

Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 17th July, 2006

Place: Civic Offices, High Street, Epping
Room: Committee Room 1
Time: 6.00 pm
Democratic Services Officer: Graham Lunnun, Research and Democratic Services
Tel: 01992 564244 Email: glunnun@eppingforestdc.gov.uk

Members:

Councillors J Knapman (Chairman), Mrs D Collins, Mrs A Grigg, S Metcalfe, C Whitbread.

PLEASE NOTE THE START TIME OF THIS MEETING

BUSINESS

1. APOLOGIES FOR ABSENCE

2. MINUTES (Pages 5 - 14)

To confirm the minutes of the last meeting of the Committee held on 19 June 2006 (attached).

3. DECLARATIONS OF INTEREST

(Head of Research and Democratic Services) To declare interests in any item on this agenda.

4. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council Procedure Rules contained in the Constitution require 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.

In accordance with Operational Standing Order 6 (non-executive bodies), any item raised by a non-member shall require the support of a member of the Committee

concerned and the Chairman of that Committee. Two weeks' notice of non-urgent items is required.

5. CORPORATE GOVERNANCE GROUP (Pages 15 - 18)

The Management Board has requested that this Committee consider and note the minutes of the Council's recently established Corporate Governance Group. The minutes of the most recent meeting are attached.

6. INTERNAL AUDIT - MONITORING REPORT - APRIL/JUNE 2006 AND WORK PROGRAMME - JULY/SEPTEMBER 2006 (Pages 19 - 34)

(Chief Internal Auditor) To consider the attached report on work undertaken by Internal Audit between April and June 2006 and the proposed work plan for July – September 2006.

7. RISK MANAGEMENT - STRATEGY AND POLICY (Pages 35 - 46)

(Head of Finance) To consider the attached report.

8. RISK MANAGEMENT - CORPORATE ACTION PLANS (Pages 47 - 52)

(Head of Finance) To consider the attached report.

9. EXCLUSION OF PUBLIC AND PRESS

Exclusion: 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.

Confidential Items Commencement: Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.

- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers: Paragraph 8 of the Access to Information Procedure Rules of the Constitution 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 (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

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EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Finance and Performance Management Cabinet Committee **Date:** Monday, 19 June 2006

Place: Civic Offices, High Street, Epping **Time:** 6.00 - 7.40 pm

Members Present: Councillors J Knapman (Chairman), Mrs D Collins and C Whitbread

Other Councillors: Councillor D Jacobs

Apologies: Councillor Mrs A Grigg

Officers Present: P Haywood (Joint Chief Executive), B Palmer (Head of Finance), D Macnab (Head of Leisure Services), P Maddock (Assistant Head of Finance), J Akerman (Chief Internal Auditor) and G Lunnun (Democratic Services Manager)

1. MINUTES

RESOLVED:

That the minutes of the meeting of the Committee held on 3 April 2006 be taken as read and signed by the Chairman as a correct record.

2. DECLARATIONS OF INTEREST

No declarations of interest were made pursuant to the Council's Code of Conduct.

3. ANY OTHER BUSINESS

It was reported that there was no urgent business for consideration at the meeting.

4. INTERNAL AUDIT - MONITORING REPORT - JANUARY/MARCH 2006 AND WORK PROGRAMME - APRIL/JUNE 2006

The Committee considered a report which summarised the work undertaken by the Internal Audit Unit between January and March 2006. The report also contained the Work Plan for the first quarter of the current financial year and a status report on previous audit recommendations.

Members noted that the establishment of the Unit for 2006/07 had been reduced from six full-time equivalent posts to 5.5 full-time equivalent posts following changes to the Council's methods of service delivery for parts of the Leisure and Highways Services. One part-time post was being held vacant for the time being in order to provide some budget flexibility to meet the cost of specialist auditors and external contractors to undertake specific audits within the approved Plan. The average level of sickness per member of staff over the 12 month period had been 8.9 days, which whilst of concern was still less than the Council average.

During the quarter, audit reports had been issued in respect of the following:

Systems Audits

- (a) Works Unit;
- (b) Capital Finance;
- (c) Estates Management;
- (d) Housing Repairs;
- (e) Council Tax;
- (f) Non-Domestic Rates;
- (g) Managing Sickness Absence;
- (h) Rechargeable Works - Follow up;
- (i) North Weald Airfield - Follow up (Draft Report);
- (j) Risk Management - Follow up;
- (k) Creditors - Follow up.

Investigations

- (l) Corporate - Internet Usage;
- (m) Housing - Internet Abuse.

In addition, systems audits of the Council's IT Procurement System and Staffing Establishment controls had been substantially completed by 31 March but the reports had not been finalised. Members were advised that the main conclusions from the systems audits undertaken, indicated the systems were generally operating satisfactorily in those areas, and no fundamental errors or control issues had been identified.

The Chief Internal Auditor pointed out that the time taken on investigation work during the quarter had totalled eight days (compared to 65 days in the previous quarter) and had mainly related to two separate issues concerning email and internet usage, and hospitality.

Members considered the key findings from the audits.

Attention was drawn to a schedule setting out the current status of the planned audits in the 2005/06 Audit Plan, as approved in April 2005. Whilst the majority of planned audits had been completed by 31 March, a small number had slipped to 2006/07 or would not be carried out due to changed circumstances. Where appropriate, prioritisation had been based on a risk assessment.

The Committee considered the Unit's performance in relation to the Local Performance Indicator targets for 2005/06.

RECOMMENDED:

- (1) That the reports issued and significant findings between January and March 2006 be noted;
- (2) That the Audit follow up Status Report and System Improvement Schedule be noted;
- (3) That the Work Plan for April to June 2006 be noted; and
- (4) That the 2005/06 Audit Plan Status Report be noted.

5. INTERNAL AUDIT ANNUAL REPORT - 2004/05

The Chief Internal Auditor presented the Internal Audit Annual Report for 2005/06. He advised that it had been based on the "Code of Practice for Internal Audit in Local Government" produced by CIPFA.

The Committee noted that one of the main purposes of the report was to support the Internal Audit opinion on the adequacy of the Council's internal control environment as a contribution to the proper, economic, efficient, and effective use of resources. The report was, therefore, part of the evidence that underpinned the Corporate Statement on Internal Control published in the Council's Statutory Statement of Accounts, in line with the requirements of the Accounts and Audit Regulations 2003 (as amended).

The Chief Internal Auditor advised that the amended regulations also required the Council, from 1 April 2006, to conduct a formal review at least once a year of the effectiveness of its system of internal audit. Part 3 of the Annual Report provided an analysis to form the basis of the review.

The Chief Internal Auditor advised that the Council's systems of internal control had identified some weaknesses in the application of some of the systems, and occasional lapses in the application of Financial Regulations. These issues had been picked up through the Council's internal control mechanisms and had been dealt with promptly by Service management in liaison with Internal Audit. The outcomes had been reported to the Cabinet Committee during the year via the Internal Audit quarterly monitoring reports, and immediate steps had been taken to improve the respective systems. The Chief Internal Auditor advised that these examples of non-compliance were limited and did not compromise the Council's overall control environment.

Attention was drawn to the issue of a user-friendly summary of Financial Regulations and the provision of training for 90 non-finance managers.

The Committee noted that on the basis of the audit work completed, it was considered that the Council had in place a satisfactory framework of internal control, which provided reasonable assurance regarding the efficient and effective achievement of its objectives in 2005/06.

Members were advised that the CIPFA Internal Audit Benchmarking Club was an important source of comparable national data for Internal Audit and produced statistical information on costs, performance and audit coverage. In relation to the Council's "family" group of ten authorities with similar profiles, audit coverage for main financial systems had been marginally above average and slightly below average for districts as a whole. The coverage of main systems (finance and non-

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Corporate Governance Group **Date:** Wednesday, 7 June 2006

Place: P. Haywood's Office, Civic Offices, Epping **Time:** 9.00 - 10.35 am

Members Present: P Haywood, J Scott, J Akerman, C O'Boyle and R Palmer

Other Councillors: (none)

Apologies: (none)

Officers Present: I Willett (Head of Research and Democratic Services)

45. MINUTES OF PREVIOUS MEETING (26.04.06)

Agreed.

46. MATTERS ARISING

(a) Electronic Electoral Pilot (Minute 39(b))

I Willett reported that the Council's bid for abortive costs was now with the Department for Constitutional Affairs and totalled something over £9,000. He reported that the Council had been advised that the DCA were happy with the proposal but Treasury approval was required.

(b) Standards Committee - Chairmanship (Minute 40(6))

I Willett updated the Corporate Governance Group on the current position.

(c) Staff Code of Conduct (Minute 41)

The Group noted that the draft of the proposed Code of Conduct for staff had now been published and sent to staff representatives and will be submitted to the next available meeting of the Joint Consultative Committee.

J Scott raised a few drafting changes he would like to make and undertook to discuss these with T Tidey direct.

ACTION

J Scott to discuss with T Tidey.

47. STATEMENT ON INTERNAL CONTROL

The Corporate Governance Group considered a draft Corporate Statement of Internal Controls for inclusion in the Statutory Statement of Accounts for 2005/6. The Group agreed the draft and also agreed that the signing of the documents should take place after the Finance and Performance Management Committee on

19 June 2006. In view of forthcoming annual leave, it will be necessary for P Haywood to sign the document on 20 June 2006. It was also agreed that the Leader of the Council, Councillor Mrs D Collins, should sign the document although she had not been Leader in the year in question.

ACTION

J Akerman to submit to Finance and Performance Management Cabinet Committee on 19 June 2006.

J Akerman to make arrangements for the signing of the document as indicated.

48. RISK MANAGEMENT

R Palmer presented the Corporate Statement of Risks which was due for consideration at the Finance and Performance Management Committee on 17 July 2006.

The Corporate Governance Group considered the draft in detail and requested the following changes:

- (a) Risk 1 - Agreed that reference to market supplements should be made where these were being paid and that an update was required from the Head of Planning and Economic Development to Management Board about the position.
- (b) Risks 3 and 4 - Recast the wording in more positive terms.
- (c) Risk 5 - Make reference to the Leader of the Council, to the Council and to the Joint Chief Executives, not named individuals.
- (d) Risk 6 and 7(a) - Replace references to "alliance" with "coalition" between the two political groups. Agreed that Risk 6 could refer to a new risk of the existing coalition breaking up, bearing in mind the finely balanced numbers of councillors in the coalition and non coalition sides.
- (e) Risk 19 - Amend wording to refer to a trend which was moving towards an improvement in the situation.
- (f) Risk 20 - It was agreed that the performance of external contracts might change the assessment of risk in any particular service and, it was felt important that these should be reflected in a risk register which would adapt quickly to changes in circumstances. The Group agreed that this process of making the risk register a dynamic document would be assisted by regular reports to the Senior Management Team whereby Heads of Service could update the Risk Statement and that each Management Board meeting should have a standing item to deal with this point.

It was also agreed that the word "established" should be substituted for "working well" coupled with reference to business continuity arrangements which had proved effective in relation to the Waste Management Contract.

Under this heading there should also be reference to the possible re-letting of the Waste Management Contract after the current three month period comes to an end.

- (e) Affordable Housing - Reference to be made to clarification of Estates Management Portfolio Holder.

It was also agreed that throughout the Risk Statement, there should be no references to named individuals, either Heads of Service or Portfolio Holders, but simply the relevant Portfolio titles and Heads of Service designations.

ACTION

R Palmer to finalise Risk Register.

49. STANDARDS COMMITTEE

(a) Current Investigations

Noted that of the two current investigations being conducted locally, in one case, a report had now been issued which would shortly be reviewed by the Standards Committee to determine what further action should be taken by way of adjudication. In the other case, the report of the Investigating Officer was expected in the near future and this in turn would be referred to the Standards Committee for review.

(b) Other Current Complaints

It was noted that there were two other complaints regarding District Councillors which were currently being reviewed by the Standards Board for England.

(c) Other Potential Complaints

The Corporate Governance Group received a further report on one other case of a potential complaint concerning a District Councillor which had yet to be fully resolved in terms of submission to the Standards Board for England.

(d) Annual Report 2005/6

I Willett reported that a draft annual report of the Standards Committee would shortly be published.

50. DATE OF NEXT MEETING

It was agreed that the next meeting should be rearranged for 6 September 2006, before the Management Board's meeting on that date.

CHAIRMAN

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Agenda Item 6

INTERNAL AUDIT- MONITORING REPORT APRIL - JUNE 2006 AND WORK PLAN JULY - SEPTEMBER 2006

The Committee is requested to note the following issues arising from the Internal Audit Team's first quarter monitoring report for 2006/07:

- (a) The reports issued between April and June 2006 and significant findings (Appendix 1);
- (b) The Audit follow up status report (Appendix 2);
- (c) The work plan July - September 2006 (Appendix 3); and
- (d) The 2006/07 Audit Plan status report (Appendix 4)

Introduction

1. This report provides a summary of the work undertaken by the Internal Audit Unit between April and June 2006, and details the overall performance to date against the Audit Plan for 2006/07. The report also contains the Internal Audit work plan for the second quarter 2006/07 and a status report on previous audit recommendations.

2. Resources Available:	3 months Apr-June 06 (Actual)	Estimate April 06- Mar 07
Number of days required to meet the audit plan	<u>248</u>¹	<u>990</u>¹
Number of days available based on staff in post	320	1400
Less statutory and annual leave	(32)	(166)
Sick leave	(35)	(32)
Training	(2)	(35)
Planning, supervisory, management and non-chargeable	<u>(34)</u>	<u>(177)</u>
Available Audit days	217 ²	990 ²
Bought in Days	5	-
Total Audit Days	222	990

Note¹ audit days available if full establishment achieved

Note² actual audit days in period

Current Staffing Position

3. The Unit has an establishment of 5.5 full time equivalent (fte) posts compared to 6 fte in 2005/06. The Audit Assistant post (now part time) was vacant throughout 2005/06, leaving 5 fte staff available during the first quarter 2006/07. The Audit Assistant post is being held vacant for the time being to provide some budget flexibility to meet the cost of specialist auditors to be bought in for specific pieces of work. This position is likely to be maintained in the future, and approval will be sought to formalise the arrangement during the 2007/08 budget process.
4. Sickness during the first quarter of 2006/07 amounted to 35 days compared to 9.5, 2,

and 5 days respectively in the preceding three quarters. The vast majority of the sickness in the first quarter related to the certificated long term sickness of one member of the Team. Therefore, whilst the average level of sickness per member of staff over the last 12 months has been 13.5 days and is of concern, the latest figures are explained by this factor. Sickness continues to be monitored and managed in accordance with the Council's management of absence policy.

Work carried out in the period

5. The audit reports issued in the first quarter are listed in paragraph 11 below. The audit opinions and main conclusions flowing from these reports are attached at Appendix 1.
6. Follow up audits are being phased during the year according to risk and other prioritisation factors, and are being combined with finance systems audits where appropriate. A number of systems audits were carried out across a range of Services in the first quarter.
7. The Audit Team has also provided support to management on a number of corporate issues and has performed a range of tasks including standing membership of project teams. Topic areas included the production of the Council's draft Statutory Statement on Internal Control, and membership of the officer Use of Resources and Value for Money working groups. There was also close involvement in a range of control issues surrounding the transfer of the waste management contract, including verification of the staff TUPE list.
8. Supervision and management time has included the normal management and review functions undertaken by the Chief Internal Auditor. During the first quarter the Unit's Annual Report for 2005/06 was prepared, and a national benchmarking return was submitted to assist in the production of comparative data about Audit activity and performance across the country. In addition the Chief Internal Auditor has been involved in the corporate activities referred to in the previous paragraph.
9. The time taken on investigation work during this quarter totalled 15 days and related to two matters, one of which is still in progress. The report on the completed investigation is referred to below.
10. The Audit Commission has been consulted with on the content of this report and the second quarter audit plan for 2006/07, and had no comments.

Reports Issued and Significant Observations

11. The following audit reports were issued in the first quarter:
 - Safer Communities Team Building Day (investigation)
 - Stores Stocktake and report
 - Norway House
 - Planning cash receipting
 - BVPI verification
 - Car Parking contract
 - IT procurement
 - Benefit Fraud Investigation
 - Establishment list
 - Use of Consultants (draft report)
 - Cash receipting (draft report)
 - Sundry Debtors follow up
 - OHMS Housing Management System follow up

In addition to the audits listed, an audit of the Council's Local Performance Indicators for 2005/06 was substantially complete by 30 June, but the report had not been finalised. This audit is not included in the performance figures in paragraph 20.

12. Members are looking for an improvement this year from the 'satisfactory' assurance given by the Chief Internal Auditor on the Council's control systems in 2005/06, particularly as this assessment is a factor in the Council's annual 'Statement on Internal Control'. The main conclusions from the systems audits undertaken in the first quarter 2006/07 indicated that systems were generally operating satisfactorily in those areas reviewed, and no fundamental errors or control issues were identified. However, an investigation highlighted a number of compliance and supervisory issues, to be addressed by the Service area concerned (see below). A number of recommendations for process improvement across Services were identified, including controls over corporate debt recovery, cash handling and system reconciliations. These have been taken up with the Service areas concerned.
13. Some of the key findings from the audits are extracted from Appendix 1 and repeated below. These extracts indicate where progress is being made to improve systems in the areas highlighted.

Safer Communities Team Building Day [EFDC/Police/CVS]

On balance the investigation has concluded that the day was probably more about networking and socialising than achieving work based objectives. The cost of the day represented an extravagant and inappropriate use of public money, which ran the risk of bringing the Council into disrepute. The nature of the event was inappropriate in relation to any objectives (had any been formally set), which could have been achieved from the day.

Outcome: The Head of RDS will consider whether breaches of the Council's disciplinary Code have occurred on this occasion. Management within RDS will ensure that a robust system is in place for monitoring orders and certifying expenditure.

Stores Stocktake

The increase in the number of discrepancies between the stock record and actual items in stock is of concern....this is the second year Audit have reported a high level of discrepancies. This indicates a steady decline in control standards and calls into question the security and accuracy of the stock records.

Outcome: Management will review the stock recording system and related processes to identify ways of applying greater control

Planning Cash receipting (audit carried out at request of the Head of Service)

The current system contains serious control weakness for low value receipts, which leaves the Council exposed to risk and could easily provide the opportunity for undetected theft. The absence of sound internal controls, including clear separation of duties... is in breach of Financial Regulations.

Outcome: Management has made proposals to Cabinet, which will effectively remove the need to accept any amount of cash at Planning reception.

Sundry debtors follow up

The sundry debtors systems are improving, as evidenced by an improved debt recovery performance in 2005/06. There is potential for further improvement in corporate systems for the monitoring and recovery of debts, as the residual level of sundry debts outstanding remained in excess of £2.4m at 31 March 2006.

Outcome: Revised debt recovery procedures will be consulted upon with Management Board, following which it is hoped to implement new procedures in September 2006.

Establishment List

Corporate controls for managing the establishment data are not operating satisfactorily. The audit identified a number of variances between data held on the establishment list and HR/Payroll system. The establishment list data on the HR/Payroll system was not up to date.

Outcome: Improved systems of control and reconciliation will be in place by the end of the year.

Follow Up of Previous Audits

14. When following up previous audits it is normally found that the majority of recommendations are being implemented by Service management, and this was the case with most of the follow up audits undertaken in the first quarter. However it is sometimes found that not all previously agreed recommendations have been carried out within the agreed timescales. Attached at Appendix 2 is a summary schedule designed to monitor the follow up of previous audits as an aid to ensuring timely and adequate follow up both by Internal Audit and Service Management.
15. All of the recommended actions for system improvement arising from a previous investigation, and reported throughout the last financial year, have now been taken. The residual list of items reported at the last meeting, related to the production of an annual report in respect of Section 106 Planning Agreements, and the production of a staff Code of Conduct. Both of these issues have now been addressed; the S.106 report was submitted to the District Development Committee in June, and the draft staff Code of Conduct is being submitted to the local JCC.

Three-month work plan (Appendix 3)

16. The Audit Commission requires all of the Council's main financial systems to be audited during 2006/07. If this is not achieved in-house, the Audit Commission may decide to carry out extra work at the Council's expense. However, it is recognised that audit coverage is also required within Council services other than finance. For this reason the Audit Plan for the second quarter covers a broad range of Service areas.

Audit Plan 2006/07 (Appendix 4)

17. The current status of the planned audits in this year's Audit Plan, as approved in April 2006, is set out at Appendix 4, and reflects the work carried out to date and the work plan for the second quarter. Provisional timescales have also been set for the audits to be undertaken in the second half year.

Performance Management

18. The Internal Audit Team has local performance indicator targets to meet in 2006/07. The specific LPIs for Audit are set out below:

	Actual 2003/04	Actual 2004/05	Actual 2005/06	Target 2006/07	Actual Apr-June 2006/07
% Planned audits completed	72%	86%	86%	85%	72%
% chargeable "fee" staff time	65%	64%	67%	65%	68%
Average cost per audit day	£275	£297	£292	£280	£304
% User satisfaction	80%	80%	85%	80%	75%

19. The percentage of planned audits completed in the first quarter does not include a substantially completed audit referred to in paragraph 11 of this report. There has been some slippage in the achievement of the first quarter plan, but the position is expected to be recovered later in the year.
20. The indicator for chargeable time has been achieved despite a member of the team having extended, certificated sickness during the quarter.
21. The target cost per audit day for the first quarter has not been met, partly due to the effect of having half a post vacant, which affects the recovery of fixed overheads. It is also proposed to increase this unit cost target to £285 for 2006/07, to reflect the impact on overhead recovery, of the reduction in half a post, agreed during the latter stages of the 2006/07 budget process.

Training

22. During the first quarter, the Chief Internal Auditor attended a workshop outlining CIPFA's view of the purpose, function and role of an Audit Committee in the public sector. This workshop will be useful in bringing forward proposals for the establishment of an Audit Committee in EFDC later in the year.
23. Two members of staff attended a training session on the introduction of the new e-procurement ordering system, due to be implemented later this year. Another member of staff was due to start the second part of the CIPFA Diploma in Public Audit, but this has unfortunately had to be postponed as a result of long term sickness.
24. The potential for joint training of Audit staff is being discussed by the Essex Audit Group.

**Summary of audits completed during Quarter 1
April - June 2006**

Report No.	Title	Service	Audit Opinion	Conclusions/Comments
386	Safer Communities Team Building Day (Investigation)	Research and Democratic Services	<p>On balance the investigation has concluded that the day was probably more about networking and socialising than achieving work based objectives. The cost of the day represented an extravagant and inappropriate use of public money, which ran the risk of bringing the Council into disrepute. The nature of the event was inappropriate in relation to any objectives (had any been formally set), which could have been achieved from the day. It is also concluded that the event could have been conducted at a more cost effective venue within the District and achieved the same outcome.</p>	<p>The Team building day was conducted on 30 September 2005 at Newmarket Racecourse. There were 13 participants, 4 from EFDC, 7 from Essex Police and 2 from the CVS. The cost of the event was £1,666 excluding officer time, but including expenses of £366 in addition to the base cost of £100 per head. This was a race day and it is unlikely that the environment would have been conducive to coordinated work based discussions throughout the day, particularly given the obvious distraction of the racing from early afternoon onwards. In any event, copious amounts of food and drink were being served within one or two hours of the party arriving at the venue, which casts further doubt on the extent of productive work which could have been achieved after the initial period. It has not therefore been possible to demonstrate whether the event provided value for money.</p>
378	Stores Stocktake	Works	<p>The increase in the number of discrepancies between the stock record and actual items in stock is of concern, and is particularly disappointing as this is the second year Audit have reported a high level of discrepancies. This indicates a steady decline in control standards and inevitably calls into question the security and accuracy of the stock records.</p>	<p>While it is understood that the Works Unit experienced staffing problems, the error rate is unlikely to be entirely attributable to this factor. Consequently, Works Management have agreed to review the stock recording system and related processes to identify ways of applying greater control, including the feasibility of replacing the ageing and limited computer system with a modern system operating in a more controlled environment.</p>

Report No.	Title	Service	Audit Opinion	Conclusions/Comments
385	Norway House	Housing	Improvements have been made since the last audit. Further development of the use of the till and the integration of Norway House rents onto the OHMS system will improve internal controls and reduce the level of administration. The standardisation of electricity billing and removal of meters where installed will simplify administration and again improve control.	While the manual systems of income control, which includes the use of spreadsheets, both within the hostel and within Housing Administration are functioning correctly, they are cumbersome and labour intensive, and the spreadsheets do not contain the level of controls applied to the OHMS system.
383	Planning Cash receipting	Planning	The current system contains serious control weakness for low value receipts, which leaves the Council exposed to risk and could easily provide the opportunity for undetected theft. The absence of sound internal controls, including clear separation of duties for the collection, receipting and banking of income is in breach of Financial Regulations.	There are limited controls in place to prevent losses, and an inconsistent approach to handling cheque and cash payments. The current system leaves the staff operating it extremely vulnerable should losses occur and be identified. The system is clearly open to exploitation. [Management has now made proposals to Cabinet, which will effectively remove the need to accept any amount of cash at Planning reception].
389	BVPI Verification	All	There has been some improvement in the presentation of BVPI data and the general perception of what is required, since the previous audit. However further improvements are still needed to ensure that an audit trail can be provided for all performance indicators, to ensure that the Audit Commission does not qualify the BVPIs when their audit is conducted.	A sample of 9 BVPIs were reviewed in detail across Services. Working papers where supplied, were verified along with calculations. Two BVPIs (one in Leisure and one in Housing) could not be verified within the time allocated to the audit, due to the volume of working papers supplied used to calculate the BVPI. Within Environmental Services, two BVPIs appeared to be inaccurate based on a sample of working papers calculated by the contractor. The five remaining BVPIs, two for Planning, two for Finance and one for Human Resources, were accurate and verified to working papers.

Report No.	Title	Service	Audit Opinion	Conclusions/Comments
388	Car Parking Contract	Environmental	Overall the system is operating satisfactorily. Parking Control Notices are being issued in accordance with the terms of the contract and income is being securely processed. Some minor improvements still need to be made to ensure that audit trails, incorporating adequate recording systems, are in place.	<p>There has been an overall improvement since the follow up audit in November 2004, some of which may have been attributed to new management arrangements put in place by Vinci.</p> <p>There have been some concerns about certain parking attendants' performance, where PAs were not working to an acceptable and consistent level. A monitoring schedule has been implemented which produces a monthly report looking at PA performance.</p>
380	IT Procurement	ICT	The audit identified some weaknesses, mainly related to the requirement to seek value for money and the ordering process for the purchase of IT goods and services. The controls with respect to the receipt of IT goods and services and their subsequent payment are adequate.	<p>The controls surrounding the procurement of IT goods and services need to be strengthened, in order to improve compliance with Contract Standing Orders, and assist in the demonstration of value for money. The introduction of the Essex Marketplace should ensure that some of the weaknesses identified during this audit are addressed and rectified.</p> <p>A more specific account coding system would allow for greater clarity in the spending on IT hardware, software and consumables which will allow for better financial management.</p>
382	Benefit Fraud Investigation	Finance	The systems and controls for the referral, review and investigation of suspected cases of benefit fraud are operating satisfactorily. An action plan has been agreed with management to address weaknesses found.	<p>Fraud prevention and detection is carried out in accordance with statute, professional guidelines and EFDC's standing orders, financial regulations and other existing policies.</p> <p>The Section is meeting the Performance Standards in relation to the action on referrals.</p>

Report No.	Title	Service	Audit Opinion	Conclusions/Comments
370	Establishment List	HR/Finance	Corporate controls for managing the establishment data are not operating satisfactorily. The audit identified a number of variances between data held on the establishment list and HR/Payroll system. The establishment list data on the HR/Payroll system was not up to date.	<p>The previously identified system weaknesses therefore remain and leave the system open to error. Controls will be improved by HR:</p> <ul style="list-style-type: none"> - undertaking quarterly reconciliations on the payroll and establishment list data and asking Service Managers to confirm the employee data is correct. - updating the spinal column point data for all employees on the new system and this being included in the reconciliation process. This was in progress at the end of the audit.
390	Use of Consultants (draft report)	All	<p>Generally, it was found that there was compliance with the procedures in Contract Standing Orders. Overall, both revenue and capital costs appeared to be reasonable, with rates generally comparing reasonably to market rates.</p> <p>There is no specific cost code for consultants' fees. These fees had been coded to a range of cost codes, making it difficult to identify the total expenditure. During the audit it was noted that some contracts were not formally tendered, and/or were approved retrospectively with Member approval. The total value of some contracts, including extensions, sometimes exceeded the limit for formal tendering. It was also noted that tendering/ selection documentation and quotes from alternative suppliers were not consistently retained.</p>	<p>Over the two and a half year period reviewed, the Council incurred over £2 million of revenue expenditure on the use of consultants. Planning Services incurred over 40% of this expenditure, with Housing Services and Legal, Admin & Estates accounting for a further 30% combined.</p> <p>Over the same period, the Council also incurred over £1.5 million of capital expenditure on the use of consultants. Housing Services incurred over 75% of this expenditure, with Environmental Services accounting for a further 20%.</p> <p>There was sometimes limited evidence that the appropriate procedures had been followed, or that value for money had been obtained.</p> <p>Before any contract is signed, it is necessary to consider whether the total value of the contract could potentially exceed the limit for formal tendering.</p>

Report No.	Title	Service	Audit Opinion	Conclusions/Comments
391	Cash receipting (draft report)	Finance	This audit provides satisfactory assurance in the three cash receipting systems reviewed. Some systems limitations were identified and some events outside officers' control put the Council's money at risk when key controls with respect to banking were breached by the Council's cash collection and security contractor.	<p>All income sampled was completely and accurately recorded and records of all transactions were maintained in a satisfactory manner.</p> <p>Access to the cash receipting system is restricted to authorised personnel only. However, a review of system access to cancel transactions should be considered.</p> <p>Delays in banking by the contractor caused some income to remain unaccounted for a period of time.</p>
384	Sundry debtors follow up	Finance/All	The sundry debtors systems are improving, as evidenced by an improved debt recovery performance in 2005/06. There is potential for further improvement in corporate systems for the monitoring and recovery of debts, as the residual level of sundry debts outstanding remained in excess of £2.4m at 31 March 2006. Higher priority should be given to dealing with outstanding debts remaining on the previous IT system.	<p>System controls will be improved by:</p> <ul style="list-style-type: none"> - Finance considering the benefits of maintaining a list of bad debtors; - Debt recovery for old IT system debts being a higher priority; - the review of corporate recovery procedures, to include shared responsibility between Finance/Legal and all Services for the recovery of debts. - Finance and HR producing a set of procedures to ensure that all future staff debts are recovered in full and that the recovery process is monitored.

381	OHMS Housing system follow up	Housing	Every effort has been made to implement the recommendations in the original report and where possible new procedures have been put in place.	<p>Good progress has been made with a number of the recommended procedures, forms and reports now in place.</p> <p>A number of improvements to the OHMS system that were suggested, require changes to be made by Anite. In order to keep enhancement costs to a minimum, the improvements have been raised at the new Anite Global User group which had its inaugural meeting on the 17th May 2006.</p> <p>Compensating controls should be developed both as an interim measure and to be in place should requests through the user group be unsuccessful.</p>
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Internal Audit Report Control Sheet – Follow Up Audits

Appendix 2

Ref.	Report Title	Client	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues post follow up
	Main Audits 05/06						
320	Waste Management	Environmental	05/05	9		Qtr 3	
328	Sundry Debtors	Finance	06/05	10	8	Qtr 1	Procedures, credit rating of debtors outstanding
329	Asset Register/inventories	Corporate	06/05	5		Qtr 2	
331	Planning fees investigation	Planning	06/05	4		Qtr 2	
333	Contract Systems	Corporate	06/05	6		ongoing	
334	Car Leasing	HR, Finance	06/05	8		Qtr3	
335	Stores Stocktake	Works Unit	06/05	4		07/08	
338	Accounting & General Ledger	Finance	07/05	12		Qtr 2	
335	E-Financials Application	ICT, Finance	06/05	8		Qtr 3	
336	OHMS Application	Housing	07/05	9	9	Qtr 1	
339	Local Performance Indicators	HR	09/05	4		Qtr 2	
340	Members Allowance	Corporate	08/05	4		Qtr 4	
344	Cash Receipting & Income Control	Finance	09/05	5	3	Qtr 1	Integrated cash management reports (to include Allpay and internet), yet to be developed
341	Office Service Contracts	Legal & Admin	10/05	4		Qtr 3	
343	Procurement	Corporate	10/05	9		Qtr 4	
342	Creditors	Finance	10/05	29		Qtr 2	
347	Building Control	Planning	10/05	10		Qtr 2	
346	Freedom of Information	Corporate	11/05	4		Qtr 4	

Ref.	Report Title	Client	Date Issued	Agreed Actions	Agreed Actions In Place	Time of Follow Up	Outstanding Issues post follow up
349	Grants to Voluntary Organisations	RDS	12/05	11		Qtr 3	
351	Housing Rents	Housing	12/05	7		Qtr 2	
356	Recruitment & Selection	HR	12/05	4		Qtr 2	
362	Works Unit Investigation	Works Unit	12/05	7		Qtr 4	
358	Housing & Council Tax Benefits	Finance	12/05	14		Qtr 3	
360	Treasury Management	Finance	12/05	8		Qtr 3	
352	Cash Offices	Finance	12/05	3		Qtr 3	
353	Budgetary Control	Finance	12/05	8		Qtr 3	
350	Payroll	Finance	01/06	6		Qtr 2	
367	Licensing Investigation	Environmental	01/06	9		Qtr 2	
376	North Weald Airfield	Leisure	05/06	8		Qtr 4	
363	Works Unit	Works Unit	02/06	5		Qtr 4	
366	Estate Management	Legal & Admin	03/06	8		Qtr 4	
368	NDR Collection & Refunds	Finance	03/06	8		Qtr 3	
370	Risk Management & Insurance	Finance	03/06	3		Qtr 4	
374	Rechargeable Works	Environmental	03/06	3		Qtr 4	
373	Capital Financing	Finance	03/06	7		Qtr 2	
372	Housing Repairs & Maintenance	Housing	03/06	4		Qtr 4	
348	Bank Reconciliation	Finance	10/05	7		Qtr 3	
369	Council Tax	Finance	03/06	6		Qtr 3	

INTERNAL AUDIT WORKPLAN JULY – SEPT 2006

Appendix 3

Week	Chief Auditor		Senior Auditor		Auditor		Auditor		Term time auditors (1xfte)		Audit Assistant p/t (vacant)	
	audit	days	audit	days	audit	days	audit	days	audit	days	audit	days
w/c												
3.7.05	Monitoring report	5	Leisure contract	5	Building control follow up	4	LPIs	4	Creditors/ Licensing follow up	6	n/a	0
10.7.05	Review files	4	Planning enforcement	5	Payroll	5	LPIs	5	Creditors/ Licensing follow up	6	n/a	0
17.7.05	Review files	5	Planning enforcement	5	Payroll	4	Housing Rents	5	Creditors/ Licensing follow up	6	n/a	0
24.7.05	Review Financial Regulations	5	Planning enforcement	5	Payroll	4	Housing Rents	5	Holiday	0	n/a	0
31.7.05	Supervision of Gen. Ledger audit	5	Planning enforcement	5	Payroll	5	Housing Rents	5	Holiday	0	n/a	0
7.8.05	Supervision of Gen. Ledger audit	5	Fleet Operations	5	Payroll	5	Housing Rents	5	Holiday	0	n/a	0
14.8.05	Leave	0	Fleet Operations	5	Payroll	5	Housing Rents	5	Holiday	0	n/a	0
21.8.05	External Funding Audit	4	Fleet Operations	5	Payroll	4	Corporate Training	5	Holiday	0	n/a	0
28.8.05	External Funding Audit	4	Fleet Operations	4	Leave	0	Corporate Training	4	Holiday	0	n/a	0
4.9.05	Use of Resources issues	5	Grounds Maintenance	5	Office contracts Follow up	5	Recruitment and selection follow up	5	Creditors/ Bank reconciliation	4	n/a	0
11.9.05	Review files	5	Grounds Maintenance	5	Office contracts Follow up	5	Local land charges	5	Creditors/ Bank reconciliation	6	n/a	0
18.9.05	Monitoring report/ Review files	5	Grounds Maintenance	5	Inventory control Follow up	5	Local land charges	5	Housing Benefits/ Bank reconciliation	6	n/a	0
25.9.05	Monitoring report/workplan	5	Grounds Maintenance	5	Inventory control Follow up	5	Local land charges	5	Housing Benefits/ Bank reconciliation (to continue)	6	n/a	0

Notes:

- Annual leave has been allocated where booked
- Training, team meetings and other non-chargeable work have not been included in the schedule
- Chief Auditor management, planning, general supervisory time etc not included in schedule
- The Audit Commission has been consulted on the above plan

**Audit Plan 2006/07
Status Report at 30 June 2006**

Appendix 4

Audit area	Audit type	Days allocated	Days spent 1 April- 30 June	Status at 30 June 2006	Risk (impact) Indicator l/m/h
FINANCE					
Bank Reconciliation	system/follow up	20		Qtr 2/3	h
Sundry Debtors inc IT	system/follow up	30	14	part complete	h
Creditors IT	IT/follow up	10		Qtr 4	h
Creditors	system/follow up	30	13	in progress	h
Treasury Management	verification/follow up	20		Qtr 3	h
Payroll	system/follow up	30	1	Qtr 2	h
Budgetary Control (capital and revenue)	follow up	10		Qtr 3	h
Risk Management and Insurance	system/follow up	15		Qtr 4	h
Main Accounting and Financial Ledger	system	25		Qtr 2*	h
Asset Register and Inventory control	follow up	10		Qtr 2	h
Housing Benefits inc IT	system/follow up	35		Qtr 2/3	h
Benefit Fraud Investigation	system	15	15	completed	h
Council Tax inc IT	system/follow up	30		Qtr 3	h
National Non Domestic Rates	system/follow up	25		Qtr 3	h
Cash Offices	verification	5		Qtr 3	h
Cash receipting system and Income control	system/follow up	20	23	draft report	h
* by contractor					
TOTAL FINANCE		330	66		
PLANNING SERVICES					
Enforcement / planning fees follow up	system/follow up	25		Qtr 2	h
Section 106 Agreements	follow up	10		Qtr 3	h
Building Control	follow up	10	10	in progress	h
Cash receipting	system	10	8	completed	h
TOTAL PLANNING		55	18		
ENVIRONMENTAL SERVICES					
Car Parking	system/follow up	25	13	completed	h
Licensing	follow up	10	2	commenced	h
Rechargeable Works	follow up	5		Qtr 4	h
Waste Management	follow up	10		Qtr 3	h
TOTAL ENVIRONMENTAL		50	15		
WORKS/DSO					
Fleet Operations	system	15		Qtr 2	h
Depot	system/follow up	22		Qtr 4	h
Stores (stocktake)	stocktake	3	4	completed	h
TOTAL DSO		40	4		
HOUSING					
Housing Rent Collection	system/follow up	25		Qtr 2	h
Norway House (inc rent administration)	establishment	20	21	completed	h
OHMS IT system	IT/follow up	15	8	completed	h
Housing Repairs	follow up	5		Qtr 4	h
Partnering Arrangements	reserve	-		-	m
TOTAL HOUSING		65	29		

Audit area	Audit type	Days allocated	Days spent 1 April-30 June	Status at 30 June 2006	Risk Indicator l/m/h
POLICY					
Grants to Voluntary Organisations	follow up	10		Qtr 3	h
Committee & Member Services Civic Support	system/follow up	15		Qtr 4	m
External Funding	system	30		Qtr 2*	h
Safer Communities Team Investigation	investigation	-	12	completed	h
* by contractor					
TOTAL POLICY		55	12		
LEISURE SERVICES					
Contract Monitoring	system	20	16	in progress	h
Grounds Maintenance	system	20		Qtr 2	m
North Weald Airfield	follow up	5	1	Qtr 4	h
District Museum	establishment	-	reserve	-	m
TOTAL LEISURE		45	17		
HUMAN RESOURCES					
Establishment list	system/follow up	15	2	part completed	h
Corporate Training	system	10		Qtr 2	m
Recruitment and selection processes	follow up	5		Qtr 2	h
Car Leasing (days allocated from contingency)	follow up	10		Qtr 3	h
TOTAL HUMAN RESOURCES		40	2		
LEGAL, ADMINISTRATION AND ESTATES					
Estates Management	system/follow up	25		Qtr 4	h
Repairs and Maintenance (non HRA)	system	-	reserve	-	m
Local land charges	system/ IT	20		Qtr 3	h
Office Services contracts	follow up	5		Qtr 3	h
TOTAL LEGAL AND ADMINISTRATION		50	-		
MISCELLANEOUS					
CPA and BEST VALUE					
Best Value / Local Performance Indicators	system/follow up	35	21	part completed	h
Review of Service business/ best value plans	follow up	10		Qtr 4	h
CONTRACTS					
Contract/systems Audits (see attached plan)	system	15		ongoing	h
CORPORATE					
Corporate Procurement	system	25		Qtr 4	h
Review of financial regulations and internal controls	management review	5		ongoing	h
Use of consultants	system (c/fwd)	5	8	completed	h
Freedom of Information	follow up	5		Qtr 4	h
FRAUD AND CORRUPTION					
National Fraud Initiative (NFI)	biennial review	35	1	Qtr 4	h
COMPUTER SERVICES					
I.T.					
Network Security/E-financials	follow ups	15		Qtr 3	h
E-mail and Internet usage	IT Security/follow up	15		ongoing	h
IT Procurement 05/06	c/fwd	-	6	completed	h
IT Procurement 06/07	follow up	5		Qtr 4	h
TOTAL DAYS ALLOCATED		900	199		
Contingency/ Spot checks/ Minor investigations		40	3	ongoing	h
Corporate/Service Advice		50	20	ongoing	h
TOTAL		990	222		

Report to the Finance and Performance Management Committee



**Epping Forest
District Council**

Portfolio: Finance and Performance Management

Subject: Risk Management

Officer contact for further information: Brian Moldon – (01992 – 56 4606)

Democratic Services Officer: Graham Lunnun - (01992 - 56 4244)

Recommendations/Decisions Required:

- (1) To consider the attached report and to adopt the Risk Management Strategy and Policy Statement; and**
- (2) To note the Terms of Reference of the Risk Management Group.**

Report:

Introduction

1. This Committee has received two reports on risk management setting out the work that has been done to embed risk management into the Council and to note and adopt the Corporate Risk Register.
2. This report seeks to further embed risk management into the Council through the adoption of an updated Risk Management Strategy and Policy Statement.

Risk Management Strategy and Policy Statement

3. At the 12 December 2005 meeting, members were advised of the greater importance attached to risk management under the Key Lines of Enquiry when the Audit Commission is assessing the Council's Use of Resources.
4. One of the criteria that will be judged is whether the members have adopted a Risk Management Strategy and Policy Statement. This requires the Council to:
 - Identify corporate and operational risks
 - Assess the risks for likelihood and impact
 - Identify mitigating controls
 - Allocate responsibility for the mitigating controls.
5. A draft Policy Statement was presented at the Risk Management Group on 10 January 2006. The feedback from the group and advice given by Zurich Municipal (the Council's insurers and providers of risk management training) contributed to the attached Policy Statement.
6. Further work has since been undertaken on the Risk Management Strategy and views gathered from Zurich Municipal and AON (the Council's insurance brokers). Members are invited to consider and adopt the attached Strategy and Policy Statement.

Terms of Reference

7. Following the setting up of the Risk Management Group in December 2004, it was necessary to agree the Terms of Reference for the group. These were considered by the Group and were then agreed by the Corporate Governance Group on 13 April 2005. As the Risk Management Strategy and Policy Statement are being presented the Terms of Reference are also attached to provide a complete picture for Members.

Conclusion

8. A considerable amount of work has been undertaken in producing the Strategy, Policy Statement and Terms of Reference and these now need to be adopted by Members to ensure the Council can demonstrate that it has fully embedded risk management.

Epping Forest District Council

Risk Management Strategy

Definition

For the purpose of this strategy, risk is defined as something that may have an impact on the achievement of the Council's objectives or affect service delivery to the community.

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.
- Establish an effective and explicit system of risk identification, analysis and control.
- Embed the process within our established business planning process.

Achieving these aims will:

- Contribute to sustainable improvements in services and the achievement of best value.
- Ensure the delivery and continuity of our services.
- Reduce the number and cost of claims arising and improve our ability to defend them.

Organisation

The Finance and Performance Management Cabinet Committee will approve the Council's risk management strategy and twice a year, monitor and review the effectiveness of risk management measures put in place by staff. The Head of Finance has strategic responsibility for risk management.

To assist in the day to day implementation of the strategy:

- 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 service will champion the risk management process within their service.
- Primary responsibility for identifying and managing significant operational and strategic risks arising from their service activities lies with the Heads of Service,

Epping Forest District Council

Risk Management Strategy

who should ensure that their teams carry out and record risk assessments where appropriate as a routine part of service 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.
- Heads of Service should notify the Head of Finance of any significant changes in service provision in order to enable them to ensure that appropriate and adequate insurance is in place.
- The Head of Finance is responsible, in conjunction with the Council's Brokers and Insurers, for:
 - Minimising the overall cost of inevitable claims which do arise;
 - Supporting the risk management programme by supplying any advice and data both statistical and anecdotal, to Heads of Service;
 - Facilitating Risk Management training for the Risk Management Group, the Corporate Governance Group and Members;
 - Circulation and review of the Risk Management Strategy;
- The Chief Internal Auditor is responsible for monitoring compliance with risk management controls introduced by Services, as part of the ongoing audit programme. Internal Audit will communicate the management implications during the course of Audits and report to Heads of Service as necessary.

Arrangements

- The Risk Management Group will report twice a year to the Finance and Performance Management Cabinet Committee summarising the significant risks identified and reviewing the effectiveness of risk management measures.
- Service plans will include operational risks and action plans. The Risk Management Group and the Corporate Governance Group will draw together strategic level risk management actions.
- Risk management training will be provided to Members, Head of Services, 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 Finance Services.
- 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.

Epping Forest District Council

Risk Management Strategy

Risk Management Group

Chair: Bob Palmer
Joe Akerman
Val Evans
Barry Land
Laura MacNeill
Brian Moldon
Mick Merrick
Jim Nolan
Chris Overend
Paul Pledger
Mike Tipping
Phil Broadbent

Head of Finance
Chief Internal Auditor
Assistant Head of ICT
Assistant Head of Planning
Assistant Head of Leisure
Senior Finance Officer (Insurance & Risk)
Chief Works Officer
Assistant Head of Environmental
Policy and Research Officer
Assistant Head of Housing
Assistant Head of Legal, Admin & Estates
Human Resources Operations Manager

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Epping Forest District Council

Risk Management Policy Statement

Epping Forest District Council has finite resources and both employees and property of the Council are valuable assets that must be safeguarded. We have a duty to employees and the public to operate in such a manner that the risk of injury and damage to property is minimised so far as is reasonably practicable, thus ensuring our continued ability to deliver services to local residents and the business community.

The Council will take all reasonable measures to protect and preserve all property and other assets and to avoid the risk of injury to employees and the public alike.

The Council will develop its risk management programme to:

- Identify and assess on an ongoing basis the risks to which it is exposed
- Implement the most appropriate and cost effective measures to avoid, minimise and control those risks
- Use efficient and cost effective risk management as a tool in achieving best value across its services
- Comply with legislation and assist in fulfilling corporate governance responsibilities

Thus benefiting the whole community.

It is the responsibility of every manager to implement the Council's Risk Management Policy and all managers have responsibility and accountability for identifying, assessing and managing the risks that threaten their area of activity.

All staff must take a proactive part in this initiative, which has the full backing of the Council, its Members and the Management Board.

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Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Who we are, what we do and for whom

The group will consist of: Senior Managers (Champions) from all Services, Emergency Planning, Health & Safety, Audit and other Council staff as required from time to time.

Bob Palmer, with Brian Moldon as deputy, will chair the meetings.

Aims & Objectives

1. Draw upon the recognised risk management disciplines from across the Council and from external advisors or consultants to provide a more cohesive service to the corporate body and service departments.
2. Develop a more formal framework for the management of risks in terms of the strategic and operational hazards.
3. Analyse and collate departmental reports on self-assessment of risks and produce summary for the Council Management Board and Members. This analysis will identify hazards and risks that affect a number of departments and the corporate body.
4. To train and support the Group members as “Champions” for risk management within their own departments, and to support any departmental sub groups.
5. Disseminate information and guidance to departments, Council management team and Members on an agreed regular basis, including information on initiatives, developments and action plans.
6. To advise via “Champions” and other means on any changing requirements on the reporting or assessment of risk. Arising from HM Treasury requirements, District Audit, or cases of private or public sector best practice.
7. To regularly review the completeness and accuracy of the corporate risk register, through discussions with individual managers of the risk under their direct control.
8. To regularly report and offer appropriate assurance or warning to the Joint Chief Executives, the Council Management Board and Members on the management of risk throughout the Council.

However, it is acknowledged that it is the responsibility of every manager to implement the Council’s Risk Management Policy and support the group in its activities. Individual managers have responsibility and accountability for identifying, assessing and managing the risks that threaten their area of activity.

Individual responsibilities are detailed in the constitution and the work of this group does not remove or replace the responsibilities listed in the constitution. A summary of the responsibilities from the constitution is attached as Appendix One.

Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Appendix One

Responsibilities of the Head of Paid Service

- 1.1 To promote the authority's risk management policy statement.

Responsibilities of the Head of Finance

- 1.2 To develop risk management controls in conjunction with other Chief Officers.
- 1.3 To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- 1.4 To effect corporate insurance cover, through external insurance and internal funding, and periodically review the same.
- 1.5 To negotiate all claims in consultation with other officers, where necessary.

Responsibilities of Chief Officers

- 1.6 To notify the Head of Finance immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the Head of Finance or the authority's insurers. Only the Head of Finance may negotiate settlement of claims.
- 1.7 To take responsibility for risk management, having regard to advice from the Head of Finance and other specialist officers (eg crime prevention, fire prevention, health and safety).
- 1.8 To ensure that there are regular reviews of risk within their service areas.
- 1.9 To notify the Head of Finance promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances. In particular notice shall be given of the following:
 - a) The acquisition of property or other assets whether by ownership, lease agreement, hiring or loan. The Chief Officer concerned is responsible for maintaining current valuations
 - b) Any matters arising from the Council's position as an employer or enabler of voluntary labour
 - c) Any matters arising from the carrying out of the Council's functions and services or those in which the Council has an interest.
- 1.10 To consult the Head of Finance and the Head of Legal, Admin and Estates on the terms of any indemnity that the authority is requested to give.
- 1.11 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

Epping Forest District Council

Risk Management & Assurance Group Terms of Reference

Appendix One

Responsibilities of Individuals

- 1.12 All authorised recipients of car user allowances from the Council shall produce current registration documents, MOT certificates and insurance policies and / or renewal receipts, as required by the Head of Finance.
- 1.13 The Council is not liable for personal property and private funds unless written agreement is obtained to the contrary from the Head of Finance.
- 1.14 Unless insurance cover is agreed with the Head of Finance personal mileage must not be undertaken in Council vehicles. No Council vehicle should be taken to an employee's home for standby or similar duties unless specific approval is obtained from the appropriate Chief Officer.

Responsibilities of the Finance & Performance Management Cabinet Committee

- 1.15 To propose the authority's risk management statement, on the advice of the Head of Paid Service, the Head of Finance and appropriate Chief Officers, for adoption by the Cabinet.
- 1.16 To advise the Cabinet on proper insurance cover on the advice of the Head of Finance.

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Report to the Finance and Performance Management Committee



**Epping Forest
District Council**

Date of meeting: 17 July 2006

Portfolio: Finance and Performance Management

Subject: Risk Management – Corporate Action Plans

Officer contact for further information: Bob Palmer – (01992 - 56 4279)

Democratic Services Officer: Graham Lunnun - (01992 - 56 4244)

Recommendations/Decisions Required:

- 1. Members are asked to consider and adopt the attached action plans to accompany the Corporate Risk Register.**

Report:

Introduction

1. At the 3 April meeting of this committee the Corporate Risk Register was approved and recommended to Cabinet for adoption. Cabinet, at its meeting on 7 June decided:
 - that the Corporate Risk Register produced by Zurich Municipal be adopted;
 - that action plans be submitted to the Finance and Performance Management Cabinet Committee for approval; and
 - that, twice a year, the Corporate Risk Register be submitted to the Finance and Performance Management Cabinet Committee for review.

Action Plans

2. Once the Corporate Risk Register had been approved it was necessary to produce action plans to manage the risks identified. The process to produce the action plans began with a discussion at the Risk Management Group on 4 April. These discussions were recorded and converted into formal action plans.
3. The action plans were then presented to the Corporate Governance Group on 7 June and a number of detailed amendments were made. Some of the amendments reflected the fact the key risks had been consolidated and prioritised at a workshop held on 28 February, and during the intervening period there have been both an election and some significant developments in other areas.
4. The action plans set out for each risk:
 - details of existing controls/actions to address risk;
 - assessment of the effectiveness of the controls/actions;
 - the required further management action;
 - who is responsible for the action;
 - what the critical success factors and measures are; and
 - the frequency of review and any key dates.

Keeping the Action Plans Current

5. In addition to the reporting requirements already agreed by Members, the Corporate Governance Group felt that the action plans should be kept up to date through more regular review. Consequently, once the action plans have been approved they will be discussed on a monthly basis at Senior Management Team and Management Board will have a standing item on their weekly agenda for risk management. These measures should ensure that efforts are not wasted on risks that have fallen below the priority line and that new risks are promptly addressed.
6. The first six monthly update of the Corporate Risk Register will be presented to the next meeting of this committee on 25 September. At that meeting Members will be asked to confirm a re-prioritisation of the risks and this will include any new risks that have been identified.

Conclusion

7. Now that risks have been identified, recorded and prioritised it is essential that the Council sets out how it will manage the key risks. The action plans provide a clear description of how the risks are being managed, any extra steps necessary and who is responsible. By adopting and then monitoring the action plans Members will be able to demonstrate the practical embedding of risk management.



STRATEGIC RISK REGISTER – RISK MANAGEMENT ACTION PLAN

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
3, 4	Objections made to draft plan and considerable lobbying undertaken.	Will only become apparent when the next version of the plan is issued.	Continue lobbying.	Planning & Economic Development Portfolio Holder Head of Planning & Economic Development	Reduction in planned number of new dwellings. The Council retains control of the delivery arrangements.	Quarterly	14/06/06
20	Systems for contract monitoring in place. Contingency plans exist to deal with contract failure.	Contract monitoring established. Business continuity planning has proved effective in waste management.	Both contracts for leisure and waste management require close monitoring. Additional work is now necessary to get a long-term solution in place for waste collection.	Leisure & Young People Portfolio Holder Head of Leisure Services Customer Services, Media, Communications and ICT Portfolio Holder Head of Environmental Services	A basket of key PI's are in place for the leisure contract. Improving public satisfaction and achieving recycling targets.	Monthly Monthly	30/06/06 15/06/06
5	Ongoing dialogue with Essex County Council and other Essex districts.	Difficult to assess until the white paper is issued, although reorganisation now appears less likely.	Continue dialogue with other local authorities.	Leader of Council Joint Chief Executives	Keeping EFDC resources for use within EFDC. Preferably maintaining EFDC boundaries.	Quarterly	Issue of white paper expected early Autumn.



STRATEGIC RISK REGISTER – RISK MANAGEMENT ACTION PLAN

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
1	A number of recruitment and retention initiatives have been pursued, including making market supplements available. The trainee scheme has been particularly successful.	Some success in recruiting to key areas, e.g. ICT, Planning and Works Unit.	Further initiatives needed to test the effectiveness of market supplements.	Finance & Performance Management & Corporate Support Services Portfolio Holder Head of Human Resources & Performance Management	Reduction in level of vacancies.	Quarterly	None
11	Requirement for 30% affordable housing on developments over 25 units to be increased to 40% on developments over 15 units from July 2006 under Altered Local Plan.	Additional capital allocated for affordable housing. Current targets for affordable housing should be achieved.	Agreed schemes need to be progressed and new schemes developed for additional funds.	Housing Portfolio Holder Head of Housing	Achieving targets for affordable housing.	Quarterly	31/03/07
19	Service being re-structured. Additional funding provided. New IT system and electronic records document management being implemented.	Trend developing of improving performance on some indicators. Action taken to date appears effective.	Need to ascertain ongoing staffing requirement to keep performance in top quartile now backlog removed.	Planning & Economic Development Portfolio Holder Head of Planning & Economic Development	Four Planning and Economic Development PI's in members key forty: BV 106 BV 109a, b & c	Monthly	None



STRATEGIC RISK REGISTER – RISK MANAGEMENT ACTION PLAN

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
6, 7a	Council is still balanced but an administration has been formed by a coalition of two political groups. Review conducted of overview and scrutiny arrangements and a programme of O&S training put in place for members.	Reducing the need to build a consensus should allow greater focus. An enhanced system of O&S will help balance the power of Cabinet.	The effectiveness of the new arrangements needs to be kept under review.	Leader of Council Chairman of the Overview & Scrutiny Committee Joint Chief Executives	Achievement of policy objectives. Number of decisions referred to O&S.	Six monthly	30/11/06
17	Five year capital programme prepared which includes resources. Surplus assets continue to be identified and disposed of.	Effective to date as even with £50M capital programme over five years nearly £8M of usable receipts anticipated at end of period.	Continue to highlight revenue consequences of all new capital schemes and continue to dispose of surplus assets.	Finance & Performance Management & Corporate Support Services Portfolio Holder Joint Chief Executive (Resources)	Maintenance of adequate capital and revenue balances.	Six monthly	31/03/07