

AUDIT AND GOVERNANCE COMMITTEE
Thursday, 3rd April, 2014

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

Council Chamber, Civic Offices, High Street, Epping
on Thursday, 3rd April, 2014
at 7.30 pm .

Glen Chipp
Chief Executive

Democratic Services Officer: Gary Woodhall
Directorate of Governance
Tel: 01992 564470
Email: democraticservices@eppingforestdc.gov.uk

Members:
Councillors A Watts (Chairman), Ms H Kane and L Leonard.
Independent R Thompson (Vice-Chairman) and A Jarvis.

PLEASE NOTE THAT, PRIOR TO THE START OF THE MEETING, PRIVATE BRIEFINGS HAVE BEEN SCHEDULED FOR THE COMMITTEE WITH THE EXTERNAL AUDITOR AT 7.00pm AND THE INTERNAL AUDITOR AT 7.15pm.

WEBCASTING/FILMING NOTICE

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

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

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

If you have any queries regarding this, please contact the Senior Democratic Services Officer on 01992 564249.

1. WEBCASTING INTRODUCTION

I would like to remind everyone present that this meeting will be recorded for subsequent repeated viewing on the Internet and copies of the recording could be made available for those that request it.

By being present at this meeting it is likely that the recording cameras will capture your image and this will result in your image becoming part of the broadcast.

You should be aware that this might infringe your human and data protection rights. If you have any concerns please speak to the webcasting officer.

Please could I also remind members to put on their microphones before speaking by pressing the button on the microphone unit.

2. APOLOGIES FOR ABSENCE

(Assistant to the Chief Executive) To be announced at the meeting.

3. DECLARATIONS OF INTEREST

(Assistant to the Chief executive) To declare interests in any item on this agenda.

4. MINUTES

To confirm the minutes of the last meeting of the Committee held on 6 February 2014 (previously circulated).

5. MATTERS ARISING

To consider any matters arising from the previous meeting.

6. AUDIT AND GOVERNANCE WORK PROGRAMME - 2013/14 (Pages 5 - 6)

(Director of Finance & ICT) To consider the attached Work Programme for 2013/14.

7. REPORTS FROM THE EXTERNAL AUDITOR (Pages 7 - 22)

(External Auditor) To consider the attached report (AGC-028-2014/15).

8. DRAFT INTERNAL AUDIT PLAN 2014/15 (Pages 23 - 28)

(Chief Internal Auditor) To consider the attached report (AGC-029-2013/14).

9. REVIEW OF THE EFFECTIVENESS OF THE ARRANGEMENTS FOR RISK MANAGEMENT (Pages 29 - 74)

(Director of Resources) To consider the attached report (AGC-030-2013/14).

10. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972, together with paragraphs (6) and (24) of the Council Procedure Rules contained in the Constitution require that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

In accordance with Operational Standing Order 6 (Non-Executive Bodies), any item raised by a non-member shall require the support of a member of the Committee concerned and the Chairman of that Committee. Two weeks notice of non-urgent items is required.

11. EXCLUSION OF PUBLIC AND PRESS

Exclusion:

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

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

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

Confidential Items Commencement:

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

- (1) all business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest;
- (2) at the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press; and
- (3) any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

Background Papers:

Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

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

Audit & Governance Committee Report Schedule

2013/14

27 June 2013

- Internal Audit Annual Report.
- Review of the Effectiveness of Internal Audit.
- Audit & Governance Committee Annual Report.
- Annual Governance Statement.
- Q4 Internal Audit Monitoring Report.
- ❖ Audit Plan 2012/13.
- ❖ Planning Letter 2013/14.

23 September 2013

- Treasury Management Annual Outturn Report.
- Statutory Statement of Accounts.
- Q1 Internal Audit Monitoring Report.
- Appointment of Co-Opted Member – Report on Recruitment.
- Review of Business Continuity Plan for Internal Audit.
- ❖ Annual Governance Report 2012/13.

28 November 2013

- Treasury Management Mid-Year Report.
- Q2 Internal Audit Monitoring Report.
- Due Diligence for Council Contracts.
- ❖ Annual Audit Letter 2012/13.

6 February 2014

- Treasury Management Investment & Strategy Statements.
- Q3 Internal Audit Monitoring Report.
- ❖ Grant Claims Audit Report 2012/13.

3 April 2014

- Effectiveness of Risk Management.
- Internal Audit Business Plan.
- ❖ Planning Letter 2014/15.
- ❖ Audit Plan 2013/14.

Key

- EFDC Officer Report.
- ❖ External Auditor Report.

N.B...In addition, the Committee's annual private meetings with the External and Internal Auditors are scheduled to take place prior to the April meeting.

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Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report Reference: AGC-028-2013/14

Date of meeting: 3 April 2014

Portfolio: Finance and Technology

Subject: Reports from the External Auditor

Responsible Officer: Bob Palmer (01992 564279)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) To consider and note the reports of the external auditor.**

Executive Summary:

This Committee has within its Terms of Reference the considering of reports made by the external auditor.

The first report is the Audit Plan for 2013/14, which summarises the significant risks that impact on the audit and the key outputs from the audit. There are then detailed sections setting out the scope of the audit, providing a risk assessment and the audit timetable.

The second report is the Planning Letter for 2014/15, which sets out the proposed fee and audit arrangements.

Reasons for Proposed Decisions:

To comply with the Committee's Terms of Reference and ensure the proper consideration of these reports.

Other Options for Action:

There are no other options for action.

Report:

1. The reports will be presented to the Committee by Ms Clare Reed, Engagement Manager.

Resource Implications:

Sufficient allowance was made in the original estimates for 2014/15 to cover the fees for the 2013/14 audit year and so no additional resources are required.

Legal and Governance Implications:

There are no legal implications or Human Rights Act issues arising from the recommendations in this report.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the district.

Consultation Undertaken:

None.

Background Papers:

None.

Impact Assessments:

Risk Management

The documents identify areas of risk that the external auditors will address as part of their work.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A



EPPING FOREST DISTRICT COUNCIL

AUDIT PLAN 2013/14 TO THE AUDIT AND GOVERNANCE COMMITTEE
Audit for the year ending 31 March 2014

Pages 9

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EXECUTIVE SUMMARY

We are pleased to present our Audit Plan for the year ending 31 March 2014. This plan summarises the work that we propose to undertake in respect of our audit of Epping Forest District Council for the 2013/14 financial year.

Significant Risks

Our audit is designed to respond to significant risks and identify where we intend to focus our resources in providing our opinion on the financial statements and our value for money conclusion. Summarised below are the significant risks that impact on our audit of which we are currently aware:

AREA OF AUDIT	SUMMARY OF SIGNIFICANT RISKS
Financial statements	<ul style="list-style-type: none"> Management override inherent risk: Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual. Revenue recognition: Auditing standards presume that there are risks of fraud and error in revenue recognition. These risks may arise from the use of inappropriate accounting policies, failure to apply the Council stated accounting policies or from an inappropriate use of estimates in calculating revenue. This significant risk is in relation to the recognition of revenue arising from fees and charges only.
Use of resources	<ul style="list-style-type: none"> We have not identified any significant risks relating to the Council's use of resources.

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Financial statements

Fees

As set out in our Planning Letter 2013/14, the proposed core audit fee for the year is £85,329 plus VAT, which agrees to the scale fee published by the Audit Commission. The proposed fee for the certification of claims and returns is £28,100 plus VAT, which agrees to the composite scale fee published by the Audit Commission.

Key outputs

The key reports, opinions and conclusions from the audit will be:

REPORT	DATE
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2014
Final report to those charged with governance	September 2014
Independent auditor's report including: <ul style="list-style-type: none"> Opinion on the financial statements Value for money conclusion Certificate 	By 30 September 2014
Assurance statement on the Whole of Government Accounts return	By 3 October 2014
Summary of findings from the audit in the Annual Audit Letter	October 2014
Report on the results of our grant claims and returns certification work	January 2015

SCOPE OF THE AUDIT

Purpose of the audit plan

The purpose of this audit plan is to:

- Ensure that there is mutual understanding of the respective responsibilities relating to the audit
- Provide you with an overview of the planned scope of the audit for the year ending 31 March 2014
- Ensure that the areas of potential risk of material misstatement which we have identified are consistent with the areas which you perceive to be the key areas and to promote effective two-way communication between us.

We will also provide reports to management and those charged with governance on the findings of the audit which will focus on the significant matters arising from the audit of the Council regarding internal control, financial governance and reporting and accounting arrangements. We aim to provide management with clear recommendations that will add value to the Council.

Respective responsibilities

Our responsibilities, as auditors, in relation to the audit of the financial statements and other Audit Commission requirements are set out below. The audit of the financial statements does not relieve you of your responsibilities which are outlined in the Statement of Responsibilities of Auditors and Audited Bodies (2010) available from the Audit Commission's website.

Auditing Standards require auditors to communicate relevant matters relating to the audit to "those charged with governance". Relevant matters include issues on auditor independence, audit planning information and findings from the audit.

We will communicate matters of governance interest that have come to our attention as a result of the performance of the audit. Communication may take the form of discussions or, where appropriate, be in writing. The audit is not designed to identify all matters that may be relevant to you.

Our contacts for communications will be the Director of Resources and the Audit and Governance Committee. When communicating with the Audit and Governance Committee we will consider all individuals representing those charged with governance as informed and our responsibilities for communicating relevant matters will be discharged.

The primary responsibility for ensuring that your internal control frameworks are robust enough to prevent and detect fraud and corrupt practices lies with management and "those charged with governance" (the Audit and Governance Committee).

We have a responsibility to consider specifically the potential risk of material misstatement of your financial statements as a result of fraud and error, including the risk of fraudulent financial reporting. We have discussed possible risk of material misstatement arising from fraud with the following individuals:

- Bob Palmer - Director of Resources
- Brian Bassington - Chief Internal Auditor

For all fraud risks, and for any actual frauds that have been identified and we have been informed of, we will consider the possible impact on your financial statements and our audit programme.

Code audit

The scope of the audit is determined by the Audit Commission's Code of Audit Practice for Local Government (2010) (the 'Code'), which covers two areas: provide an opinion on the financial statements, and to review the arrangements for securing economy, efficiency and effectiveness in the use of resources (value for money conclusion).

The financial statements audit requires that we obtain assurance:

- That the financial statements comply with statutory requirements
- That proper practices have been observed in compiling the financial statements
- That they give a true and fair view of the financial position and the expenditure and income for the year
- The information given in the Statement of Accounts and Explanatory Foreword is consistent with the financial statements
- That the Annual Governance Statement is not inconsistent with our knowledge.

As part of our audit we obtain an understanding of the Council's system of internal control sufficient to plan the audit. We assess the adequacy of the design of specific controls that respond to significant risks of material misstatement and evaluate whether those controls have been implemented. Where we intend to place reliance on particular controls for the purposes of our audit, we will carry out procedures to test the operating effectiveness of those controls and use the results of those procedures to determine the nature, timing and extent of further audit procedures to be performed.

In order to achieve an efficient and cost effective audit, we aim to work closely with Internal Audit to minimise duplication and the overall level of audit resource input.

We have planned the audit on the basis that we will be able to place full reliance on the work of Internal Audit where they intend to provide assurance over key controls within the financial systems.

We will communicate to management any deficiencies in internal control identified during the audit. Where those deficiencies are significant, we will also communicate to those charged with governance.

Materiality and triviality

Materiality is the expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. In carrying out our work we will apply an appropriate level of materiality and as such the audit cannot be relied upon to identify all potential or actual misstatements.

For reporting purposes, we consider misstatements of less than £40,000 to be trivial, unless the misstatement is indicative of fraud. We are required to bring to your attention unadjusted audit differences that are more than trivial that the Audit and Governance Committee are required to consider and we will request that you correct them.

Value for money conclusion

The Code requires auditors to issue a conclusion on whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

This is based on the following two reporting criteria:

- The organisation has proper arrangements in place for securing financial resilience; the organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future

- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness; the organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We will plan a programme of value for money audit work based upon our risk assessment.

Whole of Government Accounts

Local authorities are required to prepare information to allow HM Treasury to prepare consolidated Whole of Government Accounts (WGA) based on the statutory financial statements.

The WGA return is audited in accordance with Audit Commission specified procedures. We provide an assurance report to the National Audit Office to confirm that the WGA return is consistent with the audited financial statements and that it is properly prepared.

Certification of grant claims and returns

As an agent of the Audit Commission we will undertake a review of grant claims and returns in accordance with the certification instruction issued by the Audit Commission. We express a conclusion as to whether the claim or return: is in accordance with the underlying records (claims and returns above the minimum level and below the threshold); or is fairly stated and in accordance with the relevant terms and conditions (claims and returns over the threshold).

Engagement partner

David Eagles is the engagement partner and is the person in the firm who is responsible for the audit engagement and its performance and for the report that will be issued on behalf of the firm.

High quality service

We aim to provide a high quality of service to you at all times. If, for any reason or at any time, you would like to discuss how we might improve the service, or if you are in any way dissatisfied, please contact David Eagles in the first instance. Alternatively you may wish to contact our Managing Partner, Simon Michaels. Any complaint will be investigated carefully and promptly.

If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales (“ICAEW”).

In addition, the Audit Commission’s complaints handling procedure is detailed in their leaflet “How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors”, which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>

Independence and objectivity

We are required to communicate to those charged with governance, at least annually, all relationships that may bear on the firm’s independence and the objectivity of the audit engagement partner and audit staff.

In relation to the audit of the financial statements for Epping Forest District Council for the financial year ending 31 March 2014, we are able to confirm that the Audit Commission’s requirements in relation to independence and objectivity have been complied with and we are not aware of any relationships that would affect our independence. Should this change we will update you accordingly.

RISK ASSESSMENT

We are committed to targeting work to where it will have the greatest effect, based upon assessments of risk and performance. This means planning our audit work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. The determination of significant risks is a matter for auditors' professional judgment.

For each of the significant risks identified, we consider the arrangements put in place to mitigate the risk and plan our work accordingly. Current and emerging risks that do not impact on our audit are also discussed with management so that we may add value to the risk assessment process and highlight any areas of concern to the Council.

If you consider there to be other significant risks of material misstatement in the financial statements or, arrangements for securing economy, efficiency and effectiveness in the use of resources, whether due to fraud or error, please let us know.

Summarised below are the significant audit risks that impact on our audit of which we are currently aware. We have not identified any significant risks relating to use of resources.

FINANCIAL STATEMENTS AUDIT RISKS			
RISK	RISK DETAIL	ACCOUNTS AREA AND ASSERTIONS	AUDIT RESPONSE
MANAGEMENT ERRIDE Page 15	Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.	Financial statement level risk across all account headings and assertions.	We will carry out audit procedures to review significant journals and other adjustments in preparing the financial statements, review the reasonableness of assumptions used by management when including accounting estimates, and obtain an understanding of unusual transactions.
REVENUE RECOGNITION	Auditing standards presume that there are risks of fraud and error in revenue recognition. These risks may arise from the use of inappropriate accounting policies, failure to apply the Council's stated accounting policies or from an inappropriate use of estimates in calculating revenue. This significant risk is in relation to the recognition of revenue arising from fees and charges only.	Existence, accuracy and completeness of income	We will substantively test a sample of income from fees and charges and debtor accruals to ensure that accounting policies have been correctly applied in determining the point of recognition of income.

AUDIT TIMETABLE

The timetable for key reports, opinions and conclusions from the audit will be:

We will agree specific dates for our visits with officers in advance of each part of our programme, and we will work closely with officers during the year to ensure that all key deadlines are met. We will also meet regularly with senior officers to discuss progress on the audit and obtain an update on relevant issues.

OUTPUT	DATES
FINANCIAL STATEMENTS	
Review of internal controls	March - April 2014
Final audit visit	July - August 2014
Audit opinion covering: <ul style="list-style-type: none"> • 'True and fair' opinion on the financial statements • Information in the Statement of Accounts being consistent with auditor's knowledge • Annual governance statement is prepared in accordance with guidance and not inconsistent with auditor's knowledge Opinion on the Whole of Government Accounts return.	Clearance meeting to be held late August 2014 By 30 September 2014 By 3 October 2014
USE OF RESOURCES	
Review of economy, efficiency and effectiveness	March 2014 - September 2014
Audit opinion covering value for money conclusion	By 30 September 2014
GRANTS	
Audit of grant claims and returns	September to November 2014
REPORTING	
Report on any significant deficiencies in control (if required)	May 2014
Final report to those charged with governance	September 2014
Annual Audit Letter	October 2014

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the council and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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EPPING FOREST DISTRICT COUNCIL

Planning Letter 2014/15

March 2014

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PROPOSED FEES

Scope of the audit

We are required to report to you our proposed fees and programme of work for the 2014/15 financial year.

The fee is based on the work required under the Audit Commission's *Code of Audit Practice* ('Code') and our assessment of audit resource required to complete this work, taking into account the strength of your control environment, coverage of internal audit work and previous audit experience.

The Code audit fee covers:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government Accounts return.

The audit also includes certification of grant claims and returns on behalf of the Audit Commission.

Indicative fees

In October 2013, the Audit Commission published a consultation document setting out the work that auditors will undertake at local government bodies during 2014/15, with the associated scales of audit fees. The Commission plans to publish the final work programme and scales of fees for 2014/15 in March 2014.

The Commission has not planned to make any changes to the work programme for local government for 2014/15 and so the Code audit indicative fees have been set at the same level as the fees applicable for 2013/14.

The indicative fee does not include any time required to investigate questions or objections from members of the public. Should any arise, time spent dealing with questions and objections will be billed separately. Where possible we will provide an estimate of the likely time required to respond to the matters before starting the work.

The Audit Commission is currently reviewing the potential impact of changes in certification arrangements and the current indicative fees for this work are likely to be amended.

Fees

AUDIT AREA	PROPOSED FEE 2014/15 (£)	PROPOSED FEE 2013/14 (£)	ACTUAL FEE 2012/13 (£)
Code audit fee	85,329	85,329	85,329
Certification fee	26,800	28,100	32,250
Total audit fees	112,129	113,429	117,579

Fee variations

The proposed Code audit fee for 2014/15 of £85,329 is not varied from the Audit Commission indicative scale fee. The proposed certification fee may be amended following a review of requirements by the Audit Commission currently underway.

A separate audit plan will be issued early in 2015 once we have completed our detailed risk assessment and the audit of the 2013/14 financial statements. This will detail the significant audit risks that we have identified and our planned audit procedures to respond to those risks.

If we need to propose any amendments to the audit fee during the course of the audit or where our assessment of risk and complexity are significantly different from those reflected in the proposed fee, we will first discuss this with the Director of Resources and seek approval from the Audit Commission for a proposed variation of fee. If necessary, we will also prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Governance Committee.

AUDIT ARRANGEMENTS

Planned outputs

We plan to issue the following reports and opinions over the course of the audit:

REPORT	DATE
Detailed audit plan	January 2015
Report on any significant deficiencies in internal controls, if required, based on the results of our interim audit visit	May 2015
Final report to those charged with governance	September 2015
Independent auditor's report including: Opinion on the financial statements Value for money conclusion	September 2015
Whole of Government Accounts assurance statement and report to the NAO	October 2015
Summary of findings from the audit in the annual audit letter	October 2015
Grant claims and returns certification report	December 2015

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Audit team

The key members of the audit team will be:

Engagement Lead - David Eagles

email: david.eagles@bdo.co.uk

Tel: 01473 320728

David will be responsible for the overall delivery of the audit including the quality of outputs and liaison with senior management.

Engagement Manager - Clare Reed

email: clare.reed@bdo.co.uk

Tel: 01473 320781

Clare will manage and co-ordinate each aspect of the audit and will be the key contact with the Finance team.

Team Leader - Barry Pryke

email: barry.pryke@bdo.co.uk

Tel: 01473 320793

Barry will lead the delivery of the financial statements audit.

Client satisfaction

We are committed to providing you with exceptional client service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact David in the first instance. Alternatively, you may wish to contact our Managing Partner, Simon Michaels. Any complaint will be investigated carefully and promptly. If you are not satisfied you may take up the matter with the Institute of Chartered Accountants in England and Wales ("ICAEW").

In addition, the Audit Commission's complaints handling procedure is detailed in their leaflet "How to complain: What to do if you want to complain about the Audit Commission or its appointed auditors", which is available on their website <http://www.audit-commission.gov.uk/about-us/contact-us/complaints>

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the organisation and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

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Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: **AGC-029-2013/14**
Date of meeting: **3 April 2014**

Portfolio: Finance and Technology

Subject: Draft Internal Audit Plan 2014/15

Responsible Officer: Brian Bassington (01992 564446).

Democratic Services Officer: Gary Woodhall (01992 564470).

Decisions Required:

- (1) That the Internal Audit Plan for 2014/15 be approved.

Executive Summary:

The Audit and Governance Committee is responsible for the approval of the annual Internal Audit plan, following consultation with the Finance and Performance Management Cabinet Committee.

Following consultation with Service Directors, the Corporate Governance Group and the External Auditors (BDO) the 2014/15 Audit Plan was presented to the Finance and Performance Management Cabinet Committee on 20th March. That Committee considered the plan but no specific issues were raised.

Reasons for Proposed Decision:

To approve the Council's Annual Internal Audit Plan as required in the Audit and Governance Committee Terms of Reference.

Other Options for Action:

None.

Report:

1. The Annual Internal Audit Plan 2014/15 is submitted to the Audit and Governance Committee for approval. Once approved, the Annual Internal Audit Plan will be appended to the Governance Directorate Business Plan.
2. In compiling the plan, all fundamental financial systems are included, to provide Management and Member assurance in the controls in place for good financial management. The annual audit of these systems is also a requirement of the Council's External Auditors (BDO) and the draft plan is submitted to them for comment.
3. The Corporate Risk Register was reviewed and time allocated for review of any high risk financial areas. The Annual Internal Audit Plan contains the risk identifier to ensure that risks highlighted by the Audit Commission, the External Auditors and the Corporate Risk

Register are allocated audit time.

4. The plan contains a contingency provision for investigations and other unplanned work during the year. There is also flexibility in the Plan so that audits can be substituted during the year in order to accommodate reviews of areas that are assessed as being of higher risk to the achievement of the Council's objectives.

5. During 2013/14 publications by the Audit Commission and the National Fraud Authority have continued to identify current fraud risks and to address concerns over these risks time has been allocated to fraud prevention and detection in the 2014/15 audit plan. The audit team consists of 4.4 (full time equivalent) staff, the part time post covering the fraud auditor function.

6. Regular meetings have continued to be held with the Chief Auditors of Uttlesford, Harlow and Broxbourne Councils on various joint working practices sharing best practice, expertise and audit findings and recommendations.

7. Progress against the approved Plan is kept under review during the year and any proposed amendments, once the Plan has been approved, would be subject to the approval of the Audit and Governance Committee, who will continue to monitor progress against the plan on a quarterly basis.

Resource Implications:

None, within existing budget.

Legal and Governance Implications:

No specific implications.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group, BDO and Service Directors.

Background Papers:

Public Sector Internal Audit Standards, Audit reports, files and Corporate Risk register.

Impact Assessments:

Risk Management

The preparation of a risk based audit plan, as part of the audit strategy, is a key part of the Council's governance arrangements. In approving the annual programme of audits, the Audit and Governance Committee, in conjunction with the Finance and Performance Management Cabinet Committee, should be assured that there is sufficient and appropriate coverage to address any risks to the achievement of the Council's objectives.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
There are no equalities impacts.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A.

AUDIT PLAN 2014/15

Audit area	Audit type	Days allocated	Completed	Risk Identifier
Resources				
Accountancy				
Bank Reconciliation	system/follow up	15		FFS
Sundry Debtors	system/follow up	15		FFS
Creditors	system/follow up	15		FFS
Treasury Management	system/follow up	10		FFS/R4
Budgetary Control (capital and revenue)	system/follow up	10		FFS
Risk Management and Insurance	system/follow up	10		FFS
Main Accounting and Financial Ledger	system/follow up	15		FFS
Provision for 'top up' testing	systems	30		FFS
Benefits				
Housing Benefits	system/follow up	15		FFS
Council Tax Reduction	system/follow up	15		FFS
Revenues				
Council Tax	system/follow up	20		FFS/R4/AC
Business Rates	system/follow up	20		FFS/R4
Cash receipting and Income control	system/follow up	15		FFS
Human Resources				
Payroll	System/follow up	20		FFS
Recruitment and Selection	verification	10		R
Management of Sickness absence	verification	10		R
Overtime and Committee Allowances	verification	10		R
Travelling & Subsistence Claims	verification	10		R
Car Mileage claims	verification	10		R
Reprographics	System	10		
ICT and Facilities Management				
ICT Procurement	ICT	10		AC/R6
Access controls	ICT	10		R6
Facilities Management Contracts	system	10		AC
TOTAL		315		
Governance				
Governance and Performance Mgmt.				
Key and Local Performance Indicators	verification	15		R
Business Plans	verification	10		R
Equality Analysis	verification	10		R
Gifts and Hospitality (Members & Officers)	system/follow up	10		R
Legal				
Debt recovery	Follow up	10		R4
Development Management				
Planning Fees	System	20		R4

TOTAL		75		
Neighbourhoods				
Neighbourhood Services				
North Weald airfield	establishment	15		R4
Technical Services				
Waste Management and Recycling	system	20		R
Car Parking Contract	system	10		R4
Fleet Operations income	system	5		R4
Forward Planning & Economic Devel.				
Commercial Property portfolio	Follow up	10		R2
TOTAL		60		
Communities				
Housing Property				
Housing Repairs Service	system	20		R
Council Housebuilding Programme	system	15		AC
Housing Contracts	follow up	5		AC
Housing Operations				
Housing Rent Collection and Arrears	system/follow up	20		FFS/R4
Norway House	Establishment	10		R4
Private Sector Housing & Comm. Support				
Right to Buy	system	10		AC
Private Sector Housing - Grants	system	15		AC
TOTAL		95		
FRAUD PREVENTION & DETECTION				
Contracts	fraud	15		AC
Procurement	fraud	15		AC
Council Tax Discounts	fraud	15		AC
National Fraud Initiative (NFI)	fraud	20		AC
Data matching and analysis (IDEA software)	fraud	25		AC
TOTAL		90		
CORPORATE				
Corporate Procurement	system/follow up	15		AC
Corporate Asset Register	system	5		FFS
Priority 1 Audit recommendations	follow up	10		R
Governance Statement	management review	5		R
TOTAL		35		
TOTAL DAYS ALLOCATED		670		

Contingency/Minor investigations		40		
Corporate/Service Advice		65		
TOTAL		775		
	Key	Risk Identifier		
	AC	Audit Commission		
	FFS	Fundamental Finance System		
	R no.	Risk No. in Corporate Register		
	R	Reputation of Council		

Report to the Audit & Governance Committee



**Epping Forest
District Council**

Report Reference: AGC-030-2013/14

Date of meeting: 3 April 2014

Portfolio: Finance and Technology

Subject: Effectiveness of the Arrangements for Risk Management

Responsible Officer: Bob Palmer (01992 564279)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

(1) That Members consider the effectiveness of the arrangements for Risk Management.

Executive Summary:

The terms of reference for this committee include "To consider the effectiveness of the Council's Risk Management arrangements". This contrasts with the role of the Finance and Performance Management Cabinet Committee, which is required "To advise and make recommendations to the Cabinet on Risk Management and Insurance issues".

The internal audit of Risk Management for 2013/14 was completed in March and so will form part of the fourth quarter report to the June meeting of this Committee. However, Members may find it helpful in considering this report to know that the audit of this area concluded with a score of "Substantial Assurance".

Reason for Proposed Decision:

Members are requested to consider the effectiveness of the Council's arrangements for Risk Management to provide assurance to the Council on the functioning and adequacy of this important internal control.

Other Options for Action:

Members could ask for additional information or make recommendations to improve processes where they feel existing arrangements are inadequate.

Report:

Previous Reviews

1. The review of the effectiveness of the Council's arrangements for Risk Management is an established part of the work programme for this Committee. Last year the Committee resolved:

- (1) *That the Council's arrangements for Risk management be considered effective.*

Risk Management in Directorates

2. The internal arrangements for Risk Management have not changed during the year. It is common practice within directorates for risk assessments to be conducted on new or changed activities and capital projects. Each directorate has a nominated champion for risk management, usually at Assistant Director level. This individual acts as the lead on Risk Management for the directorate and represents their directorate at the Risk Management Group (RMG).

3. All directorates are required to have a section on Risk Management in their business plans. This section will contain details on the directorate's key risks, a risk matrix and action plans for dealing with the risks that are above the risk tolerance line.

4. All directorates are required to have Risk Management as a standing item on management team meeting agendas. This is to ensure that directorate risk registers are kept up to date with any new items and that existing action plans, both for directorate and corporate risks, are monitored. The regular discussion of risks allows directorate champions to report back on discussions at the RMG and also to bring forward items from their directorates that they feel should now be included, or if already included updated, on the Corporate Risk Register.

Corporate Risk Management

5. The RMG meets quarterly to discuss Risk Management issues and recommend alterations to the Corporate Risk Register to the Corporate Governance Group. During 2013/14 meetings were held in May, August, December and February. The Director of Finance and ICT, or in his absence the Senior Finance Officer (Risk and Insurance) chairs the RMG. All of the group have received training in Risk Management.

6. The agenda for the RMG has a number of standard items including, updates on service risk registers, updates on corporate risks and any changes in insurance information. This allows each member of the group to obtain feedback on any new or changing issues within their own area and benefit from the wider perspective of the group as a whole. In this way any changes to service items can be evaluated and assessed to see if they justify inclusion in the corporate register. The discussion then moves on to consider any changes in the descriptions, triggers and vulnerabilities of existing corporate risks and the updating of the action plans.

7. The annual updating and approval of the terms of reference for the RMG was considered by the Finance and Performance Management Cabinet Committee on 20 March 2014 and a report recommending their adoption will go to a subsequent meeting of Cabinet. The meeting on 20 March also approved the Risk Management Strategy and the Risk Management Policy Statement.

Corporate Risk Register

8. As mentioned above, the RMG consider updates to the Corporate Risk Register and make recommendations to the Corporate Governance Group (which consists of the Chief Executive, the Monitoring Officer, the Deputy Monitoring Officer, the Director of Finance and ICT and the Chief Internal Auditor).

9. The Corporate Governance Group receive the minutes of the RMG and discuss in detail any proposed changes. A separate review of the Corporate Risk Register is then undertaken to ensure that all necessary changes have been captured by the RMG and that the Corporate Governance Group is not aware of any other new risks for inclusion.

10. Finally, recommendations on updating the Corporate Risk Register are considered by the Finance and Performance Management Cabinet Committee.

Updates to the Risk Register

11. The first update for 2013/14 involved a major refresh of the Register. This followed requests from Members to make the Corporate Risk Register more accessible.

12. It was decided to take the process of streamlining forward by devoting the Management Board meeting on 15 May 2013 to a fresh consideration of corporate risks and how they are recorded and presented. This has resulted in the updated Corporate Risk Register which incorporates the following key changes:

- (a) Use of a 4 x 4 matrix instead of 6 x 4;
- (b) Stronger focus on key risks;
- (c) Removal of tolerated risks; and
- (d) New system of colour coding.

13. That meeting of Management Board worked through the Corporate Risk Register with the intention of providing a sharper focus on the key risks and ensuring that the risks were described and presented in a more accessible way. The Corporate Risk Register that was adopted by the March 2013 meeting of the Finance and Performance Management Cabinet Committee contained 26 risks, which were split with 16 above the tolerance line and 10 below the tolerance line. These risks have now been reduced to 6 and 2 new risks have been added to give a total of 8 key strategic risks. The risks are summarised below for ease of reference.

14. Risk 1 covers the Local Plan and related issues and brings together risks 3, 11 and 29 from the previous register. This risk was given the highest score of A1 (very high likelihood and major impact).

15. Risk 2 is a new risk that was created to capture the issues around the Council's strategic sites and their development. This risk was also been given the highest score of A1.

16. Risk 3 replaces the old risk 34 and covers the issues around Welfare Reform. This risk was given the score of A2 (very high likelihood and moderate impact).

17. Risk 4 consolidates the many threats to the Council's income and brings together risks 27, 30 and 35 from the previous register. This risk was given the score of B2 (high likelihood and moderate impact).

18. Risk 5 was the second new risk and was created to address the issues around Economic Development. This risk was also given the score of B2.

19. Risk 6 replaced the old risk 18 and covers issues around data and information use and security. This risk was given the score of C1 (medium likelihood and major impact).

20. Risk 7 replaced the old risk 8 and deals with business continuity management. This risk was given the score of C2 (medium likelihood and moderate impact).

21. Risk 8 replaced the old risk 22 and considers the issues to do with partnerships. This risk has been given the score of C3 (medium likelihood and minor impact).

22. Risks 1 to 5 are in the red area of the matrix and so are subject to monthly monitoring by Management Board. Risks 6 to 8 are in the amber area of the matrix and are therefore scheduled for quarterly monitoring by Management Board. The monitoring by Management Board was introduced as an additional process to enhance the control over action plans. The Risk Management Group and Corporate Governance Group continued their roles of evaluating existing and new risks on a quarterly basis, this role concentrates on the

description and scoring of risks. Previously the control of the action plan had been left to the nominated Director and Portfolio Holder.

23. Key points from the subsequent reviews by the Finance and Performance Management Cabinet Committee are given in the table below.

<u>Date of Meeting</u>	<u>Updates Considered</u>
19 September 2013	In view of the worsening financial outlook the score of the Finance risk was increased from B2 (high likelihood and moderate impact) to A1 (very high likelihood and major impact). Triggers and consequences were updated for the Local Plan to more fully reflect the risk.
20 January 2014	Following work with the Essex Safeguarding Children and Adults Boards and a greater awareness of the Council's duties under Section 11 of the Children Act, a new risk on Safeguarding was scored at B2 and added to the register. Work by the Data Protection Officer to improve awareness justified reducing the score for the Information/Data risk from C1 (medium likelihood and major impact) to C2 (medium likelihood and moderate impact).
20 March 2014	To date no interest has been expressed by outside bodies in running Council services so the scoring of the Partnership risk was reduced from C3 (medium likelihood and minor impact) to D3 (low likelihood and minor impact). The Finance risk was updated to specifically include the threat from old business rate appeals and the Business Continuity item was updated to include disruption arising from the Tour de France.

24. So Members can see the changes between the old and new format the current risk register is attached as Appendix 1 and the previous style as Appendix 2.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

No legal implications. Risk Management is an important part of the Council's overall governance arrangements and that is why this Committee considers the adequacy of the overall arrangements on an annual basis.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the district.

Consultation Undertaken:

No formal consultation has been undertaken.

Background Papers:

None.

Impact Assessments:

Risk Management

If the adequacy of the arrangements for Risk Management were not considered a significant weakness in the overall governance arrangements could arise.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A

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Epping Forest District Council Corporate Risk Register

Date: 20 March 2014

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1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15th May 2013 with assistance from Zurich Risk Engineering. This exercise was an opportunity for the Management Board to refresh (or update) through identification, analysis and prioritisation those risks that may affect the ability of the Council to achieve its strategic objectives and Corporate Plan. In doing so, the organisation is recognising the need to sustain risk management at the highest level.

The refresh exercise involved a workshop with Management Board to identify new business risk areas and to update and re-profile important risks from the existing corporate risk register.

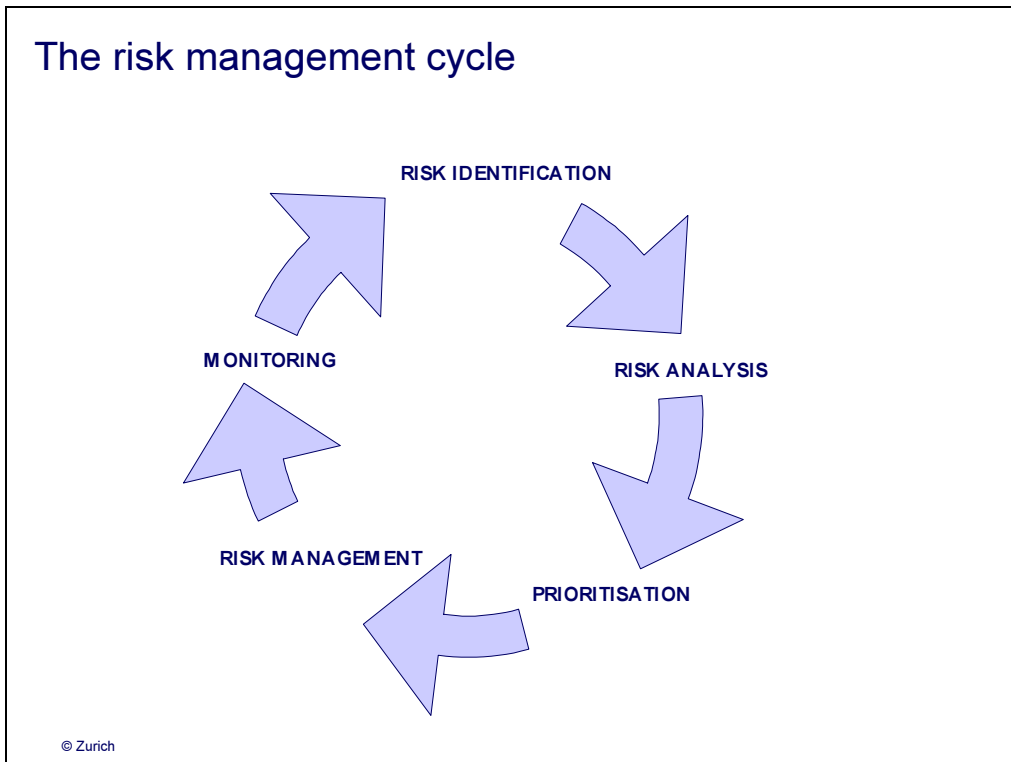
In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.

For the risks that were assessed with higher likelihood and impact, the group validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.

Management Board agreed a timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios. Risks in the red zone will be monitored on a monthly basis and those in the amber zone on a quarterly basis.

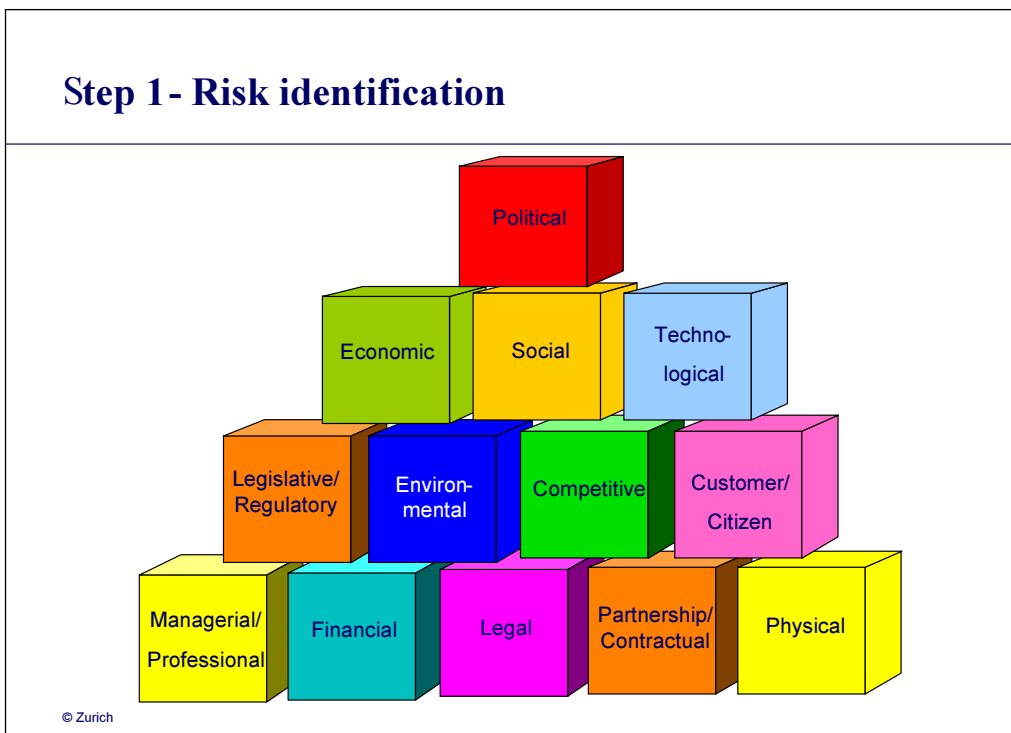
The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

2. The Process



Risk identification

The first of five stages of the risk management cycle requires risk identification. This formed the initial part of the workshop. In doing so the following 13 categories of risk were considered.



Risk analysis

During the workshop, the identified risks were discussed and framed into a risk scenario format, containing risk cause and consequence elements, with a 'trigger' also identified. This format ensured that the full nature of the risk was considered and also helped with the prioritisation of the risks.

Risk prioritisation

The discussion resulted in 8 risk scenarios being agreed (Appendix 2) and these were then assessed for impact and likelihood and plotted onto a matrix (Appendix 1). The likelihood of the risks was measured as being 'very high', 'high', 'medium', or 'low/very low'. The impact, compared against the key objectives and Corporate Plan was measured as being 'major', 'moderate', 'minor' or 'insignificant'.

Once all risks had been plotted the matrix was overlaid with red, amber and green filters, with those risks in the red area requiring further particular scrutiny in the short-term, followed by those in the amber area.

Risk management and monitoring

The next stage is to monitor the revised management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

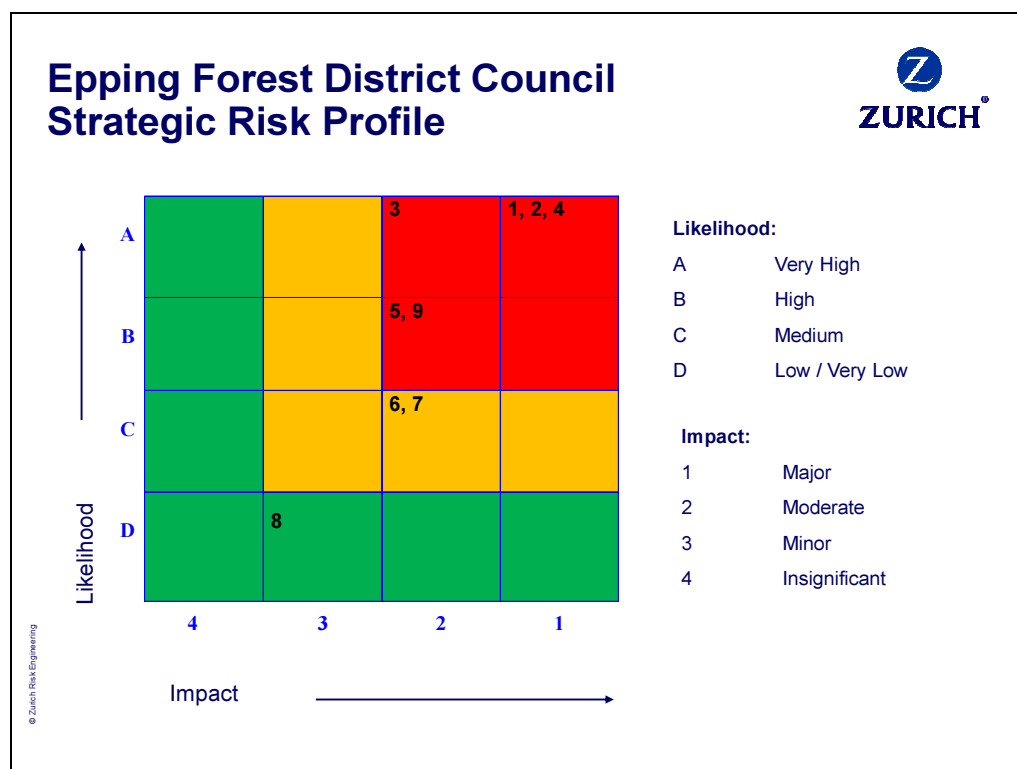
A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business planning process, in order to assess if they are still relevant and to identify new issues.

The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

Appendix 1 – Risk Profile

Risk profile

During the workshop, 8 risks were identified and framed into scenarios. The results are shown on the following risk profile.



Appendix 2 details all of the above risks.

It is important that an action plan element is written for each of the risks, with particular focus on those with the highest priority, as it is this which will allow them to be monitored and successfully managed down.

An opportunity was also taken as part of this refresh to 'spring clean' the risk numbers, and they were numbered in priority order as follows:

New risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Finance – income
5	Economic development
6	Data/ information
7	Business continuity
8	Partnerships
9	Safeguarding

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1	Local Plan	A1		
Vulnerability	Trigger	Consequence	Risk Owner	
<p>On-going changes to Planning system increase importance of having up to date Local Plan.</p> <p>Changes in government planning policy require new Local Plan to take approaches significantly different from predecessors eg Duty to Co-operate, release Green Belt.</p> <p>Difficulties in implementing “Duty to Co-operate” may make it difficult or impossible to achieve “sound” Local Plan in timely fashion</p> <p>Failure to make timely progress increases likelihood of “planning by appeal”</p> <p>Loss/sickness of key staff and recruitment difficulties or inappropriate resource provision hold back progress.</p>	<p>Failure to make timely decisions and adhere to Local Development Scheme Project Plan.</p> <p>Failure of Council to approve a draft plan in line with National Planning Policy Framework.</p> <p>Inability to agree, particularly on amount and distribution of objectively assessed development needs.</p> <p>Failure to adhere to Local Development Scheme leads to developers making significant planning applications in advance of new Plan.</p> <p>Loss/long term absence of key staff.</p>	<p>Reduced ability to manage development in line with local priorities. Failure to provide strategic direction for future development, and housing etc for future needs.</p> <p>Plan not “sound”, leading for further delay, wasted resources, and vulnerability to planning appeal decisions.</p> <p>As above</p> <p>Significant diversion of professional resources to appeals. Risk of costs awards against Council. Potential lost opportunity for infrastructure and other provision due to outdated/National Planning Policy Framework non-compliant policies Development which is inappropriate in location/scale/type</p> <p>Delay in progress Potential need for rework due to loss of “corporate memory”.</p>	<p>John Preston</p>	

Risk No 1 Local Plan – Action Plan

Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Project management approach in place including regular updates, resource planning.</p>	<p>Project plan needs to incorporate more time for political engagement at key decision points.</p>	<p>Agree mechanisms and timing with lead members, incorporate in revised project plan</p>	<p>Glen Chipp John Preston Anna Cronin</p>	<p>Future adherence to project plan.</p>	<p>Project plan ongoing. MB review 6 weekly</p>	<p>Finalise key evidence esp. re development need to summer 2014. Cabinet to agree draft plan for consultation September 2014, Consultation November 2014- January 2015.</p>
<p>Local Development Scheme reviewed July 2013.</p>	<p>Local Development Scheme now out of date (Nov 13).</p>	<p>Review Local Development Scheme on basis of new project plan, when agreed (see above)</p>	<p>Anna Cronin Glen Chipp</p>	<p>Local Development Scheme remains robust</p>	<p>As necessary</p>	<p>Review likely June/July 2014</p>
<p>Workshops for EFDC and Town/Parish councillors on key issues to enhance awareness and understanding of new government requirements.</p>	<p>Workshops popular and helpful but not a mechanism for strategic decision making.</p>	<p>Supplement workshops with other forms of briefing to EFDC members as agreed with leading members.</p>	<p>John Preston Anna Cronin</p>	<p>Timely decision making in line with project plan.</p>	<p>As necessary</p>	
<p>Engagement with other key stakeholders eg ad hoc meetings with Town/Parish councils, Resident Associations, use of Forester and website.</p>	<p>Limited, as tends to be reactive, resource intensive, and consistent messages difficult to develop in light of uncertainties over project plan</p>	<p>Develop strategic communications plan and implement See above re project plan</p>	<p>Glen Chipp Anna Cronin</p>	<p>Stakeholders feel well informed about process and decisions (though they may not agree). Informed responses to public consultation. Less need for reactive communications.</p>	<p>As necessary</p>	<p>Establish communications approach by mid June 2014</p>

Risk No 1 Local Plan – Action Plan

Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Systematic approach to Duty to Co-operate, engaging public bodies and developing Memorandum of Understanding with key councils around Harlow.</p>	<p>Difficulties and delay in engaging councils in serious discussion re Memorandum of Understanding, however progress now being made. Initial meetings held with most other key bodies with positive outcomes, issues identified. Constant review of Planning Institute local plan decisions re Duty to Co-operate.</p>	<p>Important that key decisions do not precede Duty to Co-operate ie “fait accompli”- needs to be accommodated in project plan and Local Development Scheme. Progress Memorandum of Understanding, engaging members and using Planning Advisory Service support as necessary. Engage further key bodies eg Lee Valley Regional Park. Discuss informally with Planning Institute as necessary.</p>	<p>John Preston Anna Cronin</p>	<p>Submitted plan passes legal test of Duty to Co-operate.</p>	<p>MB review six weekly</p>	<p>Next officer meeting 11 March 2014 in relation to Strategic Housing Market Assessment partners and Durt to Co-operate. Member briefing by PAS 25 March (date tbc)</p>
<p>Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, masterplanning. Experienced maternity cover for two key posts in place. Temporary posts resourced. Budget available.</p>	<p>Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Market is picking up, making recruitment more difficult.</p>	<p>Continue to recruit swiftly as issues occur. Keep structure of team and remuneration under review in the light of wider council restructure, using consultancy support as appropriate. Plan appropriate handovers as senior staff move towards retirement etc.</p>	<p>John Preston Anna Cronin</p>	<p>No delays to timetable due to staffing gaps or lack of critical skills</p>	<p>As above</p>	

Risk No 2 Strategic Sites A1						
Vulnerability		Trigger		Consequence		Risk Owner
The Council has a number of Strategic sites which it needs to make the right decisions about and then deliver on those decisions.		Not maximising the opportunity of the strategic sites either through decisions or delivery		<ul style="list-style-type: none"> Financial viability of Council harmed Lack of economic development and job creation External criticism 		Colleen O'Boyle
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.	Work is progressing on developing a number of sites	Reports to Cabinet Committee and Cabinet to obtain decisions on development options.	Colleen O'Boyle	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None

Risk No 3 Welfare Reform A2						
Vulnerability		Trigger		Consequence		Risk Owner
The government is undertaking a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.		Welfare reform changes have a detrimental effect on the Council and community		<ul style="list-style-type: none"> • Tenants no longer able to afford current/new tenancies. • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents. 		Alan Hall
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Joint Benefits and Housing working group established. Mitigation action plan developed.	Two thirds of the actions have been implemented and the remaining actions are in abeyance pending Government announcements on Universal Credit.	Working Group to continue and amend mitigation action plan as necessary.	Alan Hall	A smooth implementation of welfare reforms. Minimise number and cost of redundancies.	Monthly	Start date for Universal Credit still unclear

2016
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 45

Risk No 4 Finance Income A1						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council has a reliance on major income generating contracts and fee earning services. Some of which have been adversely affected by the recession and some of which may be affected by legislative change.</p> <p>With changes to central funding based on local retention of NDR the Council is more vulnerable to downturns in the local economy and to the large number of outstanding appeals against NDR assessments that pre-date local retention but which the Council will have to fund.</p> <p>Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received.</p> <p>The medium term financial strategy requires net CSB reductions of £1.6m over three years, which is a challenging target.</p>		<p>Unable to secure required level of income due to recession, reduced economic confidence or adverse change in funding</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Increase Council Tax • Increase in charges • Greater use of reserves if required net savings not achieved • Higher level of saving in subsequent years. 			<p>Bob Palmer</p>
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Monitoring of key income streams and NDR tax base. Savings opportunities pursued through service reviews and corporate restructure.</p>	<p>Effective to date as budgets have been achieved that meet the financial targets set by Members.</p>	<p>Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.</p> <p>Continue to pursue opportunities to reduce net spending.</p>	<p>Bob Palmer</p>	<p>Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.</p>	<p>Monthly</p>	<p>26 June 2014</p>

Risk No 5 Economic Development B2						
Vulnerability		Trigger	Consequence			Risk Owner
Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to provide opportunities for economic development and employment (especially youth employment) in the District.		Council performs relatively poorly compared to other authorities.	<ul style="list-style-type: none"> • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue 			Glen Chipp
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Work has commenced on an updated Economic Development Strategy.	Resources in this area have not yet been increased in line with the greater significance it now has.	Completion of Strategy and allocation of appropriate resources.	Glen Chipp	Growth in NDR tax base and employment opportunities. Council to be viewed as punching above its weight.	Monthly	None

Risk No 6 Data / Information C2						
Vulnerability		Trigger	Consequence			Risk Owner
The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.		Data held by the Council ends up in inappropriate hands.	<ul style="list-style-type: none"> • Breach of corporate governance • Increased costs and legal implications • Reputation damaged 			Bob Palmer
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences</p> <p>Rollout of a Data Protection e-learning module commenced Jan 2014, for completion by officers every two years.</p> <p>Data Protection to form part of Member induction from May 2014, with requirement to confirm acceptance of the Council's DP policy.</p>	Generally effective to date, although some lapses still occurred in 2012/13	<p>Maintain GCSx compliance and system controls.</p> <p>Investigation of possible consolidation of Data Protection and Freedom of Information work in one area.</p>	Bob Palmer	<p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p> <p>Continued security of personal data held by the Council in accordance with the Data Protections Act 1998.</p>	Quarterly	None

Risk No 7 Business Continuity C2						
Vulnerability		Trigger		Consequence		Risk Owner
<p>The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>There is some concern over disruption from the Tour de France but this will be over a short period and there is still plenty of time to put appropriate arrangements in place.</p>		<p>Unable to respond effectively to a business continuity incident (e.g IT virus/flu pandemic)</p>		<ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively 		Derek Macnab
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.</p>	<p>The effectiveness of controls is assessed periodically through test and exercises</p>	<p>Both corporate and service business continuity plans are being updated.</p> <p>Implementation of Cabinet approved measures to enhance the resilience of ICT</p>	Derek Macnab	<p>Having plans in place which are proved fit for purpose either by events or external scrutiny.</p>	Quarterly	None

Risk No 8 Partnerships D3						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements.</p> <p>Localism act may cause transfer of Council services to providers with governance issues.</p>		<p>Key partnership fails or services provided via arrangements lacking adequate governance.</p>	<ul style="list-style-type: none"> • Relationships with other bodies deteriorate • Claw back of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance 			<p>Glen Chipp</p>
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Active participation in key partnerships by appropriate officers/Members.</p> <p>Structured reporting back to designated Scrutiny Panels.</p> <p>Members can request representatives on outside bodies to report to Full Council.</p>	<p>No significant issues to date.</p>	<p>Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships.</p>	<p>Glen Chipp</p>	<p>No significant impacts on service delivery or Council reputation from any partnership failures.</p>	<p>Quarterly</p>	<p>None</p>

Risk No 9 Safeguarding B2			
Vulnerability	Trigger	Consequence	Risk Owner
<p>The Council needs to demonstrate its ability to meet its duties under Sections 11 and 47 of the Children Act 2004.</p> <p>Although not yet a statutory requirement, the Council also needs to comply with best practise in regard to safeguarding vulnerable adults from harm.</p> <p>This is a Council –wide requirement which includes training and awareness of staff at all levels across the organisation and Elected Members.</p> <p>Effective systems and processes for safeguarding children, young people and vulnerable adults need to be in place</p>	<p>The Council fails to meet its duties in regard to safeguarding and information sharing</p> <p>Elected Member reluctance to undertake training results in the Council failing to meet a ‘whole Council’ approach</p> <p>Staff reluctance to be involved in referring safeguarding concerns due to lack of confidence and awareness.</p>	<ul style="list-style-type: none"> • A child, young person or vulnerable adult suffers significant harm • A child, young person or vulnerable adult suffers from exploitation • Avoidable death of a child, young person or vulnerable adult living in the District • Reputational risk for Council • Censure and special measures applied 	Derek Macnab

Risk No 9 Safeguarding - Action Plan

Existing Controls/ actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>The Council has a current and comprehensive Safeguarding Policy which is updated annually or in line with any changes within legislation.</p> <p>The policy details what is required of all staff and members, and contains clear instructions for the recording and processing of safeguarding concerns, incidents and allegations.</p> <p>A Corporate Safeguarding Group provides a forum for sharing best practice, disseminating information across Directorates and identifying any weaknesses in the Council's work.</p> <p>All staff are required to undertake safeguarding training appropriate to their roles.</p> <p>The Council has a Safe Recruitment Policy.</p> <p>The Council has agreed to the introduction of a dedicated senior safeguarding post for two years to enable the Council to meet all of the required standards.</p>	<p>The Council has reduced the risk of safeguarding issues going unnoticed by staff and members by providing clear procedures and requirements for training and awareness.</p> <p>This group is only partially effective, due to limited commitment by some Directorates</p> <p>This will be effective subsequent to a training Plan being developed.</p> <p>Safe Recruitment assists the Council in reducing the risk of employing an unsuitable member of staff.</p>	<p>Leadership Team and Managers to ensure that all staff are aware of the Councils safeguarding policy and procedures</p> <p>The Council needs to ensure timely response to changes in legislation or local procedures.</p> <p>Directorates need to commit time for representatives to attend the Corporate Working Group.</p> <p>Staff require training in Safe Recruitment.</p>	<p>Derek Macnab</p>	<p>The Council meets all of its duties under Section 11 and 47.</p> <p>The Council fully meets all aspects of the ESCB/ESAB Safeguarding self - assessment.</p>	<p>Monthly</p>	<p>Monthly</p>

Epping Forest District Council Corporate Risk Register

Date: 21 March 2013

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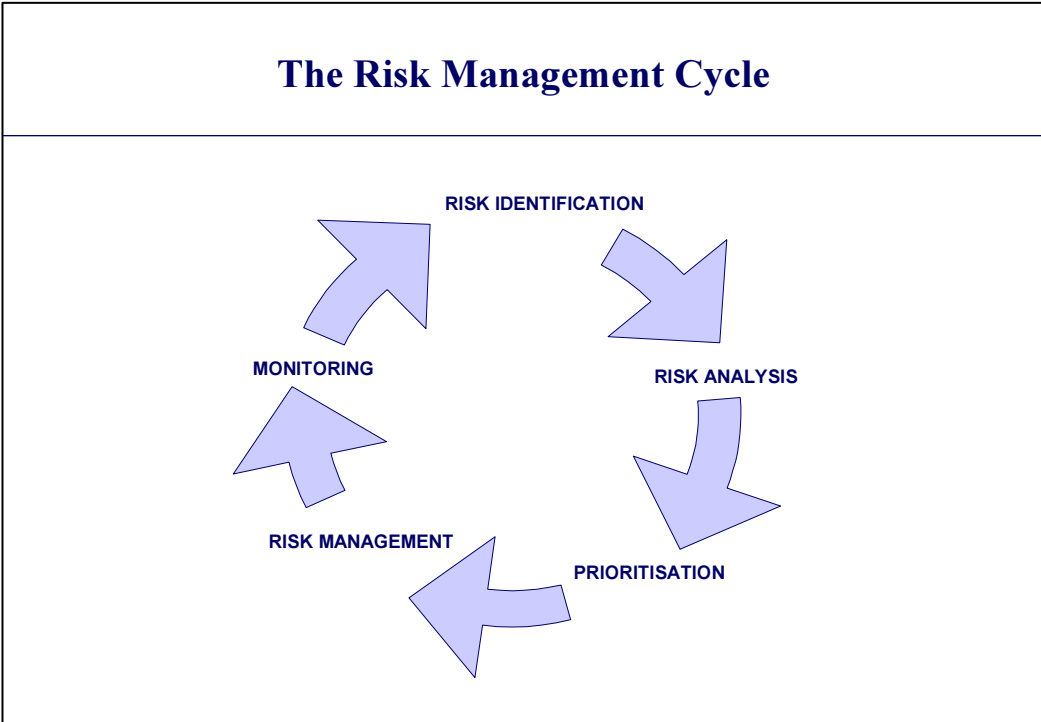
1. Introduction

Risk Management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is not an end in itself. Rather, risk management is a means of minimising the costs and disruption to the organisation caused by undesired events.

The aim is to reduce the frequency of risk events occurring (where possible) and minimise the severity of their consequences if they do occur.

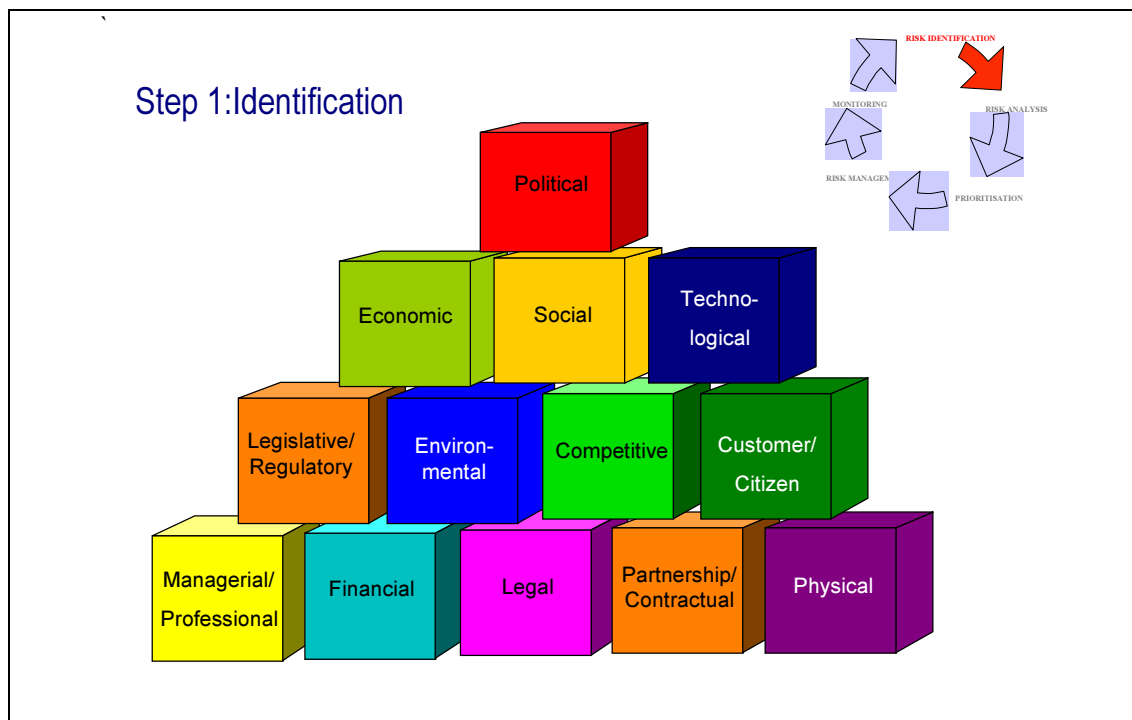
2. The Process

To manage risk effectively, the risk associated with each policy option or service delivery method needs to be systematically identified, analysed, prioritised, controlled and monitored. This process is referred to as the risk management cycle, which can be seen below.



2.1 Risk identification

The first of five stages of the risk management cycle requires risk identification. This is achieved through standing items on Corporate Governance Group and Management Board and from discussions at the Risk Management Group, which is held quarterly. Risk is covered under 13 categories of risk as shown below.



2.2 Risk analysis and prioritisation

Once the risks are identified, these are then assessed for impact and likelihood and plotted onto a matrix. The impact, compared against the objectives of the Authority, (Council Policy Themes and Aims), was measured as being negligible, marginal, critical or catastrophic. The likelihood, of the risks occurring over the next three years, was measured as being almost impossible, very low, low, significant, high or very high.

A group of Members and Senior Officers originally set the risk tolerance line, which involved considering each of the squares on the matrix and deciding if they were prepared to tolerate a risk in that box or if they wanted to actively manage it. This theoretical tolerance line effectively splits the risks on the matrix, with those risks above the line requiring further scrutiny and those below the line not requiring high-level intervention at this time. The Finance and Performance Management Cabinet Committee now review this quarterly.

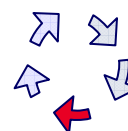
2.3 Risk management and monitoring

The next stage is to complete management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

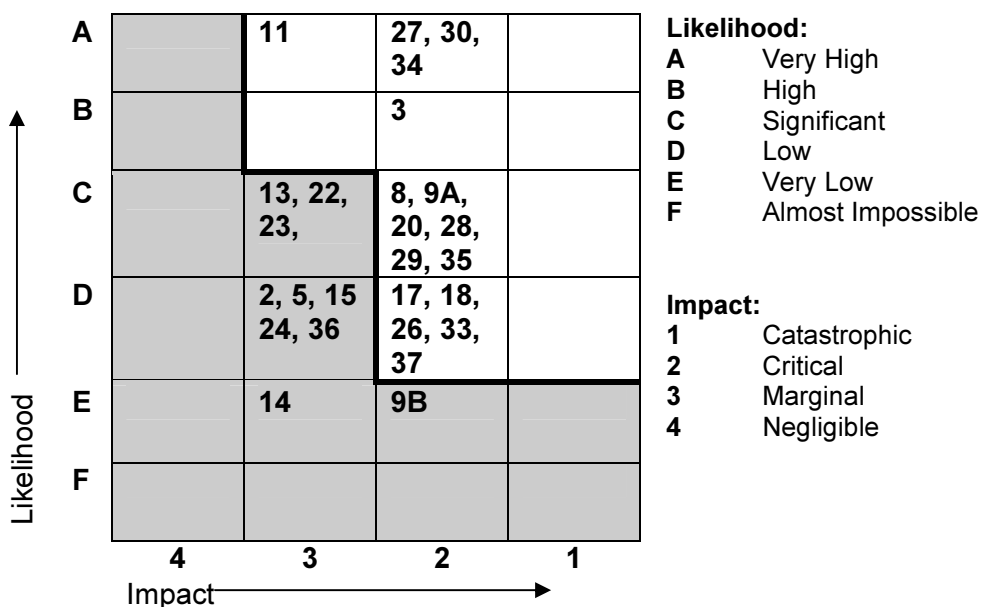
The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

3. Results

3.1 Risk profile



The risk profile and priority are given below.



Appendix 1 shows all the risks that were rated on the profile.

3.2 Above the line Risk clusters

The 16 above the line risks have been grouped into 8 clusters that will help to streamline the action planning process. These are shown below:

Cluster name	Risk Scenarios	Medium Term Aims/Council Key Objectives
Local Plan	3, 29	c, e 1
Key Contracts	20	a, b, d 2, 4
Business Continuity Planning	8, 9A, 28	a, d 2, 4
Financial pressures	26, 27, 30, 34, 35	a, b, c, d, e 2, 3, 4
Local housing needs	11, 33,	a, c, d, e 5
Capital receipts spent on non revenue generating assets	17	a, b, d 2
Loss or theft of data	18	
Gazetteer	37	d 2

The action plans can be seen at Appendix 2

Medium Term Aims 2011 - 2015

- (a) Endeavour to safeguard frontline services that our local residents tell us are important against a background of diminishing resources.
- (b) Have the lowest District Council Tax in Essex and maintain that position.
- (c) Be recognised as an innovative and transparent council involving residents in our decisions.
- (d) Continuously improve efficiency by adopting new ways of working with our partners and maximising revenue from our assets.
- (e) Provide clear community leadership and be a strong advocate, championing the interests of the people of Epping Forest and protecting the special character of the District.

Council Key Objectives 2012 - 2013

The Council Key Objectives referred to above are contained on pages 27 - 41 of the Corporate Plan.

1. The development of the Council's Local Plan
2. The achievement of the levels of net savings necessary to maintain the Council's sound financial position.
3. The implementation of the Government's proposed welfare and other finance reforms with the least possible disruption to service users and the Council's operations
4. The implementation of initiatives to help mitigate the current economic conditions on local communities and businesses.
5. Maximising the provision of affordable housing within the district
6. The implementation of relevant provisions contained within the Localism Act 2011, and other public sector reforms.

Appendix 1 – Risk Register

Risks marked “ * ” are above tolerance and require managing

No	Rating		Short name	Vulnerability	Trigger	Consequence
27	A2	*	Shortfall in key income streams	<p>Recession and credit crunch causing long term lower interest rates.</p> <p>Depressed economy continues with lower demand for Building Control, MOT and Land Charges services.</p> <p>Reliance on major income generating contracts and ability to increase charges.</p>	<p>Reduced economic confidence.</p> <p>Prolonged recession/loss of business</p> <p>Collapse of a contract</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Use of reserves • Staffing and service level reductions
33	A2	*	Reduction in Government Funding	<p>With change to the funding based on local retention of NDR the Council will be more vulnerable to downturns in the local economy.</p> <p>Insufficient new homes built to offset grant Reductions.</p>	<p>Large business or businesses cease trading</p> <p>Lack of residential development.</p>	<ul style="list-style-type: none"> • Loss of revenue • Increase Council Tax • Reduction in number and level of services • Increase in charges
34	A2	*	Changes to Benefit system	<p>The government is undertaking a major reform of the welfare system this is likely to have serious impacts on the Council, benefit claimants and staff.</p> <p>The DWP are considering changes to fraud investigation which could see Housing Benefit Fraud staff transferring to them.</p>	<p>Welfare reform requiring substantial change to the calculation and administration of benefits</p>	<ul style="list-style-type: none"> • Residents no longer able to afford current tenancies. • Possible transfer of staff to DWP. • Possible redundancies of staff and associated costs. • Problems in recruiting lead to reduction in performance • Possible reduction in the authority's capacity for dealing with fraud.

No	Rating		Short name	Vulnerability	Trigger	Consequence
11	A3	*	Unable to provide sufficient housing for local people	The Council has targets in terms of key housing needs and affordable housing, however, there is a shortage of available land in the district for housing and economic development, with high house prices.	Unable to provide sufficient housing for local people	<ul style="list-style-type: none"> • Unable to achieve targets for affordable housing • Council seen as failing • District becomes more suburban • Young people leave area/Increased elderly population • Character of district changes
3	B2	*	Potential difficulty producing Local Plan to timetable	<p>Ongoing changes to Planning system.</p> <p>Staff unable to cope with increasing workloads partly due to legislative changes with associated consultation.</p> <p>Costs exceeding budget provision.</p>	<p>Missed deadlines</p> <p>Council unable to agree a coordinated plan with all other involved parties.</p> <p>Need more or longer consultant reports than anticipated.</p>	<ul style="list-style-type: none"> • Increased staff stress levels/stress related leave. • Not achieving objective of delivering a sound Local Plan. • Not providing strategic direction for housing and growth in the District. • NPPF comes into effect without adopted Local Plan • Supplementary estimate needed
8	C2	*	Business Continuity Management	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act	Unable to respond effectively to a business continuity incident (e.g. IT virus / flu pandemic)	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively
9A	C2	*	Depot Manager	That, due to the lack of an overall Depot Manager, an issue falls between the various service managers and is not adequately addressed.	Accident or conflict between users.	<ul style="list-style-type: none"> • Adverse impact on service delivery • Increased costs and legal implications • Council criticised • HSE investigation/prosecution

No	Rating		Short name	Vulnerability	Trigger	Consequence
20	C2	*	Key contract collapses or service levels deteriorate	Contractors are providing some key council services. There have been changes in terms of service delivery and there are concerns around the ability of contractors to meet service changes and deliver the required level of performance.	Contractor collapses / is unable to provide service or Service level deteriorates	<ul style="list-style-type: none"> • Service fails / adversely affected • Alternative arrangements need to be made • Increased costs and legal implications • Health risks • Dissatisfied customers • Censure by audit/inspection
28	C2	*	Workforce Development Planning	The age profile of the Council's workforce is increasing and a number of senior staff are likely to retire at a similar time. Any concentrated loss of experience could cause disruption to service management.	Loss of a number of senior staff with no immediate replacement.	<ul style="list-style-type: none"> • Services disrupted / Loss of service • Key performance indicators affected • Censure by audit/inspection
35	C2	*	Budget reductions	The medium term financial strategy requires net CSB reductions of £1.3m over four years.	Required net savings not achieved.	<ul style="list-style-type: none"> • Greater use of reserves. • Higher level of saving in subsequent years.
36	C2	*	Gypsy Roma Traveller Provision	<p>a) The area attracts gypsies and travellers but does not have an unlimited supply of pitches.</p> <p>b) An updated GTAA is underway but is still to be completed.</p>	<p>More gypsies and travellers than can be accommodated on official sites attempt to stay in the district.</p> <p>Current GTAA found to be deficient.</p>	<ul style="list-style-type: none"> • Unofficial sites are established • Complaints from public/landowners • Possible enforcement action • Enforcement action made more difficult • Unable to successfully defend GRT related decisions. • Resource intensive legal process • Key performance indicators affected

No	Rating		Short name	Vulnerability	Trigger	Consequence
17	D2	*	Significant amount of capital receipts spent on non revenue generating assets	Capital resources are scarce and their use needs to be carefully prioritised.	Authority spends a significant amount of capital receipts on non revenue generating assets.	<ul style="list-style-type: none"> • Loss of interest • Loss of cover for contingencies • Financial strategy becomes untenable in the long term • Service reductions required • Large Council Tax increases required
18	D2	*	Loss or theft of data	The Authority handles a large amount of data. Either through hacking or carelessness security of the data could be compromised.	Data held by the Council ends up in inappropriate hands.	<ul style="list-style-type: none"> • Breach of corporate governance • Increased costs and legal implications • Reputation damaged
26	D2	*	Investments	The Council lends money to a large number of financial institutions. In the current economic climate it appears that the long-term future of very few institutions can be guaranteed.	Financial institution fails whilst holding Council funds.	<ul style="list-style-type: none"> • Loss of investment • Loss of revenue • Reduction in services • Increase in charges • Reputation damaged
33	D2	*	Reform of Housing Revenue Account	The Council took on £186m of debt. Financial modelling shows this level of debt can be managed. However variables in the model may change and the government may increase the level of debt. Accounting arrangements may impact on General Fund.	<p>More Council houses sold than anticipated so revenue reduced.</p> <p>Government increases debt settlement.</p>	<ul style="list-style-type: none"> • HRA becomes unsustainable. • Repairs and maintenance spending reduced. • Large rent increases • Additional charges to general fund.

No	Rating		Short name	Vulnerability	Trigger	Consequence
37	D2	*	Local Land and Property Gazetteer	Inability to ensure accurate Address Management and Local Land & Property Gazetteer (LLPG) requirements which may contravene the contractual responsibilities of the Data Co-operation Agreement (DCA)	Failure to improve National Standard Performance Indicators within the agreed timescales.	<ul style="list-style-type: none"> • Loss of reputation • Financial penalties in terms of DCA • Errors in Address Records and GIS locations cause delay in Emergency Service Response
13	C3		Key objectives not delivered due to capacity issues	<p>The Council is facing a challenging agenda with a number of initiatives and projects.</p> <p>There is a concern the corporate core, in particular, is light in terms of staffing, resource and capacity. And while the Council has the financial resources to deliver on key priorities, it may not have sufficient HR capacity</p> <p>There are concerns around overload and a recognised need to set achievable agendas.</p>	Council fails to deliver key objectives on time	<ul style="list-style-type: none"> • Slippage on key projects / initiatives • Deadlines and targets not met • Lack of focus • Workloads increase • Staff de-motivated
22	C3		Key partnership fails	<p>The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, but these don't always have clear governance arrangements with related documentation thin on the ground.</p> <p>Localism act may cause transfer of Council services to providers with governance issues as above.</p>	Key partnership fails or services provided via arrangements lacking adequate governance.	<ul style="list-style-type: none"> • Relationships with other bodies deteriorate • Clawback of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance

No	Rating	Short name	Vulnerability	Trigger	Consequence
23	C3	Fraud including bribery	<p>A weakness in internal controls or the application of internal controls or criminal collusion such that fraud or bribery is either not prevented or not detected.</p> <p>Loss of experienced counter fraud staff</p>	<p>Significant fraud or bribery occurs.</p> <p>Welfare reform requiring transfer of investigators to SFIS.</p>	<ul style="list-style-type: none"> • Loss of resources • Damage to Council's reputation • Effect on staff morale
2	D3	Inconsistent approach to procurement	<p>a) full conformity with best practice and Contract Standing Orders is still to be achieved.</p>	<p>a) Procurement exercise breaches contract standing orders</p>	<ul style="list-style-type: none"> • Efficiency savings not made or contracts fail • Procured service poor/not value for money • Any EU failures will involve legal costs, fines and compensation • Negative impact on service delivery where procurement exercise has to be re-done.
			<p>b) failure to comply with EU procurement regulations</p>	<p>b) Challenge by unsuccessful bidders</p>	
	D3	Local Government Reorganisation which is detrimental to the Council and Community	<p>Even though there are no current proposals to change boundaries in Essex, there remains a concern that this might change.</p> <p>There are a number of initiatives examining service deliver models that imply a sharing of resources. Concern exists that any pooling or sharing of resources may be detrimental to some individual authorities.</p>	<p>Reorganisation or change in service delivery which is detrimental to the Council and Community</p>	<ul style="list-style-type: none"> • Outflow of resources from district • Existing priorities stopped • Projects stopped / delayed • Change in direction

No	Rating	Short name	Vulnerability	Trigger	Consequence
15	D3	Sickness absence	Levels of sickness absence increase or are not consistently reported.	Sickness absence not effectively managed	<ul style="list-style-type: none"> • Staff absence impacts on ability to deliver • Increased costs of using agency staff • Efficiency savings affected • Impact on staff morale • Possible litigation / claims
24	D3	Cash balances	Retention of large reserves and balances fails to provide best value and restricts the development of key services.	Key service deteriorates due to lack of resources.	<ul style="list-style-type: none"> • Service delivery adversely affected • Criticism from inspection / audit • Slippage on key projects • Dissatisfied customers
36	D3	North Weald Airfield Bund	The bund has low to moderate likelihood of failure which may result in slump extending to the kerb of the M11 motorway.	Failure of the bund.	<ul style="list-style-type: none"> • Failure of the bund leads to disruption on the M11 motorway. • Failure of the bund may lead to injury or damage to property. • Insurance claim against the Council. • Reputational damage.
Page 65	E2	Depot Accommodation	That the Council is unable to provide appropriate and safe accommodation for all contracted depot users.	Depot sites disposed of prior to replacement facilities being available.	<ul style="list-style-type: none"> • Adverse impact on service delivery • Increased costs and legal implications • Council criticised

No	Rating	Short name	Vulnerability	Trigger	Consequence
14	E3	Key initiatives resisted / delayed by culture of authority	<p>There is a view that the authority needs to significantly change means of service delivery to meet the ever-changing demands of the wider community, and the requirements of the government agenda.</p> <p>Implementing this will require a significant culture change across the authority, and strong consistent leadership from senior levels of the Authority.</p>	Key initiatives e.g. shared services resisted / delayed by current culture within the authority	<ul style="list-style-type: none"> • Initiatives / plans not achieved • Failure to make savings, reduce duplications and make continuous improvements • Adverse effect on performance • Censure by audit/inspection • Image of council damaged

Appendix 2 – Action Plans

RISK NO.	CURRENT RISK SCORE	TARGET RISK SCORE	CLUSTER NAME
8, 9A, 28	C 2	C 3	Business Continuity Planning
26, 27, 30, 34, 35	A 2/ C 2/ D 2	D 2	Financial pressures
11, 33	A 3/ D 2	A 4	Local housing needs
3, 29	B 2 / C 2	D 2	Local Plan
20	C 2	D 2	Key Contracts
17	D 2	E 2	Capital receipts spent on non revenue generating assets
18	D 2	E 2	Loss or theft of data
37	D2	E 2	Local Land and Property Gazetteer

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
27	Shortfall in key income streams						
	Monitoring of both investment returns and income	Effective to date, as revised estimates have allowed for necessary changes	Continue to monitor and seek to diversify income streams.	Cabinet All Directors	Avoid need to make severe budget cuts	Quarterly	None
30	Reduction in Government Funding						
	The Medium Term Financial Strategy is updated each year to identify any need for savings.	To date savings targets have been achieved.	As part of the 2013/14 budget process identify areas for review to achieve savings.	Leader of Council Chief Executive	Savings targets achieved with expenditure reductions over the medium term as part of a structured plan.	Quarterly	31/12/13
34	Changes to Benefit system						
	Joint Benefits and Housing working group established. Mitigation action plan developed.	Effective to date, but will only be fully tested from April 2013.	Working Group to continue and amend mitigation action plan as necessary.	Finance and Technology Portfolio Holder. Housing Portfolio Holder Director of Finance and ICT Director of Housing	A smooth implementation of welfare reforms. Minimise number and cost of redundancies.	Quarterly	31/03/13

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
11	Unable to provide sufficient housing for local people						
	Requirement for 40% affordable housing on all large sites. Developments on green belt can result in more affordable housing. Council considers annual provision of grant to housing associations.	Meeting all housing need will not be addressed by existing control, but will help. Grant from the Council also assists.	Early identification of new sites as part of emerging Local Plan process.	Housing Portfolio Holder Director of Housing	Whether housing need is significantly reduced.	Quarterly	None
3	Potential Difficulty producing Local Plan to timetable						
	Early engagement with key stakeholders, Managing workload and external staff recruitment, On-going joint working with Harlow Council	Timetable for delivery, which has key milestones in place.	Member approved framework required to progress inter-authority working. Continued monitoring through dedicated Cabinet Committee.	Leader of Council Planning Portfolio Holder Director of Planning and Economic Development	Council retains control of the delivery arrangements at a local level.	Quarterly	30/09/13
8	Business Continuity Management						
	Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.	The effectiveness of controls is assessed periodically through test and exercises.	Both corporate and service business continuity plans are being updated. Cabinet has approved measures to enhance the resilience of ICT.	Support Services Portfolio Holder Chief Executive	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
9 A	Depot Manager						
	An officer group meets to co-ordinate management issues at Langston Road.	No serious incident to date.	Evaluate need to unify management of site under one individual.	Asset Management and Economic Development Portfolio Holder Chief Executive	Avoidance of accidents/conflicts.	Quarterly	None
20	Key contract collapses or service levels deteriorate						
	Systems for contract monitoring in place. Contingency plans exist to deal with contract failure.	Contract monitoring established. Business continuity planning has proved effective in waste management.	Continue existing contract monitoring procedures for extended contracts.	Leisure & Wellbeing People Portfolio Holder Environment Portfolio Holder Director of Environment and Street Scene	No significant impacts on service delivery from any contract failures.	Quarterly	None
28	Workforce Development Planning						
	A Council wide initiative on Workforce Development Planning is now being pursued.	Staff capable of promotion on a temporary or permanent basis can generally be identified.	All Directorates need to analyse future skills gaps and plan to develop staff accordingly.	Cabinet All Directors	No disruption to service provision caused by retirements.	Quarterly	None
35	Budget reductions						
	Some service reviews already underway.	Service reviews have successfully identified savings required for 13/14.	Identify saving required for 2014/15.	Leader of Council Chief Executive.	Required net savings achieved.	Quarterly	31/12/13

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
29	Gypsy Roma Traveller Provision						
	<ul style="list-style-type: none"> - Timely adoption of a revised GTAA, - Additional 1 year post agreed to support Forward Planning Section, - Early engagement with key stakeholders - Joint working (external and internal) and enforcing on such incidents 	<p>Implementation of the GTAA, but effectiveness depends on planning appeal success rate, which is decided by The Planning Inspectorate.</p> <p>Changes required in Government policy to effectively controlled incidents</p>	<p>Part of the Local Plan timetable for engagement and decision making.</p> <p>Evidence base for GTAA needs to be agreed.</p>	<p>Leader of Council Planning Portfolio Holder</p> <p>Director of Planning and Economic Development</p>	<p>Timely delivery of the Local Plan and appeal success rate.</p> <p>Successful management of incidents.</p>	Quarterly	30/09/13
17	Significant amount of capital receipts spent on nonrevenue generating assets						
	Five year capital programme prepared which includes resources.	Effective to date as even with £83M capital programme over 5 years over £7.8M of usable receipts anticipated at end of period.	Continue to highlight consequences of all new capital schemes.	<p>Finance & Technology Portfolio Holder</p> <p>Chief Executive</p>	Maintenance of adequate capital and revenue balances.	Quarterly	31/12/13

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
26	Investments						
	Lending is controlled in accordance with the Treasury Management Strategy, which is structured on levels of credit ratings.	To date there has been one failure where the Council is at risk of some loss.	Ensure all credit rating updates are promptly reflected in the counter party list and in considering alternative investments give highest weighting to security.	Finance & Technology Development Portfolio Holder Director of Finance & ICT	No further counter party failures that put Council funds at risk.	Quarterly	None
33	Reform of Housing Revenue Account						
	Detailed financial modelling undertaken. Representations made to CIPFA and CLG.	Effective to date but debt settlement could be reopened.	Continue to make representations and respond to consultations.	Housing Portfolio Holder. Finance and Technology Development Portfolio Holder. Director of Finance and ICT Director of Housing	Sustainable level of debt agreed. No serious impact on general fund.	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
18	Loss or theft of data						
	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Data Protection Officer seeking to raise awareness amongst all officers of issues in relation to the need to ensure the security of personal data.</p>	Generally effective to date.	<p>Controls in the agenda publication system have been strengthened and staff have been reminded of the additional care needed when dealing with confidential documents.</p> <p>Revised Corporate Data Protection Policy considered by Management Board (28.11.2012)</p> <p>Data Protection e-learning module to be rolled-out for compulsory staff completion every two years.</p> <p>Data protection arrangements included within Audit plan for 2012/13.</p>	<p>Finance & Technology Portfolio Holder</p> <p>Director of Finance & ICT</p> <p>Senior Information Risk Owner (Deputy Chief Executive)</p> <p>Data Protection Officer</p>	<p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p> <p>Continued security of personal data held by the Council in accordance with the Data Protection Act 1998.</p>	Quarterly	None

Risk No.	Existing controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
37	Gazetteer						
	Local Land and Property Gazetteer (LLPG) improvement plan in place including support arrangements from GeoPlace LLP. Supplementary estimate approved by Council 19/02/13.	Monitoring of LLPG Improvement Plan by GIS/Mapping/Gazetteer (GMG) Team and Business Manager (PED)	Priority status by GMG Project Team Progress reports to Management Board	Director of Environment and Street Scene Director of Planning and Economic Development	Achievement of at least Silver Standard	Monthly	30/04/13