



Members of the Audit Committee:  
(Councillors R P Lillis (Chairman), K Mills (Vice Chairman),  
P Pilkington, N Thwaites, R Thomas, R Woods, T Venner)

Our Ref: Democratic Services  
Contact: Clare Rendell c.rendell@tauntondeane.gov.uk

Date 15 September 2017

**THE PRESS AND PUBLIC ARE WELCOME TO ATTEND THE MEETING  
THIS DOCUMENT CAN BE MADE AVAILABLE IN LARGE PRINT, BRAILLE, TAPE FORMAT  
OR IN OTHER LANGUAGES ON REQUEST**

Dear Councillor

I hereby give you notice to attend the following meeting:

**AUDIT COMMITTEE**

**Date:** Monday 25 September 2017  
**Time:** 2.00 pm  
**Venue:** Council Chamber, Council Offices, Williton

Please note that this meeting may be recorded. At the start of the meeting the Chairman will confirm if all or part of the meeting is being recorded.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during the recording will be retained in accordance with the Council's policy.

Therefore unless you advise otherwise, by entering the Council Chamber and speaking during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact Committee Services on 01643 703704.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bruce Lang", written in a cursive style.

**BRUCE LANG**  
Proper Officer

## RISK SCORING MATRIX

Report writers score risks in reports uses the scoring matrix below

**Risk Scoring Matrix**

|                   |   |                |            |             |             |                |                |
|-------------------|---|----------------|------------|-------------|-------------|----------------|----------------|
| <b>Likelihood</b> | 5 | Almost Certain | Low (5)    | Medium (10) | High (15)   | Very High (20) | Very High (25) |
|                   | 4 | Likely         | Low (4)    | Medium (8)  | Medium (12) | High (16)      | Very High (20) |
|                   | 3 | Possible       | Low (3)    | Low (6)     | Medium (9)  | Medium (12)    | High (15)      |
|                   | 2 | Unlikely       | Low (2)    | Low (4)     | Low (6)     | Medium (8)     | Medium (10)    |
|                   | 1 | Rare           | Low (1)    | Low (2)     | Low (3)     | Low (4)        | Low (5)        |
|                   |   |                | 1          | 2           | 3           | 4              | 5              |
|                   |   |                | Negligible | Minor       | Moderate    | Major          | Catastrophic   |
| <b>Impact</b>     |   |                |            |             |             |                |                |

| <b>Likelihood of risk occurring</b> | <b>Indicator</b>  | <b>Description (chance of occurrence)</b> |
|-------------------------------------|---|---|
| 1. Very Unlikely                    | May occur in exceptional circumstances                            | < 10%                                     |
| 2. Slight                           | Is unlikely to, but could occur at some time                      | 10 – 25%                                  |
| 3. Feasible                         | Fairly likely to occur at same time                               | 25 – 50%                                  |
| 4. Likely                           | Likely to occur within the next 1-2 years, or occurs occasionally | 50 – 75%                                  |
| 5. Very Likely                      | Regular occurrence (daily / weekly / monthly)                     | > 75%                                     |

- Mitigating actions for high ('High' or above) scoring risks are to be reflected in Service Plans, managed by the Group Manager and implemented by Service Lead Officers;
- Lower scoring risks will either be accepted with no mitigating actions or included in work plans with appropriate mitigating actions that are managed by Service Lead Officer.

## **AUDIT COMMITTEE - AGENDA**

**25 September at 2.00 pm**

**Council Chamber, West Somerset House, Williton**

1. **Apologies for Absence**

2. **Minutes**

Minutes of the Meeting of the Committee held on 20 June 2017 – **SEE ATTACHED.**

3. **Declarations of Interest**

To receive and record any declarations of interest in respect of any matters included the Agenda for consideration at this Meeting.

4. **Public Participation**

The Chairman to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public wishing to speak at this meeting there are a few points you might like to note.

A three-minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue. There will be no further opportunity for comment at a later stage. Your comments should be addressed to the Chairman and any ruling made the Chair is not open to discussion. If a response is needed it will be given either oral at the meeting or a written reply made within five working days of the meeting.

5. **Audit Committee Action Plan**

To update the Audit Committee on the progress of resolutions and recommendations from previous meetings.

6. **Audit Committee Forward Plan**

To review the Audit Committee Forward Plan 2017 and 2018 – **SEE ATTACHED.**

7. **Grant Thornton External Audit – Audit Findings Report**

To consider Report No WSC 95/17 to be presented by Rebecca Usher, Audit Manager from Grant Thornton – **TO FOLLOW.**

The purpose of the report is to outline findings from the audit of our Statement of Accounts and our arrangements to secure Value for Money. This also incorporates a review of our financial resilience as a Council.

8. **SWAP Internal Audit – Progress Update 2017/2018**

To consider Report No WSC 96/17 to be presented by Alastair Woodland, Audit Manager, South West Audit Partnership – **SEE ATTACHED.**

The purpose of the report is to update the Audit Committee of the Internal Audit Plan 2017/2018 progress and bring to their attention any significant findings identified through our work.

**9. Approval of the Statement of Accounts**

To consider Report No WSC 97/17 to be presented by Jo Nacey, Finance Manager – **TO FOLLOW.**

The purpose of the report is to review and approve the audited Statement of Accounts prior to its signature by the Chair of the Committee and the Section 151 Officer.

**10. Overdue High Priority SWAP Audit Actions**

To consider Report No WSC 98/17 to be presented by Richard Doyle, Corporate Strategy and Performance Officer – **SEE ATTACHED.**

The purpose of the report is to provide Members with a position statement on the SWAP audit recommendations for West Somerset Council, which were assessed as high and very high priority, where the agreed remedial action is overdue.

**11. Corporate Governance Action Plan Update**

To consider Report No WSC 99/17 to be presented by Richard Doyle, Corporate Strategy and Performance Officer – **SEE ATTACHED.**

The purpose of the report is to update the Audit Committee of the progress against the Annual Governance Statement Action Plan.

**12. Corporate Risk Management Update**

To consider Report No WSC 100/17 to be presented by Richard Doyle, Corporate Strategy and Performance Officer – **SEE ATTACHED.**

The purpose of the report is to update the Audit Committee on the corporate risks which are being managed by the Joint Management Team (JMT).

**COUNCILLORS ARE REMINDED TO CHECK THEIR POST TRAYS**

**The Council's Vision:**

To enable people to live, work and prosper in West Somerset

**The Council's Corporate Priorities:**

- Local Democracy:  
Securing local democracy and accountability in West Somerset, based in West Somerset, elected by the people of West Somerset and responsible to the people of West Somerset.
- New Nuclear Development at Hinkley Point  
Maximising opportunities for West Somerset communities and businesses to benefit from the development whilst protecting local communities and the environment.

**The Council's Core Values:**

- Integrity
- Respect
- Fairness
- Trust



**AUDIT COMMITTEE****Minutes of the Meeting held on 20 June 2017 at 2.00 pm in the  
Council Chamber, Williton****Present**

Councillor Peter Pilkington  
Councillor R Thomas  
Councillor R Woods

**Members In Attendance**

Councillor A Kingston-James  
Councillor A Trollope-Bellew

**Officers In Attendance**

Corporate Strategy and Performance Officer (R Doyle)  
Assistant Director – Resources (P Fitzgerald)  
Principal Corporate Accountant (S Plenty)  
Democratic Services Officer (C Rendell)

**Also In Attendance**

Peter Barber, Manager, Grant Thornton  
Alastair Woodland, Associate Director, South West Audit Partnership (SWAP)

**A.1 Appointment of Chairman**

**RESOLVED** that Councillor R Thomas be appointed Chairman of the Audit Committee for the duration of the meeting.

**A.2 Apologies for Absence**

Apologies were received from the Chairman (Councillor R Lillis) and Councillors K Mills, N Thwaites and T Venner.

**A.3 Minutes**

(Minutes of the Meeting of the Audit Committee held on 20 March 2017, circulated with the Agenda)

**RESOLVED** that the Minutes of the Audit Committee held on 20 March 2017, be confirmed as a correct record.

**A.4 Declarations of Interest**

| Name                   | Minute No. | Member of                | Personal or Prejudicial | Action Taken    |
|------------------------|------------|--------------------------|-------------------------|-----------------|
| Cllr R Thomas          | All        | Minehead Town Council    | Personal                | Spoke and voted |
| Cllr A Kingston-James  | All        | Minehead Town Council    | Personal                | Spoke           |
| Cllr A Trollope-Bellew | All        | Crowcombe Parish Council | Personal                | Spoke           |

#### **A.5 Public Participation**

No members of the public had requested to speak on any item on the Agenda.

#### **A.6 Audit Committee Action Plan**

(Copy of the Audit Committee Action Plan circulated with the Agenda).

There were three recorded actions from the last meeting on 20 March 2017, all of which had been resolved.

**RESOLVED** that the report be noted.

#### **A.7 Audit Committee Forward Plan**

(Copy of the Audit Committee Forward Plan circulated with the Agenda).

The Manager from Grant Thornton requested that the Final Accounts (Annual Government Statement) was removed from the Forward Plan for the meeting to be held on 18 September 2017.

**RESOLVED** that the Audit Committee Forward Plan, with the requested amendments, be noted.

#### **A.8 Grant Thornton External Audit – Audit Fees**

(Report No. WSC 60/17, circulated with the Agenda).

The purpose of the report was to detail the fee forecast for external audit services in 2017/2018.

Each year the Council's external auditors, Grant Thornton, provided details of the forecast fees to be charged for the main audit and the grant certification work which related to the current year.

The fees letter detailed the fees and the schedule of payments. Grant Thornton had also provided an outline audit time table which showed their phased work plan.

Any additional audit work, outside of the planned audit and grant certification work would be billed separately and would be an addition to the fee quoted.

The main audit fee was £42,525 (which was the same as 2016/2017). This did not include the fee for the grant certification work which had yet to be set. The fee for last year was £8,963.



**RESOLVED** that the Auditor's update report be noted.

#### **A.9 Grant Thornton External Audit – Audit Update**

(Report No. WSC 61/17, circulated with the Agenda).

The purpose of the report was to update Members of the work carried out by our external auditors, Grant Thornton. Specifically the report provided an update in relation to their work for the 2016/2017 financial year and also provided an update in relation to emerging national issues.

The Audit Manager for Grant Thornton outlined the external auditor's progress as at 31 May 2017. The auditors listed their key outputs and had issued their fees letter in April 2017. The Audit Plan for 2016/2017 had been included in their report brought to the last Audit Committee. This demonstrated the planning they had undertaken and interim work carried out before providing a more detailed plan as to how they would discharge their responsibilities.

The auditors had started work on the Taunton Deane Borough Council (TDBC) accounts and once the West Somerset Council (WSC) accounts were submitted, works would be carried out in parallel with TDBC.

The Audit Manager highlighted the three sub criteria for the Value for Money conclusion:-

- Informed decision making;
- Sustainable resource deployment; and
- Working with partners and other third parties.

The Audit Manager for Grant Thornton introduced a report called The Board: creating and protecting value. The report detailed that in all sectors, boards were increasingly coming under pressure from both the market and regulators in terms of effectiveness and accountability. To build upon the success of their cross sector audit committee effectiveness survey 'Knowing the Ropes', the Grant Thornton Governance Institute had extended its research which looked at the effectiveness of boards across the corporate, public and not for profit sectors.

The report raised key questions that all boards should ask themselves to challenge their effectiveness. Their organisations operated in different sectors and were subject to a variety of statutory and governance requirements, but they all shared a common overriding principle: the governing body was a collective charged with developing the organisation's purpose.

During the discussion of this item the following point was made:-

- Detailed in the Income Spectrum were objectives to create vibrant economies. Could we use car park income to fund other projects?  
*Car park income was split into two sections, on-street and off-street. Both of which had different rules on what excess income made from parking charges could be spent on. Guidance as to the application of these rules had previously been distributed to Members and would be distributed again.*

**RESOLVED** that the Auditor's update report be noted.

#### **A.10 SWAP Internal Audit – Audit Plan 2017/2018 Outturn**

(Report No. WSC 62/17, circulated with the Agenda).

The purpose of the report was to update Members on the Internal Audit Plan 2016-2017 progress and bring to their attention any significant findings identified through the work.

The Associate Director for SWAP presented the report and informed the Committee on the changes to the Audit Plan that had occurred since the last update in March 2017.

In addition to the Transformation Programme audit being deferred to the 2017/2018 plan and the ICT back up routine audit being replaced by the review on the ICT desktop support, both of which were reported at the previous meeting, the Healthy Organisation audit had been replaced to accommodate the audit on the Somerset Building Control Partnership (SBCP).

During the discussion of this item the following point was made:-

- Concern was raised on the Building Control audit. Members had requested feedback from the SBCP at the last meeting and had not received any information.

*The Democratic Services Officer confirmed that the information had been received from the SBCP and had been circulated to Members of the Committee. This would be re-circulated to Members. The Associate Director for SWAP confirmed that the SBCP audit was due to be followed up over the next three months and the results would be reported back to the Committee at a future date.*

**RESOLVED** that the progress made in the delivery of the 2016/2017 Internal Audit Plan and significant findings be noted.

#### **A.11 SWAP Internal Audit – Annual Report**

(Report No. WSC 63/17, circulated with the Agenda).

The purpose of the report was to inform the Audit Committee of the Annual Opinion Report 2016-17 from Internal Audit.

The Annual Report gave the opinion of the Assistant Director on the adequacy and effectiveness of internal control, governance and risk management within WSC. Internal Audit had not reviewed all risks and assurances that related to WSC and could not provide absolute assurance on the internal control environment. Their opinion was derived from the completion of the risk based internal audit plan and was one source of assurance on the adequacy of the internal control environment.

For the 2016/2017 Audit Plan for WSC there would be a total of eighteen reviews delivered. In agreement with management, which were previously reported to the Audit Committee, some reviews had been exchanged or removed due to the need to respond to new and emerging risks that had been identified.

All the reviews, except for two, had been completed. Of the eighteen 2016/2017 reviews, thirteen had returned opinions and only two had received partial assurance. There had been two reviews that had received a substantial assurance and that was highly commendable and nine reviews had also received reasonable assurance.

The Assistant Director had considered the balance of audit work in 2016/2017, the assurance levels provided, profile of each audit and outcomes together with the response from Senior Management and offered reasonable assurance in respect of the areas reviewed during the year.

There was only one high risk identified in the Audit Review and this was Licensing and the fees that were charged. This had now been rectified and was no longer a corporate risk.

Internal audit was responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing that was set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards. SWAP had carried out an assessment in 2016 and was found to be in full conformance with the standards.

**RESOLVED** that the Internal Audit Annual Opinion Report be noted.

#### **A.12 Review of Effectiveness of Internal Audit**

(Report No. WSC 64/17, circulated with the Agenda).

The purpose of the report was to inform the Audit Committee of the recent review of the effectiveness of the delivery of Internal Audit through SWAP during 2016/2017.

WSC's review of Internal Audit had been carried out by the Council's Section 151 Officer. The findings had been reported and were used within the overall evaluation and would provide evidence for the Annual Governance Statement. The following criteria were used in the evaluation:-

- Annual report and opinion of the Assistant Director of SWAP;
- Audit Plan and monitoring reports, reports on significant findings, key performance measures and service standards; and
- View of the Council's External Auditor which covered the extent of reliance placed on the internal audit work on key financial systems.

The following details of the overall performance of the service during the year were given:-

- Level of satisfaction from feedback questionnaires was 84%;
- The average cost of an audit day for SWAP remained unchanged at £280;
- In total 83% of the Audit Plan for 2016/2017 had been delivered by 31 March 2017. SWAP were committed and on track to deliver 100%;
- There were no new high priority recommendations in 2016/2017; and
- The outturn position for SWAP showed (net income) a £37,617 budget surplus and a £7,698 actual surplus.

During the discussion of this item the following points were made:-

- Members highlighted that in parts of the report TDBC was mentioned and reminded officers that this Committee was for WSC.  
*Officers apologised and admitted to the typing errors.*
- The Assistant Director for Resources thanked SWAP and their officers for all the hard work they had carried out over the past year.

**RESOLVED** that the findings of the review of effectiveness of internal audit for 2016/2017 be noted.

### **A.13 2016/2017 Treasury Management Outturn Report**

(Report No. WSC 65/17, circulated with the Agenda).

The purpose of the report was to review the treasury management activity and the performance against the Prudential Indicators for the 2016/2017 financial year as prescribed by the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and in accordance with the Council's Treasury Management Strategy and Annual Investment Policy.

The Council was required to receive and approve a minimum of three main reports each year. These were the Treasury Management Strategy Statement, a Half Year Update and an Outturn Report, which incorporated a variety of policies, estimates and actuals.

The following points were a summary of the Treasury Management activity throughout the year:-

- At 31 March 2017, West Somerset's underlying need to borrow for capital purposes which was measured by the Capital Financing Requirement was £5,347,000, whilst useable reserves and working capital which were the underlying resources available for investment were £10,825,000;
- At 31 March 2017, West Somerset had no external borrowing and had £16,885,000 of investments, of which £10,874,000 were in respect of Hinkley Section 106 Agreement funds managed by the Council; and
- The Authority's current strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing.

Effective management of the Council's cash flow, investments and borrowing arrangements were an important part of the governance, risk management and financial control arrangements. The Council managed significant cash flows on a daily basis and used appropriately skilled staff within the Finance Team to monitor and manage these within the parameters set by the Council through the Treasury Management Strategy. The Council was also supported in delivery of its treasury management arrangements through advice from external treasury management advisors Arlingclose.

During the discussion of this item the following point was made:-

- Members queried the risk taken with some of the funds, in particular the Hinkley money.  
*An explanation was given on how the Finance Team invested the funds and what schemes were used.*

**RESOLVED** that the Treasury Management activity for the 2016/2017 financial year be recommended to Full Council for approval.

#### **A.14 Annual Governance Statement 2016/2017**

(Report No. WSC 66/17, circulated with the Agenda).

The purpose of the report was to prepare an Annual Government Statement (AGS) to be transparent about compliance with good governance principles. This included reporting on how officers had monitored and evaluated the effectiveness of their governance arrangements in the previous year, and setting out any planned changes in the coming period.

Good practice guidance from CIPFA had led to changes to the format of this year's Statement. Previously the Council's AGS included a good deal of description about the Council's governance arrangements in addition to providing a set of actions and an opinion on the Council's governance.

The best practice now required that Statements shed the description in order to give greater prominence to:-

- An opinion on the Council's governance arrangements from the Council's senior managers and the Leader of the Council;
- A review of the effectiveness of the Council's governance arrangements;
- A review of the action plan from last year's statement; and
- An action plan for 2017/2018.

The conclusions from the review was that overall the Council's governance framework was reasonable and fit for purpose.

**RESOLVED** that the draft Annual Governance Statement was reviewed and recommended for adoption by the Leader of the Council and the Chief Executive.

(The meeting closed at 2.45pm.)



### AUDIT COMMITTEE ACTION PLAN

| Date/Minute Number  | Action Required   | Action Taken   |
|---|---|--|
| <p><b>20 June 2017</b></p> <p><b>A7 – Audit Committee Forward Plan</b></p>                        | <p><b><u>RESOLVED:-</u></b></p> <p>Request was made by the Manager of Grant Thornton that the Final Accounts (Annual Government Statement) was removed from the Forward Plan for the meeting due to be held on 18 September 2017.</p>                               | <p>This item was removed from the Forward Plan.</p>  |
| <p><b>20 June 2017</b></p> <p><b>A9 – Grant Thornton External Audit – Audit Update</b></p>        | <p><b><u>RESOLVED:-</u></b></p> <p>Detailed in the Income Spectrum were objectives to create vibrant economies. Members queried whether car park income could be used to fund other projects.</p>   | <p>Following the meeting of the Audit Committee, the Assistant Director - Operational Delivery had produced a written response to the Committee which was distributed to Members.</p>  |
| <p><b>20 June 2017</b></p> <p><b>A10 – SWAP Internal Audit – Audit Plan 2017/2018 Outturn</b></p> | <p><b><u>RESOLVED:-</u></b></p> <p>Concerns were raised about the issues with the Building Control Partnership and the Committee had requested a written update on the situation from the Assistant Director -Operational Delivery which they had not received.</p> | <p>The Democratic Services Officer confirmed that the Assistant Director - Operational Delivery had collaborated with the Manager of the SBCP and produced a written response to the Committee which was distributed to Members. This would be re-circulated. The Associate Director for SWAP confirmed the SBCP audit was due to be reported back to the Committee.</p> |
| <p><b>20 March 2017</b></p> <p><b>A46 – Audit Committee Forward Plan</b></p>                      | <p><b><u>RESOLVED:-</u></b></p> <p>Request was made by the Vice-Chairman to have a formal update on the Transformation Project added to the Forward Plan</p>  | <p>Due to the planned items already scheduled for September Audit Committee, this item has been added onto the Forward Plan for the December Audit Committee.</p>  |





## West Somerset Council - Audit Committee – Forward Plan 2017

| Meeting             | DRAFT AGENDA ITEMS  | LEAD OFFICER   |
|---------------------|---|--|
| 20<br>March<br>2017 | Grant Thornton – Audit Plan<br>Grant Thornton – Audit Update<br>SWAP Internal Audit – Progress Report 2016/17<br>SWAP Internal Audit - Audit Plan 2017/18 and Audit Charter<br>Corporate Risk Management Update<br>Corporate Governance Action Plan<br>Summary of Overdue Level 4/5 Actions<br>Corporate Fraud Arrangements<br>Forward Plan | Rebecca Usher<br>Rebecca Usher<br>Alastair Woodland<br>Alastair Woodland<br>Richard Doyle<br>Richard Doyle<br>Richard Doyle<br>Heather Tiso  |
| 20<br>June<br>2017  | Grant Thornton External Audit - Audit Fees<br>Grant Thornton External Audit - Audit Update<br>SWAP Internal Audit – Annual Report<br>SWAP Internal Audit – Audit Plan 2016/17 Outturn<br>Review of Effectiveness of Internal Audit<br>2016/17 Treasury Management Outturn Report<br><br>Annual Governance Statement 2015/16<br>Forward Plan | Rebecca Usher<br>Rebecca Usher<br>Alastair Woodland<br>Alastair Woodland<br>Richard Doyle<br>Steve Plenty/Sue<br>Williamson<br>Richard Doyle |
| 18<br>Sept<br>2017  | Grant Thornton External Audit – Audit Findings Report<br>SWAP Internal Audit – Progress Update 2017/18<br>Approval of the Statement of Accounts<br>Summary of Overdue Level 4/5 Actions<br>Corporate Governance Action Plan Update<br>Corporate Risk Management Update<br>Forward Plan  | Rebecca Usher<br>Alastair Woodland<br>Jo Nacey<br>Richard Doyle<br>Richard Doyle<br>Richard Doyle  |
| 4<br>Dec<br>2017    | Grant Thornton External Audit – Annual Audit Letter 2016/17<br>Grant Thornton External Audit Update<br>SWAP Internal Audit – Progress Report 2015/16<br>6-Month Review of Treasury Management Activity<br><br>Update on the Transformation Project<br>New Data Protection Legislation – May 2018<br>Forward Plan                            | Rebecca Usher<br>Rebecca Usher<br>Alastair Woodland<br>Steve Plenty/Sue<br>Williamson<br>Kim Batchelor<br>Richard Doyle                      |

## West Somerset Council - Audit Committee – Forward Plan 2018

| Meeting               | DRAFT AGENDA ITEMS   | LEAD OFFICER   |
|-----------------------|--|--|
| 19<br>March<br>2018   | Grant Thornton – Audit Plan<br>Grant Thornton – Audit Update<br>SWAP Internal Audit – Progress Report 2017/18<br>SWAP Internal Audit - Audit Plan 2018/19 and Audit Charter<br>Corporate Risk Management Update<br>Corporate Governance Action Plan<br>Summary of Overdue Level 4/5 Actions<br>Powys Counter Fraud Partnership – Update Report<br>Forward Plan | Rebecca Usher<br>Rebecca Usher<br>Alastair Woodland<br>Alastair Woodland<br>Richard Doyle<br>Richard Doyle<br>Richard Doyle<br>Heather Tiso  |
| June<br>2018 -<br>TBC | Grant Thornton External Audit - Audit Fees<br>Grant Thornton External Audit - Audit Update<br>SWAP Internal Audit – Annual Report<br>SWAP Internal Audit – Audit Plan 2017/18 Outturn<br>Review of Effectiveness of Internal Audit<br>2017/18 Treasury Management Outturn Report<br><br>Annual Governance Statement 2016/17<br>Forward Plan                    | Rebecca Usher<br>Rebecca Usher<br>Alastair Woodland<br>Alastair Woodland<br>Richard Doyle<br>Steve Plenty/Sue<br>Williamson<br>Richard Doyle |
| Sept<br>2018 -<br>TBC | Grant Thornton External Audit – Audit Findings Report<br>SWAP Internal Audit – Progress Update 2018/19<br>Approval of the Statement of Accounts<br>Summary of Overdue Level 4/5 Actions<br>Corporate Governance Action Plan Update<br>Corporate Risk Management Update<br>Forward Plan   | Rebecca Usher<br>Alastair Woodland<br>Jo Nacey<br>Richard Doyle<br>Richard Doyle<br>Richard Doyle  |
| Dec<br>2018 -<br>TBC  | Grant Thornton External Audit – Annual Audit Letter 2017/18<br>Grant Thornton External Audit Update<br>SWAP Internal Audit – Progress Report 2016/17<br>6-Month Review of Treasury Management Activity<br><br>Forward Plan   | Rebecca Usher<br>Rebecca Usher<br>Alastair Woodland<br>Steve Plenty/Sue<br>Williamson  |

*Report Number: WSC 96/17*

Presented by: Alastair Woodland, Assistant Director

Author of the Report: Alastair Woodland, Assistant Director

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Report to a Meeting of: Audit Committee

To be Held on: 25 September 2017

## **INTERNAL AUDIT PLAN 2017-18 PROGRESS UPDATE**

### **1. PURPOSE OF REPORT**

- 1.1 To update members on the Internal Audit Plan 2017-18 progress and bring to their attention any significant findings identified through our work.

### **2. CONTRIBUTION TO CORPORATE PRIORITIES**

- 2.1 Delivery of the corporate objectives requires strong internal control. The attached report provides a summary of the audit work carried out to date this year by the Council's internal auditors, South West Audit Partnership.

### **3. RECOMMENDATIONS**

- 3.1 Members are asked to note progress made in delivery of the 2017/18 internal audit plan and note the significant findings.

### **4. RISK ASSESSMENT (IF APPLICABLE)**

- 4.1 Any organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate the risks it may face. WSC has a risk management framework, and within that, individual internal audit reports deal with the specific risk issues that arise from the findings. These are translated into mitigating actions and timetables for management to implement. The most significant findings are reported to this committee in terms of significant corporate risks or in terms of high priority findings at an individual service level.

### **5. BACKGROUND INFORMATION**

This report summarises the work of the Council's Internal Audit Service and provides:

- Details of any new significant weaknesses identified during internal audit work completed since the last report to the committee in June 2017.
- A schedule of audits completed during the period, detailing their respective assurance opinion rating, the number of recommendations and the respective priority rankings of these.

**6. FINANCIAL/RESOURCE IMPLICATIONS**

6.1 There are no specific finance issues relating to this report.

**7. COMMENTS ON BEHALF OF SECTION 151 OFFICER**

7.1 No Specific comments.

**8. EQUALITY & DIVERSITY IMPLICATIONS**

8.1 There are no direct implications from this report.

**9. CRIME AND DISORDER IMPLICATIONS**

9.1 There are no direct implications from this report.

**10. CONSULTATION IMPLICATIONS**

10.1 There are no direct implications from this report.

**11. ASSET MANAGEMENT IMPLICATIONS**

11.1 There are no direct implications from this report.

**12. ENVIRONMENTAL IMPACT IMPLICATIONS**

12.1 There are no direct implications from this report.

**13. HEALTH & WELLBEING**

13.1 There are no direct implications from this report.

**14. LEGAL IMPLICATIONS**

14.1 There are no specific legal issues relating to this report.

# West Somerset Council

## Report of Internal Audit Activity

### 2017/18 Plan Progress September 2017

## Contents

### The contacts at SWAP in connection with this report are:

#### Gerry Cox

Chief Executive

Tel: 01935 385906

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Ian Baker

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## Internal Audit Plan Progress 2017/18

### Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



### Role of Internal Audit

The Internal Audit service for the West Somerset Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting in March 2017.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Corporate Management Team and External Auditors. This year's Audit Plan was reported to this Committee and approved by this Committee at its meeting in March 2017.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

## Internal Audit Plan Progress 2017/18

### Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



### Internal Audit Work

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2017/18. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in **Appendix A** of this document.

As agreed with this Committee where a review has a status of ‘Final’ and has been assessed as ‘Partial’ or ‘No Assurance’, I will provide further detail to inform Members of the key issues identified. Since the last update in June 2017 one of the reviews has returned a ‘Partial’ Assurance Opinion, this being Data Protection/General Data Protection Regulations (GDPR). Further details can be found in **Appendix C**.

In addition, there are also two follow up audits, these being in relation to Building Control Partnership and Homelessness. Details on progress made can be found in **Appendix C**.



## Internal Audit Plan Progress 2017/18

We keep our audit plans under regular review so as to ensure that we auditing the right things at the right time.



### Approved Changes to the Audit Plan

The audit plan for 2017/18 is detailed in **Appendix B**. Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to West Somerset Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Audit Client Officer.

Since June 2017 there are two audit plan changes I need to bring to your attention:

- Due to the refurbishment work at TDBC we were requested to push the Development Control review back from quarter 2 to quarter 4.
- Due to the partial assurance on DPA/GDPR we have utilised some of the follow up contingency days to programme a review in for quarter 4 to evaluate progress being made on the recommendations made, and additional requirements contained within GDPR.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- No Assurance



## Audit Framework Definitions

### Control Assurance Definitions

|                     |         |   |
|---------------------|---------|---|
| <b>Substantial</b>  | ▲ ★ ★ ★ | I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.                                     |
| <b>Reasonable</b>   | ▲ ★ ★ ★ | I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| <b>Partial</b>      | ▲ ★ ★ ★ | I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.   |
| <b>No Assurance</b> | ▲ ★ ★ ★ | I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.                       |

**Non-Opinion/Advice** – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 5 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



### Audit Framework Definitions

#### Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

- Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Each audit covers key risks. Each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

#### Definitions of Risk

| Risk   | Reporting Implications  |
|--------|---|
| Low    | Issues of a minor nature or best practice where some improvement can be made.     |
| Medium | Issues which should be addressed by management in their areas of responsibility.  |
| High   | Issues that we consider need to be brought to the attention of senior management. |

## Internal Audit Work Plan

## APPENDIX B

| Audit Type                     | Audit Area                             | Quarter        | Status              | Opinion    | No of Rec | 1 = Minor ← → 5 = Major |   |   |   |   | Comments       |
|--------------------------------|--|----------------|---------------------|------------|-----------|-------------------------|---|---|---|---|----------------|
|                                |  |                |                     |            |           | Recommendation          |   |   |   |   |                |
|                                |  |                |                     |            |           | 1                       | 2 | 3 | 4 | 5 |                |
| <b>FINAL</b>                   |  |                |                     |            |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption | Compliance with IR35                   | Q1             | Final               | Reasonable | 4         | 0                       | 0 | 4 | 0 | 0 |                |
| Follow Up                      | Licensing Follow Up                    | Q1             | Final               | Follow Up  | 4         | 0                       | 0 | 4 | 0 | 0 |                |
| Follow Up                      | Building Control follow up             | Q1             | Final               | Follow Up  | 1         | 0                       | 0 | 1 | 0 | 0 | See appendix C |
| Follow Up                      | Homelessness Follow Up                 | Q1             | Final               | Follow Up  | 4         | 0                       | 0 | 3 | 1 | 0 | See appendix C |
| <b>DRAFT</b>                   |  |                |                     |            |           |                         |   |   |   |   |                |
| Operational Audit              | Parking maintenance                    | Q1             | Discussion Document |            |           |                         |   |   |   |   |                |
| <b>IN PROGRESS</b>             |  |                |                     |            |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption | Transformation                         | Q1, Q2, Q3, Q4 | In Progress         |            |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption | Organised Crime - Compliance Checklist | Q2             | In Progress         |            |           |                         |   |   |   |   |                |
| Follow Up                      | User Access Management follow up       | Q2             | In Progress         |            |           |                         |   |   |   |   |                |
| Operational Audit              | Grants - DFG & Other                   | Q2             | In Progress         |            |           |                         |   |   |   |   |                |
| Key Control                    | Discretionary Payments - Housing       | Q3             | In Progress         |            |           |                         |   |   |   |   |                |
| <b>NOT STARTED</b>             |  |                |                     |            |           |                         |   |   |   |   |                |
| Key Control                    | Main Accounting                        | Q3             |                     |            |           |                         |   |   |   |   |                |

## Internal Audit Work Plan

## APPENDIX B

| Audit Type  | Audit Area  | Quarter | Status | Opinion     | No of Rec | 1 = Minor ← → 5 = Major |   |   |   |   | Comments       |
|---|---|---------|--------|-------------|-----------|-------------------------|---|---|---|---|----------------|
|   |   |         |        |             |           | Recommendation          |   |   |   |   |                |
|   |   |         |        |             |           | 1                       | 2 | 3 | 4 | 5 |                |
| Key Control   | Creditors   | Q3      |        |             |           |                         |   |   |   |   |                |
| Key Control   | Debtors   | Q3      |        |             |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption                                  | Business Rate Avoidance   | Q3      |        |             |           |                         |   |   |   |   |                |
| Operational Audit   | Development Control   | Q4      |        |             |           |                         |   |   |   |   |                |
| ICT   | Cyber Security  | Q4      |        |             |           |                         |   |   |   |   |                |
| ICT   | Back Ups  | Q4      |        |             |           |                         |   |   |   |   |                |
| Key Control   | System Parameter testing Civica   | Q4      |        |             |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption                                  | GDPR  | Q4      |        |             |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption                                  | Culture & Ethics Survey   | Q4      |        |             |           |                         |   |   |   |   |                |
| Governance, Fraud & Corruption                                  | Procurement Analysis  | Q4      |        |             |           |                         |   |   |   |   |                |
| <b>Outstanding from 2016-17 Audit Plan as of September 2017</b> |   |         |        |             |           |                         |   |   |   |   |                |
| Operational Audits  | Capital Programme Approval & Monitoring / linked with Contract monitoring | Q2      | Draft  | Reasonable  |           |                         |   |   |   |   |                |
| Key Controls  | Treasury Management   | Q3      | Final  | Substantial | 0         | 0                       | 0 | 0 | 0 | 0 |                |
| Governance, Fraud and Corruption                                | Information/Data Security/Data Protection                                 | Q4      | Final  | Partial     | 7         | 0                       | 0 | 7 | 0 | 0 | See appendix C |
| ICT   | Help Desk (New)   | Q4      | Final  | Reasonable  | 5         | 0                       | 0 | 5 | 0 | 0 |                |

**Audit Assignments completed since the June 2017 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.**



### Summary of Audit Findings and High Priority Service Findings

The following information provides a brief summary of each audit review finalised since the last Committee update in June 2017. Each audit review is displayed under the relevant audit type, i.e. Operational; Key Control; Governance; Fraud & Corruption; ICT, Follow Up and Special Review.

Since the June 2017 update there is one 'Partial' Assurance audit opinion that I need to bring to your attention and two follow up audits.

### Governance Fraud & Corruption Audits

Governance, Fraud and Corruption Audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will in some cases enable SWAP to provide management with added assurance that they are operating best practice as these reviews are often conducted across multiple client sites.

### Information/Data Security/Data Protection – Partial Assurance

Data Protection in the UK is currently governed by the Data Protection Act 1998 (DPA) which brought into statute the 1995 EU directive 95/46/EC on data protection. On the 25th May 2018, the DPA will be superseded by the EU General Data Protection Regulation (GDPR). The GDPR significantly strengthens the data protection rights for EU citizens and brings in a new compliance framework for Data Controllers and Data Processors.

Data Protection in the UK is currently governed by the Data Protection Act 1998 (DPA) which brought into statute the 1995 EU directive 95/46/EC on data protection. On the 25th May 2018, the DPA will be superseded by the EU General Data Protection Regulation (GDPR).

**Audit Assignments completed since the June 2017 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.**

#### Governance Fraud & Corruption Audits Continued

The GDPR significantly strengthens the data protection rights for EU citizens and brings in a new compliance framework for Data Controllers and Data Processors.

This assurance is based upon the processes currently in place to ensure compliance with the Data Protection Act. We were unable to establish the full programme of data protection training/awareness sessions available to staff beyond initial awareness. A lack of privacy notices included on forms requesting personal data was noted along with erroneous deadline dates set for Subject Access Request responses and therefore statutory timescales for responses could be missed.

There is no corporate approach to ensuring data quality, with the responsibility deferred down to service areas. Although we were provided with a comprehensive schedule detailing retention periods, we were also unable to verify that they are being adhered to.

WSC have not started making preparations for the GDPR. Whilst the GDPR Lead and Senior Management have awareness of the upcoming regulations, there have been no formal meetings held to discuss how the Authority will implement or update existing controls and systems to ensure they are GDPR compliant.

It would be beneficial for another audit to be scheduled before May 2018 to assess the Council's progress towards compliance with the new regulations.

**Audit Assignments completed since the June 2017 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee**

### Follow Up Audits

Follow up reviews are undertaken where a previous audit has returned a 'Partial Assurance' or 'No Assurance'. This is to provide assurance to the Audit Committee that areas of weakness have been addressed. Follow up reviews will only focus on the areas of weakness identified in the original review and are usually undertaken 6 months after the original review to allow time for recommendations to be implemented.

#### Building Control Partnership

The Somerset Building Control Partnership, a partnership between four Somerset District Councils, Mendip, Sedgemoor, Taunton Deane and West Somerset, commenced operating on 1 April 2016.

Partial assurance was given to this review and details of the weaknesses reported to this committee in March 2017. Some of the weaknesses identified included:

- Lack of a single IT System and failure of the on-line application system in June 2016;
- HR issues impacting on handover and staff resources from the 1 April 2016;
- No monitoring or reporting of application numbers;
- Weak system for receiving payments.

We have undertaken our follow up work and can report that eleven of the twelve recommendations made have been implemented. The one recommendation outstanding couldn't be actioned as planned due to a coding error caused by the online payment system not forcing applicants to enter the district information on the online form. This issue has been resolved and it is expected that the final recommendation will be implemented by the end of September 2017.



## Summary of Partial Opinions & Significant Risks

## APPENDIX C

**Audit Assignments completed since the June 2017 update:**

**These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee**

### Follow Up Audits Continued

#### Homelessness

The Homelessness Final Report was issued 14th October 2016, Partial assurance was given in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

A total of eleven recommendations were made. One priority 4 recommendation, nine priority 3 recommendations and one priority 2 recommendation.

Table 1 below identifies a summary on the progress made with regards to implementing controls to mitigate the risk established for the eleven agreed actions.

|              | Complete | In Progress | Not Started |
|--------------|----------|-------------|-------------|
| Priority 4   | 0        | 1           | 0           |
| Priority 3   | 6        | 1           | 2           |
| Priority 2   | 1        | 0           | 0           |
| <b>Total</b> | <b>7</b> | <b>2</b>    | <b>2</b>    |

Seven of the agreed actions were assessed as 'Complete'. Two of the agreed actions that are 'In Progress' are currently overdue and therefore revisions to the implementation dates have been agreed. One of these is a 'Priority 4' recommendation to ensure the control is in place to mitigate major health and safety risk – which when re-reviewed as part of this audit, it was identified that there was one tenant in a property with a gas oven that did not have a valid gas safety certificate. Whilst an updated control is in place, the weakness here is in relation to human error. The control put in place needs to be enhanced further to ensure all gas appliances are covered, not just gas boilers. At the time of our follow up audit we were given verbal assurance that a gas engineer will visit the property to perform the necessary safety check.



Report Number: WSC 98/17

## West Somerset District Council

### Audit Committee – 25<sup>th</sup> September 2017

#### Overdue high priority SWAP Audit Recommendations

This matter is the responsibility of Cllr Mandy Chilcott, Portfolio Holder for Resources and Central Support

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

- 1.1 This report provides Members with a position statement on the SWAP audit recommendations for West Somerset District Council, which were assessed as high and very high priority, where the agreed remedial action is overdue.

#### 2 Recommendations

- 2.1 It is recommended that:-
- The committee review the overdue actions.

#### 3 Risk Assessment

##### Risk Matrix

| Description   | Likelihood      | Impact       | Overall       |
|---|-----------------|--------------|---------------|
| The Council is exposed to risk through inadequate systems and processes identified through SWAP audits. | Likely<br>(4)   | Major<br>(4) | High<br>(16)  |
| The mitigation for this is the timely completion of agreed remedial actions,                            | Unlikely<br>(2) | Major<br>(4) | Medium<br>(8) |

#### 4 Background and Full details of the Report

- 4.1 West Somerset DC engage the South West Audit Partnership (SWAP) to carry out internal audit functions; checking the adequacy of controls and procedures across the whole range of Council services.
- 4.2 At the start of each financial year an audit plan is agreed between SWAP and the Council which identifies the areas of highest potential organisational and operational risk within the Council.

- 4.3 When an audit takes place a report is provided to the service manager concerned which gives an audit conclusion and opinion.
- 4.4 Any control or procedural weaknesses are identified within an action plan appended to the audit report.
- 4.5 All findings will be allocated one of 5 priority ratings. With priority 5 carrying the most significant risk to the service (not necessarily to the wider Council) and priority 1 the least significant risk.

The definitions used are provided below:

**Priority 5:** Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

**Priority 4:** Important findings that need to be resolved by management.

**Priority 3:** The accuracy of records is at risk and requires attention.

**Priority 2:** Minor control issues have been identified which nevertheless need to be addressed.

**Priority 1:** Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

- 4.6 Each finding within the action plan contains a target implementation date which has been agreed between SWAP and the service manager concerned.
- 4.7 All priority 4 and 5 recommendations are captured in a register to ensure progress against the recommendations can be tracked and progress reported to JMT and the Audit/Corporate Governance Committees at Taunton Deane and West Somerset Councils.
- 4.8 This report highlights the Priority 4 and 5 audit actions affecting West Somerset District Council, where the agreed remedial action is overdue. On this occasion there are **6 priority 4** actions which are overdue but **zero overdue priority 5** recommendations for West Somerset District Council.
- 4.9 A summary of the overdue actions is provided in Appendix A.

## **5 Links to Corporate Aims / Priorities**

- 5.1 There are no direct links to corporate aims/priorities although good governance and robust controls and processes underpin good performance.

## **6 Finance / Resource Implications**

- 6.1 Unmitigated risks identified by SWAP could expose the Council to unanticipated claims, expenditure or exposure to fraud.

## **7 Legal Implications**

- 7.1 There are no direct legal implications within this report although unmitigated risks could expose the Council to unanticipated claims.

## **8 Environmental Impact Implications**

- 8.1 There are no direct environmental impact implications associated with this report.

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 There are no safeguarding implications associated with this report. There are Community safety implications in relation to public safety risks associated with tree surveys.

## **10 Equality and Diversity Implications**

- 10.1 There are no equality and diversity implications associated with this report.

## **11 Social Value Implications**

- 11.1 There are no Social Value implications associated with this report.

## **12 Partnership Implications**

- 12.1 The majority of Council services are delivered through shared services arrangements with Taunton Deane Borough Council.

## **13 Health and Wellbeing Implications**

- 13.1 There are no direct health and wellbeing implications associated with this report.

## **14 Asset Management Implications**

- 14.1 There are asset management implications associated with this report.

## **15 Consultation Implications**

- 15.1 There are no Consultation implications associated with this report.

**Democratic Path:**

- **Audit Committee - Yes**
- **Corporate Scrutiny – No**
- **Cabinet – No**
- **Full Council – No**

**Reporting Frequency: Twice yearly**

**List of Appendices (delete if not applicable)**

|            |  |
|------------|--|
| Appendix A | Summary of overdue priority 4 and 5 SWAP audit recommendations |
|------------|--|

**Contact Officers**

|             |                             |
|-------------|-----------------------------|
| Name        | Richard Doyle               |
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| Audit Report                                   | Finding  | Priority | Recommendation   | Management Response   | Original Implementation Date | Progress Update   | AD Responsible | Org               |
|--|--|----------|--|---|------------------------------|---|----------------|-------------------|
| WSC - Contract Management Bribery - 23.07.2015 | 3.1a The procurement function is not limited enough to ensure each Officer involved has an appropriate level of knowledge and training.  | 4 - High | I recommend the Assistant Director - Resources ensures the ability to carry out procurement is suitably limited and staff have received appropriate training.  | Agreed  | December 2015                | March 2016: Procurement activity is quite limited, and specialist advice is available through SHAPE legal services or is 'bought in' as necessary e.g. in complex land and property transactions. Unfortunately it has not been possible to progress robust action during 2015/16. This will be added to the 'Service Plan' for 2016/17 which will include a review of the procurement 'function', and associated responsibilities and training. It is proposed the target date is revised to March 2017. | Paul Carter    | WSC               |
| WSC - Contract Management Bribery - 23.07.2015 | 3.4a There is currently no assurance that the contract standing orders and the anti-bribery policy is embedded within the Council.   | 4 - High | I recommend the Corporate Strategy and Performance Manager raise awareness of these rules and policies at the appropriate level within the Council.  | Agreed – once action 1.1a is complete and a single, refreshed anti-bribery policy is in place this will be an agenda item for the Tier 4 Managers meeting.      | January 2016                 | <b>Aug 2017 update :</b><br>Contract standing orders are in the process of being revised along with changes to the Money Laundering policy - SHAPE are providing advice as necessary  | Paul Carter    | WSC               |
| WSC Asset Management 2014-15 Follow Up         | Asset Management Strategy linking to corporate priorities.   | 4 - High | I recommend that the Asset Manager considers the style and content of the future Asset Management Strategy and seeks to ensure it is strategic in its outlook with clear linking to corporate priorities for the Council and that the Asset Management Plan provides sufficient detailed information for tracking progress . | In line with work plan, this is to be refreshed during early 2016 and will reflect current position and future aspirations, new structure and responsibilities. | June 2016                    | New 'Asset Management Strategy' has been developed complete with recommendations of options for individual property assets, bases on 'Protocols' for Councillors to decided and agree. Document in consultation with next meeting WSC Informal Special Cabinet Meeting 1st March. With a timetable for further consultation as follows:<br>PAG - 29th March<br>Scrutiny - 7th April<br>Cabinet 17th May<br>Full Council - 19th July   | Terry May      | WSC               |
| WSC Asset Management 2014-15 Follow Up         | 1.1b Development of new Asset Management Plan  | 4 - High | I recommend that the Asset Manager in completing the development of a new asset management plan for the council ensures provision is made for periodic refreshing of priorities and agreed actions over the planning cycle.  | Agreed – will be tracked through Asset Management Group.  | June 2016                    | <b>Aug 17</b> - New Asset Management Strategy was developed November 2016. Following consultation and a Members Working Group redrafting the new strategy is going to Full Council on 20th September for adoption.  | Terry May      | WSC               |
| WSC Creditors 1617 Final Report                | Key Control: Changes to the standing data of existing suppliers are processed in accordance with agreed procedures, are subject to required checks and authorised. New suppliers are currently set up on an Excel form which are sent to suppliers and returned electronically. All information on the form can be typed including supplier payment details and the details of the person completing the form. | 4 - High | I recommend that the Finance Manager adds a signature box to the existing form and ensures that the supplier completes the form themselves and submits it in a pdf or hard copy format which cannot be manipulated, this should be completed prior to good or service being undertaken.                                      | Agreed - A signature box will be added to minimise the risk.  | 30 June 2017                 |   | Paul Carter    | WSC               |
| WSC User and Access Management Final Report    | Approval of Physical Access<br>There are no standard forms to request a proximity pass, the request usually comes in one of two ways:- An email from ICT at South West One, notifying Facilities that the employee has started. ICT are involved because they set up the individual on the flexi-time system (the card issued is used for both flexi-time and building access).                                | 4 - High | The Assistant Director establishes a formal procedure relating to the request and issuing of a proximity pass which includes authorisation from an agreed list of signatories. This list of signatories will need to be provided to Facilities Management to ensure that authorisation procedures are followed.              | Agreed  | 31 March 2017                |   | Richard Sealy  | TDBC & WSC (Both) |





Report Number: WSC 99/17

## West Somerset District Council

### Audit Committee – 25<sup>th</sup> September 2017

#### Corporate Governance Action Plan Update

This matter is the responsibility of Cllr Mandy Chilcott Portfolio Holder for

Resources and Central Support

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

1.1 This report provides an update of progress against the Annual Governance Statement Action Plan.

#### 2 Recommendations

2.1 It is recommended that:-

- The committee Members are asked to note current progress in relation to completing the actions identified within the Annual Governance Statement.

#### 3 Risk Assessment

##### Risk Matrix

| Description   | Likelihood      | Impact             | Overall        |
|---|-----------------|--------------------|----------------|
| There is the general risk that if the Council fails to keep its controls and governance arrangements under review they could cease to be appropriate and lead to uncontrolled exposure to high level strategic and operational risks. | Feasible<br>(3) | Major<br>(4)       | Medium<br>(12) |
| <i>The mitigation for this will be for the Council to formally review the internal controls for governance of its affairs, identify opportunities for improvement and implement these.</i>  | Unlikely<br>(2) | Significant<br>(3) | Low<br>(6)     |

#### 4 Background and Full details of the Report

4.1 The Annual Governance Statement (AGS) is a statutory document which provides assurance on the governance arrangements in place within the Council. The statement is produced following a review of the council's governance arrangements.

- 4.2 The AGS includes an action plan to address any new governance issues identified by the Corporate Governance Officers Group; relying on reports from internal and external audit as well as their own understanding of the organisation.

## **5 The Action Plan**

- 5.1 The action plan is set out in Appendix A.

## **6 Links to Corporate Aims / Priorities**

- 6.1 There are no direct links to corporate aims/priorities although good governance (of which risk management is a part) underpins good performance.

## **6 Finance / Resource Implications**

- 6.1 None – this is a governance matter.

## **7 Legal Implications**

- 7.1 Regulation 4 of The Accounts and Audit (England) Regulations 2011 requires that the Council must conduct a review at least once a year of the effectiveness of its systems of internal control and committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

## **8 Environmental Impact Implications**

- 8.1 There are no direct environmental risks within this report.

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 There are no safeguarding and /or community safety implications associated with this report.

## **10 Equality and Diversity Implications**

- 10.1 There are no equality and diversity implications associated with this report.

## **11 Social Value Implications**

- 11.1 There are no Social Value risks associated with this report.

## **12 Partnership Implications**

- 12.1 There are no direct partnership implications associated with this report.

## **13 Health and Wellbeing Implications**

- 13.1 There are no direct health and wellbeing risk associated with this report.

## **14 Asset Management Implications**

- 14.1 Risk 5 identifies a risk in relation to asset management.

## 15 Consultation Implications

15.1 There are no Consultation implications associated with this report.

### Democratic Path:

- Audit Committee - Yes
- Corporate Scrutiny – No
- Cabinet – No
- Full Council – No

Reporting Frequency: Twice yearly

### List of Appendices

|            |                         |
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| Appendix A | AGS Action Plan 2017/18 |
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### Contact Officers

|             |                             |
|-------------|-----------------------------|
| Name        | Richard Doyle               |
| Direct Dial | 01823 218743                |
| Email       | r.doyle@tauntondeane.gov.uk |



## Annual Governance Statement - Action Plan for 2017/18

|   | Action now planned for 2017/18  | Timescale for Completion | Responsible Officer   | Monitoring Body                    | Progress   |
|---|---|--------------------------|---|------------------------------------|--|
| 1 | Review our approach to the Risk Management culture. Research and consider risk appetite statements, improving manager's perception of risk and taking into account good practice elsewhere. | March 2018               | AD Corporate Services   | Corporate Governance Officer Group | Performance Manager to review current approach and to consider ways of improving manager's awareness and perception of risk.   |
| 2 | To prepare the Corporate Governance process for Transformation and the possibility of a new Council   | March 2018               | AD Strategic Finance and S151 Officer & Assistant Chief Executive | Corporate Governance Officer Group | A meeting was held between the Chief Executive, Assistant Chief Executive and Director responsible for the Transformation Programme to discuss options for ensuring appropriate corporate governance for the Transformation Programme. There is a 'New Council' work stream as part of the overall Transformation Programme with a designated Governance Project to develop a proposed governance structure and constitution for the new council should it be established. Overall timescale of having a new authority up and running for elections in May 2019 is still on track. |



Report Number: WSC 100/17

## West Somerset District Council

### Audit Committee – 25<sup>th</sup> September 2017

#### Corporate Risk Management Update

This matter is the responsibility of Cllr Mandy Chilcott, Portfolio Holder for Resources and Central Support

Report Author: Richard Doyle, Corporate Strategy & Performance Officer

#### 1 Purpose of the Report

1.1 This report provides an update on the corporate risks which are being managed by the Joint Management Team (JMT). The Committee are invited to debate whether all necessary corporate risks have been identified.

#### 2 Recommendations

2.1 It is recommended that:-

- The committee note the current position in relation to the identification and tracking of corporate risk and discuss any areas of concern with officers present.
- The committee debate whether all necessary corporate risks have been identified.

#### 3 Risk Assessment

##### Risk Matrix

| Description  | Likelihood      | Impact             | Overall        |
|--|-----------------|--------------------|----------------|
| There is the general risk that if the Council fails to make good use of the management of risk processes it is likely to lead to uncontrolled exposure to many high level strategic and operational risks. | Feasible<br>(3) | Major<br>(4)       | Medium<br>(12) |
| <i>The mitigation for this will be the identification and management of risk at all levels of the organisation and oversight of the key strategic risks facing the Council by Members and JMT.</i>         | Unlikely<br>(2) | Significant<br>(3) | Low<br>(6)     |

#### 4 Background and Full details of the Report

4.1 West Somerset District Council recognises the importance of effective identification, evaluation and management of all key strategic and operational risks. This is endorsed by the increased focus on the importance of Corporate Governance to public sector bodies. The Council also has a statutory responsibility to have in place arrangements for managing risks, as stated in the Accounts & Audit Regulations 2003

*“The relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes the arrangements for the management of risk.”*

- 4.2 Risk management is a key element of the Council’s overarching Governance arrangements.
- 4.3 The Corporate Risk Register is a ‘live’ document which highlights the key corporate risks facing the Council. The register is a joint one between Taunton Deane and West Somerset Council and is formally reviewed by JMT on a regular basis as part of the corporate performance review day. The last JMT review took place on **19<sup>th</sup> May 2017**.
- 4.4 These regular reviews ensure that new strategic-level risks can be recognised; continuing risks can be re-assessed in the light of management actions to date; and risks which are no longer considered important can be removed.
- 4.5 Risk registers exist with divisions, teams, projects and programmes. All these Risk Registers were updated in **January 2017**.
- 4.6 Risks which are managed at a corporate level are those which have a significant risk to the delivery of a corporate priority or which are cross-cutting risks that don’t naturally sit with a single department or team. These risks have been identified and escalated from other risk registers within the Councils, officer concerns or from external sources.
- 4.7 There are currently **14** strategic risks identified and approved by JMT (**11** joint risks, **1** WSC risk and **2** TDBC specific risks).
- 4.8 Mitigating actions have continued to be delivered in respect of the various risks. These are set out in the risk register and will continue in order to manage down the risks to an acceptable level.
- 4.9 An extract of the corporate risk register is provided in Appendix A. Members are invited to review the register and consider whether all the appropriate Corporate Risks have been identified.
- 4.10 The key to the risk scoring used is shown in the following two tables:

| <b>Likelihood of risk occurring</b> | <b>Indicator</b>                           | <b>Description (chance of occurrence)</b> |
|-------------------------------------|--|---|
| 1. Very Unlikely                    | Extremely unlikely or virtually impossible | < 10%                                     |
| 2. Slight                           | Unlikely to occur                          | 10 – 25%                                  |
| 3. Feasible                         | Fairly likely to occur                     | 25 – 50%                                  |
| 4. Likely                           | More likely to occur than not              | 50 – 75%                                  |
| 5. Very Likely                      | Almost certainly will occur                | > 75%                                     |



|                   |   |             |               |             |             |                |                |
|-------------------|---|-------------|---------------|-------------|-------------|----------------|----------------|
| <b>Likelihood</b> | 5 | V.Likely    | Low (5)       | Medium (10) | High (15)   | Very High (20) | Very High (25) |
|                   | 4 | Likely      | Low (4)       | Medium (8)  | Medium (12) | High (16)      | Very High (20) |
|                   | 3 | Feasible    | Low (3)       | Low (6)     | Medium (9)  | Medium (12)    | High (15)      |
|                   | 2 | Slight      | Low (2)       | Low (4)     | Low (6)     | Medium (8)     | Medium (10)    |
|                   | 1 | V. Unlikely | Low (1)       | Low (2)     | Low (3)     | Low (4)        | Low (5)        |
|                   |   |             | 1             | 2           | 3           | 4              | 5              |
|                   |   |             | Negligible    | Minor       | Significant | Major          | Critical       |
|                   |   |             | <b>Impact</b> |             |             |                |                |

4.11 The risk matrix below shows the spread of corporate risks, based on the latest assessment. The numbers shown relate to the Risk Number within Appendix A.

|                        |                        |                     |                |                      |                  |                   |
|------------------------|------------------------|---------------------|----------------|----------------------|------------------|-------------------|
| <b>PROBABILITY (A)</b> | <b>Very Likely 5</b>   |                     |                |                      |                  |                   |
|                        | <b>Likely 4</b>        |                     |                |                      |                  | 6                 |
|                        | <b>Feasible 3</b>      |                     |                | 14                   | 9,10,11<br>16,17 |                   |
|                        | <b>Slight 2</b>        |                     |                | 13                   | 3,4,5,8          | 2,15              |
|                        | <b>Very Unlikely 1</b> |                     |                |                      |                  |                   |
|                        |                        | <b>Negligible 1</b> | <b>Minor 2</b> | <b>Significant 3</b> | <b>Major 4</b>   | <b>Critical 5</b> |
| <b>IMPACT (B)</b>      |                        |                     |                |                      |                  |                   |

**5 Links to Corporate Aims / Priorities**

5.1 There are no direct links to corporate aims/priorities although good governance (of which risk management is a part) underpins good performance.

**6 Finance / Resource Implications**

6.1 There are financial risks identified within the Corporate Risk register.

**7 Legal Implications**

7.1 There are no direct legal implications within this report.

**8 Environmental Impact Implications**

8.1 There are no direct environmental risks within this report.

**9 Safeguarding and/or Community Safety Implications**

9.1 Safeguarding is part of risk 14

**10 Equality and Diversity Implications**

10.1 Equalities is part of risk 14

**11 Social Value Implications**

11.1 There are no Social Value risks associated with this report.

**12 Partnership Implications**

12.1 The corporate risk register is maintained jointly between Taunton Deane Borough Council and West Somerset Council and reflects the 'One Team' approach to service delivery between the Councils.

**13 Health and Wellbeing Implications**

13.1 There are no Health and Well-being implications associated with this report.

**14 Asset Management Implications**

14.1 Risk 5 identifies a risk in relation to asset management.

**15 Consultation Implications**

15.1 There are no Consultation implications associated with this report.

**Democratic Path:**

- **Audit Committee - Yes**
- **Corporate Scrutiny – No**
- **Cabinet – No**
- **Full Council – No**

**Reporting Frequency: Twice yearly**

**List of Appendices**

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| Appendix A | Extract of Joint Corporate Risk Register |
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**Contact Officers**

|             |                             |
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| Name        | Richard Doyle               |
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| Risk Num | Org  | Risk Group Heading | Risk Description   | Risk Owner    | Latest Probability | Latest Impact | Latest Score |
|----------|------|--------------------|--|---------------|--------------------|---------------|--------------|
| 2        | BOTH | Transformation     | <p>THE TRANSFORMATION PROGRAMME</p> <p>RISK - failure to deliver the business Case on time and/or to target.</p> <p>KEY EFFECTS - programme benefits not realised- real or opportunity cost in terms of financial or non-financial efficiency. Reputational damage.</p>  | Richard Sealy | 2                  | 5             | 10           |
| 3        | BOTH | Transformation     | <p>SHARED SERVICES ACROSS SOMERSET &amp; WIDER PUBLIC SECTOR</p> <p>Government policy is pushing wider transformation of public sector.</p> <p>RISK - the organisation is too inward looking and wider opportunities may be missed (opportunity risk) and /or the council is not shaping its destiny through not engaging in strategic conversations (eg devolution).</p> <p>KEY EFFECTS - failure to maximise efficiencies. Having strategic change imposed (eg being done to) on terms agreed by others.</p> | Penny James   | 2                  | 4             | 8            |
| 4        | BOTH | Political          | <p>NATIONAL LAW &amp; POLICY</p> <p>Changes advocated or made maybe missed or not evaluated in a timely manner.</p> <p>RISK - that the Councils are failing to meet an existing legislative requirement or fail to implement new requirements.</p> <p>KEY EFFECTS - The Councils are non-compliant leading to financial and /or reputational damage.</p>   | Penny James   | 2                  | 4             | 8            |
| 5        | BOTH | Financial          | <p>ASSET MANAGEMENT</p> <p>RISK - failure to manage existing assets appropriately. KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>Legal and reputational - increased risk &amp; liabilities in relation to disrepair (condition) &amp; compliance (Health and Safety ) matters</li> </ul>  | Terry May     | 2                  | 4             | 8            |

|   |      |                     |   |               |   |   |    |
|---|------|---------------------|---|---------------|---|---|----|
| 6 | BOTH | Financial           | <p>MEDIUM TERM FINANCIAL PLANNING (MTFP)</p> <p>The key financial risk factors are: continuing budgetary pressures due to demographic change and the impact of the Gov's austerity measures (such as: Business Rates retention, Revenue Support Grant, Council Tax &amp; Council Tax Support, Income from Fees &amp; Charges, Capital investment), uncertainty as to the long-term sustainability / affordability of the existing contract with Somerset Waste Partnership, the shrinking of the General Fund (impact on the HRA).</p> <p>RISK - failure to agree and deliver a sustainable MTFP for the next 5 years KEY EFFECTS - may include:</p> <ul style="list-style-type: none"> <li>• short-term or 'knee jerk' decisions with detrimental long-term implications</li> <li>• Government intervention</li> <li>• Adverse impact on the council's limited reserves &amp; financial standing</li> <li>• Potential service closure / reduced service quality &amp; therefore inability to deliver customer expectations</li> <li>• Insufficient capital resources to fund Corporate Strategy objectives</li> <li>• Unable to maximise investment returns</li> <li>• For TDDB in ability to financially resource its growth ambitions</li> <li>• For West Somerset the risk is of being unable to continue to operate as a viable separate sovereign council, delivering an acceptable level of service to the community.</li> </ul> | Shirlene Adam | 4 | 5 | 20 |
| 8 | BOTH | Leadership & People | <p>POLITICAL LEADERSHIP &amp; MEMBER ENGAGEMENT</p> <p>Both Councils are led by strong Conservative administrations. It is important to engage the whole council in the change programme to ensure it is member led &amp; steered.</p> <p>RISK - lack of member engagement and therefore member ownership. KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• lack of cross party buy in and ownership</li> <li>• loss of member input, ideas &amp; challenge</li> </ul>  | Penny James   | 2 | 4 | 8  |

|    |      |                      |   |                  |   |   |    |
|----|------|----------------------|---|------------------|---|---|----|
| 9  | TDBC | Corporate Aim (TDBC) | <p>CORPORATE (STRATEGIC) RISK RE TDBC'S VISION AND AIMS FOR A "QUALITY PLACE"</p> <p>RISK - Failure to deliver the ambitions or realise the outcomes &amp; benefits as defined in the Taunton Growth Prospectus and Taunton Rethink.</p> <p>KEY EFFECTS - Taunton's key economic challenges may not be addressed, thus having a detrimental impact on the local economy and quality of life, ie:</p> <ul style="list-style-type: none"> <li>• transport &amp; infrastructure needs not met - traffic worsens, inability to attract inward business investment</li> <li>• long-term increased flood risk (climate change) is not mitigated - no additional protection offered to existing development, future planned growth is prevented</li> <li>• Taunton town centre regeneration does not happen and the town centre stagnates</li> <li>• Taunton's full economic potential is not realised and opportunities for economic growth are not exploited (eg Hinkley Point)</li> <li>• Housing growth (as per proposals in the Development Plan) is not delivered, and/or unplanned development occurs</li> <li>• Employment land (as per proposals in the Development Plan) is not delivered, or fails to provide the optimum mix of uses to attract the targeted growth clusters</li> <li>• opportunity cost in terms of New Homes Bonus and Business Rates</li> <li>• Poor reputation for Taunton and TDBC</li> </ul> | Brendan Cleere   | 3 | 4 | 12 |
| 10 | WSC  | Corporate Aim (WSC)  | <p>HINKLEY POINT C</p> <p>RISK 1 - that the development could have an adverse impact on the local environment, tourism, accommodation and highways.</p> <p>RISK 2 - failure to realise the Economic &amp; Social opportunities which the development could bring KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• increase in housing demand &amp; lack of affordable housing leading to homelessness increases and the council is unable to discharge its homelessness obligations;</li> <li>• increased congestion (impacting on Growth &amp; Regeneration goals / inward investment)</li> <li>• Local businesses are not able to win contracts to participate in the project</li> <li>• Local people aren't trained and are unable to gain employment on the project</li> </ul>  | Andrew Goodchild | 3 | 4 | 12 |

|    |      |             |   |                                |   |   |    |
|----|------|-------------|---|--------------------------------|---|---|----|
| 11 | BOTH | Communities | <p>WELFARE REFORMS</p> <p>There is an on-going requirement to reduce benefit payments (CTRS, Business Rates, Universal Credit) - the Welfare Reforms will mean that people in the welfare system will receive less Council Tax support. It will also mean that Universal Credit will be paid directly to tenants rather than the HRA housing landlord.</p> <p>a) RISK - of the Council failing to adequately support our community and services for the impact of the Government's Welfare Reform Agenda.</p> <p>b) RISK - of the TDBC Housing Service having substantially reduced collection rates on introduction of Universal Credit</p> <p>KEY EFFECTS-</p> <ul style="list-style-type: none"> <li>• taxes and rents harder to collect</li> <li>• reduced rent collection could affect ambitions of HRA business plan</li> <li>• Impact on MTFP due to government changes which will affect HRA Income &amp; 30 year B.P.</li> <li>• more vulnerable people - individuals &amp; families may be unable to manage</li> <li>• increased pressure and demand on services</li> <li>• Timetable unknown</li> <li>• Result in more evictions which will increase pressure on the Housing Options &amp; Homelessness Teams</li> </ul> | Simon Lewis<br>Paul Fitzgerald | 3 | 4 | 12 |
| 13 | TDBC | Communities | <p>GYPSIES &amp; TRAVELLERS</p> <p>Local Authorities have a (planning) duty to allocate suitable provision for Gypsies &amp; Travellers. TDBC has had previous experience of illegal Gypsy &amp; Traveller encampments.</p> <p>RISK - that TDBC cannot defend against future illegal encampments if we are unable to identify suitable provision.</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• unable to respond to community or political pressure;</li> <li>• financial impact (eg high legal fees);</li> <li>• reputational damage</li> <li>• lack of land management and gypsy liaison expertise</li> </ul>  | Tim Burton<br>Terry May        | 2 | 3 | 6  |



|    |      |                      |  |               |   |   |    |
|----|------|----------------------|--|---------------|---|---|----|
| 14 | BOTH | Corporate Governance | <p>CORPORATE GOVERNANCE ARRANGEMENTS ON RUNNING THE BUSINESS</p> <p>There is a need for robust arrangements, and on-going monitoring and focus on embedding effective corporate governance arrangements (ie budget monitoring, risk management, debt management, performance management, Treasury management, compliance with audit recommendations, asset management, Equalities duties, Business Continuity Planning, Information Governance &amp; Security, Health &amp; Safety management).</p> <p>RISK - of failure to comply with key internal controls &amp; corporate governance arrangements. KEY EFFECTS - include:</p> <ul style="list-style-type: none"> <li>• inaccurate budget forecasting &amp; financial loss</li> <li>• failure to adhere to HRA ring fence</li> <li>• project or service failure or under-performance</li> <li>• reputational damage</li> <li>• Government intervention</li> <li>• Failure to comply with statutory duties &amp; regulations (eg Health &amp; Safety, Equalities, Data Security / Data Protection, Safeguarding) causing harm or injury</li> <li>• lack of resilience to unexpected events / failure of IT systems / data loss</li> <li>•safeguarding</li> </ul> | Shirlene Adam | 3 | 3 | 9  |
| 15 | BOTH | Corporate Governance | <p>BUSINESS CONTINUITY</p> <p>RISK - The Council may be unable to deliver critical services in the event of a critical loss of accommodation, data, power, staff or premises.</p> <p>KEY EFFECTS -</p> <ul style="list-style-type: none"> <li>• major disruption to services;</li> <li>• Impact upon customers if critical services (payment of housing costs, homeless service, Deane helpline etc) are disrupted or unavailable.</li> <li>• Reputational damage;</li> </ul>  | Paul Carter   | 2 | 5 | 10 |
| 16 | BOTH | Leadership & People  | <p>STAFF ENGAGEMENT &amp; DEVELOPMENT</p> <p>RISK - that due to increased opportunities in the private sector, as the economy improves, and austerity continues within the public sector that the organisation finds it difficult to attract and retain the right skills - leads to use of expensive agency workers or disruption to service provision.</p> <p>The Organisation has also been through a period of significant restructure and needs to ensure its staff are fully engaged in the changes underway and being planned.</p>   | Shirlene Adam | 3 | 4 | 12 |

|    |      |             |  |                                |   |   |    |
|----|------|-------------|--|--------------------------------|---|---|----|
| 17 | BOTH | Communities | <p>COMMUNITY IMPACT OF AUSTERITY</p> <p>RISK - Austerity measures will impact on services to the community.</p> <p>KEY EFFECTS - This may manifest in a number of ways including (but not limited to):</p> <ul style="list-style-type: none"> <li>• direct impact on household income e.g. through cap / reduction in benefits - leading to increased debt and subsequent issues</li> <li>• Lack of income where households are subject to DWP sanctions - leading to crisis and requirement for food banks</li> <li>• Reduced ability to pay council tax, housing rent (Council or private) and utility bills, leading to potential evictions, homelessness and health issues</li> <li>• reduction in level of support that can be delivered by the district councils directly, or through grant-funded providers e.g. reduced ability to support One Team measures through rent changes to HRA - leading to reduced support for deprived communities</li> <li>• Reduced ability to support Under 21s where they are unable to claim HB and need support with potential of increased homelessness and sofa surfing and associated risks (e.g. CSE)</li> <li>• impact of service reductions by other local authorities such as County Council (e.g. P4A and P2I cuts leading to increased homelessness)</li> <li>• Increasing aging population with unmet Health and Social Care needs struggling to live comfortably</li> </ul> | Simon Lewis<br>Paul Fitzgerald | 3 | 4 | 12 |
|----|------|-------------|--|--------------------------------|---|---|----|