

Agenda

Audit Committee

Date: **Tuesday 21 September 2021**

Time: **5.30 pm**

Place: **Council Chamber**

For any further information please contact:

Alec Dubberley

Democratic Services Manager

0115 901 3906

Audit Committee

Membership

Chair	Councillor Bob Collis
Vice-Chair	Councillor Meredith Lawrence
	Councillor Liz Clunie
	Councillor Boyd Elliott
	Councillor Kathryn Fox
	Councillor Helen Greensmith
	Councillor Ron McCrossen

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AGENDA

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- 1 **Apologies for Absence and Substitutions.**
- 2 **To approve, as a correct record, the minutes of the meeting held on 29 June 2021** 5 - 6
- 3 **Declaration of Interests.**
- 4 **Internal Audit Progress Report** 7 - 64
Report of the Internal Audit Manager.
- 5 **Financial Management Code** 65 - 88
Report of the Director of Corporate Resources.
- 6 **Corporate Risk Management Scorecard Quarter 1 2021/22** 89 - 104
Report of the Director of Corporate Resources.
- 7 **Any other item which the Chair considers urgent.**

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MINUTES AUDIT COMMITTEE

Tuesday 29 June 2021

Councillor Bob Collis (Chair)

Councillor Meredith Lawrence
Councillor Liz Clunie
Councillor Kathryn Fox

Councillor Helen Greensmith
Councillor Barbara Miller

Absent: Councillor Boyd Elliott and Councillor Ron McCrossen

Officers in Attendance: P Adcock, A Ball and A Dubberley

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

Apologies had been received from Councillors Elliott and McCrossen. Councillor Miller attended as substitute.

2 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 16 MARCH 2021.

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record.

3 DECLARATION OF INTERESTS.

None.

4 INTERNAL AUDIT REPORTS

Gurpreet Daly (BDO) introduced a report, which had been circulated in advance of the meeting, providing the audit opinion for 2020/21 as well as presenting the findings of audit work carried out between March and June 2021. An update on the status of previous audit recommendations was also provided.

RESOLVED to:

- 1) Note the reports and actions taken or to be taken;
- 2) Thank BDO for their detailed work and our thank our officers for their diligence over the last very difficult year; and

- 3) Request a report back to the next meeting on progress to made towards addressing the recommendations made in the Commercialisation Audit.

5 DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21

The Director of Corporate Resources introduced a report which had been circulated in advance of the meeting, presenting members with the proposed Annual Governance Statement for 2020/21.

RESOLVED to:

Note the draft Annual Governance Statement 2020/21 and that the final report would be presented to the Committee in the autumn.

6 CORPORATE RISK MANAGEMENT SCORECARD QUARTER 4 2020/21

The Head of Finance and ICT introduced a report, which had been circulated in advance of the meeting, updating members on the current level of assurance that could be provided against each corporate risk.

Members were pleased to note that two of the riskks had been downgraded since the last meeting.

RESOLVED to:

Note the progress of actions identified within the Corporate Risk Register.

7 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 6.35 pm

Signed by Chair:
Date:



Report to Audit Committee

Subject: Internal Audit Progress Report 2021/22

Date: 21 September 2021

Author: Kate Ball - Internal Audit Manager (BDO)

1 Purpose of Report

To summarise the outcome of the internal audit activity completed by the BDO Internal Audit Team for the period from June 2021 to September 2021.

Recommendation(s)

THAT:

- 1) Members receive the Report and note actions taken or to be taken.**

2 Background

- 2.1 The Internal Audit Plan 2021/22 was approved by the Audit Committee on 16 March 2021. This report provides a summary update on the reports issued in final by BDO in the period from June 2021 to September 2021 and highlights associated key findings and any concerns identified in any work in progress.

3 Proposal

- 3.1 The following reports have been finalised since the last Audit Committee meeting:

2021/22 Reports (Final)

- Risk Management
- Housing Benefit

4 Financial Implications

- 4.1 The Internal Audit Plan is delivered within the approved budgets

5 Legal Implications

- 5.1 None arising directly from this report.

6 Equalities Implications

6.1 None arising directly from this report

7 Carbon Reduction/Environmental Sustainability Implications

7.1 None arising directly from this report.

8 Appendices

8.1 BDO Internal Audit Progress Report 2021/22.

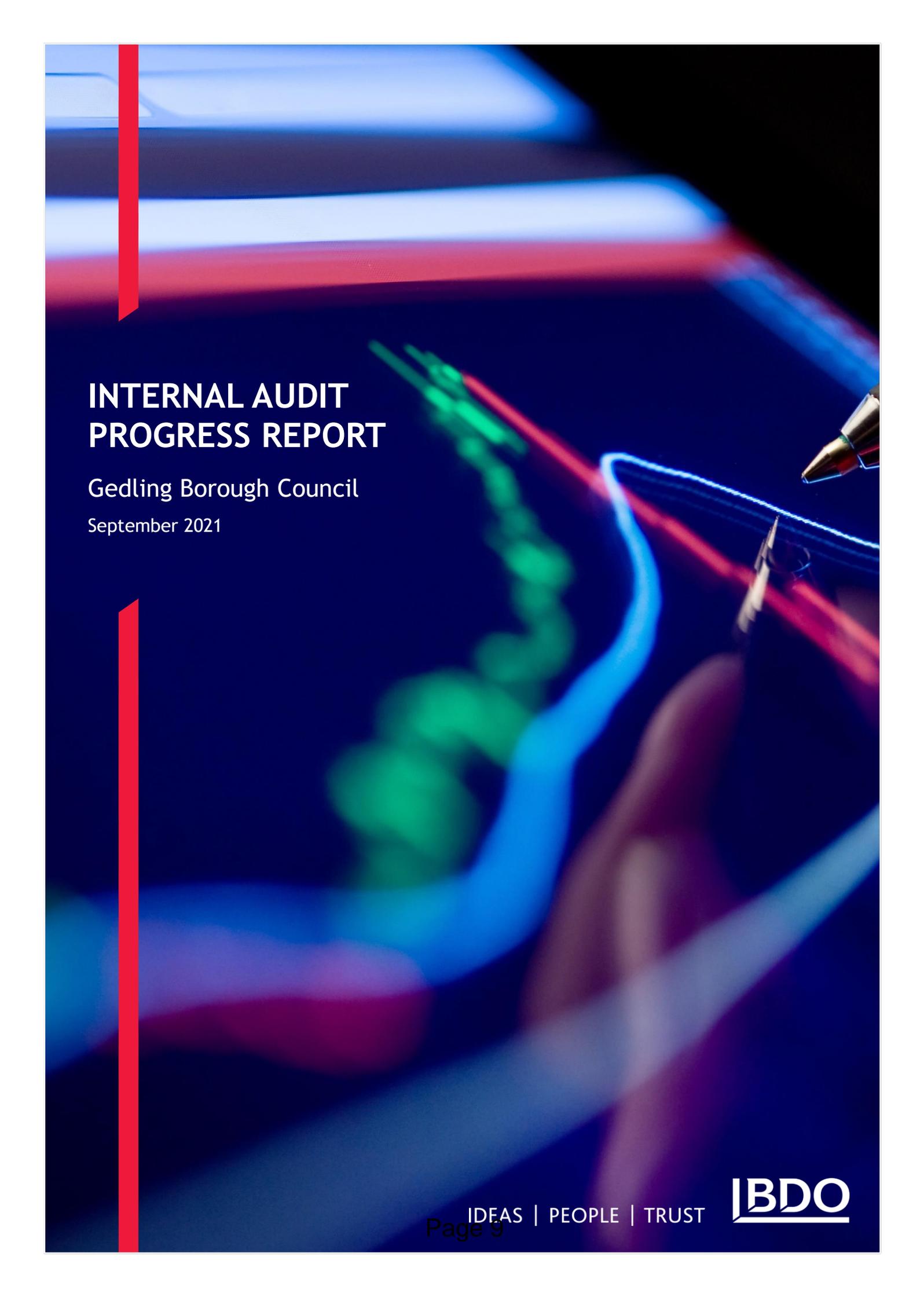
Statutory Officer approval

Approved by Chief Financial Officer

Date: 13 September 2021

Approved by Monitoring Officer

Date: 13 September 2021



INTERNAL AUDIT PROGRESS REPORT

Gedling Borough Council

September 2021

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SUMMARY OF SEPTEMBER 2021 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2021/22 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



2021/2022 INTERNAL AUDIT PLAN

Three audits have been completed and we are pleased to present the following reports to this Audit Committee:

- Risk Management
- Housing Benefits.

Fieldwork is underway or is due to begin on a further four audits which we hope to present at the next Audit Committee:

- Taxi Licensing (20/21) - draft report released 6 June 2021
- Asset Management Plan - draft report released 20 August 2021
- IT Architecture
- Regeneration
- Homelessness and Temporary Accommodation.

REVIEW OF SEPTEMBER 2021 WORK

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Taxi and PHV Licensing (20/21)	September 2021	✓	✓			
Asset Management	September 2021	✓	✓			
Risk Management (Advisory)	September 2021	✓	✓	✓	N/A	N/A
Housing Benefits	September 2021	✓	✓	✓	●	●
IT Architecture	December 2021	✓	✓			
Regeneration (back to work initiatives)	December 2021	✓				
Homelessness & Temporary Accommodation	December 2021	✓				
Environmental Health Services & Enforcement	March 2022	✓				
Main Financial Systems	March 2022	✓				
Procurement & Contract Management	March 2022	✓				
Sustainable Environment	March 2022	✓				



RISK MANAGEMENT

Design Opinion	N/A	Advisory	Design Effectiveness	N/A	Advisory
Recommendations	0	2	2		



SCOPE

AREAS REVIEWED

This was an advisory piece of work assessing the Council’s current position against the BDO Risk Maturity Matrix. As part of the assessment, we covered the following elements of risk management:

- ▶ Governance
- ▶ Identification and assessment
- ▶ Mitigation and treatment
- ▶ Reporting and review
- ▶ Continuous improvement.



AREAS OF STRENGTH

- ▶ The Council has clearly documented its strategic objectives within the Gedling Plan 2020 - 2023 and published this on its website. The Council also has a robust annual service planning process and established golden thread methodology to ensure service plans are in place to support the achievement of the Gedling Plan
- ▶ A Risk Management Strategy and Framework has been documented which clearly defines the Council’s risk appetite
- ▶ The risk registers are formatted to ensure the key drivers of each risk are clearly documented
- ▶ All of the risks on the register have been assigned a risk owner who is responsible for overseeing the effective management of the risk
- ▶ There is an established quarterly review process for the corporate risk register with progress on each risk being recorded on a consistent basis each quarter and reported to the SLT. This is evidenced in the meeting minutes and reports of the SLT meetings.



AREAS OF CONCERN

- ▶ Our interviews with heads of service identified that there may not be a full understanding of risk management amongst officers below manager level, with a reluctance to discuss the topic of risk with them due to more junior staff perceiving risks as a negative. There is no risk management training programme within the Council to provide its officers and members with the knowledge and skills to effectively understand and manage risk throughout the organisation
- ▶ The roles and responsibilities of officers below manager level for managing risks are not clearly defined within the Risk Management Strategy and Framework
- ▶ Risk recorded on risk registers are not linked to objectives or categorised by risk type.
- ▶ Risks recorded on the risk register are not described to a consistently high standard to provide the reader with an understanding of the risk, its cause and the consequence should the risk materialise
- ▶ Controls and actions to mitigate risks are not documented to a suitably high standard to provide the reader with assurance that the risk is being effectively managed. Actions are not recorded as SMART (specific, measurable, attainable, realistic and timebound) actions, particularly in the service risk registers where actions are not assigned implementation dates
- ▶ Reviews of risk registers by the heads of service are not recorded on a consistent basis each quarter, with these sections of the risk registers often left blank.



VALUE ADDED

- ▶ We were able to undertake benchmarking against two other local councils in terms of the assessed risk maturity level of the five areas noted in the scope.

HOUSING BENEFITS

Design Opinion	● Substantial	Design Effectiveness	● Substantial
Recommendations	0 0 1		

SCOPE

AREAS REVIEWED

- ▶ Testing of a sample of Housing Benefit claims and confirming whether they were accurately assessed in a fair and timely manner in line with Council procedures.
- ▶ Testing of a sample of private tenants for local housing allowance to confirm whether benefit payments were made in a complete, accurate and timely manner in accordance with published rates
- ▶ Testing of a sample of cases where the claimant has reported a change of circumstance to the Council and review of the action taken by the Council to address the change, and whether this was done in a timely manner
- ▶ Review of management information and evidence of monitoring and oversight over key performance indicators for the processing of Housing Benefits. Confirmation of whether performance was monitored at an appropriate level in the Council
- ▶ Review of the procedures for processing Housing Benefit claims to evaluate if these were clear and easy-to-follow with defined roles and responsibilities.

AREAS OF STRENGTH

- ▶ Housing Benefits Key Performance Indicators (KPIs) are collated, reported and tracked. The detail of the 20 KPIs are collated by the Policy and Development Officer on a monthly basis, reviewed by the Housing and Welfare Support Manager and then reported monthly through the Senior Leadership Team (SLT) and quarterly through Overview and Scrutiny Committee. In addition the Council is also subject to scrutiny from the Department for Work and Pensions (DWP).
- ▶ We assessed a sample of 20 new Housing Benefit claims and determined whether they were accurately assessed in a fair and timely manner in line with Council procedures. No issues were identified within our sample.
- ▶ We tested a sample of private tenants for local housing allowance to confirm whether benefit payments were made in a complete, accurate and timely manner in accordance with published rates. No issues were identified within our sample.
- ▶ A sample of 20 cases where the claimant had reported a change of circumstance to the Council were selected. We found that in all cases the change in circumstance was addressed appropriately following the receipt of adequate supporting documentation, and processed in a timely manner.

AREAS OF CONCERN

- ▶ The Discretionary Housing Payments Policy and the Overpayments Policy are currently out of date. However these are currently being reviewed with the anticipated completion of both policies in August 2021 and approval by December 2021.

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members. Topics include Finance, Environment, Housing and Children.

Further funding announced to support Afghan refugees

As part of its 'Operation Warm Welcome' for Afghan refugees, the government has announced that at least £12m will be made available to prioritise additional school places, while families will have access to liaison officers working with councils to help them register for services.

In addition, the government has confirmed that those who have come to the UK under the Afghan Relocations and Assistance Policy (Arapp) - for people that worked for the British government in Afghanistan - will be able to apply free of charge for indefinite leave to remain, rather than the five years' residency previously offered. This means these Afghans will be able to access to permanent jobs with unrestricted rights to work.

Since 13 August, the UK has evacuated more than 8,000 people whose lives had been assessed to be under serious threat from the Taliban under the Arapp policy. The government is now working with more than 100 councils to meet the associated demand for housing, with more than 2,000 places already confirmed, it said. As well as the £5m pledged last month for housing refugees, the government has now also said it will also provide top-up funding to help meet the costs of renting properties.

The government is also making at least £12m available to prioritise additional school places so children can be enrolled as soon as possible, and to provide school transport, specialist teachers and English language support. And £3m of additional NHS funding will ensure that Afghans arriving under Arapp can access healthcare and register with a GP.

Further funding will be provided for up to 300 undergraduate and postgraduate scholarships for Afghans at UK universities and adults will also be able to access English language courses free of charge.

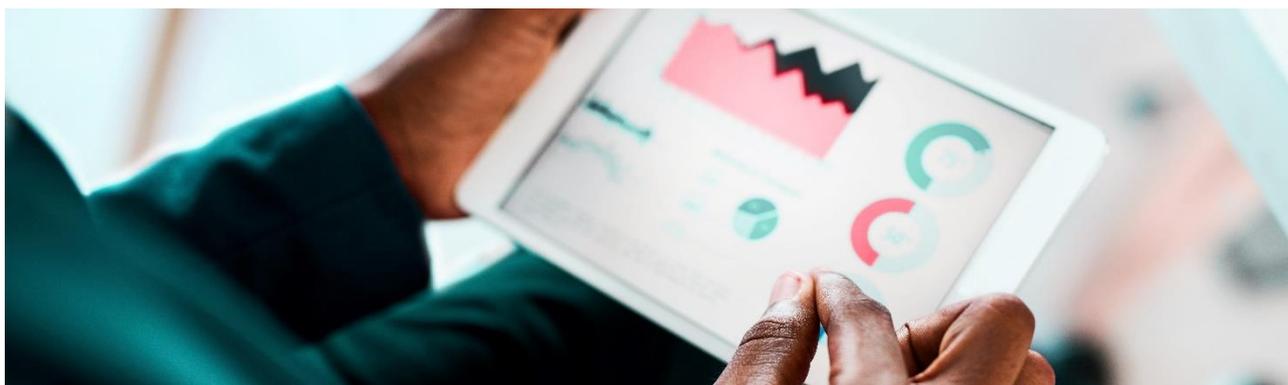
Further funding announced to support Afghan refugees | [Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)

Councils face £3bn budget shortfall

Councils across England, Wales and Scotland face a budget gap of over £3bn for the next financial year, research has found. Figures obtained via freedom of information requests and compiled by trade union Unison reveal that councils are expecting a record overall £3.09bn shortfall in 2022-2023. Unison said that given the scale of cuts councils have already had to make in recent years, "any further reductions would strip even more essential services to the bone or remove them completely".

One of the largest shortfalls is Newcastle City Council, which must make up a £94m gap in the next financial year, on top of £305m the council has lost from its budget since 2010. Surrey CC is facing a £47.1m shortfall, and Hampshire CC must save £65.9m over the next year, having already made significant cuts to services. Hampshire has been forced to close eight libraries in the past year, losing 50 jobs in the process. Libraries which have remained open in the county have had their opening hours substantially reduced. Many councils are faced with budget gaps despite already significantly scaling back their services.

Councils face £3bn budget shortfall | [Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)



‘Serious weaknesses’ in government’s work with councils on net zero, says NAO

The National Audit Office has identified “serious weaknesses” in the government’s approach to working with councils on decarbonisation, saying there is “great urgency” to develop more coherence ahead of the Cop26 United Nations climate conference in November. An NAO report published today on local government and net zero in England says the problems stem from “a lack of clarity over local authorities’ overall roles, piecemeal funding, and diffuse accountabilities”. This is making it harder for councils to plan for the long term and creating “significant risks to value for money”.

The report says that while councils clearly have an “important part to play” in reaching the national target of net zero by 2050, the government has not yet clarified their roles or responsibilities regarding this. The NAO estimates that 91% of English local authorities have adopted at least one commitment to reducing carbon emissions in line with the 2050 target, with more than a third (38%) of top-tier authorities having committed to decarbonise their local area by 2030.

However, councils have found it hard to engage with central government on this issue, telling the NAO there was little co-ordination between different departments. In the last financial year, 21 government funds provided £1.2bn to local authorities for net zero-related work, more than 16 times the £74m offered in 2019-20. However, the “fragmented” and competitive nature of these grants makes long-term planning difficult and means money may not go where it is needed most, the report finds.

‘Serious weaknesses’ in government’s work with councils on net zero, says NAO | Local Government Chronicle (LGC) (lgcplus.com)

£8.6bn funding allocated for affordable homes

The government has allocated £8.6bn of funding for affordable housing today, in what it claims is the largest single such investment for a decade. The affordable homes programme funding announced will deliver around 119,000 homes, about a quarter of which (29,600) will be made available for social rent.

The funding is part of a wider £11.5bn pot which will deliver more than 32,000 socially rented homes in all. The Ministry of Housing, Communities & Local Government claims the programme overall will deliver up to 180,000 new affordable homes, “should economic conditions allow”.

Nearly 90 new partnerships made up of councils, housing associations and private providers successfully bid for a share of programme funding. Almost £5.2bn of the package announced today will be delivered outside London by Homes England, the government body responsible for housing delivery. The Greater London Authority (GLA) will deliver homes within London.

£8.6bn funding allocated for affordable homes | Local Government Chronicle (LGC) (lgcplus.com)

New family hubs to open in £20m funding boost

Councils will be given £20m to spend on family hubs initiatives, half of which will be earmarked for opening new hubs. The government pledged in its election manifesto that it would champion family hubs to support vulnerable families and has so far spent £14m, including setting up a new national centre for family hubs earlier this year.

The latest funding announcement follows a report last week from the Institute for Fiscal Studies which argued that around 13,000 admissions of children to hospital each year were likely to have been prevented by the work of the Sure Start children’s centres, which some see as predecessors of the family hubs model.

Family Hubs are designed to offer families, children and young people access to a range of support services, which may include early education and childcare, mental health support, meetings with health visitors and advice for victims of domestic abuse. Established in 1999 by the last Labour government, Sure Start children’s centres similarly brought together health, parenting support, childcare and parental employment services into a one-stop shop for families with children under 5. At its peak in 2010, Sure Start received £1.8bn a year (a third of overall early years spending), but spending has since fallen by more than two-thirds, with many centres closed, scaled back or integrated into family hubs, according to the IFS.

Of the latest funding, £10m will be used for the family hubs “transformation fund”, which will support councils to open family hubs in around ten new areas of England. The remaining £10m will help expand a digital project called ‘growing up well’, designed to improve how information is shared between professionals working with families and children in these hubs.

The new funding follows publication of a government review of early years led by Andrea Leadsom MP which identified six key action areas, including championing family hubs as a place where parents and carers can access ‘Start for Life’ family support services.

New family hubs to open in £20m funding boost | Local Government Chronicle (LGC) (lgcplus.com)

KEY PERFORMANCE INDICATORS

Audit Area	Rate our understanding of the Business	Rate our communication	Rate the audit's contribution to adding value	Overall audit experience	Would you recommend BDO to others?	Any further comments
Risk Maturity						No feedback received
Housing Benefits						No feedback received
Average						

APPENDIX I - DEFINITIONS

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.



FOR MORE INFORMATION:

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GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT - FINAL

RISK MATURITY
AUGUST 2021

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Distribution

Alison Ball	Director of Corporate Services and Section 151 Officer
Paul Adcock	Head of Finance and ICT

Report Status list

Auditors:	James Savigar
Dates work performed:	24 May - 14 July 2021
Draft report issued:	21 July 2021
Final report issued:	23 August 2021

EXECUTIVE SUMMARY

OVERVIEW

The purpose of the risk maturity assessment is to help ensure an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved. As a primarily advisory piece of work, the assessment will not generate an assurance opinion. The Council's ambition is to achieve the risk enabled status.

Per the Council's Risk Management Strategy all managers and officers are encouraged to raise and escalate any risks or concerns. The Council maintains its risk registers on excel spreadsheets through a quarterly update and review process. The process is led by Heads of Service and supported by the Insurance and Risk Management Officer. Once the quarterly update is complete the registers are submitted to the Senior Leadership Team (SLT) for review and discussion.

We considered the maturity of the Council's current risk management arrangements by assessment against BDO's risk maturity model. The following elements were assessed:

Risk Governance	Risk Assessment	Risk Mitigation	Monitoring and Reporting	Continuous Improvement
<ul style="list-style-type: none"> - Strategy and objectives - Tone at the top - Roles and responsibilities - Resources - Training - Risk appetite - Risk strategy - Risk Policy 	<ul style="list-style-type: none"> - Risk Identification - Risk Analysis - Risk Evaluation - Assigning responsibilities for risks 	<ul style="list-style-type: none"> - Current Mitigation - Action Plans - Reaction Plans 	<ul style="list-style-type: none"> - Monitoring - Reporting - Assurance 	<ul style="list-style-type: none"> - Review Approach - KPIs

The current and target levels of maturity for each area were assessed in accordance with five categories, defined at Appendix III:

Naïve	Aware	Defined	Managed	Enabled
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The Risk Maturity Assessment Matrix is at Appendix III and sets out the definitions for each level of maturity. It is the intention that the results of the assessment assist those charged with governance in the further development of an effective and embedded risk management framework. Within our report we have identified areas where further development is required in order to reach the target maturity levels and have made recommendations for improvement within the body of the report. We have summarised below the current and target maturity levels, based on our work performed and the planned trajectory of progress for the Council.

	Risk Governance	Risk Assessment	Risk Mitigation	Monitoring and Reporting	Continuous Improvement
Current	Defined	Defined	Aware	Aware	Defined
Target	Managed	Managed	Managed	Managed	Managed

GOOD PRACTICE:

In our review, we have noted the following areas of good practice:

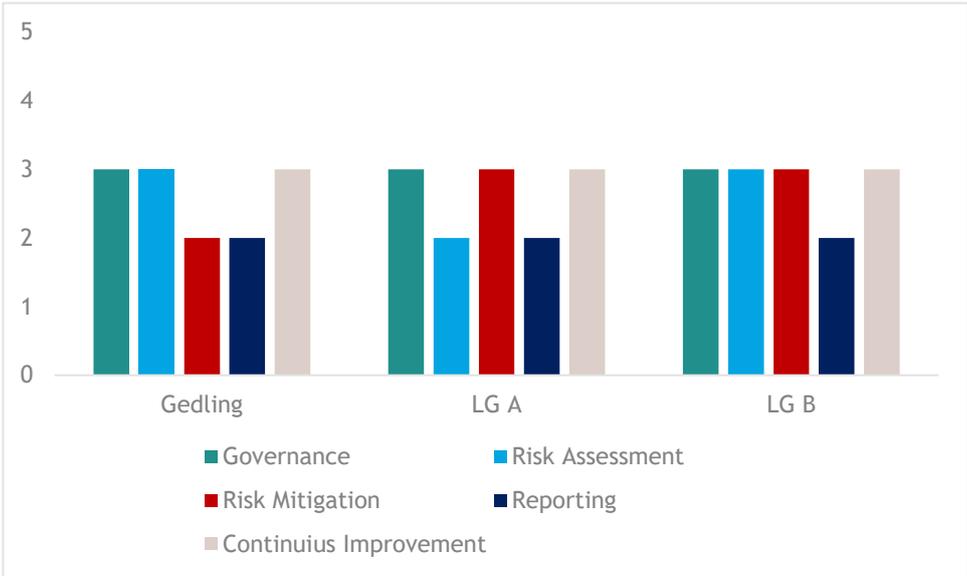
- The Council has clearly documented its strategic objectives within the Gedling Plan 2020 - 2023 and published this on its website. The Council also has a robust annual service planning process and established golden thread methodology to ensure service plans are in place to support the achievement of the Gedling Plan
- A Risk Management Strategy and Framework has been documented which clearly defines the Council's risk appetite
- The risk registers are formatted to ensure the key drivers of each risk are clearly documented
- All of the risks on the register have been assigned a risk owner who is responsible for overseeing the effective management of the risk
- There is an established quarterly review process for the corporate risk register with progress on each risk being recorded on a consistent basis each quarter and reported to the SLT. This is evidenced in the meeting minutes and reports of the SLT meetings.

KEY FINDINGS:

Recommendations have been raised against each of the areas of the risk maturity assessment. However, the key findings have been noted below.

- Our interviews with heads of service identified that there may not be a full understanding of risk management amongst officers below manager level, with a reluctance to discuss the topic of risk with them due to more junior staff perceiving risks as a negative. There is no risk management training programme within the Council to provide its officers and members with the knowledge and skills to effectively understand and manage risk throughout the organisation
- The roles and responsibilities of officers below manager level for managing risks are not clearly defined within the Risk Management Strategy and Framework
- Risk recorded on risk registers are not linked to objectives or categorised by risk type.
- Risks recorded on the risk register are not described to a consistently high standard to provide the reader with an understanding of the risk, its cause and the consequence should the risk materialise
- Controls and actions to mitigate risks are not documented to a suitably high standard to provide the reader with assurance that the risk is being effectively managed. Actions are not recorded as SMART (specific, measureable, attainable, realistic and timebound) actions, particularly in the service risk registers where actions are not assigned implementation dates
- Reviews of risk registers by the heads of service are not recorded on a consistent basis each quarter, with these sections of the risk registers often left blank.

Having conducted a number of Risk Maturity Assessments at other Councils, we have identified that the Council scores approximately in line with the average against the key indicators included within the report when compared to the other authorities we have reviewed (see graph below for further detail). There are areas for improvement across the Council’s risk management function, particularly with regards to the quality of the documentation of risks, controls and actions within registers and the consistency of recording updates for each of these risks. Therefore, if ongoing efforts to improve the risk management function continue, and the targets identified throughout the report are met by implementing the recorded actions, the Council will be able to exceed the average across the other authorities.



ASSESSMENT OF RISK MATURITY AGAINST THE BDO RISK MATURITY MODEL

Risk Maturity Assessment - Governance

1.	Strategy and objectives:	✓/✗	Evaluation
1.1	The organisation has clear objectives	✓	<p>The Council has set out its key objectives in the Gedling Plan 2020 - 2023. This plan sets out the Organisation's vision, ambition, values and priorities. There are five priorities as follows:</p> <ul style="list-style-type: none"> • Cohesive, Diverse and Safe Communities • High Performing Council • Vibrant Economy • Sustainable Environment • Healthy Lifestyles. <p>The plan goes on to set out the specific steps the Council will take to achieve these priorities over the three years to 2023. This plan can be found on the Gedling Borough Council (GBC) website.</p>
1.2	Division / department objectives are set and linked to the organisation's objectives.	✓	<p>The Council takes a Golden Thread approach to ensure that its objectives and priorities are incorporated in to service plans throughout the organisation. This involves an annual business planning process with the heads of service working with the senior leadership team to develop a comprehensive plan for the year to enable the steps within the Gedling Plan to be achieved. This approach is also documented and available on the GBC website.</p>
2.	Tone at the top		
2.1	The Council have mandated that a formal approach be taken to risk management and set out why risk management is important.	✓/✗	<p>The Council has documented a Risk Management Strategy and Framework which includes a section titled Risk Methodology. This clearly sets out the Council's approach to risk management and how its officers are expected to apply the framework.</p> <p>When conducting interviews with the heads of service they had a clear understanding of the processes they were expected to follow and the Council's overall approach to risk management. However, they also identified that officers below manager level do not always have the same level of understanding. The interviews highlighted that there is a tendency to shield these junior staff from risk and the formal processes for managing risk. We were also told that when having discussions with officers below manager level the managers or heads of service will deliberately avoid using the word risk in order to avoid 'worrying' these officers with potential risks.</p>
3.	Roles and responsibilities:		
3.1	Roles and responsibilities for risk management have been defined centrally and across divisions and departments.	✗	<p>As per the above, the Council's Risk Management Strategy and Framework highlights all key roles and responsibilities for risk management. These are documented in the Risk Methodology section where the specific actions expected of the different grades of staff are communicated and also in Appendix 2 of the strategy which sets out the higher level responsibilities of each of these grades.</p> <p>However, as with the above these roles and responsibilities do not stretch as far as officers below manager level, with the documented roles and responsibilities stopping at the manager or team leader level.</p>

3.2	Effectiveness in discharging risk management responsibilities is evaluated as part of individual performance review/appraisal.	✓/✗	Whether an individual will have their effectiveness at discharging risk management responsibilities assessed during their appraisal will depend on whether they have specific objectives set relating to risk management. This will be the case for heads of service who have overall responsibility for the day to day performance of risk management functions within their service. However, this is less consistent across other officers despite the Risk Management Strategy and Framework clearly defining the risk management responsibilities of these individuals.
4. Resources:			
4.1	Resource requirements have been identified and budget allocated.	✓	<p>The administration of the risk management function is supported by the Insurance and Risk Management Officer who is able to support the heads of service in the quarterly process of reviewing and updating risk registers.</p> <p>The risk registers themselves are maintained in a simple format on excel spreadsheets. Our discussions with the Council's officers identified that this system works well and there is no appetite for a more complex dedicated risk management system.</p> <p>Time and resources of the Senior Leadership Team are also budgeted and allocated to risk management via quarterly review and discussion of the corporate and service risk registers.</p>
4.2	Regular review takes place of ongoing resource requirements.	✓	Our interviews with the heads of service and Insurance and Risk Management Officer identified that there is regular discussion and consideration of the resources needed to address specific risks and implement mitigating actions. The Council's overall resources to manage risk are also evaluated on an ongoing basis when new information is highlighted that could impact risk management within the organisation.
5. Training:			
5.1	Training undertaken for managers and staff responsible for risk management.	✗	<p>The Risk Management Strategy and Framework identifies that 'there will be a need to provide training and development on risk' and that 'the precise nature and timing of the training will be dependent upon the needs of individual staff groups and the availability of resources.'</p> <p>However, our discussions with the heads of service and Insurance and Risk Management Officer identified that there has been no recent training of a specific risk management nature delivered to staff or members. Whilst our interviews identified that the heads of service themselves are comfortable with and aware of their responsibilities within the risk framework, there is a concern that the staff within their teams lack a full understanding of risk management and further training and education on this topic would be beneficial.</p>
5.2	Training in risk management is provided to all staff.	✗	
6. Risk Appetite:			
6.1	A formal risk appetite statement has been agreed by the Council at a corporate level	✓	The Risk Management Strategy and Framework includes a risk appetite statement. This sets out how the Council uses three bands to assess risk (red, amber, green) which determines the prioritisation and the approach it will take to manage each risk. Each band is defined in the Framework.

6.2	Risk appetite statements are in place and within departments.	x	Services do not have their own risk appetite statements. The Risk Management Strategy and Framework acknowledges that different decision making groups will have different attitudes to risk and that by having one central risk appetite statement for the organisation improves the consistency and objectivity of risk management.		
7. Risk Strategy:					
7.1	A risk management strategy is in place which is signed off by the Council	✓/x	A Risk Management Strategy and Framework was last updated in July 2017 and was due for review and update in July 2020 which is overdue. The Strategy is comprehensive in setting out the purpose and objectives of risk management, the Council's risk appetite and what the strategy aims to achieve to manage risks within the organisation.		
8. Risk policy:					
8.1	A risk management policy is in place and has been communicated throughout the organisation.	✓/x	As above, there is a comprehensive Risk Management Strategy and Framework in place, although it is currently overdue for review. The Framework clearly sets out the approach taken by the Council to manage risk, including an explanation and detailed procedure for how risks should be identified, assessed and reported.		
Assessment of maturity for this element					
	Naïve	Aware	Defined	Managed	Enabled
Current			✓		
Target				✓	

Risk Maturity Assessment - Risk Assessment			
1.	Risk Identification:	✓/✘	Evaluation
1.1	Comprehensive process in place for systematically identifying risks throughout the organisation.	✓/✘	<p>The Risk Management Strategy and Framework provides guidance on the identification and categorisation risk. This is as follows:</p> <p>Risks will be considered under the major type headings of 'Strategic', 'Operational', 'Partnership' and 'Project' and within those under the broad categories:</p> <ul style="list-style-type: none"> • Financial • People • Assets • Legal • Customer & Reputation • External Environment. <p>This guidance is limited however and does not go in to the detail of the methods officers should use to assist them with the identification of risk.</p> <p>Our interviews found that heads of service make use of the annual service planning process to identify potential risks at an early stage. Also, if there is a specific project being planned then the risks associated with this project are identified at the project planning stage.</p> <p>Otherwise, the Council relies on its officers' knowledge of their service and the wider environment to identify the relevant risks with limited guidance or procedure to facilitate the systematic identification of risk.</p>
2.	Risk Analysis:		
2.1	Risks are linked to objectives	✘	Risks recorded on the registers are not linked to objectives within the Gedling Plan or the individual service plans, although risks on individual service registers are linked to the risks on the corporate register.
2.2	Risks are clearly described	✘	<p>The quality of risk descriptions across the different risk registers varies. There are examples of service risk registers (such as the Development and Place register) which provide a lengthy and detailed commentary of each risk to describe the cause and consequence of each documented risk. However, even within this register the quality of descriptions varies between risks.</p> <p>There are also examples of risk registers (such as the Environment register) with descriptions that are more basic and do not provide the reader with a proper understanding of the cause and consequence of the risk, and in some instances the commentary of these risks are copied and pasted across different risk titles. For example:</p> <ul style="list-style-type: none"> • 'Failure to manage disabled facilities grants - With a budget of £900,000 to deliver improvements in residents houses using private contractors' • 'Failure to manage disabled facilities grants - This statutory function is required to protect the public when using facilities such as taxis, pubs and clubs and gambling establishments'

			<ul style="list-style-type: none"> • 'Failure to administer and maintain cemeteries correctly, whilst having due regard to religious faiths - Reputation risk to Council. Health risk to residents.' • 'Failure to provide parks and open spaces that are appropriately maintained - Reputation risk to Council. Health risk to residents.' <p>This is also seen to a lesser extent in the corporate risk register which only records high level descriptions of each risk within the summary tab, with no further elaboration on the individual risk tabs. For example:</p> <ul style="list-style-type: none"> • Failure to maintain financial integrity - Affecting the ability of the Council to meet its financial commitments in the longer term 		
2.3	Risks are assigned a category	*	Neither the service or corporate risk register categorise their risks (eg financial, regulatory, operational, staffing, etc.)		
3. Risk Evaluation:					
3.1	Risks are evaluated based on a defined scoring methodology	✓/✗	<p>The Council uses a standard 5x5 matrix to assess and score each risk. A detailed explanation on how to use the matrix is included as an appendix to the Risk Management Strategy and Framework including defined criteria for each rating in the matrix.</p> <p>However, there is one risk on the Communities and Leisure register which had no risk evaluation at the time of review.</p>		
3.2	Regular management challenge of the risk evaluations applied	✓	The maintenance of risk registers is led by the heads of service who will record and evaluate each identified risk. Where necessary the directors overseeing each service will provide input and challenge on the risk evaluations applied. When risk registers are updated each quarter the updates will also go to the SLT meeting where additional challenge will be applied. Where input is needed the Insurance and Risk Management Officer will also provide guidance and challenge on the process of evaluating risks.		
3.4	The Council has identified key drivers of the identified risks	✓	The risk registers each include a column to record the key drivers of the risk. These are pre-defined drivers, for example the size of financial impact, service deliver impact, reputational impact, etc.		
4. Assigning responsibilities for risk:					
4.1	All risks have an owner	✓	All risks on the corporate and service registers have an owner assigned to oversee the management of the risk.		
Assessment of maturity for this element					
	Naïve	Aware	Defined	Managed	Enabled
Current			✓		
Target				✓	

Risk Maturity Assessment - Risk Mitigation					
1.	Current Mitigation:		✓/✘	Evaluation	
1.1	Responses to risks have been selected and implemented, having regard to the risk appetite.		✓/✘	<p>Responses to risks are developed in order to bring them down to an acceptable level to the Council. All of the risk registers record the controls that have been implemented to mitigate the initial risk identified. The priority given to the treatment of a risk depends on its rating (consequence x likelihood).</p> <p>However, our review identified one risk on the Development and Place register and one risk on the Communities and Leisure register where the current risk score had remained constant when compared to the raw risk score. This was despite the register showing controls had been implemented to mitigate the risk indicating that in some instances there is insufficient actions being taken to mitigate the identified risks.</p> <p>We also found that across the risk registers the quality of descriptions of controls was not sufficient to provide the reader evidence that the risk was being managed effectively, with basic or generic controls being documented even for risks evaluated with a high raw risk.</p>	
2.	Action Plans:				
2.1	Action plans are in place for all risks that have not been accepted at the current level.		✘	<p>Our review of the risk registers provided at the time of the audit found one instance (Risk PP6 on the Environment risk register) where no remedial actions had been documented despite the risk having not been mitigated to its target level.</p> <p>We also found that across all the risk registers provided, including the corporate risk register, the descriptions of the actions were inadequate to provide the reader with reasonable assurance that they would be sufficient to mitigate the risk, and would not be considered SMART actions.</p> <p>We also identified that across the service risk registers provided there were no implementation dates for the recorded actions and as such no assurance could be obtained that actions were being implemented in a timely manner.</p> <p>Additionally, not all actions on the corporate risk register had implementation dates, and where implementation dates were provided there was often significant delays in completing the actions, with several initial implementation dates more than three years old with the action still not having been implemented. For instance:</p> <ul style="list-style-type: none"> • Risk 5 Action 2 - Initial completion date May 2018 and still incomplete • Risk 6 Action 4 - Initial completion date March 2018 and still incomplete 	
Assessment of maturity for this element					
	Naïve	Aware	Defined	Managed	Enabled
Current		✓			
Target				✓	

Risk Maturity Assessment - Reporting and Review			
1.	Monitoring:	✓/✗	Evaluation
1.1	A strategic risk register has been populated	✓/✗	<p>The Council has documented a corporate risk register which documents the key strategic risks which could impact the Council realising its objectives as recorded in the Gedling Plan 2020 - 2023.</p> <p>However, as detailed above there are significant issues with the quality of the corporate risk register. These issues include:</p> <ul style="list-style-type: none"> • Lack of quality in the description of the risk, the cause of the risk and consequence of the risk materialising • Actions that are insufficient to provide the reader with assurance that the risk will be mitigated to the target risk score • Actions recorded with no implementation date or implementation dates that have been slipping for three years or more • Actions where the quarterly update columns have not been consistently updated with progress towards implementation • Actions where the quarterly update has stated that the action is complete over the course of three or more updates, despite the register still showing the action as incomplete.
1.2	Departmental risk registers have been populated	✓/✗	<p>Each of the services across the Council has its own local risk register that records the risks relevant to the service that could prevent the service from achieving its local objectives and that could have a wider impact of the achievement of the objectives in the Gedling Plan 2020 - 2023.</p> <p>However, as with the corporate risk register, there are a number of issues with the quality of these registers. These issues include:</p> <ul style="list-style-type: none"> • The Development and Place risk register shows that for the past three quarters there has been no change in any of the risks facing the service in spite of the uncertain environment faced by organisations across the country, indicating there has not been sufficient consideration of risk within the service • Lack of quality in the description of the risk, the cause of the risk and consequence of the risk materialising • Actions that are insufficient to provide the reader with assurance that the risk will be mitigated to the target risk score • Actions recorded with no implementation date • A risk with no evaluation/scoring applied • Actions where the quarterly update columns have not been consistently updated with progress towards implementation • A risk where no actions had been recorded despite the risk not having been mitigated to its target score.
1.3	Risk registers are reviewed on a regular basis	✗	Council process requires that risk registers be reviewed on a quarterly basis, with updates recorded against each risk to indicate any changes which have occurred in the quarter.

			<p>Our review found that across the three service risk registers dated April 2021 that were provided, only five out of 35 risks had progress updated in the March 2021 review column. Additionally, just 18/35 had progress updated provided in the December 2020 column and 23/35 in the September 2020 column.</p> <p>The corporate risk register was more consistent in providing quarterly updates in the summary tab with all risks having had their update recorded up to December 2020, although this was still not fully complete for the March 2021 update. However, the action progress recorded in the individual risk tabs was of a lower standard, where a simple statement such as 'in progress' was often recorded.</p>
2. Reporting:			
2.1	Regular reporting on key risks at corporate level	✓	The corporate risk register is subject to review on a quarterly basis at meetings of the SLT. A review of the risk register identified that these reviews are taking place and progress updates are recorded on the register. Additionally the minutes and reports of the SLT meetings show that the register is consistently being reported and discussed at these meetings on a quarterly basis.
2.2	Regular reporting on risks at division/department level	✗	<p>The update and review of the service risk registers is led locally by the heads of service with no local reporting mechanism in place.</p> <p>Risk management procedures require risk registers to be reviewed, updated and reported to the SLT on a quarterly basis and our interviews with the Insurance and Risk Management Officer and the heads of service indicated that these updates and reports occur on a consistent basis. However, as documented in 1.3 the evidence provided shows that the completion of these reviews is inconsistent and furthermore, the reports and minutes of SLT meetings provided as evidence for this review did not show reporting of service risk registers.</p>
2.3	Decisions based on risk reports are fed back	✓/✗	The Risk Management Strategy and Framework does not document any formal procedures for disseminating information or decisions down to services after registers are discussed at SLT. Our discussions with the heads of service indicated that there is no formal mechanism for this, but that risk registers are returned to the services after review and any feedback is provided verbally by the service director where necessary.
3. Assurance:			
3.1	Assurance is provided on the effectiveness of the management of risks	✗	<p>The risk registers are formatted to record the controls in place to mitigate the recorded risks and the actions to be taken to further mitigate the risks to within the Council's risk appetite. However, there is no record made of the assurances the Council obtains that these controls are working effectively, or where there are gaps in assurance that need to be addressed.</p> <p>The Council should set out the assurances it has into the three lines of defence model:</p> <ol style="list-style-type: none"> 1. Management control is the first line of defence in risk management

			<p>2. The various risk control and compliance over- sight functions established by management are the second line of defence</p> <p>3. Independent assurance is the third.</p> <p>This would be a more coordinated and robust approach to assessing the assurances in place and drawing on all the significant assurances the Council receives.</p>		
Assessment of maturity for this element					
	Naïve	Aware	Defined	Managed	Enabled
Current		✓			
Target				✓	

Risk Maturity Assessment - Continuous Improvement					
1.	Continuous Improvement:		✓/*	Evaluation	
1.1	The organisation's risk management approach and the Council's risk appetite are regularly reviewed and refined in light of new risk information reported		✓	There is no function within the current risk management structure to facilitate a formal review of the risk management function on a periodic basis. However, risk management is constantly under scrutiny within the organisation and has been highlighted as an increasingly important aspect of day to day operations over the past 15 months whilst the Council has been implementing its Covid-19 response. Where new information is presented which could impact the Council's management of risk, this is considered on a case by case basis and an appropriate response is implemented, taking in to consideration the risk appetite documented in the Risk Management Strategy and Framework.	
2.	KPIs:				
2.1	KPIs are used to measure aspects of the risk management activity, e.g. timeliness of implementation of risk responses, number of risks materialising or surpassing impact-likelihood expectations •% of risk issues exceeding defined risk tolerance without action plans •Cycle time from discovery of a control deficiency to risk acceptance decision •% of staff having undertaken advanced risk management training.		*	The Council does not monitor and report on any KPI's relating to risk management. Examples of possible indicators include: <ul style="list-style-type: none"> • % of risk issues exceeding defined risk tolerance without action plans • Cycle time from discovery of a control deficiency to risk acceptance decision • % of staff/members having formal risk management training. 	
Assessment of maturity for this element					
	Naïve	Aware	Defined	Managed	Enabled
Current			✓		
Target				✓	

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Alison Ball	Director of Corporate Resources and Section 151 Officer
Alison Nicholson	Insurance and Risk Management Officer
Joelle Davies	Head of Regeneration and Welfare
Francesca Whyley	Head of Governance and Customer Services
David Archer	Head of HR, Performance and Service Planning
Lance Juby	Head of Communities and Leisure
Mike Avery	Head of Development and Place

APPENDIX I - ASSESSMENT ACTION PLAN

The following table sets out the recommendations from our report. Where recommendations link across each of the five sections reviewed we have reported these together and cross referenced to the specific finding within the report. The table also includes the management comment arising from the recommendation, including the responsible officer and the expected implementation date. All recommendations are of medium priority unless otherwise stated.

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
1.	<p>Provide risk management training to all staff across the Council on a periodic basis as part of mandatory training cycles. The level of training should be proportional to the level of responsibility for risk management the officer/member holds.</p> <p>Heads of service and managers should be provided with comprehensive training to enable them to identify and adequately document a risk, identify appropriate mitigating controls and assurances and identify SMART actions to mitigate the risks.</p> <p>Officers below manager level should be provided with training to give them a sufficient understanding and appreciation of the importance of risk management and how it impacts their role.</p> <p>As a minimum, it should be every officer's responsibility to be aware of what risk is, to be able to identify factors that could indicate an increased level of risk that may need to be escalated to their manager and to report on this when it is identified.</p> <p>(Risk Governance - Sections 2.1, 5.1, 5.2)</p>	<p>Agreed. A tailored training programme will be developed for Officer and Members which is proportionate to the role and level of risk management responsibility.</p> <p>The frequency of training and timescales for future roll-out will be determined.</p>	<p>Head of Finance and ICT</p> <p>31 March 2022</p>

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
2.	<p>The roles and responsibilities section of the Risk Management Strategy and Framework (including Appendix 2) should be updated to ensure it includes the responsibility of officers below manager level within the risk management function. As a minimum their responsibilities should include the need to understand risk management and its importance to the organisation and to be able to identify risk factors that could indicate an increased level of risk and to report these to their managers.</p> <p>(Risk Governance - Section 3.1)</p>	<p>Agreed. A role of 'All Employees' to be added Roles and Responsibilities as part of the Risk Management Strategy reviewed.</p> <p>Responsibilities to be determined but may include:</p> <ul style="list-style-type: none"> • To identify and report risk to their manager • To manage risk effectively within their job, implementing identified actions 	<p>Head of Finance and ICT</p> <p>31 March 2022</p>
3.	<p>As a minimum all staff should have a general personal objective to support the management of risk within their service and their performance in delivering this objective should be evaluated as part of the appraisal process. (Low)</p> <p>(Risk Governance - Section 3.2)</p>	<p>This will be considered for those employees with specific responsibilities related to risk and recommendations will be made to Senior Leadership Team following consultation with the Head of HR, Performance and Service Planning</p>	<p>Head of Finance and ICT</p> <p>31 March 2022</p>
4.	<p>The Risk Management Strategy and Framework should be reviewed and updated as necessary to ensure the information included is up to date and accurately reflects current procedure. It should also be updated to incorporate the recommendations raised in this review once implemented. Document control should also be added to the front cover of the Strategy to record who is responsible for managing the document and signing off changes, when the document was last updated, who approved the last update and a record of amendments to the document over time.</p> <p>(Risk Governance - Section 7.1, 8.1)</p>	<p>Agreed</p>	<p>Head of Finance and ICT</p> <p>31 March 2022</p>

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
5.	<p>The Risk Management Strategy and Framework should be updated to include enhanced guidance on the identification of risk, including specific methods that officers should use to ensure that all risks within their service have been identified and recorded within their risk register.</p> <p>(Risk Assessment - Section 1.1)</p>	<p>Further detail and examples to support risk identification are included in Appendix 6 of the existing risk management strategy. Further consideration of including additional methods of risk identification will be considered as part of the review of the Risk Management Strategy and Framework.</p>	<p>Head of Finance and ICT 31 March 2022</p>
6.	<p>The format of the risk registers should be updated to ensure that the risks identified are directly linked to the objectives in the Gedling Plan 2020 - 2023 and service plans which they impact. Risks should also be categorised by risk type within registers (such as financial, compliance, service delivery, etc.) to enable enhanced risk mapping to take place, giving the Council a better understanding of which areas it is exposed to the greatest risk.</p> <p>(Risk Assessment - Section 2.1 and 2.3)</p>	<p>Agreed</p>	<p>Head of Finance and ICT 31 March 2022</p>
7.	<p>All risk registers should be comprehensively reviewed, paying attention to the descriptions of risks. These should be updated and improved to ensure they sufficiently document the risk or hazard, its cause and the consequence should the risk materialise.</p> <p>(Risk Assessment - Section 2.2)</p>	<p>Agreed</p>	<p>Head of Finance and ICT 31 March 2022</p>

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
8.	<p>All risks recorded on the risk register should be appropriately evaluated and assigned a risk score.</p> <p>(Risk Assessment - Section 3.1)</p>	<p>The detailed findings in this report show only one example where this has not been completed which perhaps demonstrates generally a good level of application of the methodology. Going forward, the quarterly review will include a check that risk evaluation and scoring has been completed.</p>	<p>Head of Finance and ICT</p> <p>31 December 2021</p>
9.	<p>All risks within the corporate register should be accompanied by a direction of travel, which shows previous risk scores for at least the last three quarters to provide the reader with an understanding of whether the actions taking place are effectively mitigating the risk over time.</p> <p>(Risk Mitigation - Section 1.1)</p>	<p>Currently the direction of travel is indicated by a note within each quarterly review of the Corporate Risk Register and the quarterly Audit Committee Risk Scorecard clearly demonstrates direction of travel. Consideration will be given to improving the presentation to make this more transparent.</p>	<p>Head of Finance and ICT</p> <p>31 December 2021</p>
10.	<p>Where a risk has been evaluated with a current risk score equal to its raw risk score despite controls in place and documented on the register, a further review should take place to identify why the current controls are ineffective and what can be done further to improve the effectiveness of these controls.</p> <p>(Risk Mitigation - Section 1.1)</p>	<p>Agreed. A review of the current risk registers will be completed to ensure full recording of controls and appropriate updating of the scores as controls are improved and implemented. Refresher training will be delivered as appropriate.</p>	<p>Head of Finance and ICT</p> <p>31 December 2021</p>

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
11.	<p>A comprehensive review of all registers should take place to improve the level of detail recorded for controls and action plans. All recorded controls should include narrative of how they mitigate the risk and all recorded actions should be SMART actions. Where an action has an implementation date that is overdue this should be raised with the risk owner to identify a specific plan to ensure the action is implemented in a timely manner with support from the SLT where needed.</p> <p>(Risk Mitigation - Section 2.1)</p>	Agreed	<p>Head of Finance and ICT 31 March 2022</p>
12.	<p>The format of the service risk registers should be updated to ensure they include implementation dates for each action on the register.</p> <p>(Risk Mitigation - Section 2.1)</p>	Agreed	<p>Head of Finance and ICT 31 December 2021</p>
13.	<p>The actions within the corporate risk register need to be reviewed to update the status of each action and ensure that the implementation status of the action accurately reflects the quarterly updates recorded.</p> <p>(Risk Reporting and Review - Section 1.1 and 1.3)</p>	Agreed	<p>Head of Finance and ICT 31 December 2021</p>

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
14.	<p>The overall risk environment in the Development and Place service needs to be reviewed to ensure the service risk register still accurately reflects the service's exposure to risk due to the risk register currently showing no changes or updates to any of the risks for the past three quarters.</p> <p>(Risk Reporting and Review - Section 1.2 and 1.3)</p>	<p>Agreed. Discussion will be held with the Head of Service to identify any issues preventing completion and provide support to improve engagement.</p>	<p>Head of Finance and ICT 30 September 2021</p>
15.	<p>Where quarterly reviews of the risk registers take place the services must ensure that the update columns in the registers are updated to provide the reader with a sufficient understanding of what changes have taken place since the previous quarter. Where no changes have occurred an explanation of why this is the case should be recorded.</p> <p>(Risk Reporting and Review - Section 1.2, 1.3, 2.1 and 2.2)</p>	<p>Agreed. Heads of Service will be reminded of this requirement.</p>	<p>Head of Finance and ICT 30 September 2021</p>
16.	<p>The Risk Management Strategy and Framework should be updated to include the mechanisms in place to ensure discussions and decisions made at SLT meetings relating to the service risk registers are fed back to the relevant services in a timely manner.</p> <p>(Risk Reporting and Review - Section 2.3)</p>	<p>Agreed. Formal feedback from SLT will be provided to Heads of Service by the Head of Finance and ICT who attends SLT to present the quarterly review of the risk register.</p>	<p>Head of Finance and ICT 31 December 2021</p>

Rec	Recommendation	Management Comment	Responsible Officer & Timescale
17.	<p>Risk registers should be updated to record the assurances obtained that controls in place to manage risks are working effectively and where there are gaps in these assurances. This should follow the three lines of defence model.</p> <p>(Risk Reporting and Review - Section 3.1)</p>	<p>This will be considered as part of the review of the Risk Management Strategy and Framework.</p>	<p>Head of Finance and ICT 31 March 2022</p>
18.	<p>Once the other recommendations from the report have been implemented and embedded to improve the foundations of the Council's risk management function, KPIs should be used to measure the effectiveness of risk management activity at the Council. This can include the proportion of risks operating at the target level and/or the overall effectiveness of risk management (current risk versus target risk etc.). See Appendix II for a list of possible KPIs.</p> <p>(Continuous Improvement - Section 2.1)</p>	<p>Agreed. This will be included in the review of the Risk Management Strategy and Framework.</p>	<p>Head of Finance and ICT 31 March 2022</p>

APPENDIX II - EXAMPLE KPIs

- Timeliness of implementation of risk responses
- Percentage of risks operating at the target level
- The overall effectiveness of risk management (current risk versus target risk)
- Number of risks materialising or surpassing impact-likelihood expectations
- % of risk issues exceeding defined risk tolerance without action plans
- Cycle time from discovery of a control deficiency to risk acceptance decision
- % of staff having undertaken risk management training
- Heads of Service must attend at least 75% of the XXX Council/Committee meetings and departmental governance group meetings and ensure that a designated deputy attends in their absence

APPENDIX III - RISK MATURITY ASSESSMENT MATRIX

	Risk Governance	Risk Identification and Assessment	Risk Mitigation and Treatment	Risk Reporting and Review	Continuous Improvement
Enabled	Risk management and internal control is fully embedded into operations. All parties play their part and have a share of accountability for managing risk in line with their responsibility for the achievement of objectives.	There are processes for identifying and assessing risks and opportunities on a continuous basis. Risks are assessed to ensure consensus about the appropriate level of control, monitoring and reporting to carry out. Risk information is documented in a risk register.	Responses to the risks have been selected and implemented. There are processes for evaluating risks and responses implemented. The level of residual risk after applying mitigation techniques is accepted by the organisation, or further mitigations have been planned.	High quality, accurate and timely information is available to operational management and directors. The Audit Committee reviews the risk management strategy, policy and approach on a regular basis, e.g. annually, and reviews key risks, emergent and new risks, and action plans on a regular basis, e.g. quarterly.	The organisational performance management framework and reward structure drives improvements in risk management. Risk management is a management competency. Management assurance is provided on the effectiveness of their risk management on a regular basis.
Managed	Risk management objectives are defined and management are trained in risk management techniques. Risk management is written into the performance expectations of managers. Management and executive level responsibilities for key risks have been allocated.	There are clear links between objectives and risks at all levels. Risk information is documented in a risk register. The organisation's risk appetite is used in the scoring system for assessing risks. All significant projects are routinely assessed for risk.	There is clarity over the risk level that is accepted within the organisation's risk appetite. Risk responses appropriate to satisfy the risk appetite of the organisation have been selected and implemented.	The Audit Committee reviews key risks, emergent and new risks, and action plans on a regular basis, e.g. quarterly. It reviews the risk management strategy, policy and approach on a regular basis, e.g. annually. Directors require interim updates from delegated managers on individual risks which they have personal responsibility.	The organisation's risk management approach and the Council's risk appetite are regularly reviewed and refined in light of new risk information reported. Management assurance is provided on the effectiveness of their risk management on an ad hoc basis. The resources used in risk management become quantifiably cost effective. KPIs are set to improve certain aspects of the risk management activity, e.g. timeliness of implementation of risk responses, number of risks materialising or surpassing impact-likelihood expectations.

<p>Defined</p>	<p>A risk strategy and policies are in place and communicated. The level of risk-taking that the organisation will accept is defined and understood in some parts of the organisation, and it is used to consider the most appropriate responses to the management of identified risks. Management and executive level responsibilities for key risks have been allocated.</p>	<p>There are processes for identifying and assessing risks and opportunities in some parts of the organisation but not consistently applied in all. All risks identified have been assessed with a defined scoring system. Risk information is brought together for some parts of the organisation. Most projects are assessed for risk.</p>	<p>Management in some parts of the organisation are familiar with, and able to distinguish between, the different options available in responding to risks to select the best response in the interest of the organisation.</p>	<p>Management have set up methods to monitor the proper operation of key processes, responses, and action plans. Management report risks to directors where responses have not managed the risks to a level acceptable to the Council.</p>	<p>The Council gets minimal assurance on the effectiveness of risk management.</p>
<p>Aware</p>	<p>There is a scattered, silo-based approach to risk management. The vision, commitment and ownership of risk management have been documented. However, the organisation is reliant on a few key people for the knowledge, skills and the practice of risk management activities on a day-to-day basis.</p>	<p>A limited number of managers are trained in risk management techniques. There are processes for identifying and assessing risks and opportunities, but these are not fully comprehensive or implemented. There is no consistent scoring system for assessing risks. Risk information is not fully documented.</p>	<p>Some responses to the risks have been selected and implemented by management according to their own perception of risk appetite in the absence of a Council-approved appetite for risk.</p>	<p>There are some monitoring processes and ad hoc reviews by some managers on risk management activities.</p>	<p>Management does not assure the Council on the effectiveness of risk management.</p>
<p>Naive</p>	<p>No formal approach developed for risk management. No formal consideration of risks to business objectives, or clear ownership, accountability and responsibility for the management of key risks.</p>	<p>Processes for identifying and evaluating risks and responses are not defined. Risks have not been identified nor collated. There is no consistent scoring system for assessing risks.</p>	<p>Responses to the risks have not been designed or implemented.</p>	<p>There are no monitoring processes or regular reviews of risk management.</p>	<p>Management does not assure the Council on the effectiveness of risk management.</p>

APPENDIX IV - TERMS OF REFERENCE

BACKGROUND

The risk management process involves the identification, evaluation and treatment of risk as part of a continuous process aimed at helping the Council and individuals reduce the incidence and impacts of risks that they face.

Risk management is therefore a fundamental part of both the operational and strategic thinking of every part of the service delivery within the organisation. This includes, corporate, business and financial risks.

At Gedling Borough Council ('the Council'), a Risk Management Strategy and Framework was approved by the Cabinet in October 2017, which provides guidance on the processes, procedures, roles and responsibilities for risk, and sets out the context on how risks are to be managed.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks. The Corporate Risk Register is reviewed on a quarterly basis by the Senior Leadership Team and the Audit Committee.

A monitoring report is provided by the Director of Corporate Resources and Section 151 Officer to the Audit Committee.

PURPOSE OF REVIEW

The purpose of the BDO Risk Maturity Assessment is to help ensure an effective risk management culture becomes embedded across the Council, by highlighting areas where processes could be improved. As primarily an advisory piece of work assessing the Council's current position against the BDO Risk Maturity Matrix, this assessment will not generate an assurance opinion.

KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the potential key risks areas to be reviewed are:

- There is not a clear understanding of risk within the Council
- The risks on the risk registers do not correspond to those actually facing the Council
- Risks are not reviewed on a regular basis and appropriate assurance and controls assigned to them
- Escalation and management review of risks is insufficient, and mitigating actions are ineffective.

SCOPE OF REVIEW

The Risk Maturity Assessment will cover the following elements of risk management:

- Governance
- Identification and assessment
- Mitigation and treatment
- Reporting and review
- Continuous improvement.

Based on documentary review and interviews with key staff, each element will be judged on a five-part scale between 'naïve' and 'enabled', as outlined in the BDO Risk Maturity matrix in Appendix 2.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH

Our approach will be to conduct interviews and perform documentary review to establish the level of maturity of each of the key elements of risk management considered by the assessment.

With social distancing measures affecting everyone, this review will be undertaken remotely with communications via email and video conferencing. We appreciate that your staff may have other priorities during the COVID-19 pandemic and we will work with them to accommodate convenient times to discuss documentation provided.

ADDED VALUE

The review will enable us to benchmark the Council's risk maturity level against other local government organisations both locally and nationally.

FOR MORE INFORMATION:

Greg Rubins

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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GEDLING BOROUGH COUNCIL

INTERNAL AUDIT REPORT - FINAL

HOUSING BENEFITS
AUGUST 2021

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

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DISTRIBUTION

Mike Hill	Chief Executive
Joelle Davies	Head of Regeneration and Welfare
Paul Whitworth	Housing and Welfare Support Manager

REPORT STATUS LIST

Auditors:	Alex Russell
Dates work performed:	26 July - 16 August 2021
Draft report issued:	24 August 2021
Final report issued:	31 August 2021

EXECUTIVE SUMMARY**LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)**

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	0
Low	1

TOTAL NUMBER OF RECOMMENDATIONS: 1**CRR/BAF REFERENCE:**

Risk 2: Failure to maintain financial integrity.

BACKGROUND:

Housing benefit is a regular council payment to support payment of rent where someone is unemployed, on a low income or claiming benefits. The amount an individual receives will depend on their income and circumstances.

The Council is committed to the prevention and detection of Housing and Council Tax Benefit overpayments in order to reduce the loss to public funds and in order for the council to maximise the subsidy income received from Government. An overpayment is any amount of benefit paid to or in respect of a customer to which he/she is not or was not entitled. Overpayments can be caused by a failure to report a change in circumstances, late notification of a change in circumstances, delays in processing a change in circumstances, incorrect information being supplied, errors made by the local authority or errors made by the Department for Works and Pensions. Where overpayments do occur, Gedling Borough Council is committed to recovering debt in a timely manner, taking into account the circumstances of those from whom recovery is sought.

Housing Benefit is being replaced by Universal Credit. New claims for Housing Benefit can only be made if either of the following applies:

- The individual has reached State Pension age
- The individual is in supported, sheltered, or temporary housing.

During the Covid-19 pandemic, in 2020/21, the Council received an 82% increase in claims (420) from the same period last year. The Council also received a 36% increase (2,800) in changes in circumstances compared to the same period in 2019.

This review assessed the Council's procedures for the processing of Housing Benefits claims and evaluated if they were operating as designed.

GOOD PRACTICE:

- Housing Benefits Key Performance Indicators (KPIs) are collated, reported and tracked. The detail of the 20 KPIs are collated by the Policy and Development Officer on a monthly basis, reviewed by the Housing and Welfare Support Manager and then reported monthly through the Senior Leadership Team (SLT) and quarterly through Overview and Scrutiny Committee. In addition the Council is also subject to scrutiny from the Department for Work and Pensions (DWP).
- We assessed a sample of 20 new Housing Benefit claims and determined whether they were accurately assessed in a fair and timely manner in line with Council procedures. No issues were identified within our sample.
- We tested a sample of private tenants for local housing allowance to confirm whether benefit payments were made in a complete, accurate and timely manner in accordance with published rates. No issues were identified within our sample.
- A sample of 20 cases where the claimant had reported a change of circumstance to the Council were selected. We found that in all cases the change in circumstance was addressed appropriately following the receipt of adequate supporting documentation, and processed in a timely manner.
- A sample of 10 Housing Benefit claims and 10 Discretionary Housing Benefit payments were assessed to confirm whether sufficient evidence could be provided to justify payment by the Council. No exceptions were identified as part of the testing.
- The Council appropriately defines what constitutes an overpayment of Housing Benefit within its Overpayment Policy and considers all forms of overpayment, with the exception of official error by the Council and DWP, as recoverable. Overpayments can be recovered through future benefit awards or by collecting from the customer directly by direct debit.
- We reviewed two write-offs which occurred between January and June 2021 out of a total 53 that were made, to assess whether justification can be provided for the write-offs. We found that the write-offs were justified and were made in accordance with Council Policy
- A process is in place whereby balances on the Housing Benefit system (Civica) are regularly reconciled to the main financial system (Agresso). Monthly checks are conducted between Agresso and Civica as part of an internal check to assess whether the balances reconcile with a more detailed check conducted at year end (31st March). Once the amounts between the two systems have been reconciled, this is then co-signed by the Housing Benefit Team Leader and the Housing and Welfare Manager.

KEY FINDINGS:

We have not raised any key findings as a result of the review. However, we have identified one low finding and raised two observations as detailed below:

- The Discretionary Housing Payments Policy and the Overpayments Policy are currently out of date. However these are currently being reviewed with the anticipated completion of both policies in August 2021 and approval by December 2021 (Finding 1 - low)
- Since April 2021, the Council have moved away from a risk-based verification for housing benefits. In place of the risk-based verification, the Council has a quality assurance module as part of the Civica application which conducts sample checks at random to assess the quality of checks applied to new Housing Benefit claims and changes of circumstances (Observation).
- Of the three Key Performance Indicators (KPIs) assessed, one indicator (average time to process change in circumstances) was found to not be meeting the target for six consecutive months. There have been valid reasons for this, eg impact of Covid-19 and move to Universal Credit (Observation).

CONCLUSION:

Overall, there are clearly defined roles and responsibilities with regards to housing benefits processes and procedures, and clear reporting at both a local and senior leadership level to assess team performance. Whilst the Discretionary Housing Payments Policy and the Overpayments Policy are both out of date our sample testing evidenced that the policies currently in place were working as designed.

We have therefore concluded that there is substantial assurance over both the design and the operational effectiveness of the controls in operation within the Housing Benefits system.

RISK: EXPECTATIONS FOR PROCESSING OF HOUSING BENEFITS ARE NOT CLEARLY COMMUNICATED THROUGH REGULARLY REVIEWED POLICIES AND PROCEDURES, LEADING TO STAFF BEING UNAWARE OF THEIR ROLES AND RESPONSIBILITIES.

Ref	Significance	Finding
1	Low	<p><u>Housing Benefit Policies</u></p> <p>The Council have three separate policies in place which cover Housing benefit including Discretionary Housing Payments, Direct Payments and Overpayments. These policies are required to be reviewed on an annual basis</p> <p>When reviewing the policies, we noted that two of the policies, the Discretionary Housing Payments policy and the Overpayments policy are currently out of date with both policies having not been reviewed since April 2017.</p> <p>Both policies were identified as requiring a review in a previous internal audit dated December 2019, with a target completion date of 31 March 2020. As at the June 2021 audit follow up to Audit Committee this was reported as overdue.</p> <p>The Housing and Welfare Support Manager informed us that both policies are currently subject to a review and have been delayed due to other priorities in the team as a result of the Covid-19 pandemic.</p> <p>It is understood that both are due to be reviewed before the end of August 2021 and then will be put forward for ratification by the end of the year.</p> <p>If policies are not kept up to date, there is a risk that the Council does not comply with current legislation or best practice.</p>

RECOMMENDATION:

Management should review both the Discretionary Housing Payments policy and the Overpayments policy and then have both policies ratified by the appropriate group/committee.

It should be ensured that the policy reviews are completed annually thereafter.

MANAGEMENT RESPONSE:

Agreed. The policies will be reviewed and then ratified by the end of the year.

Responsible Officer: Paul Whitworth

Implementation Date: 31 December 2021

OBSERVATIONS

RISK BASED VERIFICATION

Risk based verification (RBV) is a method of applying different levels of checks to benefits claims according to the risk associated with those claims. Different circumstances are taken into account and a risk profile applied to each claim. For the purpose of applying verification on a risk basis, each claim is ranked into one of three categories: low, medium and high risk. This allows a more intense verification activity to be targeted at those claims which are deemed to be at highest risk of involving fraud and/or error

The RBV method was utilised at the Council until 1 April 2021. The Council decided to end the scheme because they received notification from the software provider that they were no longer supporting the product. It is acknowledged that the Council would have moved away from this anyway as the number of new claims has decreased due to Universal Credit (see next observation). A report to this effect was written and approval sought from the Portfolio Holder.

In place of RBV, the Council now asks for all documentation on new claims. The Council has a quality assurance module as part of the Civica application that conducts sample checks at random and can be tailored to focus on applications reviewed by a specific member of the Housing and Welfare team if required.

KEY PERFORMANCE INDICATORS

The Policy and Development Officer collates statistics within a dedicated spreadsheet on a monthly basis for the Housing and Welfare Manager to review. There are currently 20 different indicators which include average time in days taken to process new claims and the percentage of new claims decided within 14 days of receiving all information.

The SLT receive reports from Pentana (the Council's Corporate Performance Management system) on five separate housing benefit key performance indicators. These are:

- Housing Benefit case load
- Average time in days taken to process new claims
- Average time in days taken to process change in circumstances
- Number of additional housing benefit claims
- Time taken to process housing benefit new claims and change events (in calendar days).

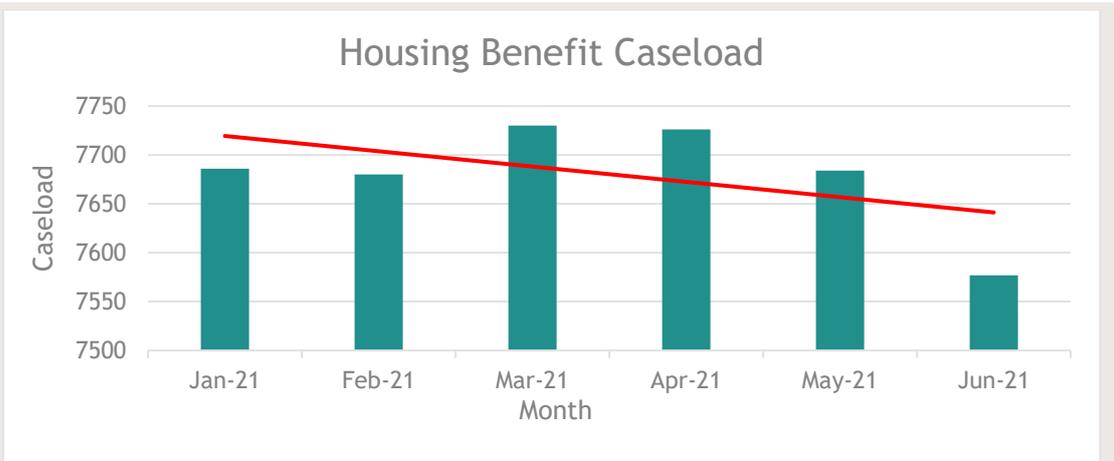
On any indicator that is not meeting the target or is increasing/ decreasing more than expected a narrative is provided to the Senior Leadership Team to detail why.

We have reviewed three of the Housing Benefit teams' key performance indicators and reported the detail below. It is understood that the current targets have been in place for a number of years and have not been altered. The Housing and Welfare Manager highlighted that the targets and the indicators themselves are reviewed annually to ascertain whether SLT require any different indicators and whether the targets should be revised.

Housing Benefit Caseload

Caseloads have been dropping slowly over the year. Housing benefit has been replaced by Universal Credit (unless the claimant has reached State Pension age or is in exempt or temporary accommodation), therefore a new claimant or those with a change to their claim would no longer receive housing benefits.

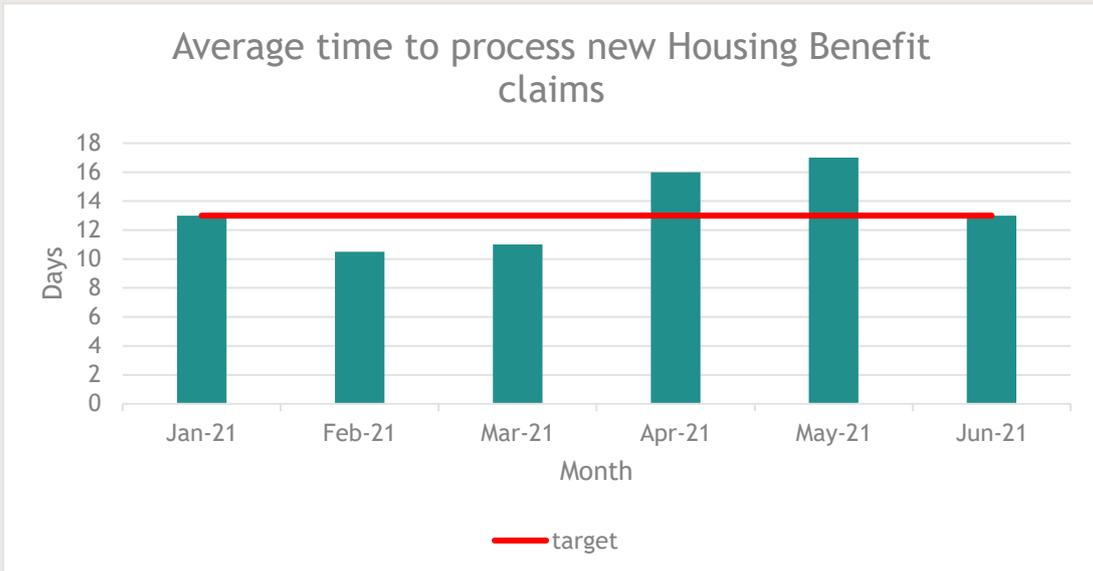
The following graph highlights both housing benefit and council tax benefit caseload as they are reported together. It is roughly a 50/50 split between both.



Average time to process new Housing Benefit claims

The current target is 13 days to process a new housing benefit claim. The following graph highlights the average time taken over the last six months. The target has been met in June 2021 but has been missed by 3-4 days in April and May 2021.

Following the Council’s decision to end the RBV scheme the Council now need to ask for all evidence in support of the claim, which has an effect on the time taken to process the claim. In addition, the start of a new financial year usually means an increase in claims, for example due to increase in rent and changes in work circumstances.



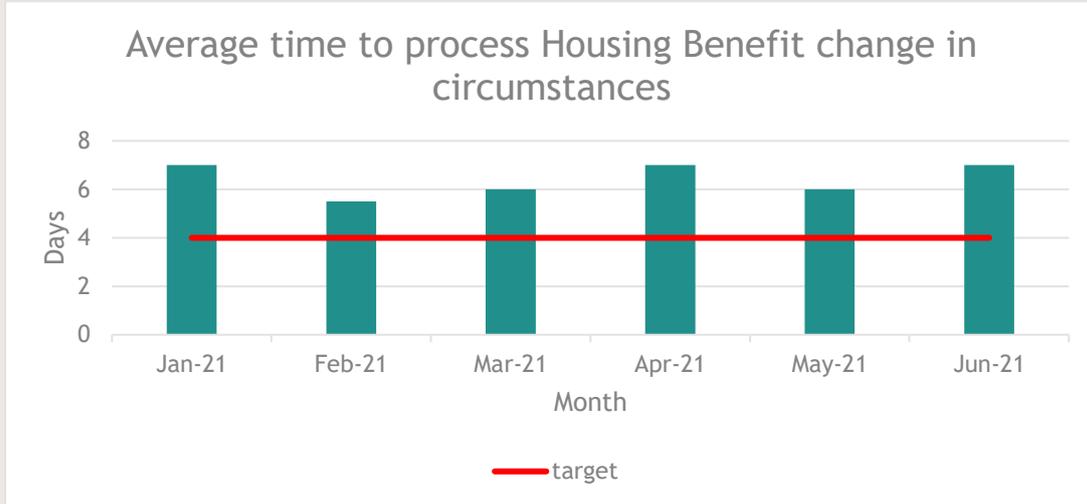
Average time to process change in circumstances

The following graph shows how long on average it takes to process housing benefit change in circumstances. The Council’s target is four days; however, over the six months January to June 2021 the target has been missed.

During Q1 2021/22 the Council experienced a significantly higher level of work, specifically around Universal Credit changes. A customer’s Universal Credit is reviewed monthly and there can be up to 12 changes a year per customer (eg changes in pay each month)

Where the Council now reviews all new claims these can be prioritised over change in circumstances (ie focussing on those who currently have no claim rather than those who

already have the benefit but waiting on a change). Alongside an increase in workload, change in RBV and Covid-19 related delays this has resulted in the target of four days being missed.



STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Gareth Armstrong	Team Leader - Welfare Support
Paul Whitworth	Housing and Welfare Support Manager
Susan Buchanan	Policy and Development Officer

APPENDIX I - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX II - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to review the design of controls and their operating effectiveness with regards to housing benefits. The review will focus on overpayment recovery, processing times and reporting.

KEY RISKS:

- Expectations for processing of Housing Benefits are not clearly communicated through regularly reviewed policies and procedures, leading to staff being unaware of their roles and responsibilities.
- Insufficient evidence is retained to support housing benefit applications and assessment decisions, leading to increased risk of fraudulent applications being processed and financial loss to the Council.
- Unauthorised changes are made to a claimant's personal details, leading to an increased risk of misappropriation of Council funds.
- Inconsistencies between the benefits system and the main accounting system are not highlighted, leading to incorrect payments being made and/or management information being inaccurate.
- Housing benefit overpayments are not identified and recovered on a timely basis, leading to financial loss to the Council.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Review procedures for the processing of Housing Benefits claim to evaluate if these are clear and easy-to-follow with defined roles and responsibilities
- We will test a sample of Housing Benefit claims and confirm whether they are accurately assessed in a fair and timely manner in line with Council procedures. We will assess whether the Council has a 'Risk Based Verification' process in place, and test whether appropriate verification action has been taken depending on the risk score
- We will test a sample of private tenants for local housing allowance to confirm whether benefit payments have been made in a complete, accurate and timely manner in accordance with published rates
- We will test a sample of cases where the claimant has reported a change of circumstance to the Council and review what action has been taken by the Council to address the change, and whether this has been done in a timely manner
- We will test a sample of Housing Benefit claims and Discretionary Housing Benefit payments to confirm whether sufficient evidence can be provided to justify payment by the Council We will confirm whether a process is in place where balances on the Housing Benefit/Council Tax Support system are regularly reconciled to the Council's main financial system
- We will perform testing to ensure that all cancellations are made in a timely manner and any overpayments are accurately and completely identified for subsequent recovery actions. We will also review the processes around write offs and perform testing to confirm whether justification can be provided for any write offs
- Review management information and evidence of monitoring and oversight over key performance indicators for the processing of Housing Benefits. We will confirm if performance is monitored at an appropriate level in the Council.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

BAF/CRR REFERENCE:

Risk 2: Failure to maintain financial integrity.

FOR MORE INFORMATION:

Greg Rubins

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Report to Audit Committee

Subject: Financial Management Code

Date: 21 September 2021

Author: Director of Corporate Resources and Section 151 Officer

Wards Affected

All

Purpose

To inform the Audit Committee about the introduction of CIPFA's Financial Management Code (the Code) as a framework to support good practice in local authorities by the setting of standards of financial management and to outline how it is considered that the Council presently adheres to this as well as provide details of proposed actions intended to ensure full compliance.

Key Decision

This is a not a key decision.

Recommendation(s)

THAT the Audit Committee:

- 1) Note the introduction of the CIPFA Financial Management Code and that 2021/22 will be the first year for which full compliance will be required.**
- 2) Note the initial assessment set out in appendix 2 of the Council's assessed level of compliance with the standards in the Code and the resulting actions required.**
- 3) Note that progress towards the actions identified will be monitored by the Audit Committee through the production and monitoring of the Annual Governance Statement.**

1 Background

- 1.1 Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by statutory provision. The general financial management of a local authority, however, has not until now been supported by a professional code. The Code has been introduced by the Chartered Institute of Public Finance and Accountancy (CIPFA) because the exceptional financial circumstances faced by local authorities have revealed concerns about fundamental weaknesses in financial management, particularly in relation to organisations that may be unable to maintain services in the future.
- 1.2 Local authorities were required to apply the Code with effect from 1 April 2020 with the first full year of compliance being 2021/2022. This timescale has been questioned due to the extreme pressures placed upon local authorities by the Covid 19 crisis. However, the objective of the Code is to enhance standards of financial management across the public sector and it is considered that having good financial management embedded is even more essential during the current challenging times. Good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable.
- 1.3 The requirement of full compliance by 2021/2022 has not changed but the Code does allow for both flexibility and a proportionate approach which should allow local authorities to adhere to some parts of the Code whilst other parts may indicate a direction of travel with commentary within the Annual Governance Statement used to demonstrate local decisions and provide additional guidance and transparency. Demonstrating compliance with the Code is a collective responsibility of the leadership team, both the Executive and the Senior Leadership Team.
- 1.4 The Code is designed to support good practice in financial management through a series of principles supported by specific standards which are considered necessary to provide the strong foundation to:
- Financially manage the short, medium and long term finances
 - Manage financial resilience to meet unforeseen demands on services
 - Manage unexpected shocks in financial circumstances

- 1.5 A more detailed analysis of the Code requirements is given in Appendix 1. whilst an initial assessment of the Council's current position against the standards set out in the Code along with identified actions is set out in Appendix 2.

2 Proposal

- 2.1 It is proposed that the requirement to comply with the CIPFA Financial Management Code with effect from 2021/22 be noted. A summary of the Code requirements including the Financial Management Standards and how compliance with those standards can be demonstrated is detailed in Appendix 1.

- 2.2 It is proposed that the initial assessment of the Council's current level of compliance with the standards set out in the Code and the outstanding actions required as detailed in Appendix 2 be noted for comment.

- 2.3 It is proposed that the progress with the implementation of actions to ensure the compliance with the Code be monitored by this Committee through the consideration of the Annual Governance Statement which will highlight areas outstanding for improvement in the action plan. Members will note that many of the actions detailed in Appendix 2 are reflected in the draft Annual Governance Statement considered by the Committee in June. Any further update required will be included in the final Annual Governance Statement to be approved alongside the Statement of Accounts in December. It should be noted that compliance with the Code is an ongoing requirement and new actions to both maintain and improve standards will be a normal feature of securing effective financial management and continuous improvement.

3 Alternative Options

An alternative option is not to comply with the Financial Management Code. This is not recommended as it would not support the statutory requirement of all local authorities to have sound financial management.

4 Financial Implications

There are no financial implications arising directly from this report.

5 Legal Implications

Compliance with the Financial Management Code is not a statutory requirement. CIPFA's intention is that the Code will have the same scope as the Prudential Code for Capital Finance in Local Authorities,

so although the FM Code does not have legislative backing, it applies to all local authorities. In addition to its alignment with the Prudential Code the FM Code also has links to the Treasury Management in the Public Sector Code of Practice and Cross Sectoral Guidance Note and the annual Code of Practice on Local Authority Accounting in the United Kingdom. In this way the FM Code supports authorities by reiterating in one place the key elements of these statutory requirements.

The Code is also further supported by: the statutory requirement for all authorities to have sound financial management; S151 of the Local Government Act 1972 requiring local authorities to 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs'.

6 Equalities Implications

There are no equalities implications arising directly from this report.

7 Carbon Reduction/Environmental Sustainability Implications

There are no carbon reduction or environmental sustainability implications arising directly from this report.

8 Appendices

Appendix 1 – Summary of Financial Management Code requirements.

Appendix 2 – Self assessment of the Council's current position against the standards in the Financial Management Code including identified actions.

9 Background Papers

CIPFA Financial Management Code and Code Guidance Notes

Statutory Officer approval

Approved by the Chief Financial Officer
Date: 10 September 2021

Approved by the Monitoring Officer
Date: 13 September 2021

Financial Management Code Requirements

1. Introduction

The Code does not prescribe the financial management processes that local authorities should adopt but requires a local authority to demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances.

The underlying principles which have been designed to focus on robust financial management as a way of achieving both short term financial resilience and long term financial sustainability are:

- Organisational leadership
- Accountability
- Transparency
- Adherence to professional standards
- Assurance
- Sustainability

The principles are supported by financial management standards which are described below.

2. Financial Management Standards

Each of the underlying principles is supported by a set of financial management standards which a local authority should meet. The standards are to be guided by proportionality whereby it will be appropriate to apply different financial management approaches to high value/high risk items as distinct from low value/low risk items. A local authority should demonstrate a vigorous approach to the assessment and mitigation of risk so that financial management expertise is deployed effectively given the circumstances faced by the authority. Demonstrating compliance is the collective responsibility of elected members, the Senior Leadership Team (SLT) and the Chief Finance Officer.

Leadership

- The leadership team is able to demonstrate that the services provided by the authority provide value for money.
- The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.
- The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.

Accountability

- The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).
- The Chief Finance Officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom
- The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Transparency

- The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
- The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Standards

- The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.
- The authority complies with its statutory obligations in respect of the budget setting process.
- The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

Assurance

- The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
- The authority has carried out a credible and transparent financial resilience assessment.
- The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

Sustainability

- The financial management style of the authority supports financial sustainability.
- The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
- The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

3. Compliance with Standards

The Code gives further guidance on how compliance with the minimum standards may be achieved and demonstrated.

The responsibilities of the Chief Finance Officer and Leadership Team:

- Responsibility for corporate financial sustainability rests with those responsible for making executive decisions with the support of their professional advisors. Elected members need to work effectively with officers and other stakeholders to make difficult decisions and to identify and deliver savings when required.
- The statutory of the role of the Chief Finance Officer is a distinctive feature of local government in the UK. This role cannot be performed in isolation and requires the support of the other members of the Leadership Team. The Leadership Team must recognise that while statutory responsibility for the financial management of the authority rests with the Chief Finance Officer, the Chief Finance Officer is reliant on the actions of the Leadership Team, both collectively and individually as elected members and other senior officers.

Governance and financial management style:

- Without good governance a local authority cannot make the changes necessary for it to remain financially sustainable. As such, financial sustainability must be underpinned by the robust stewardship and accountability to be expected of public bodies. Good governance gains the trust of taxpayers and other funders by giving them confidence that money is being properly spent. Good governance ensures better informed and longer-term decision making and therefore is essential for good financial management. Responsibility for good governance also rests with the leadership team. The team must ensure that there are proper arrangements in place for governance and financial management, including a proper scheme of delegation that ensures that frontline responsibility for internal and financial control starts with those who have management roles. Good governance is evidenced by actions and behaviours as well as formal documentation and processes.
- The financial management challenges faced by many local authorities are unprecedented in recent history and show no signs of easing. This is significant because it means that different styles of financial management are necessary. Financial sustainability will not be achieved by continuing with the behaviours of the past since these do not meet the demands of the present – or the future, which may be even more challenging. To remain

financially sustainable authorities need to develop their financial management capabilities. The strength of financial management within an organisation can be assessed by a hierarchy of 3 financial management styles: delivering accountability; supporting performance; enabling transformation.

Medium to long term financial management:

- While the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability. Short-termism runs counter to both sound financial management and sound governance.
- If an authority has not tested and demonstrated its long-term financial resilience then its financial sustainability remains an open question. Authorities must critically evaluate their financial resilience. It is possible that the existing strategy is financially sustainable, but this must still have been tested and demonstrated in a financial resilience assessment.

Annual budget:

- One of the objectives of the Code is to end the practice by which the annual budget process has often become the focal point if not the limit of local authority financial planning. However, the annual budget preparation process needs to be protected at a time when the need to make difficult decisions may threaten its integrity.
- The annual report setting out the proposed budget for the coming year is a key document for the authority. The best budget plans are those owned and articulated by the whole leadership team and senior managers, not simply the Chief Finance Officer

Stakeholder engagement and business cases:

- Financial sustainability requires citizens to understand that resources are not limitless and that decisions have to be made about both the relative priority of different services and the balance between service provision and taxation levels. The leadership team collectively has an important role in reviewing priorities to enable resources to be redirected from areas of lesser priority. It is not possible to rely principally on pro rata cuts to generate the savings necessary for financial sustainability in an era of austerity.
- Stakeholder consultation can help to set priorities and reduce the possibility of legal or political challenge late in the change process. Stakeholder consultation helps to encourage community involvement not just in the

design of services but in their ongoing delivery. This is especially the case when a local authority adopts an enabling approach to public service delivery which, along with the active involvement of the third sector, may facilitate future reductions in service costs.

- Financial sustainability will be dependent upon difficult and often complex decisions being made. The authority's decisions must be informed by clear business cases based on the application of appropriate option appraisal techniques

Performance monitoring:

- To remain financially sustainable an authority must have timely information on its financial and operational performance so that policy objectives are delivered within budget. Early information about emerging risks to its financial sustainability will allow it to make a carefully considered and therefore effective response.

External financial reporting:

- Taxpayers and citizens have a legitimate stake in understanding how public money has been used in providing the functions and services of the authority. The audited statements of account, which present the authority's financial position and financial performance, play an integral part in demonstrating this to them. The statutory accounts provide a secure base for financial management. They support accountability and thus good financial management by allowing the users of the financial statements and other stakeholders to discover how much is spent in a year on services and whether this has increased or decreased from previous years; consider the indebtedness of an organisation and how that might impact on future taxpayers; recognise the value and therefore usefulness of the assets that the organisations hold; assess what the future commitments and liabilities are, for example, for pensions or leases, and again how these are likely to impact on future generations and taxpayers.

Financial Management Code - Self Assessment 2021/22

Code Ref	Financial Management Standard	Suggested Evidence Requirements	CFO Assessment and Action(s) Required to meet minimum standards 2021/22
Responsibilities of the Chief Finance Officer and the Leadership Team			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	<p>The authority has a clear and consistent understanding of what value for money means to it and its leadership team.</p> <p>There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services.</p> <p>The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved.</p>	<p>The Council has a clear commitment to the provision of value for money which is embedded in the Gedling Plan, Values and Priorities i.e. to <i>be a High Performing Council</i> with associated actions for the provision of efficient and effective services.</p> <p>Performance management processes for budget and service planning are integrated and transparent with clear lines of accountability, regular frequency of monitoring and reporting to the Executive to ensure achievement of Gedling Plan Priorities.</p> <p>The Budget Strategy and Medium Term Financial Plan (MTFP) is underpinned by value for money and sustainability principles, providing a rigorous budget setting process which has received positive comments from external auditors in previous years.</p> <p>The Council has an Efficiency Strategy to guide value for money improvements in service delivery and the development of its Efficiency Programmes which are approved by elected members.</p>

			<p>The Council demonstrated its arrangements for securing value for money are effective through the achievement of an annual unqualified Value For Money conclusion from the external auditors (Mazars) in 2019/20. A similar outcome is anticipated in 2020/21.</p> <p>The Annual Governance Statement focusses on all aspects of governance but critically on processes around value for money in cost effective and sustainable service provision.</p> <p>Actions Required - None</p>
<p>B</p>	<p>The Authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.</p>	<p>The CIPFA Statement requires that the Chief Financial Officer (CFO):</p> <ul style="list-style-type: none"> • Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest. • Must be actively involved in, and able to bring influence to bear on, all material business decisions • Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. • Must lead and direct a finance function that is resourced to be fit for purpose. • Must be professionally qualified and suitably experienced. 	<p>The CFO (the Director of Corporate Resources and S151 Officer) is a fully qualified CIPFA member with substantial experience in local government and reports directly to the Chief Executive.</p> <p>The CFO is a key member of the Senior Leadership Team (SLT) which comprises of the Chief Executive and Corporate Director(s).</p> <p>The CFO has direct access to elected members and is actively involved in strategic decision making, including participation in the Programme Board that oversees the implementation of all major projects.</p> <p>The CFO leads on the MTFP and ensures that all risks are considered, in conjunction with the other members of the leadership team (Executive Members and Senior Leadership Team).</p> <p>The Chief Finance Officer provides comments on all Member decision reports in advance of report publication.</p>

			<p>Actions Required</p> <ul style="list-style-type: none"> – Review the working practices and structure of the Financial Services team to deliver required efficiencies and ensure it remains fit for purpose to support continued good financial management across the Council (including building in suitable succession arrangements where possible) – Rollout a fraud awareness training to staff and Member - To continue to support professional development – ongoing
Governance and Financial Management Style			
C	<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p>The leadership team espouses the Nolan principles.</p> <p>The authority has a clear framework for governance and internal control.</p> <p>The leadership team has established effective arrangements for assurance, internal audit and internal accountability.</p> <p>The leadership team espouses high standards of governance and internal control.</p> <p>The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>	<p>The Nolan principles are embedded in the Council's Constitution in the Members Code of Conduct, the employee handbook and Counter Fraud and Corruption Strategy.</p> <p>The Constitution contains the rule governing how we operate and how decisions are made, including the Contracts Procedure Rule and Financial Regulations, to ensure procedures are efficient, transparent and accountable. The Constitution is being fully reviewed with adoption anticipated in 2021/22</p> <p>The Code of Corporate Governance provides the clear framework for governance and internal control which is reviewed annually by Audit Committee.</p> <p>The Council has an internal audit function (provided by BDO) that reviews and reports to the Audit Committee on the adequacy and effectiveness of the internal control system to</p>

			<p>ensure the achievement of the Council's objectives in the areas reviewed as set out in an agreed annual programme of work.</p> <p>BDO provide an annual report to the Audit Committee on the work they have undertaken that includes an overall opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes.</p> <p>BDO reported to the Audit Committee in June 2021 that that they were able to provide moderate assurance that in 2020/21 the Council had a sound system of internal control designed to meet the Council's objectives and that controls were being applied consistently. This opinion represented BDO's second highest level of assurance in a challenging year and none of their local authority clients achieved substantial assurance in 2020/21.</p> <p>Action Required</p> <ul style="list-style-type: none"> - The Council's Constitution is being reviewed and will be consider by Council for adoption during 2021/22, this includes a fundamental review of Contract Procedure Rules and Financial Regulations. - Improve the process for Officer Declaration Interests as detailed in the Counter Fraud and Corruption Strategy Action Plan. - Ensure all agreed internal audit recommendations from 2020/21 that were not
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			implemented by the agreed implementation date are implemented in 2021/22.
D	The Authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	<p>The authority is aware of the provisions of the CIPFA Delivering Good Governance Framework.</p> <p>The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements.</p> <p>The authority has in place a suitable code of governance.</p>	<p>The Council has an approved Local Code of Corporate Governance consistent with the CIPFA Delivering Good Governance Framework available on its website. The Local Code is reviewed annually by Audit Committee.</p> <p>The production of the Annual Governance Statement (AGS) as part of the Statement of Accounts also includes a review of compliance with the CIPFA Framework including an update on progress towards the completion of actions previously identified to address control or risk issues along with proposed actions for the following year.</p> <p>Action Required - None</p>
E	The Financial Management Style of the authority supports financial sustainability	<p>Strong financial management is assessed against a hierarchy of</p> <ol style="list-style-type: none"> 1. delivering accountability 2. supporting performance 3. enabling transformation. <p>Need to perform well at each level before moving to the next. This is broadly linked to economy, efficiency and effectiveness.</p>	<p>The Council's Constitution (due to be updated in 2021/22) sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are transparent to the local community.</p> <p>The Financial Regulations included in the Constitution establish the system of control for financial decisions including the roles and responsibilities of Members and officers.</p> <p>There is an effective performance management framework in place with quarterly finance and performance reporting to Cabinet. The Finance</p>

			<p>team provide a Finance Business Partnering Role in support of services.</p> <p>The Chief Finance Officer is a member of the Programme Board which oversees all major projects. Finance Business Partner are members of each project team to ensure effective advice is provided to transformation projects.</p> <p>Action Required –</p> <p>As included at C above a review the Constitution, including Financial Regulations is due to be completed in 2021/22 with training to be provided to Members and Officers once it has received approval by Council, to ensure it is effectively embedded</p>
Long to Medium Term Financial Management			
F	<p>The Authority has carried out a credible and transparent Financial Resilience Assessment.</p>	<p>The authority has undertaken a financial resilience assessment.</p> <p>The assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment.</p>	<p>A full risk assessment of the Council's financial resilience is undertaken as part of the production of the updated 5 year Medium Term Financial Plan (MTFP) presented to Cabinet in February each year.</p> <p>The corporate risk register has a specific risk (2 – Failure to maintain financial integrity) dedicated to the Council's financial resilience with defined controls and agreed actions that are reviewed by the Senior Leadership Team on a quarterly basis.</p> <p>Action Required</p> <ul style="list-style-type: none"> - Consider further enhancing financial resilience reporting by utilising tools such as the CIPFA Financial Resilience Index

G	<p>The Authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members.</p>	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability.</p> <p>The authority has a strategic plan and long term financial strategy that addresses adequately those risks.</p> <p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making.</p>	<p>A 5 year Medium Term Financial Plan (MTFP) is presented to Cabinet in February each year which fully identifies the risks to financial sustainability and impact on reserves.</p> <p>It was reported to Cabinet in February 2021 that it is anticipated that a minimum General Fund balance of £1m will be maintained through to the end of 2025/26. However, this is subject to a number of assumptions which will need to be reviewed and revised in future iterations of the MTFP.</p> <p>A fuller understanding of long term financial sustainability will only come when the current uncertainties and risks associated with the review of local government funding and Covid-19 are reduced and reflected in the medium term financial planning process.</p> <p>The financial implications of major projects are monitored through the Programme Board and any revised assumptions need to be reflected in future medium term financial planning along with any priority work identified in the production of an Asset Management Plan.</p> <p>The corporate risk register has a specific risk (2 – Failure to maintain financial integrity) dedicated to the Council's financial resilience with defined controls and agreed actions that are reviewed by the Senior Leadership Team on a quarterly basis.</p> <p>Action Required</p> <ul style="list-style-type: none"> - Present an updated Medium Term Financial Plan (MTFP) to Cabinet in February 2022
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			considering the risk of Covid and outcome of the expected Comprehensive Spending Review and review of local government funding.
H	The Authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	<p>The authority is aware of its obligations under the Prudential Code.</p> <p>The authority has prepared a suitable capital strategy.</p> <p>The authority has a set of prudential indicators in line with the Prudential Code.</p> <p>The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>The Council has all the strategies/policies in place as required and recommended by the Prudential Code.</p> <p>The Capital Investment Strategy and Treasury Management Strategy Statement are presented to Cabinet and Full Council for approval each year. The Strategies currently cover a 5-year planning horizon consistent with the MTFP.</p> <p>Business cases for major capital investment decisions are developed over a longer time frame consistent with the life of the asset to ensure the affordability and sustainability of the project.</p> <p>Quarterly treasury management updates (including compliance with prudential indicators) are reported to Cabinet.</p> <p>This is supplemented by specialist advice received from the Council's treasury advisors</p> <p>Actions Required</p> <ul style="list-style-type: none"> - Ensure the Council complies with any new requirements as set out in the revised versions of the Prudential Code and Treasury Management Code – ongoing - Consider the implementation of a longer term planning horizon for current asset maintenance

			<p>linked to the Asset Management Plan which is currently under review.</p>
<p>I</p>	<p>The Authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans.</p>	<p>The authority has in place an agreed medium term financial plan.</p> <p>The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy.</p> <p>The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand.</p> <p>The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand</p>	<p>The 5 year rolling Medium Term Financial Plan (MTFP) is updated and reported to Cabinet in February each year as part of the budget setting process. The plan is consistent with the capital investment strategy and is refreshed annually to reflect relevant strategic priorities, commitments, underlying assumptions and emergent issues and to agree future savings targets. This ensures that the Council always has a 5-year balanced budget, allowing for sufficient time to time to plan and deliver any required savings.</p> <p>The MTFP is linked to the Gedling Plan to ensure that measures to deliver the priorities are properly resourced.</p> <p>Service Plans are developed based on Gedling Plan priorities and the service planning and budget process are integrated.</p> <p>The Council maintains a number of earmarked reserves to manage any significant in year variances, particularly in respect of initiatives planned as part of the delivery of the Efficiency Programme.</p> <p>Action Required – None</p>

The Annual Budget			
J	<p>The Authority complies with its statutory obligations in respect of the budget setting process</p>	<p>The authority is aware of its statutory obligations in respect of the budget-setting process.</p> <p>The authority has set a balanced budget for the current year.</p> <p>The authority is likely to be able to set a balanced budget for the forthcoming year.</p> <p>The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.</p>	<p>The Council sets a balanced budget along with a council tax increase that is within the council tax referendum limits. A properly recorded vote on the budget takes place at Council meetings.</p> <p>The Council consults with the local business community on its budget proposals in accordance with the statutory requirement.</p> <p>The Council has a balanced medium term financial plan (MTFP) through to 2025/26 with the General Fund balance projected to be above a minimum £1m.</p> <p>The Council is aware of the circumstances and the process in issuing a Section 114 notice, but does not envisage this to be an issue over the medium term.</p> <p>Action Required - None</p>
K	<p>The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p>	<p>The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves.</p> <p>The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case.</p>	<p>The Medium Term Financial Plan (MTFP) presented to Cabinet in February 2021 by the Chief Finance Officer included details of the robustness of the estimates and the adequacy of the anticipated reserves through to 2025/26. This was then presented to Full Council in March 2021.</p> <p>The Council maintains number of reserves to mitigate against future financial risks including, for example, the Insurance Reserve, the Efficiency and Innovation Reserve and the Asset Management Reserve.</p>

		<p>The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future.</p> <p>The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is taking to address any shortfall.</p>	<p>Action Required - None</p>
<p>Stakeholder Engagement and Business Plans</p>			
<p>L</p>	<p>The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget.</p>	<p>The authority knows who its key stakeholders are.</p> <p>The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium term financial plan and its annual budget.</p> <p>The authority has assessed the effectiveness of this engagement.</p> <p>The authority has a plan to improvement its engagement with key stakeholders.</p>	<p>Officers engage with and work closely with the Leader, Deputy Leader, Portfolio Holders and other Cabinet members on the medium term financial strategy and annual budget.</p> <p>Officers brief other members (including opposition parties) on the budget proposals and other financial matters.</p> <p>Consultation on the annual budget takes place via the Council's website and networks with the local business community.</p> <p>Regular consultation with the community through the Gedling Conversation includes a Residents Survey which informs the development of the Gedling Plan, which directly inform the development of the budget through the integrated budget and service planning process.</p> <p>Consultation with residents/service users is conducted in respect of the development of new policy or individual service changes, which informs budget priorities. This allows the engagement to be more targeted to affected</p>

			<p>groups and ensures that the engagement is meaningful.</p> <p>Action Required –</p> <p>Review the current budget consultation processes with a view to improving engagement and encouraging active participation in respect of the whole budget.</p>
<p>M</p>	<p>The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.</p>	<p>The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'.</p> <p>The authority offers guidance to officers as to when an option appraisal should be undertaken.</p> <p>The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options.</p> <p>The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty.</p> <p>The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).</p>	<p>The Council has a developed a robust corporate project management methodology designed to ensure that projects achieve deliverables on time and within budget. The project management framework contains key templates for business cases, project initiation documents (PIDs) and highlight reports. The highlight reports include separate sections on financial implications and mitigations to address any key risks identified.</p> <p>All major projects are monitored via the Programme Board and assigned a Project Manager to oversee and be accountable for the project. Updates on key projects including proposals to amend budgets are presented to Cabinet when necessary.</p> <p>The 5 year Capital Investment Strategy presented to Cabinet in February and then approved by Council in March each year includes a Capital Resource Development Bid scoring methodology linked to Gedling Plan priorities used to assess bids for their suitability for inclusion in the capital programme.</p> <p>Action Required - None</p>

Monitoring Financial Performance			
N	<p>The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.</p>	<p>The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability.</p> <p>The reports cover both forward- and backward looking information in respect of financial and operational performance.</p> <p>There are mechanisms in place to report the performance of the authority's significant delivery partnerships.</p> <p>The reports are provided to the leadership team in a timely manner and in a suitable format.</p> <p>The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.</p>	<p>Cabinet receive quarterly performance and budget monitoring reports which highlight any significant variances that are emerging and include updates on progress towards meeting targets set out in the Efficiency Programme. Any significant variances identified continue to be tracked and additional information provided in subsequent quarterly reports if necessary.</p> <p>Quarterly treasury management update reports are also presented to Cabinet whilst the Medium Term Financial Plan (MTFP) is updated and reported to Cabinet in February each year as part of the budget setting process.</p> <p>The Chief Finance Officer provides a 'going concern' report to the Audit Committee alongside the external auditor's report on the conclusion of the audit of the Council's annual accounts.</p> <p>Action Required - None</p>
O	<p>The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.</p>	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.</p> <p>The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet.</p> <p>The authority is taking action to mitigate the risk identified.</p>	<p>The Council regularly monitors and report through quarterly monitoring procedures on key balance sheet risks including its reserves position, provisions and investments and borrowing.</p> <p>The Council's balance sheet includes a number of provisions including one for business rate appeals.</p> <p>Cash flow is managed through a robust treasury management processes which involves quarterly updates being presented to Cabinet.</p>

		<p>The authority reports unplanned use of its reserves to the leadership team in a timely manner.</p> <p>The monitoring of balance sheet risks is integrated into the authority's management accounts reporting processes.</p>	<p>The Council also includes consideration of balance sheet elements, such as the use of reserves and requirement for provisions, in its medium term financial plan (MTFP). The planned use of reserves is monitored through the quarterly budget and performance review process included outturn reports.</p> <p>Other assets and liabilities are not routinely reported on.</p> <p>Action Required</p> <ul style="list-style-type: none"> - Consider how, when and by who a more detailed and frequent analysis of the Council's balance sheet can be undertaken to enhance medium and long term financial planning.
External Financial Reporting			
P	<p>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	<p>The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements.</p> <p>The authority's CFO is aware of their responsibilities in terms of the preparation of the annual financial statements.</p> <p>These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms.</p> <p>The authority's financial statements have hitherto been prepared on time and in accordance with the requirements of the</p>	<p>The Chief Finance Officer (CFO) conducts their duties in accordance with the Constitution and the Scheme of Delegation.</p> <p>The CFO is aware of their responsibility for the preparation of the annual financial statements and ensures that they are completed both on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting. This is evidenced by the fact that the Council has received an unqualified opinion from the external auditors on its annual financial statements for a number of years.</p> <p>Action Required</p> <ul style="list-style-type: none"> - As detailed in Standard B - Ensure that the Financial Services team has sufficient

		Code of Practice on Local Authority Accounting in the United Kingdom.	resources in terms of number of staff as well as their knowledge, skills and expertise to produce the annual financial statements in accordance with the timescales set out in the Accounts and Audit Regulations.
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	<p>The authority's leadership team is provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget.</p> <p>The information in these reports is presented effectively.</p> <p>These reports are focused on information that is of interest and relevance to the leadership team.</p> <p>The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>The Senior Leadership Team (SLT) along with Cabinet are provided with an outturn report detailing significant variations to the revised revenue and capital budgets. The reports include requests for revenue and capital carry forwards (above those delegated to the Chief Finance Officer) and proposals for transfers to and from of earmarked reserves.</p> <p>SLT on the advice of the Chief Finance Officer consider the treatment of any surpluses and reserves before discussion with Members and formal approval.</p> <p>SLT maintain a specific focus on the development of the MTFP and provide a strategic overview to ensure the priorities set out in the Gedling Plan are adequately resourced and are considered within the overall financial position</p> <p>Action Required - None</p>



Report to Audit Committee

Subject: Corporate Risk Management Scorecard Quarter 1 2021/22

Date: 21 September 2021

Author: Director of Corporate Resources and Section 151 Officer

1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

- Note the progress of actions identified within the Corporate Risk Register.

2. Background

The current Risk Management Strategy & Framework was last considered and approved by the Cabinet in October 2017.

The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks.

Existing risks identified within both the Council's corporate and operational service risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

3. Corporate Risk Register

This approach has meant that some of the risks included within the corporate risk register have been set at a relatively high score with the expectation that as mitigation measures are properly recorded or actions taken, then these risks should start to improve over the coming months. This is not to say that all risks will return to 'green', as mitigation measures can only go so far, and some risks may always be inherently 'red' or 'amber' as the score reflects the potential impact on the Council and the likelihood of that event occurring.

The Corporate Risk Register and supporting comments as at the end of June 2021 are appended to this report, and this includes a summary of all control gaps currently identified on the Council's Corporate Risk Register.

The last update of the Corporate Risk Scorecard was presented to Audit Committee on 29 June 2021 which provided the 2020/21 quarter 4 position.

Members are fully aware of the risks arising from the national outbreak of the coronavirus, Covid-19 which have been fully reported to all Members of the Council including the budget and performance reports, the Annual Governance Statement and previous Risk Management Scorecard reports to this Committee. The impact is ongoing and, as at quarter 1, has been updated in the risk register.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report.

6. Equalities Implications

None arising directly from this report.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 1, Period Ending 30 June 2021

Appendix 2 - Risk Management Scoring Matrix

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 9 September 2021

Approved by: Monitoring Officer
Date: 13 September 2021

Appendix 1 - Corporate Risk Register Monitoring – Quarter 1 – Period Ending 30 June 2021

1	<p>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at B1 low likelihood, negligible impact)</p> <p>Definition:</p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> The quarter 1 budget monitoring position was reported to Cabinet on 5 August 2021. No net under/overspend was reported. The anticipated transfer from earmarked reserves is now expected to be £2.792m as opposed to £1.251m when budget was approved in February 2021 – additional £1.541m. However, this mainly due to the deferral of planned projects and activities from 2020/21 including funding for capital projects, and the establishment of Covid-related business grants fully funded by government grant. Covid-19 continues to have a financial impact with a net additional cost of £70k report in quarter one mainly due to leisure income, this was largely covered by other savings identified and a minor contribution from service related reserves.
2	<p>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: RED – NO CHANGE to current risk level (maintained at E4 very high likelihood/major impact £500k to £1m).</p> <p>Definition:</p>

	<p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Critical - £1m+</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The Council's financial position remains extremely challenging and future funding remains uncertain.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • The Efficiency Programme progress update was reported to Cabinet on 5 August 2021. Efficiencies of £1.415m are due to be delivered from 2021/22 to 2024/25 and no variances have been identified in the quarterly review. • The risk issues as detailed in the 2020/21 quarter 4 report continue to be relevant and the current assessed risk level is likely to continue until progress with the delivery of the efficiency programme is evident and secured, ongoing Covid impacts are clearer and there is more certainty over the future of local government funding. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Assess outcome of spending review anticipated in Autumn 2021. • Implementation of Advertising, Sponsorship and Marketing strategies to generate additional funding; • Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing.
3	<p>FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at B3 low likelihood/serious impact)</p> <p>Definition:</p>

	<p><i>Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life/major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Risk assessments in relation to re-occupation of Council buildings at stage 4 of the roadmap for the removal of Covid-19 restrictions have been completed by the Health and Safety Officer. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Full implementation of emergency evacuation templates at each council location, delayed due to Covid-19; • Periodic reviews of Covid-19 secure risk assessments in light of most recent government advice. • Transfer all completed risk assessments on to the e-system.
4	<p>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</p> <p>Owner: Alison Ball (David Archer)</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C2 significant likelihood/minor impact).</p> <p>Definition:</p> <p><i>Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.</i></p> <p>Key Risk Driver: Service Provision</p> <p>Raw Risk Value: Serious – Significant elements of a service suspended / reduced</p> <p>Corporate Risk Register Outstanding Controls:</p>

	<p>As a consequence of budget pressures, decreasing workforce, increasing workload and higher customer expectations we are seeing an impact on capacity and resilience which may result in a potential reduction in performance. The difficulties in the wider economy in recruiting staff to address skills shortages in key areas are likely to affect the Council and this will need to be monitored carefully. Work is needed to help improve organisational capacity and resilience by developing the skills and abilities of key leaders and staff.</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Agile and Flexible Working Policy is now adopted. • Phase 2 of the reorganisation completed with the Corporate Director (Environment, Communities and Leisure) and the Head of Finance and ICT now in post. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Progress with phase 3 of the reorganisation. • Present and seek approval of the business case for the provision of IT equipment required to facilitate full agile working.
5	<p>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</p> <p>Owner: Alison Ball (Paul Adcock)</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE in current risk level (maintained at C3 significant likelihood/serious impact).</p> <p>Definition:</p> <p><i>The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.</i></p> <p>Key Risk Driver: Objectives</p> <p>Raw Risk Value: Major – Directorate objectives not met</p> <p>Corporate Risk Register Outstanding Controls:</p>

	<p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • External third party commissioned to undertake a review of the ICT service to evaluate current service provision and ensure service is adequately resourced (in both numbers and expertise) to meet current and anticipated future demands. • Risk management consultants (AON) have provided a proposal for completion of a cyber security risk assessment to form a baseline and identify control gaps. • Plans to utilise budget from vacant IT Technical Officer post for additional overtime, contractors and agency staff to address key work demands now in place. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Finalise a confidentiality agreement with external provider to allow the ICT service review to progress. • Produce a new IT Strategy following the conclusion of the ICT service review. • Produce a new Digital Strategy (replacing the now expired 2016-2019 version) after the ICT service review has been completed that aligns with the current and future Gedling Plan. • Finalise the cyber risk register as recommended following the internal audit reported to Audit Committee in March 2021. • Secure compliance with Public Sector Network (PSN) Code of Connection.
6	<p>FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS</p> <p>Owner: Mike Hill (Joelle Davies)</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C3 significant likelihood/serious impact).</p> <p>Definition:</p> <p><i>Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.</i></p> <p>Key Risk Driver: Health & Safety</p>

	<p>Raw Risk Value: Major – Loss of life / major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • The general condition surveys of Council Buildings and Suitability and Sufficiency surveys are ongoing. • Responsibility for property repairs and fire, asbestos and water testing transferred to Property Services. • Following the de-brief meeting on 07/10/2020 regarding the Civic Centre Security Review, action plans are being drawn up to put recommendations to SLT for approval. Whilst there has been some delays, due to staff shortages/illness, this should be on track from completion in the first half of this financial year. • Work undertaken (signage etc) to restrict illegal access to Mapperley Rail Tunnel <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Complete the asset condition and suitability surveys. • Produce a new Asset Management Plan. • Seek approval for and implement the actions arising from the Counter Terrorism Review. • Assess options for permanent solution to Mapperley Rail Tunnel access issues.
7	<p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Fran Whyley</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at C3 significant likelihood/serious impact).</p> <p>Definition:</p> <p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p>Key Risk Driver: Financial Impact</p>

Raw Risk Value: Major - £500k - £1m

Corporate Risk Register Outstanding Controls:

Actions completed during quarter 1:

- The Housing Benefit caseload continues to drop at a steady pace (linked to the introduction of Universal Credit) and the caseload is monitored.
- Government have confirmed the changes they intend to make to the Local Government Pension Scheme (LGPS) in response to the McCloud Pension Tribunal decision. It appears that there will be limited financial impact (if any) on this Council as employer.
- The Brazel case concerning annual leave and associated payments for irregular (eg. casual) workers still awaits a decision from the Supreme Court. No other local district councils have, as yet, reviewed their methods of calculating such entitlements. All have confirmed that they await the Supreme Court decision before they plan to reconsider due to the scale of the calculation task (one-off and ongoing).
- As capacity reduces in the legal team, this remains a risk as legal officers need to ensure they remain up to date on legislative changes which impact the Council.
- Temporary (3 month) Health and Safety support has been provided to assist with occupational health work and to help clear an external training backlog.

Actions outstanding:

- Implement any outcomes from the Recycling and Waste Strategy consultation that closed in July 2021. Requirements may include an increase in recycling requirements and consequent funding implications but the outcome of the consultation is still awaited.
- Address any implications from the Supreme Court decision in the Brazel case. This may have consequences for all employers nationally.

8

FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES

Owner: Alison Ball

	<p>Current Risk and Direction of Travel: AMBER – NO CHANGE to current risk level (maintained at B3 low likelihood/serious impact).</p> <p>Definition:</p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Guidance issued to those staff managing contractors during the Covid-19 pandemic. • Successful implementation and compliance with post Brexit procurement regulations effective from 1 January 2021. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Implementation of the automated contracts register in the procurement system. The system provider is to provide training. A manual version of the contracts register is in place and therefore there are no compliance issues at present. • Review guidance issued to those staff managing contractors during the Covid-19 pandemic to reflect the Government's roadmap for the lifting of Covid-19 restrictions.
9	<p>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</p> <p>Owner: Fran Whyley</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at A3 very low likelihood/serious impact).</p> <p>Definition:</p> <p><i>Councils are increasingly vulnerable to judicial reviews and new compensation claims.</i></p>

	<p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls: <u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No outstanding actions <p><u>Actions outstanding:</u></p> <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk (however a link to an action outstanding corporate risk 7 is recognised i.e. the Supreme Court case considering annual leave and associated payment for irregular workers)</p>
10	<p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Alison Ball (Fran Whyley)</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE in current risk level (maintained at B2 low likelihood, minor impact).</p> <p>Definition:</p> <p><i>Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls: <u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • Monitoring of the potential ongoing impact of Covid-19 on customer service standard indicates that customer call response remains high, service standards remain good and complaints are low. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • To continue complaints monitoring in respect of the ongoing impact of Covid on service levels.

	<ul style="list-style-type: none"> • Finalise the Garden Waste Demand Management action plan. • New action to monitor and respond as necessary to impact upon the Council of staffing shortages in key areas.
11	<p>FAILURE TO PREVENT DAMAGE TO THE COUNCIL'S REPUTATION</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at B2 low likelihood/minor impact).</p> <p>Definition:</p> <p><i>Related to the Council's reaction to a specific event or issue, or generally a downturn in quality of service.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No outstanding actions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.
12	<p>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE to current risk level (maintained at B1 low likelihood, negligible impact).</p> <p>Definition:</p> <p><i>Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.</i></p> <p>Key Risk Driver: Reputation</p>

	<p>Raw Risk Value: Major – Adverse national publicity Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No outstanding actions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • No outstanding actions.
13	<p>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN - NO CHANGE to current risk level (maintained at B2 low likelihood/minor impact).</p> <p>Definition:</p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Serious– Adverse regional publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 1:</u></p> <ul style="list-style-type: none"> • No outstanding actions. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • To undertake a 'Visioning' exercise to identify longer term forecasts for socio-economic trends and how these will be reflected in the longer term priorities for the Council to ensure services can meet future needs within available resources.

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:

There are no high risk audit recommendations from previous years that have not been addressed and implemented.

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:

There has been 1 high risk recommendation reported to date during 2021/22, which was included in the Commercialisation audit which was reported to Audit Committee in the Internal Audit Progress Report on 29 June 2021. The recommendation is due to be implemented by November 2021.

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

Likelihood	Very High	E				2			
	High	D							
	Significant	C		4	5, 6, 7				
	Low	B	1,12	10, 11,13	3,8,				
	Very Low	A			9				
			1	2	3	4	5		
			Negligible	Minor	Serious	Major	Critical		
			Impact						