtual Meeting on Zoom      **Time:** 7.00 - 7.55 pm

**Members Present:** I Hadley, S Heap, R Jennings, P Keska and B Vaz

**Other Councillors:** J Philip

**Apologies:**

**Officers Present:** A Hendry (Democratic Services Officer), S Linsley (Senior Auditor), S Marsh (Chief Internal Auditor), S Mitchell (PR Website Editor), N Richardson (Service Director (Planning Services)), A Small (Strategic Director) and G Woodhall (Democratic & Electoral Services Manager)

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### 16. WEBCASTING INTRODUCTION

The Chairman made a short address to remind everyone present that this virtual meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

### 17. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Member Code of Conduct.

### 18. MINUTES

**Resolved:**

- (1) That the minutes of the meeting held on 25 June 2020 be taken as read and signed by the Chairman as a correct record.

### 19. MATTERS ARISING

There were no matters arising from the previous meeting which warranted further discussion.

### 20. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME

The Chief Internal Auditor presented the Committee's Work Programme for 2020/21.

The Chairman informed the Committee that consideration of the Council's Statutory Statement of Accounts for 2019/20 would be considered at the Committee's next meeting in September now, and not at tonight's meeting.

The Committee noted its Work Programme for 2020/21.

**21. PLANNING SERVICES DIRECTORATE RISKS**

The Service Director for Planning Services, N Richardson, updated the Committee on the risks currently facing his Directorate.

N Richardson stated that the biggest risk was the inability of the Council to issue planning permissions for new developments affecting the Special Area of Conservation (SAC) within the Epping Forest. The main issue affecting this risk was the increased amounts of traffic from developments affecting the SAC; therefore, any development leading to a net increase in traffic on the roads within 200 metres of the SAC should not be granted permission unless mitigation measures had been put in place. A small number of planning permissions had been issued where the Developer had been able to demonstrate that no harm would arise to the SAC, but Natural England was a statutory consultee and the Council could only depart from Natural England's advice when it had strong reasons for doing so.

N Richardson reported that the District's draft Local Plan had designated a number of sites across the District for residential development. The draft Local Plan was currently subject to independent inspection from the appointed Planning Inspector, who had identified a number of actions for the Council to take to resolve this issue. The Council had been working on this issue through modelling, but Natural England and the Conservators of Epping Forest had raised concerns about the methodology being used by the Council. The whole issue was highly technical and scientific, but the Service Director was optimistic that a solution could be found. The Cabinet had agreed the Mitigation Strategy at its meeting last week, and the Council would continue to work with Natural England and the Conservators to find a solution.

N Richardson commented that there were many local developers frustrated with the current situation, some of whom had waited two years for their planning permissions, and the Council was not now submitting such applications for determination unless mitigation of the potential effects on the SAC had been clearly demonstrated. Air quality was an issue highlighted in the draft Local Plan, for which the Planning Inspector had queried some of the allocations and the Council had made some changes to these allocations subsequently. However, the Service Director was optimistic that the draft Local Plan would get adopted in early 2021.

N Richardson added that the situation was frustrating for Planning Officers also, as the permissions that could be released currently affected the whole of the District because, potentially, traffic could travel through the Forest. Fortunately, the majority of the planning applications received by the Council were for extensions to residential properties, which were not affected by this issue.

Cllr R Jennings queried if this Council was the only local authority in England in this position? N Richardson stated that Portsmouth City Council had water quality issues to resolve and the Council had been liaising with them. The Council had also been trying to engage with the District's three Members of Parliament to highlight this issue at a higher level.

Cllr S Heap enquired if the Council could implement other measures to offset carbon usage, was the development at Latton Priority affected by this issue as well, and what was the Council's response to the last letter from the Planning Inspector querying some of the statistics that the Council was basing its draft Local Plan on.

N Richardson responded that the draft Local Plan was encouraging more sustainable methods of developing throughout the District. The Council had engaged a

Sustainable Transport Officer, and was recruiting for a Climate Change Officer, so change would be encouraged in the future. All sites in the draft Local Plan would affect the air quality throughout the District, and the Council needed to demonstrate that the predicted increase in pollution was not enough to affect the SAC. Ultimately, the Conservators of the Forest and Natural England would decide what was damaging for the Forest, but if the Council could gain agreement for its Sustainable Transport Strategy from Natural England, then the Council would be relied upon to make the requisite planning decisions. It could also not be assumed that all future vehicle movements would be electric, despite all new properties being required to provide a charging point, and not even electric vehicles were completely sustainable. The Council was doing all it could to reduce the traffic movements arising from the development at Latton Priority, but the developers felt that each dwelling should have two or three parking spaces provided. Cllr P Keska added that it was essential to have access to at least one car if you lived in the east of the District.

In respect of the last letter received from the Planning Inspector, N Richardson agreed that the Council did need to review some of the Housing numbers within the current draft Local Plan. In addition, the Council also needed to carefully review its proposed release of sites within the Metropolitan Green Belt, as it had already been requested to remove some of the greenfield sites currently within the draft Local Plan.

Cllr Heap agreed that the current situation was very problematic, and would need some compromises to resolve. N Richardson stated that this was the most challenging time during his thirty-year career in Planning.

Cllr I Hadley highlighted recent instances within the Council where there was a lack of procedures for staff to follow, and enquired if this was the case within the Planning Department? N Richardson reassured the Committee that the Planning Department did have a number of written procedures in place, and these had been audited in the past. A review of the existing procedures was currently being undertaken by the Service Manager and the Principal Planning Officers. The Department did receive complaints from residents about Planning from time to time, but this did sometimes result in the improvement of existing procedures.

N Richardson informed the Committee that 'what kept him awake at night' was the difficulty in getting good Planning Officers whenever the Council had a vacant post. It had been necessary to use Agency staff at times, and Consultants as well. However, the Council had been developing its own Planning Officers over the previous ten years by getting suitable candidates qualified before they started to work for the Council afterwards. In addition, revenue from Planning fees had been reduced due to the Covid-19 pandemic, but the Department was looking to increase revenue in other areas, such as chargeable pre-planning advice.

Cllr R Jennings enquired about the role of Members in Planning, as the Government could remove the responsibility for Planning from District Councils. If the Planning Committees were not as consistent as they should be in their decision-making, then could they be the weakest part of the system?

N Richardson explained that it was virtually unknown for an Officer recommendation to be overturned at other Essex authorities, but the Council did perform well at Planning Appeals so perhaps the involvement of Members added an important local element to the process. The Council received so many planning applications that it was impossible for Members to comment on all of them, and the delegation to Officers to determine planning applications was not as high as other Councils, but the Service Director felt that Members did have a role to play in the Planning process but

not for every planning application. In addition, the Town and Parish Councils commented on all Planning applications submitted and Planning Officers did take account of their representations.

**Resolved:**

- (1) That the Service Director for Planning Services be thanked for his attendance to answer the Committee's questions on his Service Area.

**22. ANNUAL GOVERNANCE STATEMENT 2019/20**

The Chief Internal Auditor, S Marsh, presented a report on the Council's Annual Governance Statement for 2019/20.

S Marsh reminded the Committee that the Council's Statutory Statement of Accounts had to be prepared in accordance with the Accounts & Audit Regulations 2015. Within the regulations, and in accordance with defined 'proper practice', there was a mandatory requirement to publish an Annual Governance Statement to accompany the Statutory Statement of Accounts. These arrangements were designed to provide stakeholders with assurance regarding the adequacy of the Council's governance arrangements, and identify those areas where improvements were required.

S Marsh reported that the Annual Governance statement had identified progress on four significant governance issues during 2019/20; these being:

- (i) Business Continuity Planning;
- (ii) the Economic Climate, and in particular the continuing uncertainty over Brexit;
- (iii) the compliance of the Council's statutory posts with relevant legislation; and
- (iv) the close down of the Council's Accounts.

S Marsh informed the Committee that four areas had been identified for improvement or monitoring during 2020/21; these being:

- (i) the monitoring and mitigation of risks to the achievement of the Council's objectives;
- (ii) financial resilience due to the Covid-19 pandemic;
- (iii) the health and safety of staff, partners and the public during the Covid-19 pandemic; and
- (iv) the governance arrangements for the new Qualis group of companies.

S Marsh added that a number of common themes had been identified, including the need for a consistent Project Management approach, documented procedures and guidance notes to support critical functions, and the identification of mandatory training requirements for all staff.

S Marsh stated that the Annual Governance statement demonstrated the Council's governance arrangements had remained 'fit for purpose', even when the Leader of Council invoked his Emergency Powers at the start of the Covid-19 pandemic in



March 2020, and there had been no significant detrimental effect on the Council's ability to deliver its services. The longer term impact of the pandemic on the governance framework would be monitored throughout 2020/21.

In respect of the Council's procedures and guidance notes, Cllr I Hadley commented that it would be beneficial to review them at some stage, and also enquired if all of the processes were in the same format? Cllr S Heap also added that the Council needed a standard process to ensure that future handovers were handled efficiently. S Marsh responded that that was being progressed.

Cllr S Heap asked in respect of the Financial Resilience item whether the Council was particularly worried about its current levels of debt, which he estimated to be approximately £8million (or about £61 per resident of the District). A Small agreed that the current debt was relatively small, but the Council needed to maintain an adequate level of reserves and the Covid-19 pandemic would have an impact on this. In addition, the financial landscape would be more complicated over the next few years so the Council could conceivably need a higher level of reserves. It would be unsustainable for the Council to continually borrow money to fund its revenue budgets, and it was important to ensure that the Council's budget was balanced over the longer-term.

In relation to the close down of the Council's accounts for 2018/19, Cllr R Jennings highlighted that there had been an increase in the audit fee charged to the Council and asked if the Council was content that the audit of last year's accounts had been a thorough one? A Small stated that, ultimately, the Auditors had signed off the accounts so it would be difficult for the Council to criticise them, and highlighted that there was pressure on audit fees nationally due to a number of enhanced obligations. Officers would ascertain the exact increase in the audit fees and inform the Committee of this figure.

**Resolved:**

- (1) That the Annual Governance Statement for 2019/20 be approved.

**23. INTERNAL AUDIT MONITORING REPORT - JULY 2020**

S Linsley presented the Internal Audit Monitoring Report for the period June to July 2020.

S Linsley reported that one report had been issued since the Committee's previous meeting on 25 June 2020. This report had been focused on the governance arrangements for the Harlow Gilston Garden Town project and had been issued with substantial assurance. The current Recommendation Tracker showed 14 audit report recommendations had passed their due date, of which one was high priority. The progress of all audit recommendations continued to be monitored by the Corporate Governance Group.

S Linsley highlighted the other activities being undertaken by the Internal Audit Team, which included: providing advice and assistance for the Local Authority Discretionary Grants Fund for small businesses not eligible for the other Government schemes; and assisting with developing a schedule of responsibilities for each level of the Council's management structure. The Corporate Fraud Team had been instrumental in the withdrawal of five Right-to-Buy applications, and had also been involved in a fraud resilience project concerning Council Tax Student Exemptions.

In respect of personal data being shared by email with Members, S Linsley reported that a new solution was being developed for those Members using their personal email addresses. Cllr R Jennings enquired if steps were being taken to ensure that confidential information was not able to be accessed by individuals passing by a Councillor's home. Cllr J Philip informed the Committee that if the Councillor was using a Council laptop computer then no data would leave the laptop unencrypted.

Cllr I Hadley queried if all staff working from home during the pandemic had completed personal safety assessments? A Small responded that some issues with working from home had been highlighted by staff, and consequently the Cabinet had agreed an allowance should be made available for each member of staff working from home to address these issues. The Council took the mental health and general wellbeing of its staff seriously, and any issues identified by staff were being addressed.

Cllr S Heap reiterated his belief – mentioned in previous meetings of the Committee - that the Committee needed to be notified about any allegations of fraud by members of staff.

**Resolved:**

- (1) That the summary of the work undertaken by the Internal Audit Team and the Corporate Fraud Team during the period June to July 2020 be noted.

**24. ANY OTHER BUSINESS**

The Committee noted that there was no other urgent business for discussion at the meeting.

**25. EXCLUSION OF PUBLIC AND PRESS**

The Committee noted that there was no business which necessitated the exclusion of the public and press.

**CHAIRMAN**

## **Audit & Governance Committee Work Programme 2020/21**

### **25 June 2020**

- Annual Report of the Chief Internal Auditor 2019/20.
- Corporate Fraud Team Annual Summary 2019/20
- Audit and Governance Committee Annual Report 2019/20.
- Internal Audit Strategy and Plan 2020/21
- Corporate Fraud Team Strategy 2020/21
- Internal Audit Progress Report.
- Risk Management Report

### **27 July 2020**

- Internal Audit Progress Report
- Annual Governance Statement 2019/20

### **28 September 2020**

- Treasury Management Annual Outturn Report 2019/20
- Treasury Management Mid-Year Report 2020/21
- Internal Audit Progress Report.
- Risk Management Report
- Statutory Statement of Accounts 2019/20

### **23 November 2020**

- Internal Audit Progress Report.
- Risk Management Report
- Review of the Audit and Governance Committee Terms of Reference.
- Review of the Audit and Governance Committee Effectiveness.
- Review of the Anti-Fraud and Corruption Strategy

### **25 January 2021**

- Treasury Management Investment & Strategy Statements 2021/22
- Internal Audit Progress Report.
- Risk Management Report
- Review of Code of Corporate Governance.
- Review of the Internal Audit Charter.
- Review of the Whistleblowing policy

### **22 March 2021**

- Risk Management Report
- Internal Audit Progress Report
- Internal Audit Strategy and Audit Plan 2021/22
- Corporate Fraud Team Strategy 2021/22
  
- ❖ Planning Letter 2020/21.
- ❖ Audit Plan 2020/21
- ❖ Grant Claims Audit Report 2019/20
- ❖ Audit of Accounts Annual Governance Statement 2019/20
- ❖ Annual Audit Letter 2019/20

### **Key**

- EFDC Officer Report
- ❖ External Auditor Report

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## **Report to the Audit & Governance Committee**



**Report reference:** **AGC-011-2020/21**  
**Date of meeting:** **28 September 2020**

**Epping Forest  
District Council**

**Portfolio:** **Finance & Economic Development**

**Subject:** **The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting (the “Redmond Review”)**

**Responsible Officer:** **Andrew Small (01992 564278).**

**Democratic Services:** **Gary Woodhall (01992 564243).**

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### **Recommendations/Decisions Required:**

- (1)** To note the contents of the report, which outlines the findings, conclusions and recommendations contained in the Redmond Review published in September 2020, including **Appendix A (Review Recommendations)**.

### **Executive Summary:**

*The Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting* (“the Redmond Review”) was published on 8th September 2020.

The Review examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting an authority’s annual accounts enables the public to understand this financial information and receive the appropriate assurance that the finances of an authority are sound.

Redmond notes “serious concerns” were expressed (by consultees) about the state of the local audit market and the ultimate effectiveness of the work undertaken by audit firms. Specifically, whether such audit reports deliver full assurance on the financial sustainability and value for money of every authority subject to audit; in particular, evidence submitted to the review noted concerns about the balance of price and quality in the structure of audit contracts.

The fragmentation of the existing local government accounting and audit framework following the demise of the Audit Commission in 2015 was pinpointed as key area for reform, with the creation of a new regulatory body – “the Office of Local Audit and Regulation” (OLAR) – recommended; the new body would have specific responsibility for procurement, contract management, regulation, and oversight of local audit.

The Review was also critical of the current size of audit fees (which have fallen dramatically in recent years) and recommends extending the deadline for the publication of audited accounts to 30th September (compared to the current 30th July deadline).

Governance arrangements also came under the spotlight, including Audit Committees and the assurance given by auditors in their audit opinions. Consequently, a review of the composition of Audit Committees is recommended, and the switch to a narrative report – including a financial resilience assessment – on the value-for-money (VFM) opinion, which is included in the updated National Audit Office (NAO) Audit Code 2020 is supported. Redmond urges statutory status for the

principles in CIPFA's Financial Management Code as a means of better judging financial resilience.

In terms of financial reporting, Redmond highlights what many perceive as the "impenetrable" nature of local government accounts and recommends a simplified statement of service information and costs be prepared alongside the statutory accounts (and be subject to audit).

The implementation of the recommendations would, in part, require regulatory or legislative change and Redmond's report is now being considered by the Government.

### **Reasons for Proposed Decision:**

To update members of the Audit and Governance Committee on important developments affecting the local authority accounting and audit regime.

#### **1) INTRODUCTION AND BACKGROUND**

1.1 In June 2019, Sir Tony Redmond was asked to undertake an independent review of the effectiveness of local audit and the transparency of local authority financial reporting. The review commenced with the publication of a "Call for Views" in September 2019. It was the start of an extensive consultation and review process, which ultimately considered 156 consultation responses, along with more than 100 interviews conducted as part of the review process. The *Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting* ("the Redmond Review") was published on 8th September 2020.

1.2 The Review examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting an authority's annual accounts enables the public to understand this financial information and receive the appropriate assurance that the finances of an authority are sound.

#### **2) DIRECTION, REGULATION, PROCUREMENT AND PERFORMANCE**

2.1 The Local Audit and Accountability Act 2014 (the 2014 Act) introduced a new local government accounting and audit regime, replacing the previous role of the Audit Commission. This now entails six different entities, each with a statutory role in overseeing and/or regulating the different elements of the framework; no single entity is required to act as 'system leader' or to make sure that the framework operates in a joined-up and coherent manner.

2.2 Public Sector Audit Appointments Ltd. (PSAA) is the appointing body for 98% of local authority audits and manages the audit contracts. However, there are widespread concerns as to the way in which the PSAA role is working, with 40% of audits failing to meet the reporting deadline in 2018/19 being one example highlighted by the Review.

2.3 Audit fees were identified as a significant detrimental factor (e.g. since 2015, audit fees paid by local authorities have dropped by 42.25% in cash terms) with the review concluding that "an increase in fees must be a consideration" with serious concerns expressed about the fee structure and the ability of auditors to fulfil their role.

2.4 Extending the audit deadline to 30th September is a proposal supported, although it is argued that this will only partly address the quality problem (e.g. which is manifesting itself in areas such as a pattern of declining knowledge, experience and continuity in audit staff).

- 2.5 The fragmentation of the existing framework is also seen as a major impediment and Redmond therefore states that a coherent local audit function can only be achieved by creating a body, which can co-ordinate all stages of the audit process.
- 2.6 Consequently, a headline recommendation is the creation of a new regulatory body – “the Office of Local Audit and Regulation” (OLAR) – responsible for procurement, contract management, regulation, and oversight of local audit. That body would:
- Liaise with the Financial Reporting Council (FRC) regarding its role in setting auditing standards
  - Engage audit firms to perform the local audit role; and
  - Oversee a new price/quality regime to ensure that audits were performed by auditors who possessed the skills, expertise and experience necessary to fulfil the audit of local authorities.
- 2.7 Auditors would be held accountable for performance by the new regulator, underpinned by an updated Code of Local Audit Practice. Engagement between local audit and Inspectorates would also be formalised.
- 2.8 The new regulator would be supported by a Liaison Committee comprising key stakeholders and chaired by the MHCLG.
- 2.9 Whilst the additional costs arising from fee increases are self-evident (although the report does not include an estimate), Redmond cites annual running costs in the region of £5 million for the new regulatory body.

### **3) GOVERNANCE**

- 3.1 The composition of Audit Committees also came under the spotlight of the review. Local authority accounts are very complex and the review highlights what appears to be a significant difference between the assurance that external auditors provide and public expectations. Redmond cites growing evidence (from sources such as the Financial Reporting Council) of a mixed picture nationally in the level of capacity and engagement amongst Audit Committees, with 60% having no independent members.
- 3.2 The review concludes that Audit Committee membership should be reviewed in order to ensure that the required knowledge and expertise are always present when considering reports, together with the requirement that at least an annual audit report should be submitted to full Council.....“this demonstrates transparency and accountability from a public perspective which is currently lacking in many authorities” argues Redmond.
- 3.3 Audit work on the financial resilience of local authorities was also an area of focus. In England, appointed auditors are required to provide two audit opinions; a ‘financial opinion’ and a ‘value-for-money opinion’. Both opinions are ‘binary’ in nature and neither provides an opinion on whether a local authority is financially sustainable. Redmond argues that “it is legitimate to expect the auditor to examine the ability of the local authority to provide resources sufficient to deliver the statutory services for which it is responsible”.
- 3.4 The Review is therefore supportive of the revised narrative opinion proposed in the new NAO Audit Code. The 2020 Code sets out three reporting criteria:

- Financial Sustainability – how the body plans and manages its resources to ensure that it can continue to deliver its services
- Governance – how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving Economy, Efficiency and Effectiveness – how the body uses information about its costs and performance to improve the way it manages and delivers its services.

3.5 The Review explores the potential audit work required on financial resilience, suggesting “a new model for England” that would utilise the following:

- CIPFA’s “Pillars of Financial Resilience” (published 2017) – covering financial management, benchmarking, delivering savings and managing reserves; and
- CIPFA’s “Financial Management Code” (published 2019) – providing a set of standards against which auditors could assess value for money and financial resilience. Redmond argues that the principles of the Code should be given statutory status and that would enhance the consistency of local authority financial management.

#### **4) FINANCIAL REPORTING**

4.1 Local authority accounts are very lengthy compared to accounts prepared in other sectors (e.g. they are nearly always in excess of 50 pages for shire districts).

4.2 It is also argued that they are more complex and more challenging for service users to understand than accounts produced by other parts of the public sector; this is primarily due to the difference between the budget analysis of information for Council Tax purposes and the statutory basis of year-end accounts.

4.3 It is therefore not surprising that feedback from review consultees revealed that current statutory accounts prepared by local authorities are considered “impenetrable” to the public.

4.4 A simplified (“summary”) statement of service information and costs is therefore recommended by the review, prepared in a way which enables comparison with the annual budget and Council Tax set for the year. The new statement would be prepared in addition to the statutory accounts (which themselves could be simplified).

4.5 In addition, Redmond argues that “all means of communicating such information should be explored to achieve access to all communities”.

#### **5) CONCLUSION AND IMPLEMENTATION**

5.1 In Redmond’s words, the review is aimed at delivering “a new framework for effective local audit and an annual financial statement which enables all stakeholders to hold local authorities to account for their performance, together with a robust and effective audit reporting regime”.

5.2 The implementation of the recommendations would, in part, require regulatory or legislative change, but Redmond emphasises that the issues identified in the report “require urgent attention”.



5.3 The Review report is now in the hands of the Government, with the Secretary of State for Local Government, the Rt Hon Robert Jenrick MP stating....“I will consider the findings and recommendations carefully and remain committed to strengthening the local audit system so that it works more effectively for taxpayers and councils”.

5.4 The Review recommendations are listed in full in **Appendix A**.

### **Legal and Governance Implications:**

Local authority financial reporting and external audit exist within a clear legal framework, which is covered in the report.

### **Safer, Cleaner and Greener (SCG) Implications:**

There are no direct SCG implications contained within the report.

### **Consultation Undertaken:**

The “Call for Views” consultation exercise ran from 17th September to 20th December 2019.

### **Background Papers:**

The *Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting* (Sir Tony Redmond, September 2020) can be viewed via the following link...  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/916217/Redmond\\_Review.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916217/Redmond_Review.pdf)

### **Risk Management:**

There are a range of risks associated with local authority accounting and audit ranging from reputational damage to the Council through to the loss of public funds through fraud and error and a lack of accountability; the accounting and audit regime should act as a key mitigating control.

## **Redmond Review Recommendations (September 2020)**

### **External Audit Regulation**

1. A new body, the Office of Local Audit and Regulation (OLAR), be created to manage, oversee and regulate local audit with the following key responsibilities:
  - procurement of local audit contracts;
  - producing annual reports summarising the state of local audit;
  - management of local audit contracts;
  - monitoring and review of local audit performance;
  - determining the code of local audit practice; and
  - regulating the local audit sector.
2. The current roles and responsibilities relating to local audit discharged by the:
  - Public Sector Audit Appointments (PSAA);
  - Institute of Chartered Accountants in England and Wales (ICAEW);
  - FRC/ARGA; and
  - The Comptroller and Auditor General (C&AG) to be transferred to the OLAR.
3. A Liaison Committee be established comprising key stakeholders and chaired by MHCLG, to receive reports from the new regulator on the development of local audit.
4. The governance arrangements within local authorities be reviewed by local councils with the purpose of:
  - an annual report being submitted to Full Council by the external auditor;
  - consideration being given to the appointment of at least one independent member, suitably qualified, to the Audit Committee; and
  - formalising the facility for the CEO, Monitoring Officer and Chief Financial Officer (CFO) to meet with the Key Audit Partner at least annually.
5. All auditors engaged in local audit be provided with the requisite skills and training to audit a local authority irrespective of seniority.
6. The current fee structure for local audit be revised to ensure that adequate resources are deployed to meet the full extent of local audit requirements.
7. That quality be consistent with the highest standards of audit within the revised fee structure. In cases where there are serious or persistent breaches of expected quality standards, OLAR has the scope to apply proportionate sanctions.
8. Statute be revised so that audit firms with the requisite capacity, skills and experience are not excluded from bidding for local audit work.
9. External Audit recognises that Internal Audit work can be a key support in appropriate circumstances where consistent with the Code of Audit Practice.
10. The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year.
11. The revised deadline for publication of audited local authority accounts be considered in consultation with NHSI(E) and DHSC, given that audit firms use the same auditors on both Local Government and Health final accounts work.

12. The external auditor be required to present an Annual Audit Report to the first Full Council meeting after 30 September each year, irrespective of whether the accounts have been certified; OLAR to decide the framework for this report.
13. The changes implemented in the 2020 Audit Code of Practice are endorsed; OLAR to undertake a post implementation review to assess whether these changes have led to more effective external audit consideration of financial resilience and value for money matters.

#### **Smaller Authorities Audit Regulation**

14. SAAA considers whether the current level of external audit work commissioned for Parish Councils, Parish Meetings and Internal Drainage Boards (IDBs) and Other Smaller Authorities is proportionate to the nature and size of such organisations.
15. SAAA and OLAR examine the current arrangements for increasing audit activities and fees if a body's turnover exceeds £6.5m.
16. SAAA reviews the current arrangements, with auditors, for managing the resource implications for persistent and vexatious complaints against Parish Councils.

#### **Financial Resilience of Local Authorities**

17. MHCLG reviews its current framework for seeking assurance that financial sustainability in each local authority in England is maintained.
18. Key concerns relating to service and financial viability be shared between Local Auditors and Inspectorates including Ofsted, Care Quality Commission and HMICFRS prior to completion of the external auditor's Annual Report.

#### **Transparency of Financial Reporting**

19. A standardised statement of service information and costs be prepared by each authority and be compared with the budget agreed to support the council tax/precept/levy and presented alongside the statutory accounts.
20. The standardised statement should be subject to external audit.
21. The optimum means of communicating such information to council taxpayers/service users be considered by each local authority to ensure access for all sections of the communities.
22. CIPFA/LASAAC be required to review the statutory accounts, in the light of the new requirement to prepare the standardised statement, to determine whether there is scope to simplify the presentation of local authority accounts by removing disclosures that may no longer be considered to be necessary.

23. JPAG be required to review the Annual Governance and Accountability Return (AGAR) prepared by smaller authorities to see if it can be made more transparent to readers. In doing so the following principles should be considered:
- Whether “Section 2 – the Accounting Statements” should be moved to the first page of the AGAR so that it is more prominent to readers;
  - Whether budgetary information along with the variance between outturn and budget should be included in the Accounting Statements; and
  - Whether the explanation of variances provided by the authority to the auditor should be disclosed in the AGAR as part of the Accounting Statements.

## **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference: AGC-012-2020/21**  
**Date of meeting: 28 September 2020**

**Portfolio: Leader of the Council**  
**Subject: Risk Management**  
**Responsible Officer: Andrew Small (01992 564278).**  
**Democratic Services: Gary Woodhall (01992 564470).**

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### **Recommendations/Decisions Required:**

- (1) To review the current risk register and consider whether there are any new or emerging risks that are not on the current Corporate Risk register that should be referred to the officer Risk Management Group**
- (2) To consider and recommend the revised Risk Management Strategy to Cabinet for adoption**

### **Executive Summary:**

This report gives the Audit and Governance Committee the opportunity to comment on and suggest new risks for inclusion on the Corporate risk register or changes to the scoring of existing risks. Comments are also invited on the revised management strategy which has been updated to reflect the Council's current risk management framework, and further work required to enhance it.

### **Reasons for Proposed Decision:**

To enhance the Council's risk management framework.

### **Other Options for Action:**

None. Formal responsibility for making recommendations to Cabinet on risk management issues lies with the Audit and Governance Committee. Members may suggest new risks for inclusion or changes to the scoring of existing risks

### **Report:**

#### Corporate Risk Register

1. The corporate risk register was reviewed by the Council's Officer Risk Management Group at their meeting of 09 September 2020 where all risks were reviewed. The narrative for each risk has been updated to reflect the current situation and the risk score has not changed except for:

- The Covid-19 risk has been removed as its affects have been adequately captured in many of the other corporate risks, especially the Financial Resilience and Economic

Development risks.

- Risk 3 (financial resilience) has been upgraded given the size of the cost of Covid-19.
- Risk 6 (business continuity) has been downgraded as the Council continues to demonstrate the way it has coped with Covid-19.
- Risk 12 (travel plan) has been upgraded as it links with risk 11 (accommodation project) and the need to consider parking arrangements at the Civic Offices in light of commercial opportunities to rent out space at the Civic Offices.

2. The table below outlines the direction of travel for each risk since it was updated for the June 2020 Audit and Governance, with a brief commentary supporting each risk.

No	Risk	Residual risk rating (i.e. after controls)		Commentary
		June 2020	September 2020	
1	Local Plan	<b>B1</b>	<b>B1</b>	Still waiting for adoption of the Local Plan, which is anticipated January 2021
2	Welfare Reform	<b>A2</b>	<b>A2</b>	Updated to reflect the ending of the government furlough scheme
3	Financial Resilience	<b>C2</b>	<b>B1</b>	Risk upgraded to reflect the size of the financial implications of Covid-19.
4	Economic Development	<b>A1</b>	<b>A1</b>	This risk is still deemed to be A1, due to the impact of Covid-19 on local business sustainability
5	Data/information	<b>C2</b>	<b>C2</b>	Actions being progressed through the officer Information Governance Group
6	Business continuity	<b>B1</b>	<b>C2</b>	Risk downgraded as the Council has demonstrated how well it has responded to the challenges posed by Covid-19, with little disruption to critical/essential services
7	Housing capital finance	<b>C2</b>	<b>C2</b>	Updated to reflect the appointment of an HRA finance expert to assist the Council in putting systems in place to mitigate this risk
8	Cyber security	<b>C2</b>	<b>C2</b>	Risk being actively managed
9	Delays in issuing Planning Permissions	<b>A1</b>	<b>A1</b>	The Council is still in discussions with Natural England but may need to seek legal opinion
10	Climate emergency	<b>B2</b>	<b>B2</b>	The Council is to develop an action plan with short, medium and long

				term objectives to mitigate this risk now a Climate officer has been appointed
11	Accommodation project	<b>C2</b>	<b>C2</b>	Project progressing well and on target, and is taking into account the evolving new ways of working due to Covid-19 and pursuing commercial options to bring in revenue from leased space
12	Travel plan	<b>B2</b>	<b>B1</b>	Risk upgraded to take into account the needs of other users at the Civic Offices, not just staff. Links with risk 11 above – accommodation project
13	Qualis	<b>C2</b>	<b>C2</b>	Risk reassigned to the recently appointed Section 151 Officer
14	Covid-19	<b>B1</b>	<b>n/a</b>	This risk is captured throughout the risk register and has been removed

5. Members are now asked to consider the attached updated Corporate Risk Register (Appendix 1) and whether the risks listed are scored appropriately and whether there are any additional risks that should be included.

#### Risk Management Strategy

6. The Council's risk management strategy (Appendix 2) was last reviewed by the 14 September 2017 Finance and Performance Cabinet Committee, as they had committee responsibility for risk. At that time the strategy had been updated to better explain the process, responsibilities and reporting of Risk Management.

7. Since then responsibility for risk has been transferred from the Finance and Performance Cabinet Committee to the Audit and Governance Committee. Significant changes from the 2017 version are underlined in bold for easy identification. The risk management strategy has been updated to reflect the changes in reporting arrangements. In addition, the future actions section reflects the need for the Council to define its risk appetite and engage better with staff and the risk assessment matrix (appendix 1 of the strategy) has been updated to ensure the Council can better identify its medium (amber) and high (red) risks.

#### **Resource Implications:**

Within the report

#### **Legal and Governance Implications:**

The Corporate Risk Register is an important part of the Council's overall governance arrangements and that is why this Committee considers it on a regular basis.

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

The Risk Management Group and Leadership Team were involved in the process.

**Background Papers:**

CIPFA audit committees – practical guidance for Local Authorities and Police 2018 edition

**Risk Management:**

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considering which could threaten achievement of the Council's corporate objectives.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as appendix 3 to the report.



## Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
  - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
  - advancing equality of opportunity between people who share a protected characteristic and those who do not,
  - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
  - age
  - disability
  - gender
  - gender reassignment
  - marriage/civil partnership
  - pregnancy/maternity
  - race
  - religion/belief
  - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
  - Factsheet 1: Equality Profile of the Epping Forest District
  - Factsheet 2: Sources of information about equality protected characteristics
  - Factsheet 3: Glossary of equality related terms
  - Factsheet 4: Common misunderstandings about the Equality Duty
  - Factsheet 5: Frequently asked questions
  - Factsheet 6: Reporting equality analysis to a committee or other decision making body

## Section 1: Identifying details

Your function, service area and team: **Strategic Director**

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team:

Title of policy or decision: **Risk Management report**

Officer completing the EqlA: Tel: **01992 564446** Email: **smarsh@eppingforestdc.gov.uk**

Date of completing the assessment: 09/06/20

## Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? <b>No</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>N/A</b> What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"><li>• service users</li><li>• employees</li><li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li></ul> <b>N/A</b>  Will the policy or decision influence how organisations operate? <b>N/A</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A</b>
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? <b>N/A</b>

### **Section 3: Evidence/data about the user population and consultation<sup>1</sup>**

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? <b>N/A</b>
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? <b>N/A</b>
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: <b>N/A</b>

## Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

## Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

## Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

**Section 7: Sign off**

**I confirm that this initial analysis has been completed appropriately.  
(A typed signature is sufficient.)**

Signature of Head of Service: Andrew Small

Date: 11/09/20

Signature of person completing the EqlA: Sarah Marsh

Date: 11/09/20

**Advice**

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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### CORPORATE RISK REGISTER (September 2020)

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<b>LIKELIHOOD</b>	<b>A</b> Very High			2	4 9
	<b>B</b> High			10	1 3 12
	<b>C</b> Medium			5 6 7 8 11 13	
	<b>D</b> Low / Very Low				
		<b>4</b> Insignificant	<b>3</b> Minor	<b>2</b> Moderate	<b>1</b> Major
<b>IMPACT</b>					

RISK NO.	RISK SCORE	DESCRIPTION
1	B1	Local Plan
2	A2	Welfare Reform
3	B1	Financial Resilience
4	A1	Economic Development
5	C2	Data/Information
6	C2	Business Continuity
7	C2	Housing Capital Finance
8	C2	Cyber Security
9	A1	Delays in issuing Planning Permission
10	B2	Climate Emergency
11	C2	Accommodation project
12	B1	Travel plan
13	C2	Qualis

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 1</b>  <b>Local Plan</b>	<p><b>Vulnerability:</b> Without an adopted Local Plan and with the introduction of the Housing Delivery Test from November 2018, the Council's ability to deliver housing at the required rate will lead to the presumption in favour of sustainable development being applied and the requirement to prepare an action plan.</p> <p><b>Consequence:</b> Without an adopted plan setting the Council's housing requirement at 518 the measurement used will be the 2014 household projection figures/standard method for assessment with an annual requirement of 923 homes. This will result in vulnerability to planning appeal decisions and potential development in the Green Belt as the presumption in favour of sustainable development will apply. (Note the recently published 2018 household projection figures have resulted in an annual requirement of 868 homes per annum)</p>	<p>The failure to deliver at the required threshold set out in the NPPF of 95% of the housing requirement over the previous three years triggers a requirement for the Council to prepare an action plan in line with national planning guidance to assess the causes of under delivery and identify actions to increase delivery. Although there are transitional arrangements with lower thresholds for November 2018 and 2019, the delay in submitting the Local Plan as a result of the Judicial Review and Natural England's requirement not to issue planning decisions until a mitigation strategy is in place for Epping Forest SAC, is likely to have ongoing consequences for delivery. There is now further delay as a result of Natural England's objections to the Habitat Regulations Assessment, which has led to the Inspector's advice that further work is required to inform the mitigation strategy, which is now underway.</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>1) Local Plan Submission Version 2017 agreed by Council on 14 December 2017 and published between 18 December 2017 and 29 January 2018. Following the JR the plan was submitted for examination in September 2018 and hearings have now taken place between February &amp; June 2019. The Inspector's advice issued on 2 August 2019 requires the Council to undertake further work to support the Local Plan, which is now underway.</p> <p>2) Revised Local Development Scheme (LDS) adopted by Local Plans Cabinet Cttee 22 November 2018 following submission of plan for independent examination. this will be updated once there is some certainty on programme for consultation on MMs.</p> <p>3) Systematic approach to Duty to Co-operate, engaging public bodies including Natural England and the Conservators.</p> <p>4) Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, master planning.</p> <p>5) Regular reports at officer and Member level through the Cooperation for Sustainable Development Group.</p>	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	<p>1) A revised timeline of the programme of work for the final tranche of the Main Modifications agreed with the Local Plan Inspector. Regular updates are provided and posted on the Council's website. However, a few other unresolved issues may delay the final tranche of MMs to the Inspector which are due the first week in September for a MM consultation in late October for 6 weeks and likely adoption early in January 2021. A revised timeline programme is currently with the Inspector.</p> <p>2) Review progress against new key milestones</p> <p>3) Important that key decisions do not precede Duty to Co-operate i.e. "fait accompli".</p> <p>4). Scrutiny Function to be undertaken by Stronger Place Select Committee.</p>	Planning Services Director	Regular programme meetings (but at least monthly)

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 2</b> <b>Welfare Reform</b>	<p><b>Vulnerability:</b> The government has pledged to make substantial savings from the overall welfare bill. This will require a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Tenants no longer able to afford current/new tenancies.</li> <li>• Increase in evictions and homelessness</li> <li>• Increased costs of temporary accommodation</li> <li>• Unable to secure similar level of income due to payment defaults</li> <li>• Increase in rent and Council Tax arrears</li> <li>• Public dissatisfaction</li> <li>• Criticism of the Council for not mitigating the effects for residents.</li> </ul>	Welfare reform changes have a detrimental effect on the Council and community.	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Cross-service and sector working group established to access impacts of the introduction of Universal Credit and to produce an action plan to mitigate the effects.</p> <p>Working group has been created to meet on a regular basis.</p> <p>Action Plan developed in 2019/20 by baselining the effects of Universal Credit is being implemented in 2020/21.</p> <p>A multi-agency hub has been created in Waltham Abbey to act as a one stop shop for vulnerable residents and is seen as a potential model for the district in affected areas. Covid lockdown has temporarily curtailed this. Options are being looked at for operating a similar facility in a virtual environment.</p>	<b>VERY HIGH</b>	<b>MODERATE</b>	<b>A2</b>	Work is underway to prepare for the end of furlough using insight data to target assistance across Council Teams. Hub partners are to be invited to join a Portal which will signpost customers to support in the event of job loss.	Customer Services Director	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 3</b>  <b>Financial Resilience</b>	<p><b>Covid-19</b></p> <p>The Council has had a strong Balance Sheet for several years with a high level of unallocated General Fund Reserves. However, the impact of Covid-19 is posing a significant threat to accumulated reserves; there is also some legacy risks to the base budget as income streams from sources such as car parking and leisure may never recovery to pre-pandemic levels. The following matters therefore assume heightened importance;</p> <p><b>Qualis Income</b></p> <p>Securing planned income returns from the LACTO initiative is vital to maintaining financial self-sufficiency and avoiding service cuts; and</p> <p><b>Financial Control</b></p> <p>Tighter financial control is essential in a more challenging financial environment that lies ahead</p>	<p>Covid-19 estimated overall financial pressure £7.683m (@ 4 September 2020)</p> <p>Slippage in timetabled income and benefits from Qualis initiative (although positive progress being made)</p> <p>Corporate financial planning, management and reporting processes in transition following significant upheaval during 2019/20.</p> <p>CIPFA Financial Management Code effective from 1 April 2021: step change improvement required to achieve compliance</p>	<b>MAJOR</b>	<b>VERY HIGH</b>	<b>A1</b>	<p><b>Covid-19</b></p> <p>Short term financial impacts controlled through management of Government support packages and budgetary control mitigation measures in 2020/21</p> <p>Medium/Long Term financial impacts to be managed through Medium Term Financial Planning Process (first iteration of 2021/22 to 2025/26 due to Cabinet in October 2020)</p> <p><b>Qualis</b></p> <p>Council's interests directly overseen and managed by Section 151 Officer with tailored support from specialist professional advisors</p> <p><b>Financial Control</b></p> <p>Process improvements being rolled out by Deputy S151</p> <p>Interim support for Finance Team to address temporary capacity shortages; permanent solution under development</p>	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	<p>Deliver updated Financial Planning Framework for 2021/22 to 2025/26 (adopted by Cabinet 2020)</p> <p>Complete transformation of Finance function</p>	Strategic Director & 151 Officer	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 4</b> <b>Economic Development</b>	<p><b>Vulnerability:</b> Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to provide opportunities for economic development and employment (especially youth employment) in the District.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Unable to secure sufficient opportunities</li> <li>• Local area and people lose out</li> <li>• Insufficient inward investment</li> <li>• Impact on economic vitality of area</li> <li>• Loss of revenue</li> </ul>	Risk that Council performs relatively poorly compared to other authorities.	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Economic Development Plan (Nurturing Growth) was drafted and presented to Economic Development Board and subsequently to Cabinet Cttee for approval. Cabinet requested further consultation with stakeholders, and this was carried out through October &amp; November, culminating in a consultation event on November 13<sup>th</sup>. A revised Economic Strategy and associated report was submitted to Cabinet in May which was agreed and contained a request for additional staff to undertake High Street Recovery work.</p> <p>With the impact of Covid 19 a completely new action plan has been developed which considers a range of options for recovery of local high streets as this is now seen as the priority for Economic Development.</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	In July, Cabinet agreed a programme of Covid Recovery projects, with a specific Economic Development programme. This is now the focus for Economic Development delivery in addition to day to day support and liaison with local businesses.	Community and Partnerships Service Director	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 5</b>  <b>Data / Information</b>	<p><b>Vulnerability:</b> The authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations leading to significant fines or/and intervention by the Information Commissioner's Office (ICO)</li> <li>Increased costs and legal implications</li> <li>Reputation damaged and loss of public confidence</li> </ul>	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. Generally effective to date, with no significant lapses since the introduction of the 2018 DPA.</p> <p>The work programme for the Information Governance Group, who oversees this risk, is comprehensive and has limited resource to progress the work.</p>	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	<p>Significant work was undertaken by the Council to ensure it was compliant in time for the introduction of the GDPR in May 2018. This included review of policy and procedures, staff and Member training and awareness, completing an information asset register/register of processing activities and reviewing security of data arrangements.</p> <p>The Council continues to have a designated Data Protection Officer in post and a system of data breach and subject access request monitoring in place.</p> <p>A recent audit on data retention and disposals has been completed which identified a number of actions.</p> <p>A Senior Information Risk Owner has been identified and an Information Governance Group has been formed. In addition, an Information Governance Group and Information Asset Owner Group has been set up.</p> <p>The Information Governance Group has put together a draft work programme and other acts will be reviewed and monitored through this Information Governance Group</p>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	<p>The introduction of the Information Governance Group is reviewing current arrangements and ensure these are strengthened where required.</p> <p>The IGG will work with the Information Asset Owner Group to embed understanding of the importance of information governance across the authority.</p> <p>The IGG Work Programme will need to be prioritised and the expectations of the organisation managed.</p>	Service Director – Business Services (SIRO)	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 6</b>  <b>Business Continuity</b>	<p><b>Vulnerability:</b> The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>Following the re-organisation and negative outcomes from Internal Audit's review plans need to be updated and changes in responsibilities confirmed.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Services disrupted / Loss of service</li> <li>Possible loss of income</li> <li>Staff absence</li> <li>Hardship for some of the community</li> <li>Council criticised for not responding effectively</li> </ul>	<p>An Internal Audit of Business Continuity arrangements identified a number of weaknesses which are being addressed through the BC project.</p> <p>An external consultant has been engaged to develop the strategy and provide coaching to staff to develop plans. This has largely been completed and an exercise to test was undertaken in Feb 2020.</p> <p>All departments now have their own departmental BC plans</p> <p>Corporate strategy now sits above all plans and has been tested</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Improvement of current business continuity (BC) management arrangement is currently in progress.</p> <p>BC management is ongoing successfully</p>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	<p>Following the desktop exercise scenario earlier this year, and as a result of covid-19 emergency, Service Plan owners are tasked with reviewing their plans and amending and adjusting accordingly. Our organisational response to the current covid-19 emergency demonstrates a generally effective BCP</p> <p>Current COVID 19 crisis is preventing the need for exercising all plans at this time. Current BC is successful and essential services / critical functions are continuing.</p> <p>Next phase is to co-ordinate the review and updating of plans on an ongoing progressive program.</p>	Business Services Director	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 7</b>  <b>Housing Capital Finance</b>	<p><b>Vulnerability:</b> If the Council is unable to spend right to buy receipts in set timescale on qualifying capital schemes, we will have to pay the money to the Government along with interest at a penalty rate.</p> <p>Changes to legislation which reduce income to the HRA.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Loss of capital resources</li> <li>• Revenues cost of penalty interest</li> <li>• Loss of rental income</li> <li>• Delays in provision of new social housing</li> <li>• Increase in housing waiting list</li> <li>• Current 30-year business plan may become unsustainable.</li> </ul>	<p>Risk schemes are delayed by either the planning process or unanticipated site problems.</p> <p>Imposition of further restrictions on rent levels.</p>	<b>HIGH</b>	<b>MODERATE</b>	<b>B2</b>	<p>1) Position being monitored by the House Building Cabinet Committee and a number of contingency options are available including purchasing homes or land on the open market or purchasing from S106 developments. A Consultant has been engaged to work to utilise the receipts before the deadline of the end financial year.</p> <p>2) The Council belongs to the Association of Retained Council Housing which lobbies on such issues.</p> <p>3) The development team are working with finance to develop reports to enable clear visibility around capital funding</p>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	<p>1) Loss of right to buy receipts is minimised.</p> <p>2) Impact of Policy changes is minimised as far as possible.</p> <p>3) Financial reporting requirements to be developed to ensure clear accounting and governance</p> <p>4) The appointment of a HRA finance expert has been agreed. They will assist the Council in putting systems in place to mitigate risk</p>	Service Manager Housing Management and Home Ownership	Monthly



REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 8</b> <b>Cyber Security</b>	<p><b>Vulnerability:</b> The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Loss of system access and/or data</li> <li>Unable to provide Council services</li> <li>Increased costs</li> <li>Reputation damaged</li> <li>Ransomware payment</li> <li>Corporate fines</li> </ul>	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. However, no loss of data. Systems have remained protected from cyber-attack.</p> <p>EFDC is targeted directly. Unknown vulnerabilities in systems. Misconfigured systems. EFDC staff error. Disgruntled EFDC staff.</p> <p>System Loss, Data unavailable, Data stolen, Data changed,</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences.</p> <p>IT monitoring &amp; installing system updates &amp; patches</p> <p>Data is backed up daily with forty days retained. Three backups are also stored off site.</p> <p>Staff training.</p>	<b>HIGH</b>	<b>MODERATE</b>	<b>C2</b>	Continued monitoring & researching security attack methodologies and best practice procedures	Business Services Director	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 9</b> <b>Delays in issuing Planning Permission</b>	<p><b>Vulnerability:</b> Delays in issuing Planning Permission for development due to objections by Natural England regarding the impact of development on air quality in Epping Forest SAC.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Delays in granting Planning Permission in the District and getting an adopted Local Plan in place.</li> <li>Loss of New Homes Bonus</li> <li>Restricted Business Rates tax base growth</li> <li>Reputation damaged</li> </ul>	The Habitats Regulations Assessment (HRA) January 2019 found that the Plan would be likely to have a significant effect upon the Epping Forest Special Area of Conservation (the SAC) in respect of both atmospheric pollution and disturbance from recreation & urbanisation.	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Regular meetings held with key stakeholders including Natural England to update the HRA and develop a mitigation strategy. Interim mitigation strategy has been agreed by Council in October 2018 to mitigate the impact of recreational pressure on the Forest and Natural England have confirmed it is appropriate. Draft Air Pollution Strategy was agreed by Cabinet in July 2020 for further consultation with Natural England. An update HRA has been prepared and is now with Natural England for comment – their comments are due on 11 September 2020. Leading Counsel's advice is also being sought on the position and the risk of submitting the HRA to the Inspector without agreement from Natural England.</p> <p>Budget has been set aside to buy in additional resource to assist with issuing planning decisions once this strategy has been agreed.</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	Mitigation strategy in place for both recreational pressure and air quality issues. Interim air pollution strategy has been prepared and updated following July 2020 Cabinet in light of the draft 2020 HRA. Legal Opinion and a note being prepared for NE following their comments on the draft amended policies on Air Quality and EFSAC and briefing being prepared to address the issues at Ministerial level through local MP.	Planning Services Director	Monthly – regular updates are being provided to the inspector

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 10</b> <b>Climate Emergency</b>	<p><b>Vulnerability:</b> The Council declared a climate emergency and has pledged to do everything within its power to make the Epping Forest District carbon neutral by 2030.</p> <p>The Council has identified a number of initial areas of focus, including: Local Plan site allocations achieving high standards of sustainability; carbon reduction of council owned properties; the promotion of sustainable transport and implementing an air quality strategy.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Reputational damage.</li> </ul>	Failure in achieving identified carbon reduction targets/actions.	<b>VERY HIGH</b>	<b>MODERATE</b>	<b>A2</b>	A Climate Change Officer has been successfully appointed together with a Sustainable Transport Officer. Likely start mid to late summer	<b>HIGH</b>	<b>MODERATE</b>	<b>B2</b>	<p>To develop an action plan with short, medium and long term targets towards overall objective of carbon neutral by 2030 now the new Climate Change Officer is in post (joined Sept 20).</p> <p>In the meantime, the move to staff working from home and covid-19 associated projects including increasing active travel as part of the Safer Places project for High Street recovery, will contribute towards a positive impact on carbon reduction</p>	Chief Operating Officer	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 11</b>  <b>Accommodation project</b>	Failure of the accommodation project to deliver: <ul style="list-style-type: none"> <li>New ways of agile working</li> <li>Better use of Council assets</li> <li>Financial savings</li> </ul> which ultimately impacts on the Council's objectives and delivery of services	<p><b>Background:</b> The Council has embarked on ambitious plan for the renovation and refurbishment of the civic offices that will involve a decant and repopulation of staff and Members. As well as offering space to external partners.</p> <p><b>Effects</b></p> <ul style="list-style-type: none"> <li>Affecting staff wellbeing leading to a loss of staff and organisational knowledge, which impacts on delivery of Council services</li> <li>Need to ensure IT resilience that supports agile working practices</li> </ul>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<ul style="list-style-type: none"> <li>Contractor ISG started refurbishment in July and programme is progressing well. Current target completion date is mid-March 2021.</li> <li>Sectional completion of the Civic Offices will be completed January when we plan to move our employees back into the Civic Offices.</li> <li>Monthly Accommodation Board meeting manages risks and issues raised by workstream leads</li> <li>Lessons learned from C19 will inform the new ways of working focused on collaboration.</li> </ul>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	<p>Embed new ways of working based on the space created and how it will be used. Align with digital collaboration tools for office based and remote working.</p> <p>Pursue commercial options in the Civic offices to bring revenue from leased space</p>	Strategic Director	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 12 Staff Travel plan</b>	Failure of the Staff Travel Plan compromises the ability of collaborative working at the Civic Offices Potential knock on effect of being able to lease out office space (links with risk 11 above – accommodation project)	Failure to develop and implement a park and share solution at NWA due to cost, not getting planning permission and not finding a way to transport staff from NWA to Civic. Inability to free up parking spaces for Civic office tenants	<b>HIGH</b>	<b>MODERATE</b>	<b>B2</b>	Development of planning application, costs, transport and environmental assessments for park and share. Demand responsive transport, car share and dynamic car park booking and usage systems to be developed.	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	Consultants appointed, Planning Performance Agreement drafted, costings being finalised and budget approval to be sought from Accommodation Board in September.	Service Director Contracts and Technical Services	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 13 Qualis</b>	The Council is heavily reliant on income from Qualis e.g. margin on loans, shared services and ultimately dividends from 2020/21.	<p>Much of the income from Qualis is relatively risk free but delays in development planning approvals could significantly impact on the timing of income; also for asset purchase and construction finance leading to a loss of Council income in 202/21 meaning developments cannot go ahead.</p> <p>The set-up of the Qualis Management company has been completed</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Oversight through the Group Company Steering Group/ interim Board until the Qualis Board is in place.</p> <p>Annual review of Qualis business cases and Business Plans by Cabinet.</p> <p>Impact of the Qualis annual business case feeds into EFDC's Annual Budget for approval by Cabinet and recommended for approval to Council.</p> <p>Cabinet decision on any loans to Qualis.</p> <p>Quarterly progress reports from Qualis to Cabinet.</p> <p>Section 151 Officer able to exercise the "open book" requirement and report to Cabinet.</p>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	The Section 151 Officer will act on behalf of EFDC as the main conduit with Qualis Group and other Qualis Companies.	Section 151 Officer	Monthly

## **Risk Management Strategy (September 2020) – draft for approval**

### **Definition**

For the purpose of this strategy, risk is defined as any event or action that may have an impact on the achievement of the Council's objectives. Risk is measured in terms of impact and likelihood.

Risk management is the process to identify, assess and manage risks. Risk management is concerned with positive and negative aspects of risk. So, as well as managing things that could have an adverse impact (downside risk) it also looks at potential benefits (upside risk). It can be applied holistically, and also be used on specific activities and projects, from the corporate to the operational.

### **Objective**

The aims of risk management for the Council are to:

- Use risk management to promote innovation as well as to help secure existing objectives.
- Achieve a systematic, holistic and consistent approach to identifying and analysing risks which will be an integral part of all key management processes, rather than a separate initiative and will be developed using the simplest possible means.
- Embed risk management as an integral part of service, strategic and project planning and decision making.
- Embed the process within our established business planning process.

Achieving these aims will:

- Increase the possibility of success and reduce the chance of failure, as well as supporting innovation.
- Greater ability to deliver against objectives and targets, ensuring the delivery and continuity of our services.
- Helps better informed decision-making.
- Reduction in resources spent dealing with things going wrong.
- Reduce the number and cost of claims arising and improve our ability to defend them.

### **Roles and Responsibilities**

The **Audit and Governance** ~~Finance and Performance Management Cabinet~~ Committee will consider the Council's risk management strategy on an annual basis and recommend it to Cabinet for adoption. The Audit and Governance Committee **as per its Terms of Reference will monitor the effective development and operation of risk management in the Council** ~~will monitor and review the effectiveness of the risk management measures put in place.~~ **As part of this the Committee will in a regular basis Corporate Risk Register, agrees any updates**

## **Risk Management Strategy (September 2020) – draft for approval**

**recommended by the Risk Management Group, considers whether any new or emerging risks that are not on the corporate risk register and pass on recommendations to the Cabinet for their approval.**

The **S151 Officer** Director of Resources has strategic responsibility for risk management and the **Chairman of the Audit and Governance** Finance Portfolio Holder fulfils the role of Lead Member for risk management. The **S151 Officer** Director of Resources is responsible, in conjunction with the Council's Insurers, for minimising the overall cost of inevitable claims which do arise.

To assist:

- The Risk Management Group will advise and support in the context of risks likely to have a significant impact on the achievement of the Council's objectives. The representatives on the Risk Management Group from each directorate will champion the risk management process within their directorate.
- Primary responsibility for identifying and managing significant operational and strategic risks arising from their directorate activities lies with the Directors, who should ensure that their teams carry out and record risk assessments where appropriate as a routine part of business planning and management activities.
- Any significant changes in risks and or assessments are to be notified by the relevant champion of that service to the Risk Management Group.
- Directors should notify the **S151 Officer** Director of Resources of any significant changes in service provision in order to enable them to ensure that appropriate and adequate insurance is in place.

The Chief Internal Auditor is responsible for monitoring the implementation and the effectiveness of the risk management strategy and for monitoring compliance with controls introduced by directorates, as part of the ongoing audit programme. Internal Audit will communicate the management implications during the course of audits and report to Directors as necessary.

As a reminder, all employees are responsible for managing risk effectively in their jobs and to identify and report risk.
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### **Monitoring, Review and Reporting Arrangements**

- The Risk Management Group, **via the S151 Officer,** will report annually to the **Audit and Governance** Finance and Performance Management Cabinet Committee to update the Risk Management Strategy. **The Audit and Governance Committee** F&PMCC will receive **regular (at least quarterly) risk** updates from the Risk Management Group.
- ~~The Audit and Governance Committee will consider the effectiveness of risk management measures annually.~~
- ~~Management Board will consider progress on action plans on a quarterly basis.~~ **The S151 Officer will be the risk conduit between the Senior Management Team and the Risk Management Group.**



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- Service plans will include operational risks and action plans. The Risk Management Group and the Corporate Governance Group will monitor and review the Corporate Risk Register.
- Risk management training will be provided to Members, Directors, Champions and other senior managers, with the aim of ensuring that they have the appropriate skills necessary to identify, evaluate and control risks associated with the services they provide. Training will be provided through **Business Services**.~~the Resources Directorate.~~
- **The Chief Internal Auditor will report annually to the Audit and Governance Committee on the adequacy and effectiveness of the Council’s risk management, control and governance processes.**
- This strategy will be clearly communicated to members and staff and will be subject to review on an annual basis by the Risk Management Group.

## The Risk Management Process

Risk management as depicted below involves five key stages, known as the ‘risk management cycle’. This is described in more detail in Appendix A.



## Future Actions

Risk management is a dynamic process, constantly evolving and this is true for Epping Forest. **During 2019/20 a consistent format was introduced for both the strategic risk registers and service/operational risk registers based on industry good practice and being colour coded. These are in place across the Council but their use is sporadic for projects. This will be progressed as part of the Council’s review of project management.**

**To ensure robust risk management practices throughout the Council a staff training and awareness programme will be devised and rolled out. Its implementation and effectiveness will be monitored by the Risk Management Group.**

~~During 2017/18 the Risk Management Group has agreed directorate risk registers will follow the corporate template, keeping the 4x4 matrix, and discussed how these can be incorporated in the Council’s new project and performance system, Covalent. Development of the Covalent system, including the recording and reporting of risk~~

## **Risk Management Strategy (September 2020) – draft for approval**

~~and identifying interdependencies between risks, will continue during 2017/18 and beyond.~~

Alongside this the Council will develop and articulate its risk appetite, which can be defined as the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. Organisations will have different risk appetites depending on their sector, culture and objectives. A range of appetites will exist for different risks and these may change over time.

Whilst risk appetite is about the pursuit of risk, risk tolerance is about what an organisation can actually cope with. In part, the Council has defined its risk appetite through its scoring matrix (see Appendix B) and this, with the Council's risk tolerance, will be further articulated **and assist with embedding risk management both strategically and operationally**. ~~through risk management workshops facilitated by Internal Audit.~~

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### Appendix A – Risk Management Process

#### Epping Forest’s Risk Management Process

There are five key stages: identification of risks, assessment of these, responding to the risk (usually through controls), monitoring the effect of these and reporting.



#### 1. Risk identification

Identification and understanding the risks to which the Council is exposed is essential to the effective delivery of public services. The starting point is to consider the Council’s corporate and service objectives and ask in what way we might be prevented from achieving them. On what does the successful delivery of the service depend?

Risk is not always a bad thing, as there is no activity without risk. Risk can present opportunities and these need to be maximised, subject to a risk management approach. For example, opportunities may exist to generate income or improve a service where risks can be taken.

A distinction should be drawn between risk and hazard. A hazard is an activity with a potential for harm. A risk is the likelihood of that harm being realised. For example, the hazard may be using a vehicle and the risk would be having an accident. There can be many hazards around but it is only when people, systems, property etc. are exposed to them that they become risky.

#### 2. Risk assessment

Having identified areas of potential risk, the following aspects must be assessed:

- **Impact** – what would the effect be if the risk was to occur?
- **Likelihood** – what is the probability of the risk occurring?

This is done using the assessment criteria defined in Appendix B and should be undertaken twice. The first time assessed as inherent risk (i.e. before risk mitigation strategies/controls) are put in place and then as residual risk (i.e. after risk mitigation strategies/controls) have been put in place. This is to help the risk owner identify whether the right controls are in place and if so are they working as expected to reduce the risk to an acceptable level. This forms part of the ‘monitor’ (section 4) of the risk management cycle.

Sometimes the phrases gross risk and net risk are used instead of inherent or residual risk.

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### 3. Responding/managing risk

Using the risk criteria in Appendix B produces a risk rating score that will enable risks to be prioritised using one or more of the four Ts:

- **Tolerate** – accept the risk as currently presented
- **Treat** – take cost effective action to reduce the risk
- **Transfer** – let someone else share or take the risk (e.g. by insurance, partnering or contracting)
- **Terminate** – agree that the risk is too great and cease the project or activity (although this is not always feasible in local government)

In terms of risk controls it is helpful to consider what would bring about the risk (the cause) and what would be the outcome of the risk occurring (the consequence).

### 4. Monitor and review

Few risks remain static and it is important to know and understand what is happening. This can be achieved through regularly monitoring progress in order to:

- gain assurance that progress is being made towards controlling risks
- ensure that control measures continue to be applied
- monitor changes to the risk profile brought about by circumstances and business priorities e.g. new legislation and whether a fresh risk assessment is required
- consider if new risks or opportunities arising need to be added or current ones removed

There is no set review period as risk management should be a dynamic process but the suggestion is this should be undertaken at least quarterly.

### 5. Reporting

This is detailed in the main part of the strategy under 'Monitoring, Review and Reporting Arrangements' including reporting at the corporate level and to Members.

Directors via their **Service Managers** ~~Assistant Directors~~ are responsible for maintaining operational risk registers and any significant new or emerging risks should be reported to the Risk Management Group via the risk champions sitting on that group. If it is a fast paced risk then the **S151 Officer** ~~Director of Resources~~ should be informed especially if the next Risk Management Group is too far in advance.

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Appendix B – Risk assessment matrix

Likelihood	Definite >90% has happened or has happened on a regular basis over the last 12 months	<b>A Very high (Almost certain)</b>	<b>A4</b>	<b>A3</b>	<b>A2</b>	<b>A1</b>
	Occurs in most circumstances 55% to 90%. Or has happened once or twice in the last 2 years	<b>B High (Likely)</b>	<b>B4</b>	<b>B3</b>	<b>B2</b>	<b>B1</b>
	Occurs in certain circumstances 10% to 55% or has happened once or twice in the last 5 years.	<b>C Medium (Possible)</b>	<b>C4</b>	<b>C3</b>	<b>C2</b>	<b>C1 (was amber)</b>
	Occurs exceptionally/very unlikely <10% or has not happened in the last 5 years	<b>D Low/very low (Unlikely/rare)</b>	<b>D4</b>	<b>D3</b>	<b>D2 (was green)</b>	<b>D1 (was green)</b>
			<b>4 Insignificant</b>	<b>3 Minor</b>	<b>2 Moderate</b>	<b>1 Major</b>
Impact	<b>Financial</b>	Loss/overspend under £10K	Loss/overspend £10K-£250K	Loss/underspend £250K-£1M	Loss/underspend over £1M	
	<b>Service</b>	Marginal disruption to service capability	Short term disruption to service or marginal reduction in service. Objectives of one section not met.	Short term loss of service or significant reduction service. Directorate objectives not met.	Medium/longer term loss of service. Failure to deliver at least one the Council's corporate objectives.	
		Unlikely to cause complaint/litigation	High potential for complaint with possible litigation	High potential for complaint with probable litigation	Litigation almost certain and difficult to defend.	
	<b>Reputation</b>	No adverse publicity	Minor adverse publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity	
	<b>Legal/regulatory</b>	Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of law punishable by fines	Breaches of law punishable by imprisonment	
	<b>Environmental/Public Health</b>	Incident with no lasting effect	Short term incident (weeks)	Medium term major incident (1 month – 1 year)	Long term major incident (1 year +)	
	<b>Health and Safety</b>	'First Aid' level injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality	

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## ***Report to the Audit and Governance Committee***



**Epping Forest  
District Council**

**Report reference:** AGC-013-2020/21  
**Date of meeting:** 28 September 2020

**Portfolio:** Leader of the Council

**Subject:** Internal Audit Monitoring Report - September 2020

**Responsible Officer:** Sarah Marsh (01992 564446).

**Democratic Services:** Gary Woodhall (01992 564470)

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### **Recommendations/Decisions Required:**

- (1) The Committee notes the summary of the work of Internal Audit and the Corporate Fraud Team for the period July to September 2020**

### **Executive Summary:**

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the July 2020 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

### **Reasons for Proposed Decision:**

Monitoring report as required by the Audit and Governance Committee Terms of Reference.

### **Other Options for Action:**

No other options.

### **Report:**

#### **2020/21 Internal Audit Plan**

1. Current status of the 2020/21 Audit Plan, which had been stalled as a result of Covid-19 but is now progressing, is shown in appendix 1. No reports have been finalised since the last Committee meeting in July.

#### **Recommendation Tracker**

2. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports regardless of whether they are overdue or not.
3. The current tracker is shown at appendix 2 and contains eight recommendations which have passed their due dates as detailed in table 1.

Table 1. Summary of tracker as at September 2020.

Recommendation type	Number (September 2020)	Number (July 2020)	Number (June 2020)	Number (March 2020)	Number (January 2020)
High Priority not passed its due date	0	2	2	1	1
High Priority passed its due date	2	1	1	0	1
Medium Priority passed its due date	1	6	6	7	10
Low Priority passed its due date	5	7	7	4	5
<b>Total</b>	<b>8</b>	<b>16</b>	<b>16</b>	<b>12</b>	<b>17</b>

4. One overdue high priority recommendation relates to the development of a corporate data retention and disposals policy. A draft policy was approved at the Strategic Information Governance Group in August 2020 and following review and comment by the Information Asset Owners Group in September 2020, will be published and communicated to staff.
5. The other overdue high priority recommendation concerns updating health and safety risk assessments at the Council's satellite offices. The risk was altered by the change in working arrangements due to Covid-19 as work from these locations has been either suspended or reduced, and the focus has been in ensuring that staff are working safely from home. A revised risk assessment template is ready to be signed off at the next Strategic Safety Group meeting and an online electronic accident reporting form which links directly with HR records has been produced and is being trialled.
6. Internal Audit, with the assistance of the Corporate Governance Group, continues to actively monitor progress of all recommendations. The three low priority recommendations regarding the Council wide approach to Business Rates continue to be impacted by Covid-19 as the service responds to the work associated with issuing business grants.

**Other Internal Audit activities**

7. Internal Audit has continued to provide advice and guidance in several business areas:

**Business Grant Funding Schemes:** Internal Audit and the Corporate Fraud Team are providing advice and assistance on the Local Authority Discretionary Grants Fund (LADGF) scheme, including pre- and post-award checks using the Cabinet Office tool, Spotlight, to determine whether limited companies are active.

**Finance related work:** Internal Audit resource is being used to assist Finance with the reconciliation of the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund payments to ensure payments are properly accounted for and to assist with returns to central government.

**Decision Making Accountability (DMA):** Internal Audit is continuing to assist with an exercise to develop a schedule of responsibilities for each layer of the management spine, reflecting the DMA principles used to design the Council's structure. This will ensure there is clarity and consistency of decision making at each management level and responsibility is attached to the role and not the individual. Work is currently ongoing to review decision making within services which falls outside the management spine to maintain operational



effectiveness whilst ensuring accountability. Additionally, Internal Audit is facilitating discussions on the Council's approach to the use of purchase cards following the decision to use these routinely for low level spend.

**National Fraud Initiative (NFI) 2020/21:** Internal Audit is coordinating preparations for the 2020/21 NFI exercise. A revised protocol has been agreed for the submission of data due in October 2020 and accountability for reviewing matches due out in January 2021.

### **Corporate Fraud Team Update**

8. Since the last update, six Right to Buy (RTB) applications have been withdrawn during August alone. The Corporate Fraud Team is continuing to vet 100% of RTB applications and during the Covid 19 situation, whereby visits to the addresses are not taking place, the team is undertaking enhanced background checks and conducting interviews by video (Zoom etc) and telephone with the applicant's consent.
9. Investigations are being conducted as normally as possible (despite the restrictions on visiting / interviewing) and the team has several housing fraud cases under investigation including a number of suspected sublets.
10. The CFT has also been assisting Internal Audit and the Revenues Team in checking the Covid19 Business Grants and currently have three under further investigation being potentially fraudulent.

### **Legal and Governance Implications:**

None

### **Safer, Cleaner and Greener Implications:**

None

### **Consultation Undertaken:**

Corporate Governance Group

### **Background Papers:**

2020/21 Audit and Resource Plan

### **Risk Management:**

Failure to achieve the audit plan and poor follow up of audit recommendations may lead to a lack of assurance that internal controls are effective and risks properly managed, which ultimately feeds into the Annual Governance Statement.

### **Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 3 to the report.

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## Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
  - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
  - advancing equality of opportunity between people who share a protected characteristic and those who do not,
  - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
  - age
  - disability
  - gender
  - gender reassignment
  - marriage/civil partnership
  - pregnancy/maternity
  - race
  - religion/belief
  - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
  - Factsheet 1: Equality Profile of the Epping Forest District
  - Factsheet 2: Sources of information about equality protected characteristics
  - Factsheet 3: Glossary of equality related terms
  - Factsheet 4: Common misunderstandings about the Equality Duty
  - Factsheet 5: Frequently asked questions
  - Factsheet 6: Reporting equality analysis to a committee or other decision making body

<b>Section 1: Identifying details</b>
Your function, service area and team: <b>Internal Audit, Chief Executive</b>
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: <b>N/A</b>
Title of policy or decision: <b>Internal Audit Monitoring Report September 2020</b>
Officer completing the EqIA: Tel: <b>01992 564449</b> Email: <b>slinsley@eppingforestdc.gov.uk</b>
Date of completing the assessment: <b>08 September 2020</b>

<b>Section 2: Policy to be analysed</b>	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? <b>N/A - report is an update to Audit and Governance Committee on the work of Internal Audit Service</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>For Audit and Governance Committee to note the work of Internal Audit Service between July and September 2020</b> What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A – Report is for noting only</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <b>N/A</b>  Will the policy or decision influence how organisations operate? <b>N/A – report is not decision-based, it is for noting only.</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A – report is for noting only</b>
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? <b>N/A</b>

### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	<p>What does the information tell you about those groups identified?  <b>N/A – report is for noting only</b></p>
3.2	<p>Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision?  <b>N/A – as above</b></p>
3.3	<p>If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary:  <b>N/A – as above</b></p>

## Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

<b>Section 5: Conclusion</b>			
		<b>Tick Yes/No as appropriate</b>	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No ✓	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

**Section 7: Sign off**

**I confirm that this initial analysis has been completed appropriately.  
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh

Date: 08 September 2020

Signature of person completing the EqlA: Sue Linsley

Date: 08 September 2020

**Advice**

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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Appendix 1 - Audit Plan Monitoring 2020-21  
 Progress as at September 2020

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	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
IT - active directory management	Business Services	10	In progress							
IT - storage area network	Business Services	10	Scoping							
Governance - Qualis	Chief Executive	12	Scoping							
KFC: Accounts Payable	Business Services	12	Scoping							
KFC: Payroll	Business Services	12	Scoping							
Housing H&S – gas safety	Housing and Property	15								
KFC: Treasury Management	Business Services	12								
IT Disaster recovery	Business Services	10								
Business continuity: assist Council wide lessons learnt review	Business Services	10								
H&S compliance - council buildings and depot compliance	Housing and Property	20								
Contract management including exit strategies	Contracts and Technical	20								
Qualis Commercial	Chief Executive	15								
							TOTAL	0	0	0

Key  
 H&S = Health and Safety  
 KFC = Key Financial Controls  
 vfm = Value for Money

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**EFDC Internal Audit Recommendation Tracker (Overdue and high priority)**

Last updated: 14 September 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p><b>Health and Safety Corporate Approach</b> Report No. 14.18/19 (April 2019)</p>	2	H&S Corporate Strategy, Policy and supporting procedures should be reviewed at appropriate level and refreshed if necessary.	Low	There is in the Commercial and Regulatory Services Service Plan for 2019/20 a requirement for corporate risk assessments to be reviewed by March 2020. This requirement will be extended to include a review of the Corporate strategy.	Service Director Business Services	31/03/20	31/10/20	<p><b>Jun 20:</b> The Council has recently appointed an additional H&amp;S officer to provide the capacity to enable this and other outstanding actions to be progressed, alongside day to day activity.</p> <p><b>Jul 20:</b> A review of the corporate H&amp;S Strategy is being undertaken by the Strategic H&amp;S Group.</p> <p><b>Sep 20:</b> A review of the policy will be completed once all the supporting documents and guidance are in place. The following work has been undertaken: the communications structure within the Strategic Safety Group (SSG) and Operational Safety Group (OSG) have been reviewed and clarified.</p>	Overdue
<p><b>Business Rates – Council Wide Approach</b> Report No. 13.18/19 (April 2019)</p>	2	Representatives from the Local Gazetteer and Licensing teams should be invited to attend the information sharing working group to discuss the commercial property information they hold within the GeoPlace and M3 databases and how this might better be used to the benefit of the Council including but not limited to maximising	Low	Due to long-term sickness the organiser will not be able to re-commence this working group until late summer.	Business Rates Specialist	30/09/19	<del>04/04/20</del> 31/10/20	<p><b>Oct 19/Feb 20:</b> Due to long-term sickness it has not been possible to re-commence this working group.</p> <p><b>Jun /Jul/Sep 20:</b> The Business Rates Specialist returned to work in April 2020 and the priority has been dealing with the Council's response to central government's grants initiatives for small businesses. The service has also been progressing several major projects including aligning Council Tax UPRNs to the GIS system to enable weekly</p>	Overdue

**EFDC Internal Audit Recommendation Tracker (Overdue and high priority)**

Last updated: 14 September 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
		business rates income. Data Protection Officers / Legal representatives should also be involved to help ensure that any actions recommended by the Forum are GDPR compliant.						reconciliation of properties, implementing the new sundry debt system and carrying out prework on the HB subsidy.	
<b>Business Rates – Council Wide Approach</b> Report No. 12/18/19 (April 2019)	3	The Business Rates Team to request bespoke reports to be written from the M3 system used by the Planning Team that only identifies information in respect of commercial properties which would eliminate the need for the Business Rates Team spending their time sifting through lengthy reports.	Low	Accepted – officers will look at options information from M3 and adapt the reports accordingly	Revenues and Benefits Manager	30/06/19	<del>01/10/19</del> <del>01/04/20</del> 31/10/20	<b>Jun 19/Dec 19/Feb 20:</b> There has been no progress with the Planning M3 system due to the lack of resources and the migration of staff into the Business Support Unit.  <b>Jun/Jul/Sep 20:</b> The Business Rates Specialist returned to work in April 2020 and the priority has been dealing with the Council's response to central government's grants initiatives for small businesses. The service has also been progressing several major projects including aligning Council Tax UPRNs to the GIS system to enable weekly reconciliation of properties, implementing the new sundry debt system and carrying out prework on the HB subsidy.	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and high priority)

Last updated: 14 September 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p><b>Business Rates – Council Wide Approach</b> Report No. 13.18/19 (April 2019)</p>	5	<p>The format of the Planning Information Input Log should be amended so that it takes account of information received from other Council departments (such as Economic Development, Local Gazetteer, Licensing and Legal for example). The Business Rates Manager should review the Information Input Log on a more regular basis so that he can encourage the business rates officers to keep up to date with processing tasks.</p>	Low	Accepted - officers will look at options for pulling this information together and adjust processes accordingly	Revenues and Benefits Manager	31/05/19	<p><del>04/10/19</del> <del>04/04/20</del> 31/10/20</p>	<p><b>Jun 19:</b> There has been little progress in developing the Planning Information Input Log, due to the lack of resources.</p> <p>The team has received a considerable amount of information from the Council's Licensing Team, which they are comparing to the information held by the Business Rates system.</p> <p><b>Oct /Dec19:</b> Due to long-term sickness it has not been possible to progress this.</p> <p><b>Feb 20:</b> There has been some progress on aspects of this work, although it has not been possible to complete it yet.</p> <p><b>Jun/Jul/Sep 20:</b> The Business Rates Specialist returned to work in April 2020 and the priority has been dealing with the Council's response to central government's grants initiatives for small businesses. The service has also been progressing several major projects including aligning Council Tax UPRNs to the GIS system to enable weekly reconciliation of properties, implementing the new sundry debt system and carrying out prework on the HB subsidy.</p>	Overdue

**EFDC Internal Audit Recommendation Tracker (Overdue and high priority)**

Last updated: 14 September 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p><b>Council Tax and Business Rates</b> Report No. 11.18/19 (May 2019)</p>	4	<p>Similar to the control operated over Council Tax, the Business Rates Team should undertake a periodic review (ideally annually) of reliefs claimed to ensure that businesses remain eligible.</p>	Low	<p>A program of canvassing will be undertaken for 2019/20</p>	<p>Services Director (Customer Services)</p>	31/03/20	30/09/20	<p><b>Jun/Jul/Sep 20:</b> The program was due to be introduced in December 2019, before annual billing, but was delayed due to the lack of resources. Ideally it would then have been introduced immediately after annual billing, but this has not been possible due to Covid-19 and the administration of Business Support Grants. The service has also been progressing several major projects including aligning Council Tax UPRNs to the GIS system to enable weekly reconciliation of properties, implementing the new sundry debt system and carrying out prework on the HB subsidy. The canvass will be carried out before 1 October, in time for the second half-year.</p>	Overdue
<p><b>Health and Safety – Satellite Offices 2019/20 Report No. 06.19/20</b> (February 2020)</p>	2	<p>Managers are formally reminded of the need to bring risk assessments up to date and for these to be reviewed and updated at least annually thereafter, or earlier if circumstances change.</p> <p>Centrally an officer is designated to carry out quarterly check that satellite office/depot risk</p>	High	<p>All team managers have been instructed with immediate effect to record all training and training needs, risk assessments and upload these onto a matrix based on that of Oakwood Hill. They will also be tasked with discussing H&amp;S at each team meeting and all records will be required to be sent to their Level 2 Service Manager ahead of the quarterly Corporate Safety Team to be checked for compliance with HSAWA</p>	<p>Contingency Planning and Corporate Safety Officer.</p>	30/03/20	31/12/20	<p><b>Jun 20:</b> The Council's immediate response to Covid19 has caused a significant shift in working arrangements which has altered the risk in relation to this recommendation. The current risks in satellite offices has reduced as work from these locations has been either suspended or reduced. The focus of H&amp;S officers has been in ensuring that staff are working safely from home and all staff are being asked to complete a home safety assessment. An additional Health and Safety Officer has recently joined Epping Forest District Council</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and high priority)

Last updated: 14 September 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Page 71		<p>assessments are up to date.</p> <p>A Lone Working Risk Assessment is undertaken at Norway House</p> <p>A fire risk assessment be undertaken at the Oakwood Hill Depot to assess whether there is an increased risk whilst the current building works are taking place.</p>		Fire Risk assessment in the hands of Facilities Management.				<p>and a priority task will be addressing these outstanding recommendations, once work on ensuring staff are working safely at home has been completed.</p> <p><b>Jul 20:</b> This is being prioritised by the Strategic Safety Group (SSG).</p> <p><b>Sep 20:</b> A risk assessment template is ready to be signed off at the next SSG meeting.</p> <p>An online electronic accident reporting form which links directly with HR records has been produced and is being trialled by some members of staff. This will have a reminder system so the H&amp;S Officer can check for RIDDOR and enables uploading of risk assessments and safe systems of work if the incident calls for investigation. Currently working a way to produce reports for the SSG.</p>	
	<p><b>Health and Safety – Satellite Offices 2019/20 Report No. 06.19/20</b> (February 2020)</p>	6	At least quarterly, the Contingency Planning and Corporate Safety Officer to receive the training matrices referred to above, to ensure that the appropriate H&S training is being identified and delivered in a timely manner.	Med	All points above are relevant to this and will ensure all training needs are identified in a timely manner.	Contingency Planning and Corporate Safety Officer.	30/03/20	31/12/20	<p><b>Jun/Jul 20:</b> Linked to the action above. A corporate health &amp; safety officer post has been created and they will implement the issues arising from this audit. The person commenced on 2 June 2020, and a complete review of the audit will be conducted as priority.</p> <p><b>Sep 20:</b> Essential H&amp;S training for all staff has been fully assessed by the Health &amp; Safety</p>

**EFDC Internal Audit Recommendation Tracker (Overdue and high priority)**

Last updated: 14 September 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
								<p>Officer and options to obtain more robust online and interactive training modules at varying levels, including maintaining training records and for all H&amp;S subjects prepared. This has been discussed with the Council's Learning &amp; Development Manager to agree a budget for this. Regular reporting to the H&amp;S Officer will be introduced for monitoring purposes.</p>	
<p><b>Data Retention and Disposals 2019/20 Report No. 09.19/20</b> (February 2020)</p>	1	<p>Corporate data retention and disposals policy and procedures should be produced, published on the intranet and communicated to staff. The policy should be developed with reference to the Information Commissioners Office (ICO) guidance, setting out the purpose, scope, roles and responsibilities relating to data retention, covering all data types, and be subject to annual review by the Information Governance Group (IGG).</p>	High	<p>The policy will be developed as part of the Information Governance Group.</p>	<p>Business Services Director (As Chair of IGG)</p>	31/07/20	30/9/20	<p><b>Jul 20:</b> A Strategic Information Governance Group (IGG) has been established whose role will include overseeing the Information Governance framework (including policies), setting standards and monitoring the work programme. An operational IGG will be responsible for day to day operations and providing management information to the Strategic Group.</p> <p><b>Sep 20:</b> The draft data retention and disposals policy was approved by the strategic IGG 25 August 2020. It will be submitted to the operational IGG for endorsement at its meeting on 23 September 2020, following which it will be published on the intranet and communicated to staff.</p>	Overdue



## **Report to the Audit & Governance Committee**



**Report reference:** *AGC-010-2020/21*  
**Date of meeting:** *28 September 2020*

**Epping Forest  
District Council**

**Portfolio:** Finance & Economic Development  
**Subject:** Statement of Accounts 2019/20 - Update  
**Responsible Officer:** Andrew Small (01992 564278).  
**Democratic Services:** Gary Woodhall (01992 564243).

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### **Recommendations/Decisions Required:**

- (1) To note the progress in preparing the Council's Statement of Accounts 2019/20.
- (2) To agree to receive and scrutinise the Council's audited Statement of Accounts 2019/20 on 23rd November 2020.

### **Reasons for Proposed Decision:**

To update the Audit and Governance Committee on the Council's progress in discharging its statutory duty to prepare an annual Statement of Accounts that comply with the CIPFA Code, and in accordance with the statutory framework contained in the Accounts and Audit Regulations.

### **Report:**

1. One of the key functions of this Committee is to scrutinise the Council's annual Statement of Accounts.
2. The Statement of Accounts must be prepared in accordance with proper practices as set out in the *CIPFA Code of Practice on Local Authority Accounting*, and within the statutory framework of the *Accounts and Audit Regulations*.
3. The *Accounts and Audit (Coronavirus) Amendments Regulations 2020* extended the statutory deadlines for 2019/20 for all local authorities:
  - Unaudited Accounts – these were required to be published on the Council's website by 31st August 2020. The Council's Accounts were published on Friday 21st August 2020; and
  - Audited Accounts – these are required to be published on the Council's website by 30th November 2020.
4. The audit of the Statement of Accounts 2019/20 is currently in progress and it is anticipated that the external auditors (Deloitte) will be able to issue their audit opinion well within the statutory deadline of 30th November 2020.

5. All Councillors will have the opportunity to debate the audited Statement of Accounts at full Council; part of that debate will be to consider the recommendations made by this Committee – following detailed (post-audit) consideration of the Accounts – on 23rd November 2020.

### **Reasons for Proposed Decision:**

To update the Audit and Governance Committee on the Council's progress in discharging its statutory duty to prepare an annual Statement of Accounts that comply with the CIPFA Code, and in accordance with the statutory framework contained in the Accounts and Audit Regulations.

### **Legal and Governance Implications:**

The prescribed format and statutory framework within which the Statement of Accounts is prepared is explained above in Paragraphs 1.2 and 1.3. In addition, there are also a range of other legal requirements in respect of financial reporting that the Council is required to comply with; these are detailed within the appropriate sections of the Statement of Accounts themselves.

### **Safer, Cleaner and Greener (SCG) Implications:**

There are no direct SCG implications contained within the report.

### **Consultation Undertaken:**

Members of the public have legal rights to inspect, ask questions about and challenge items in the Council's Statement of Accounts. Details of these have been published on the Council's website and the statutory period ended at 4pm on 28th September 2020. To date, no enquiries have been received in relation to this.

### **Background Papers:**

Epping Forest District Council: Statement of Accounts 2019/20 (DRAFT) available via the following link <https://www.eppingforestdc.gov.uk/your-council/policies-plans-and-strategies/>

### **Risk Management:**

Failure to meet the statutory deadline for the production and audit of the Statement of Accounts would result in this being highlighted in Public Sector Audit Appointments Limited's (PSAA) report on the results of auditors' work. The impact of this risk materialising would have largely reputational repercussions for the Council and would limit the Council's ability to demonstrate accountability and value for money in its use of public funds. Although this risk materialised in 2018/19, new arrangements have now been implemented in the Council's Finance function, which means that this risk is now considered to be within acceptable levels for 2019/20.