

# Unrestricted Document Pack

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CHIEF EXECUTIVE'S OFFICE  
CHIEF EXECUTIVE  
Fiona Marshall

13 June 2018

Dear Councillor

You are summoned to attend the special meeting of the;

## **AUDIT COMMITTEE**

on **THURSDAY 21 JUNE 2018 at 3.00 pm.**

in the Council Chamber - Council Offices, Princes Road, Maldon.

A copy of the agenda is attached.

Yours faithfully

A handwritten signature in black ink, enclosed in a light blue oval. The signature reads "F. R. Marshall".

Chief Executive

### COMMITTEE MEMBERSHIP

### CHAIRMAN

Councillor P G L Elliott

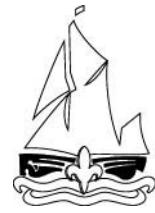
### VICE-CHAIRMAN

Councillor E L Bamford

### COUNCILLORS

A S Fluker  
B E Harker  
M S Heard  
Miss M R Lewis  
A K M St. Joseph  
Mrs M E Thompson

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**AGENDA**  
**AUDIT COMMITTEE (SPECIAL MEETING)**  
**THURSDAY 21 JUNE 2018**

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1. **Chairman's notices (please see overleaf)**

2. **Apologies for Absence**

3. **Minutes of the last meeting** (Pages 5 - 30)

To confirm the Minutes of the meeting of the Audit Committee held on 26 March 2018 (copy enclosed).

4. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, other Pecuniary Interests or Non-Pecuniary Interests relating to items of business on the agenda having regard to paragraphs 6-8 inclusive of the Code of Conduct for Members.

(Members are reminded that they are also required to disclose any such interests as soon as they become aware should the need arise throughout the meeting).

5. **Quarterly Review of Corporate Risk** (Pages 31 - 66)

To consider the report of the Director of Resources, (copy enclosed).

6. **Draft Annual Governance Statement** (Pages 67 - 78)

To consider the report of the Director of Resources, (copy enclosed).

7. **Internal Audit Annual Report** (Pages 79 - 100)

To consider the report of the Director of Resources, (copy enclosed).

8. **Any other items of business that the Chairman of the Committee decides are urgent**

## **NOTICES**

### **Sound Recording of Meeting**

Please note that the Council will be recording any part of this meeting held in open session for subsequent publication on the Council's website. At the start of the meeting an announcement will be made about the sound recording. Members of the public attending the meeting with a view to speaking are deemed to be giving permission to be included in the recording.

### **Fire**

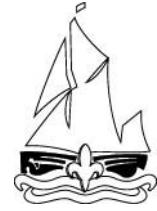
In event of a fire, a siren will sound. Please use the fire exits marked with the green running man. The fire assembly point is outside the main entrance to the Council Offices. Please gather there and await further instruction.

### **Health and Safety**

Please be advised of the different levels of flooring within the Council Chamber. There are steps behind the main horseshoe as well as to the side of the room.

### **Closed-Circuit Television (CCTV)**

This meeting is being monitored and recorded by CCTV.



**MINUTES of  
AUDIT COMMITTEE  
26 MARCH 2018**

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**PRESENT**

Chairman	Councillor P G L Elliott
Vice-Chairman	Councillor E L Bamford
Councillors	A S Fluker, B E Harker, M S Heard, R Pratt, CC and Mrs M E Thompson

**925. CHAIRMAN'S NOTICES**

The Chairman drew attention to the list of notices published on the back of the agenda.

**926. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor A K M St. Joseph.

**927. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 7 December 2017 be approved and confirmed.

**928. DISCLOSURE OF INTEREST**

Councillor M S Heard disclosed a non-pecuniary interest in relation to Agenda Item 5 – Quarterly Review of Corporate Risk – as he was an employee of Essex Police.

**929. QUARTERLY REVIEW OF CORPORATE RISK**

The Committee considered the report of the Director of resources providing an update on the position at the end of Quarter 3 (31 December 2017) on the corporate risks included in the Corporate Risk Register 2017/18.

The Director of Resources outlined the key changes and, in particular, the proposed re-defining of the risk around policing to the following:

“Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas.”

The Director of Resources introduced the Group Manager: Customers, the Community Safety Partnership Manager and the Environmental Health Manager – Environmental Protection to the Committee.

Risk 2 – Failure to identify older and most vulnerable people

Members asked why this risk had been reduced from 9 to 6 and the Group Manager: Customers responded as follows:

Projects and activities had been taking place over the last 12 months, particularly with older and more vulnerable people. A campaign to identify vulnerable people in the colder months was in its second year. Projects and activities included the following:

- Project in the Tolleshunts which was considered a hotspot for social isolation of older / vulnerable residents. There was ongoing work to improve volunteering and to increase the opportunities to access support.
- “Health Mob” partnership had been re-launched. Good relationships were being formed through this and joint work was also being looked into.
- Weight Management and tackling obesity work was ongoing.
- Livewell website had signposting to direct vulnerable people to support services and online work.

The Group Manager: Customers advised Members that Officers believed progress was being made within areas that had deprivation of income / more people on benefits / more older people – these demographics were being targeted through these initiatives.

In response to a question as to how results could be evidenced, the Group Manager: Customers advised that results were very difficult to measure and that the impact of these initiatives would take some time to feed through to the data. There was no easy way of measuring progress, although efforts were made to identify what the experience of those involved had been and what outcomes had been achieved by them.

Members asked Officers if it was so difficult to measure outcomes, then should the Council be measuring something else? The Group Manager: Customers confirmed that it was difficult to measure outcomes and that although surveys were done, it could take up to two years for the results of these surveys to feed through into statistics.

Members considered that it was important to have feedback from those residents that did take part, but that it may be too early to reduce the risk score until more feedback data had been gathered.

Councillor E L Bamford proposed that Risks 2 and 3 were not reduced but remained the same for the time-being. This proposal was duly seconded.

Risk 04 – Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs)

Members noted that this risk score had remained at 16 (the maximum) for some time and requested a report back to the next meeting of this Committee as to why the risk had remained at maximum.

Risk 05 – Failure to have a clear shared vision regarding Strengthening Communities

Members asked why this score had been reduced.

The Group Manager: Customers advised that the task and finish working group had concluded its work and supported a new vision. There would be a report to Council in May with a recommendation that this new vision be endorsed. Members were asked to note the work that had been done.

In response to a question, the Group Manager: Customers advised that three Members attended the Health and Wellbeing Board as this was extrinsically linked to strengthening communities. Members would be elected to represent the Council on that partnership group.

Councillor E L Bamford proposed that the risk score for Risk 05 remain at 12 at least until the proposed vision was adopted by Council. This proposal was duly seconded.

Risk 06 – Failure to deliver the required infrastructure to support development arising from the Local Development Plan

Concerns were raised around this risk as the North Heybridge Flood Alleviation Scheme had not, as yet, been agreed. Other schemes were, however, progressing well.

Councillor B E Harker proposed that this risk be split in to 06A and 06B. This was duly seconded and agreed.

On a point of clarification, the Chairman confirmed that the Audit Committee made proposals to CLT and it was for CLT to agree with those proposals or otherwise.

Risk 07 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities

Members suggested that the wording of this risk be amended to read “Failure to co-ordinate and lead a plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities”.

The Environmental Health Manager – Environmental Protection advised Members that the Council is not in control. Although the Council was able to co-ordinate with and put pressure on partners, we could not lead this.

Members were of the opinion that there was a need to ensure as much support as possible as this was in the Maldon District. The Director of Resources agreed that we could lobby and co-ordinate, however, it was not the Council’s role to lead. Furthermore, it was necessary to stick to the Council’s key corporate priorities. It was not possible to take on areas that were not the responsibility of the Council.

Councillor A S Fluker proposed that the Council was doing everything expected of it as a Local Authority under the risk and that, therefore, the risk be reduced to 0. The risk was associated with engagement and the Council was doing everything required of it to engage.

There was a suggestion that this risk be split in to two separate risks as the Council was able to undertake maintenance in order to reduce the risk of flooding. It was suggested

that the description of the risk should be reconsidered by CLT. The Director of Resources advised the Committee that it was not the Council's role to repair the defences and, if Members wished the Council to take on this role, then the decision would be required to be made by Council.

The Environmental Health Manager – Environmental Protection advised the Committee that there were various plans with partners that were progressing and proposed that a formalised plan of all the workstreams and projects be made. Officers could then bring this plan back to the Audit Committee for the risk to be re-assessed. Although the risk of flooding was very high, the risk being considered was concerned with having a plan in the event of a flood.

Risk 09 – Failure to maintain a 5 year supply of Housing Land

Councillor A S Fluker proposed the inclusion of an additional risk of failing to deliver an annual target to be identified. This was duly seconded and agreed.

Risk 11 – Failure to have a co-ordinated approach to support new and existing businesses

Members were concerned that the report to the Planning and Licensing Committee on Economic Development had a lack of information on how many businesses were leaving the District, what the needs of businesses were and how we were attracting new businesses. There was a need to have more intelligence-led reporting back to the Planning and Licensing Committee.

The Director of Resources advised that the data was more qualitative than quantitative and that CLT will request more granular data.

Councillor A S Fluker proposed that the risk score be increased to 12. This was duly seconded and agreed.

Risk 15 – Failure to plan and deliver balanced budgets over the medium term

The Director of Resources advised that this risk had increased as there was increased uncertainty around business rates growth.

Risk 17 – Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas

The Chairman requested the views of the Committee on this score.

There was concern about the lack of public confidence in the police and it was suggested that visibility of police acts as a deterrent. The Community Safety Partnership Manager advised that the reason for highlighting rural areas arose from public perception. There was a priority to deliver the Police Rural Crime Strategy and it was recognised by Officers that there was work to be done both by the Council and in conjunction with the police.

Members were advised that there was a statutory duty to hold a Crime and Disorder Committee (as part of the Overview and Scrutiny Committee) bi-annually. It was considered that the Council had a lot of influence with the police and the Police and Crime Commissioner had increased the precept which would be spent on community

policing. Furthermore, Members had the opportunity scrutinise the Police and Crime Commissioner on an annual basis.

The Community Safety Partnership Manager further advised the Committee that there would be an additional 12 members of staff in the Maldon and Chelmsford policing district, although the number of staff to be allocated to Maldon and Burnham-on-Crouch was unknown at this stage.

Councillor A S Fluker invited the Community Safety Partnership Manager to attend a meeting of the Dengie Hundred Parish Council Group.

Councillor E L Bamford proposed that the impact element of this risk score be increased to 3. This was duly seconded.

Councillor R Pratt CC declared a non-pecuniary interest in this item as he was also a Member of Essex County Council. He then proposed that the risk score of 6 was perfectly adequate as the risk was around the confidence of working with the police. This was duly seconded.

Upon a vote there were 2 votes in favour of increasing the score and 2 votes in favour of the score remaining at 6. The Chairman used his casting vote and the score was increased to 9.

## **RESOLVED**

- Risk 02 – Failure to identify older and most vulnerable people – to remain at a risk score of 9
- Risk 03 – Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population – to remain at a risk score of 9
- Risk 04 – Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs) – a report would be brought to the next meeting of the Audit Committee as to why the risk had remained at maximum
- Risk 05 – Failure to have a clear shared vision regarding strengthening communities – the risk score would remain at 12 until the vision was adopted by the Council
- Risk 06 – Failure to deliver the required infrastructure to support development arising from the Local Development Plan – this risk would be divided into 06A – Failure to deliver the required infrastructure to support development arising from the Local Development Plan - North Heybridge Flood Alleviation Scheme and 06B – Failure to deliver the required infrastructure to support development arising from the Local Development Plan
- Risk 07 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities – a plan would be prepared and brought back to the next meeting of the Audit Committee to enable this risk to be re-assessed
- Risk 09 – Failure to maintain a 5 year supply of Housing Land – an additional risk of failing to deliver an annual target to be identified would be included

- Risk 11 – Failure to have a co-ordinated approach to supporting new and existing businesses – the risk score would be increased to 12
- Risk 17 – be redefined as to read “Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas” – and that the risk score be increased to 9.

### **930. REVIEW OF RISK MANAGEMENT POLICY**

The Committee received the report of the Director of Resources, the purpose of which was to seek approval of the Committee to the revised Risk Management Policy which was attached as Appendix 1 to the report.

The Committee discussed the report and Appendix thereto with the Director of Resources providing clarification where necessary. The policy had been updated following a workshop with the following key changes being made:

- A stronger statement provided of the Council’s Risk Management objectives and how these would be met;
- Clarification of the Risk Matrix and Scoring - in discussions with managers and Members it is apparent that the rationale behind the risk scores is not always understood or considered when applying or agreeing scores for both corporate and service risks. It is proposed that the terminology and the risk scoring are clarified with further guidance provided to ensure that all the appropriate issues are considered and applied consistently when risks are scored. The Risk Matrix and the Council’s tolerance levels are unchanged.
- Clarification on how risks should be escalated – if the Audit Committee agrees that a risk should be added to the register, it should make a recommendation to CLT. If, however, CLT does not agree, the Committee should refer to Council for Council to make the final decision.
- Previously, the risk policy stated that every three years Members would be invited to participate in the annual review of the risk register undertaken by CLT and managers. Given Members, through the Audit Committee, are involved in reviewing the risk register every quarter and regularly have the opportunity to consider any new risks, Members suggested that this additional involvement every three years was unnecessary. The requirement has therefore been removed.
- Roles and responsibilities at all levels are clearly explained.
- Clearer definitions are provided of risk and the areas within the Council where risk management needs to be applied.
- Clarification given that following the annual review of the risk register undertaken by CLT and managers, this is submitted to the Audit Committee for consideration and discussion (previously it stated “for noting”).
- Updated to reflect the outsourcing of the internal audit function.
- Review frequency increased to every three years.

**RECOMMENDED** that the Risk Management Policy attached at **APPENDIX 1** to these Minutes, be adopted.

### **931. APPOINTMENT OF EXTERNAL AUDITORS**

The Committee considered the report of the Director of Resources, the purpose of which was to advise the Committee of the appointment of Deloitte LLP as External Auditors to Maldon District Council for a period of five years from 1 April 2018.

The Director of Resources outlined the report and advised that the contract for the Housing Benefit Subsidy Grant Claim was separate, but that this did not preclude Deloitte LLP being awarded that contract as it is subject to competitive tender.

In response to a question, the Director of Resources confirmed that the handover would commence relatively quickly and that reports and documentation had already been received from the current auditors in line with the professional procedure in place for such handover.

The Internal Audit Manager advised that the most recent PSAA contract round had saved 23% on the audit.

**RESOLVED** that Deloitte LLP as the External Auditors to the Council, be agreed.

### **932. ACCOUNTING POLICIES**

The Committee received the report of the Director of Resources, the purpose of which was to advise Members of changes to accounting policies used in the preparation of the annual financial statements.

The Director of Resources drew Members' attention to the calculation of annual leave accrual and that the auditors would be accepting an estimate for this rather than a detailed calculation for this year.

**RESOLVED** that the Accounting Policies to be used in the compilation of the 2017/18 financial statements (set out in Appendix 1 to the report) be endorsed.

### **933. EXTERNAL AUDIT - CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2016 - 17**

Councillor A S Fluker raised a point of order – 17A – as the Council had made a decision to no longer receive reports for information.

This report was not considered as it was a report for noting.

### **934. EXTERNAL AUDIT UPDATE**

The Committee considered the report of the Director of Resources, the purpose of which was:

- to inform the Committee of the External Audit Plan (as set out at Appendix 1 to the report) produced by Ernst and Young Accountants LLP (EY), which set out their proposed audit approach and scope for the 2017/18 audit; and

- to inform Members of the Committee regarding the briefing note published by the Council's External Auditor, EY.

The External Auditor highlighted the key points of the report and drew attention to the shorter deadline of 31 July 2018. There would be a team onsite from 28 June 2018 to work towards compliance with this deadline. The Council was being responsive in responding to queries and there was no reason that the deadline could not be met.

In response to a question, the Director of Resources confirmed that the key questions contained in the briefing note (page 126 of the agenda pack) had been answered. The Director of Resources considered that the issue was ensuring that external audit colleagues met the relevant deadlines.

A request was made that EY provide low resolution versions of appendices in future.

**RESOLVED** that the External Audit Plan and EY's briefing note be accepted.

### **935. INTERNAL AUDIT UPDATE**

The Committee received the report of the Director of Resources, the purpose of which was to provide an update on progress to date of the following aspects of Internal Audit:

- Work completed and any deviances to, or slippage, on the Internal Audit Plan 2017/18;
- Implementation of recommendations raised by Internal Audit;
- The revised Strategic Internal Audit Plan 2018-2021.

The Senior Audit Manager outlined the report and advised the Committee that it consisted of the three separate items listed above.

#### Progress Against 2017/18 Plan

The Senior Audit Manager advised that the following items were works in progress:

- Attendance management
- Business resilience
- Elections Improvement Plan – there were difficulties in getting information from the Officer concerned on this.

A fraud risk assessment had been requested and there would be a meeting with the Director of Resources and the internal auditor's counter-fraud team with a report back to the July 2018 meeting of the Audit Committee.

Executive Summaries were contained within Appendices A-E to the report.

#### Implementation of Recommendations Raised by Internal Audit

The Senior Audit Manager advised that every six months the Council received a report on how well recommendations were being implemented following their work. All but one of the recommendations from 2015/16 had now been implemented. For 2016/17, half of the recommendations had been implemented, with others either not due or in train.

### Revised Strategic Internal Audit Plan 2018-2021

Members were advised that Angie Mitchell had moved on from BDO and that Emma Etherington was a new member of the team.

It was emphasised that the plan was flexible and must be adaptable to the changes happening at the Council.

In response to a question, the Director of Resources confirmed that an “outstanding” audit meant that it was not possible for internal audit to demonstrate that it was in progress. The Senior Audit Manager confirmed that “in progress” was where there was evidence of work being done.

A further question was asked about an audit that had been completed but had recommendations – was an update provided to Members on progress by Officers? The Director of Resources advised that all audit recommendations were recorded on the TEN system and that the tables provided as an appendix to the report being considered reported progress on recommendations. Members were further advised that recommendations highlighted by them would be in the 2017/18 plan and that progress of each of these would be reported to the next meeting of the Audit Committee.

Any concerns would be highlighted to the Committee and the outstanding audit for 2015/16 was referred to. The Officer concerned had been requested to provide evidence that progress was being made. However, this had not been forthcoming, despite numerous chasers. If there was no progress the Chairman requested that the officer concerned attend the next meeting of the Audit Committee to explain the reasons for the delay.

In response to a question regarding the management of debtors, the Director of Resources advised that a report had been to the Finance and Corporate Services Committee in November 2017, together with procedure notes. The process was now more stringent and robust than it had been in the past.

A further question was asked regarding the Llys Helig and problems with insurance. The Director of Resources confirmed that there was now a detailed checklist in place to be completed by the legal department and that a lease could not now be signed off without that checklist being completed.

The Director of Resources confirmed that there would be a report brought forward regarding Partnership Working (Appendix D to the report). Prior to this, the Director of Resources would seek advice from the Monitoring Officer as to whether recommendations to Council regarding partnership working should be done on an individual basis or en block.

### **RESOLVED**

- (i) That progress against the 2016/17 Internal Audit Plan be noted;
- (ii) That the Internal Audit Follow-up of Recommendations be noted;
- (iii) That the Strategic Internal Audit Plan 2017-20 be noted.

There being no further items of business the Chairman closed the meeting at 4.40 pm.

P G L ELLIOTT  
CHAIRMAN

# **Maldon District Council**

## **Risk Management Policy**



## Document Control Sheet

<b>Document title</b>	Risk Management Policy
<b>Summary of purpose</b>	Sets out the risk management arrangements of the Council
<b>Prepared by</b>	Julia Bawden - Performance and Risk Officer
<b>Status</b>	Draft
<b>Version number</b>	Version 3 2017/18
<b>Approved by</b>	Audit Committee, Council
<b>Approval date</b>	Audit Committee – 26 March 2018, Council - 17 May 2018
<b>Date of implementation</b>	Continuous (takes over from existing policy)
<b>Review frequency</b>	Every three years
<b>Next review date</b>	August 2020
<b>Circulation</b>	Intranet
<b>Published on the Council's website</b>	No

**Validity Statement**

This document is due for review by the date shown above, after which it may become invalid. Users of the strategy or policy should ensure that they are consulting the currently valid version of the document.



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## **Risk Management Policy Statement**

### **Context**

Maldon District Council provides a diverse range of services to the residents, business and visitors of the Maldon District. It works with other public, private and voluntary bodies to achieve its vision of making the District a better place for people to live, work and enjoy.

The next few years will present challenges for the Council, particularly funding, which will mean that we may need to develop a different model of how we deliver our services and look at alternative ways of empowering our communities. Whilst these changes create opportunities; they also create risks and uncertainty.

The Council has to manage the risks and opportunities associated with the delivery of our objectives stated in the Corporate Plan, by adopting good risk management principles.

Risk is unavoidable. It is an important part of life that allows us all to move forward and develop. Successful risk management is about ensuring that we have the correct level of control in place to provide sufficient protection from harm, without stifling our development. The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which all key risks are identified in all areas of the business, are understood and proactively managed, rather than avoided.

Risk management therefore needs to be embedded into the Council and our key partners. We need to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way and proactively managed. This will allow us not only to meet the needs of the community today, but also be prepared to meet future challenges.

The purpose of this policy is to define risk management, state the Council's risk management objectives, approach, responsibilities and procedures.

### **What are the Council's risk management objectives?**

- Adopt a strategic approach to risk management to make better informed decisions which is vital to successful transformational change;
- Acknowledge that even with good risk management and our best endeavours, things can go wrong. Where this happens we use the lessons learnt to try to prevent it from happening again;
- Develop leadership capacity and skills in identifying, understanding and managing the risks facing the Council;
- Promote corporate governance and integrate risk management into how we run Council business/services. Sound risk management processes help us to achieve our corporate vision, priorities and objectives as outlined in the Corporate Plan;

- Support a culture of well-measured risk taking throughout the Council's business, including strategic, programme, partnership, project and operational. This includes setting risk ownership and accountabilities and responding to risk in a balanced way, considering the level of risk, impact and cost of control measures;
- Anticipate and respond to changing social, environmental and legislative requirements and ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management;
- Ensure risk management continues to be a key and effective element of our Corporate Governance arrangements.

### **How will our objectives be met?**

- Commitment from the Corporate Leadership Team (CLT) and senior managers to managing risk effectively;
- Maintain a robust and consistent risk management approach that will:
  - identify and effectively manage strategic, operational and project risks
  - focus on those key risks that, because of their likelihood and impact, make them priorities;
- Ensure accountabilities, roles and responsibilities for managing risks are clearly defined and communicated;
- Consider risk as an integral part of business planning, service delivery, key decision making processes, and project and partnership governance;
- Communicate risk information effectively through a clear reporting framework; and
- Increase understanding and expertise in risk management through targeted training and the sharing of good practice

The Risk Management Policy and framework will be reviewed every three years to take account of changing legislation, government initiatives, best practice and experience gained within the Council.

## Risk Management Approach

### 1. Introduction

The purpose of the risk management approach outlined in this document is to:

- Provide standard definitions and language to underpin the risk management process
- Ensure risks are identified and assessed consistently throughout the organisation through the clarification of key concepts
- Clarify roles and responsibilities for managing risk
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards.

### 2. Definitions

**Risk** can be defined as “an uncertain event that, should it occur, will have an effect on the Council’s objectives and/or reputation.” It is the combination of the probability of an event (likelihood) and its effect (impact).

Risk management generated opportunities can arise as a consequence of effectively managing risks, for example additional grant funding or improved working practices.

**Risk management** is the “systematic application of principles, approach and processes to the identification, assessment and monitoring of risks.” By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.

Risk management is applied at all levels of service delivery and include:

- **Corporate Strategic Risks** – Risks that could have an effect on the successful achievement of our long term corporate goals, priorities and objectives. These are:
  - risks that could potentially have a council-wide impact and/or
  - risks that cannot be managed solely at a service level because higher level support/intervention is needed.
- **Service Risks** – Risks at a service level that could have an effect on the successful achievement of the Directorate or service outcomes/objectives. Potentially these risks could have a significant financial, reputational and/or service delivery impact on the service as a whole.
- **Contract Risks** – Risks that could have an effect on the successful achievement of the contract’s outcomes/objectives in terms of delivery, outcomes and value for money. Contract risks are managed throughout the contracting process including contract management/business as usual.
- **Project Risks** – Risks that could have an effect on the successful achievement of the project’s outcomes/objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).
- **Partnership Risks** – Partnerships bring risks as well as opportunities; how the partnerships are governed can be problematic and as a result the objectives of the partnership may not be achieved; they may not deliver good value for public money or the Council could find itself having to pay more money into a partnership or pick up other partners’ contributions should one or more partners leave. Alternatively, the Council could just find that it is not reaping the benefits that it thought it would by participating in the partnership.

### 3. Approach

For a number of years the Council has been working towards a comprehensive and integrated approach to risk management where:

- ✓ staff are clear about what risk management is intended to achieve;
- ✓ significant risks are being identified and managed effectively;
- ✓ training and guidance on risk management are easily accessible;
- ✓ a consistent corporate approach is followed using a common 'risk language'; and
- ✓ it is seen as an integral part of good corporate governance.

This section details the agreed MDC Risk Management framework to ensure the effective management of risk across the organisation. The Council's approach to risk management involves a number of key steps as outlined below.



Effective communication is key to the successful management of risk and it is vital that staff at all levels across the organisation are involved if risk management is to be truly embedded and a useful management tool.

#### 1) Identify Corporate, Service, Project or Partnership Objectives

Before we can identify our risks we need to establish the context by looking at what we are trying to achieve and what our proposed objectives are. Depending on the area under review, the relevant objectives and outcomes will usually be detailed in existing documents, including the following:

- Maldon District Council Corporate Plan
- Business Plans
- Project Brief or Project Initiation Document
- Partnership agreement or Service Level Agreement.

#### 2) Identify Risks

At its simplest, risk management consists of asking and answering "what are we trying to achieve?" and "what can stop this/these being achieved?".

There are a number of different types of risk than an organisation may face including:

**Strategic** - what could prevent corporate goals and objectives being achieved? An example would be a failure to ensure that all services are working effectively to the corporate agenda or not having the capacity and resources to deliver the agreed key activities.

Financial - what could affect the council's financial position? Examples include the risks associated with investment and borrowing, lack of sound financial management or the existence of fraud or corruption.

Economic - the impact of an economic downturn would affect prosperity of local businesses and communities.

Regulatory - what would happen if the Council was not compliant with legislation such as the Health and Safety at Work Act, Data Protection, Freedom on Information Employment Law, Human Rights, Equalities Act or Environmental legislation? What about legal challenges?

Reputation - Negative publicity (local and national) or an increase in complaints would affect the Council's reputation.

Management – there could be risks relating to loss of key staff, recruitment or retention issues; capacity issues – availability, sickness absence, emergency preparedness or business continuity.

Operational/Departmental - what could potentially affect the delivery of the service? Examples could be a loss of key staff, or a failure of IT systems.

Health and Safety - what are the potential risks to staff, customers, and users of the service? Examples of this are risk of slips, trips and falls.

Partnerships - what would the implications for the Council be if the partnership failed? For example, would the Council be responsible for any of the partnership's financial liabilities or would services be affected if the partnership was no longer in existence?

Projects - What could cause the project to fail? Examples could include unrealistic initial assumptions about time, cost or feasibility.

Describing the risk is equally important to ensure that risks are fully understood, and to assist with the identification of mitigating actions, the cause and consequences of each risk must also be detailed. Typical phrases used to do this include:

Description	Cause	Consequences
Failure to ...	.....due to	....leads to
Failure of ...	..... because	....results in
Lack of ...		
Loss of ...		
Uncertainty of ...		
Delay in ...		
Inability to ...		
Inadequate ...		
Partnership with ...		
Development of ...		
Damage to		

Once identified, all risks are recorded in a "Risk Register" – this maybe the Council's corporate risk register, the service risk register, the project risk register or a partnership risk register.

A risk owner must be allocated and recorded against each risk on the risk register. Such accountability helps to ensure 'ownership' of the risk is documented and recognised. A risk owner is defined as a person with the accountability and authority to effectively manage the risk.

At this stage there may well be a long list of possible risks. The next step will help to prioritise these in order of importance.

### 3) Assess adequacy of existing controls

For each risk, identify those actions/controls which are currently helping to minimise the likelihood and/or impact of the risk occurring. These are actions or controls that are completed, in place and embedded.

Assess the adequacy of these controls as follows:

**Poor** - no controls in place or the few that are do not mitigate the risk

**Fair** - some controls in place and some reduction in risk but still not adequate

**Good** - controls in place are considered adequate and reduce the risk

**Excellent** - effective controls are in place which reduce the risk considerably.

### 4) Assess Inherent Risk Level

To ensure resources are focused on the most significant risks, the Council's approach to risk management is to assess the risks identified in terms of both the potential likelihood and impact so that actions can be prioritised.

Taking into account the controls currently in place and how adequately these reduce the likelihood or impact of the risk, the risk is scored for both likelihood and impact using **The Risk Assessment Table** included in **Appendix 1**.

Both the likelihood and impact levels of each risk are plotted on the Maldon District Council's Risk Matrix which displays its appetite or tolerance to risk (see below). The position of the risk, either above or below the tolerance line, will help to determine what action, if any, will be taken forward.

Anything in the green area is considered to be "below the tolerance line" and it may be decided not to take any mitigating action.

Likelihood	4 Almost Certain	4	8	12	16
	3 Likely	3	6	9	12
	2 Unlikely	2	4	6	8
	1 Almost uncertain	1	2	3	4
		1 Minor	2 Moderate	3 Serious	4 Major
	Impact				

An overall risk score is reached by multiplying the likelihood score by the impact score.

## 5) Identify further mitigating actions required

There are four basic ways of responding to risks identified and can be summarised as the four 'T's':

- ❖ **Terminate** – deciding not to continue or proceed with the activity in view of the level of risks involved although often this is not possible.
- ❖ **Transfer** – which involves another party bearing or sharing the risk such as obtaining insurance or finding an external partner to undertake the activity in return for a fee (which will reflect the risk taken on). Not all types of risks can be transferred.
- ❖ **Treat** – by ensuring existing controls are effective by periodic review and testing and implementing additional controls through mitigating actions where considered necessary to reduce the risk to a tolerable level
- ❖ **Tolerate** – it is not considered cost effective to address the risk, so the risk is accepted.

The decision on the appropriate action should take account of the Council's risk appetite, i.e. what level of risk is the Council prepared to tolerate. Any risk that has been assessed as above the tolerance line must be a priority for immediate management action with actions designed to reduce the risk to a target level set within the risk appetite.

Mitigating actions identified should be clearly defined, with a lead officer and timescales for implementation/completion.

## 6) Monitor impact of mitigating actions on residual risk

The risk owner should monitor the progress of the mitigating actions regularly to ensure that these are being taken forward and that they are actually reducing either the impact or the likelihood of that risk occurring. The overall risk score should be re-assessed accordingly and if it is now within the accepted tolerance, the risk can be removed from the appropriate risk register.

## 7) Review and report

Risk management should be considered as an ongoing process and as such risk needs to be reviewed regularly to ensure that prompt and appropriate action is taken to reduce their likelihood and/or impact.

The Council's Risk Management Framework requires the following review/reporting:

**Corporate Risks** - those risks that are identified as potentially preventing the Council achieving the corporate goals and objectives stated in the Corporate Plan and which are assessed as being above the Council's acceptable tolerance level are recorded on the Corporate Risk Register and TEN (the Council's Performance and Risk Management System). The mitigating actions are also recorded and both the overall risk scores and the progress of the mitigating actions are updated on a quarterly basis by the risk owner or the officer responsible for taking the actions forward.

To ensure that risk is being managed effectively, quarterly risk reports are submitted to CLT and Audit Committee outlining the current risk scores, whether there have been any changes to the scores and what progress has been made on the mitigating actions.

**Service/operational risks** - at a service/operational level, the risks that are identified as potentially preventing the service from achieving its service objectives and which are assessed as being above the Council's acceptable tolerance level are detailed in the business plans and also recorded on TEN.

These should be subject to regular review and discussion between the manager and their Director. It is the responsibility of the appropriate managers to ensure that any actions detailed in the business plan to reduce these service risks are taken forward and progress monitored.

Project risks - these risks should be reviewed regularly by the Project Manager and the Project Sponsor.

Partnership risks – for any partnership which is assessed as being high risk, a risk register will be established and will be subject to annual review as part of the Partnerships assessment framework. The risks will be included in the relevant service’s business plan together with the mitigating actions and these will be subject to regular review by the manager and their Directorate.

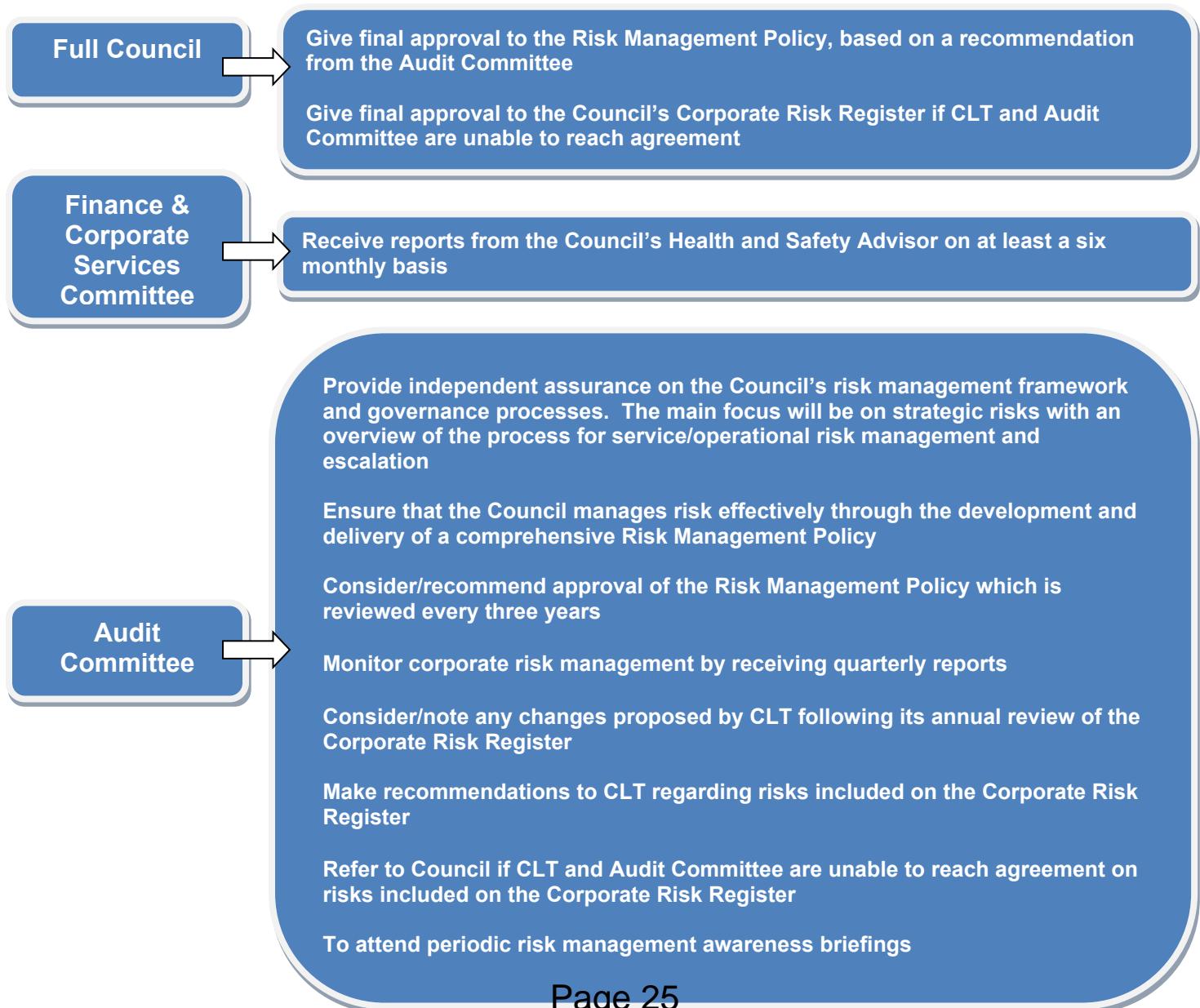
#### 4. Roles and Responsibilities

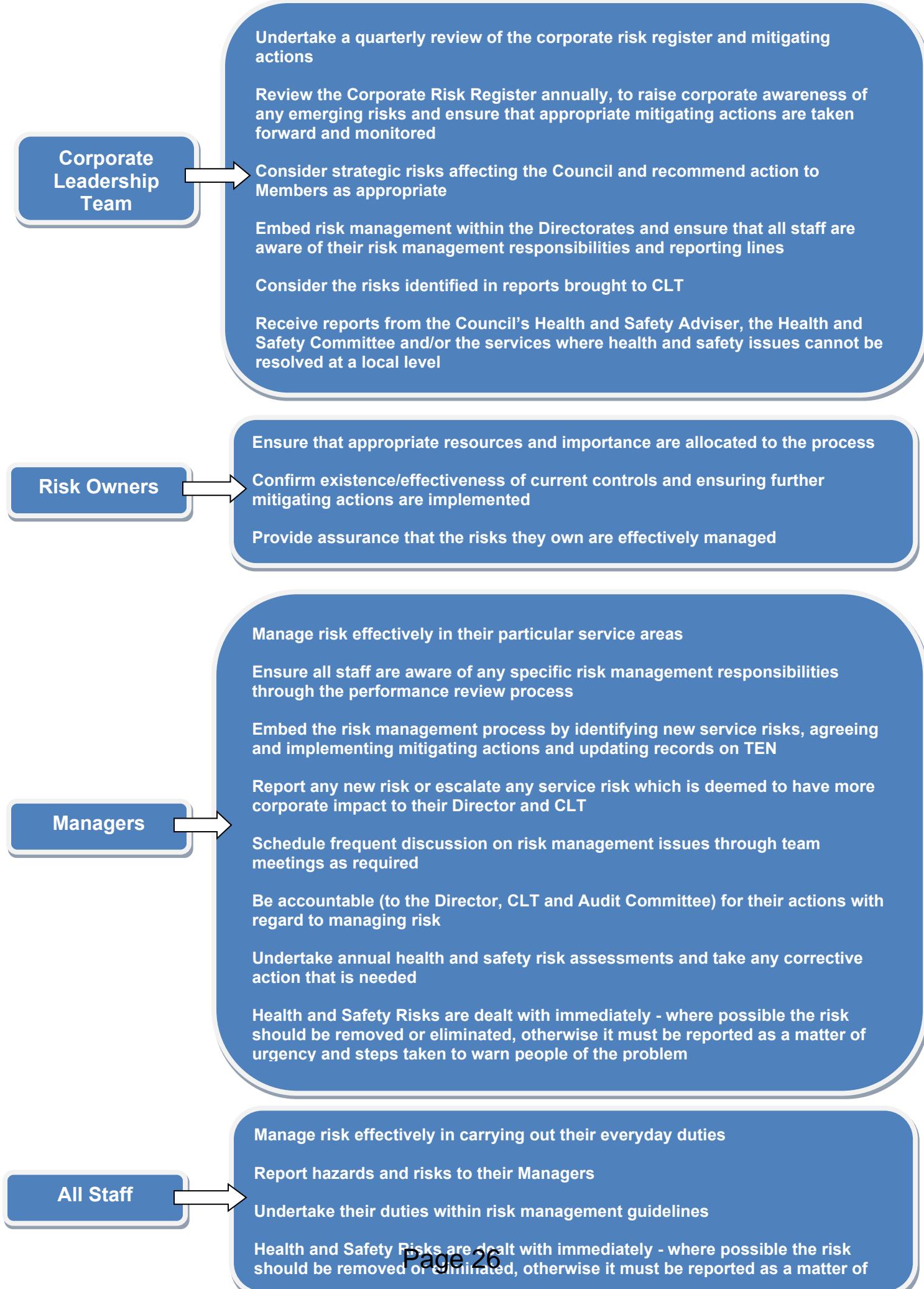
To be effective risk management must be embedded throughout the Council by CLT, Members and each individual employee. One of the Council’s key objectives within this policy is to promote a risk aware culture. Risk management is a cultural issue which will only be effective with understanding and support from all levels of staff and Members; training will be provided periodically to staff and Members to enable them to fulfil their risk management responsibilities.

All employees and Members are responsible for ensuring there are robust and fit-for-purpose systems of internal control and risk management in place; and they are aware of the risks:

- they are empowered to take
- that must be avoided
- that must be reported upwards.

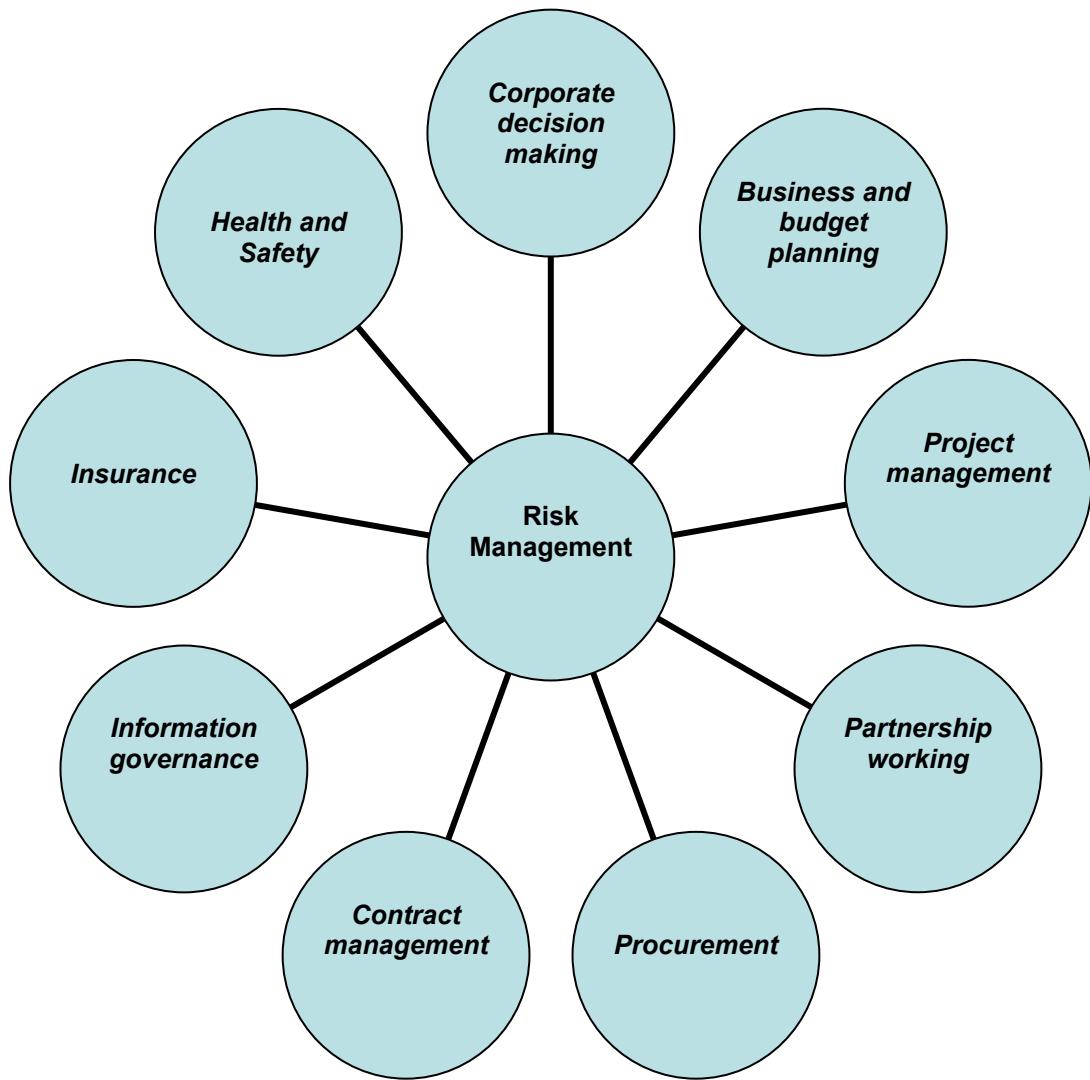
Some individuals and groups have specific leadership roles or responsibilities as follows:





## 5. Embedding Risk Management

For risk management to be effective and a meaningful management tool, it needs to be an integral part of key management processes and day-to-day working. As such risks and the monitoring of associated actions should be considered as part of a number of the Council's significant business processes.



## 6. Training and Awareness

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and Staff with the knowledge and skills necessary to enable them to manage risk effectively.

The Council uses a range of training methods to meet the needs of the organisation including external training (e.g. from our contracted internal audit providers) and intranet based e-awareness training.

Further risk management information is available on the intranet

## 7. Review of the Corporate Risk Register

In addition to possible items for the register arising from items referred to CLT for consideration, there will be an annual review by CLT and managers to consider:

- whether any items should be deleted from the risk register; or
- should be added to the risk register; or
- have moved above or below the Council's risk tolerance level and so require a change in status in respect of action planning;
- whether the Council's risk appetite/tolerance level remains appropriate.

Following the reviews the amended Corporate Risk Register is submitted to the Audit Committee for consideration and discussion.

## 8. Partnership Risks

These should be identified by the officer with lead responsibility for the partnership or at the time of its initiation.

For those partnerships which are designated as key/significant to the Council, an annual assessment will be undertaken. The risk register should also be reviewed at least annually to ensure that it is kept up to date, consideration given to both the risks to the partnership and risks to the Council arising from the partnership and mitigating actions established where appropriate.

## 9. Relevance to other Corporate Functions

### Internal Audit

The Council's appointed internal auditors will periodically undertake an independent evaluation of the risk management framework to provide the Audit Committee with assurance on the adequacy of the internal control arrangements including risk management and governance.

### Business Continuity Planning

The main objective of business continuity is to provide a means of both recovery for the Council should it be affected by a crisis or a business interruption and of minimising the impact on the Council's employees, customers and reputation. Examples of issues tackled by business continuity include those in relation to loss of premises, equipment, staffing, and telecommunications / IT. Business continuity planning requires that potential impact to be considered and managed and the corporate and individual business continuity plans need to be updated on an on-going basis to reflect changes in the overall risk profile. Put simply, the difference between risk management and business continuity is that the former considers what could go wrong and seeks, where possible, to prevent it, while the latter creates contingency arrangements in the event of a crisis and is largely indifferent to the cause of the problem.

### Performance Management and Monitoring

Performance management is concerned with the delivery of corporate objectives, business plans and budgets. Risks can prevent this and as a result corporate, service, project and partnership risks registers are maintained and cross referenced to objectives and plans in order to ensure:

- The risks to strategic and operational plans are being actively and appropriately managed; and
- Due account has been taken of material risk considerations in the preparation of delivery plans.

## APPENDIX 1

## Risk Assessment Table

**Risk Assessment**

The identified risks are assessed in terms of their likelihood of occurring and the potential impact should they occur and are scored on a scale of 1 – 4 as follows:

Likelihood	Clarification of Definition
4 - Almost Certain	Regular occurrence. Circumstances frequently encountered.
3 - Likely	Circumstances occasionally encountered
2 - Unlikely	Circumstances infrequently encountered
1 – Almost Impossible	Has rarely/never happened

As guidance, when assessing the impact, the following aspects should be taken into consideration:

Impact of event occurring				
Risk Score	Minor	Moderate	Serious	Major
1	2	3	4	
<b>Financial</b>	£0k - £10k	£10k - £100k	£100k - £500k	>£500k
<b>Service Provision</b>	Minor service delay/disruption	Short term service delay/disruption	Medium term delay/Service suspended	Total service suspended for a significant period/statutory duties not delivered
<b>Project</b>	Minor delay	A few milestones missed	A major milestone missed	Project does not achieve objectives and misses majority of milestones
<b>Health &amp; Safety</b>	Minor injury	Broken bones/illness	Life changing injury/Major illness	Major loss of life/large scale major illness
<b>Objectives</b>	Minor impact on objectives	Failure to achieve service plan objectives	Failure to achieve Directorate objectives	Corporate objectives not met
<b>Morale</b>	Mild impact on morale	Some staff dissatisfaction, increase in staff turnover	Major staff dissatisfaction, short term industrial action, staff turnover including key personnel	Major staff dissatisfaction, long term industrial action, significant key staff turnover
<b>Reputation</b>	No media attention/isolated complaints	Adverse local media coverage	Adverse national media coverage	Remembered for years
<b>Government relations</b>	Minor local service issues	Poor assessment(s)	Service taken over temporarily	Ministerial intervention in running service

An overall risk score is reached by multiplying the likelihood score by the impact score.

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## **REPORT of DIRECTOR OF RESOURCES**

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**to**  
**AUDIT COMMITTEE (SPECIAL MEETING)**  
**21 JUNE 2016**

### **QUARTERLY REVIEW OF RISK**

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

- 1.1 This Committee has a key role in providing independent assurance to the Council on the adequacy of the risk management framework. The Risk Management Policy requires this Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks are being managed effectively.
- 1.2 This report provides an update on the position as at the end of Quarter 4 (31 March 2018) on the corporate risks included within the Corporate Risk Register 2017 / 18.

#### **2. RECOMMENDATIONS**

- (i) That Members review the information as set out in this report and **APPENDIX 1** and their views and comments are sought;
- (ii) That the Corporate Risk Register for 2018 / 19 as agreed by the Corporate Leadership Team (CLT) is noted;
- (iii) That in undertaking this review Members are assured that corporate risk is being managed effectively.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 **APPENDIX 1** to this report provides further information on the individual risks including comments by the risk owners outlining the rationale for the current scoring and, where applicable, any movement in the risk scores. Member comments raised at the last quarterly review in March have been considered by CLT when assessing the risk scores for Quarter 4.
- 3.2 In its role of ensuring that the corporate risks are being managed effectively, the views of this Committee are sought on the current position, any movement in the risks scores and the comments provided by the risk owners.
- 3.3 In accordance with the approved Council's Risk Management policy, a thorough review of the Corporate Risk Register for 2018/19 has recently been undertaken by CLT and managers. The risks identified and agreed and the mitigating actions established are detailed in **APPENDIX 2** to this report.

3.3.1 The majority of the 2017 / 18 Corporate Risks are being retained for 2018 / 19 or have been redefined to clarify the actual risk to the Council.

3.3.1.1 Risks which are not being carried over to the 2018 / 19 Corporate Risk Register are as follows:

- **Failure to identify older and most vulnerable people** – data has been used to identify areas of the District most at risk. This was reviewed in 2017 and is being further reviewed and updated as part of the development of the new Health and Wellbeing Strategy. A new Health Improvement Officer is now in post which will increase our capacity to utilise the data effectively to ensure our services are targeted to meet the needs of our most vulnerable residents. The risk is not being carried over to the 2018/19 risk register, but is being combined with those risks relating to targeting services.
- **Failure to have a clear shared vision regarding Strengthening Communities** - The Strengthening Communities Task and Finish Group has concluded its work and is recommending to Council, at its meeting in June, that a new Strengthening Communities vision is adopted. This risk is not being carried over to 2018/19 on the assumption that the Vision will be adopted. Should this not be the case, the risk will be revisited.
- **Being designated as an under-performing authority due to major planning applications and appeals performance** – the Council's performance on appeals has improved significantly over recent months and is below the threshold used by central Government when assessing whether an authority is underperforming. In light of this, the risk is being removed from the risk register, but performance will continue to be monitored as a corporate key performance indicator.

3.3.1.2 New risks added to the 2018 / 19 register are:

- **Failure to maximise effectiveness of services through promotion and engagement** – this has been added to the risk register to ensure that a consistent and coordinated approach to communication is taken across the Council, particularly with regard to businesses.
- **Failure to manage impact of organisational change** – as Maldon District Council (MDC) reviews how we can deliver the best possible service to our customers whilst achieving the savings and efficiencies that are necessary, it is essential that we manage proposed changes effectively both for Staff and the community whilst this process is underway.

3.4 Members are reminded that the risk assessment and scoring framework, contained within the new Risk Management Policy agreed by this Committee in March and adopted by Council in May, should be considered and applied when reviewing the corporate risks and scores.

#### **4. IMPACT ON CORPORATE GOALS**

4.1 The risks included on the Corporate Risk Register have been identified as those which could prevent MDC from achieving the corporate goals stated in the Corporate Plan (2015 - 19) as updated and approved by the Council in February 2018. By identifying these, assessing the current controls in place and determining what further actions

need to be taken to mitigate the risks as much as possible, the Council's desired outcomes should be achieved.

## 5. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have a significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives.

The implementation and operation of the risk management framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.

Failure to manage risk would also mean that the Council might face censure by its external auditors or the potential for legal proceedings in the event of breaches of the Health and Safety at Work Act or similar legislation.

- (iv) **Impact on Resources (financial and human)** – All risk management activity is undertaken within existing and planned budgets.
- (v) **Impact on the Environment** – None.

Background Papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762) or Julia Bawden, Performance and Risk Office, (Tel: 01621 876223).

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## Corporate Risk Register

### Quarterly Review

**Impact (I)**

4 – High

3 – Moderately High

2 – Moderately Low

1 – Low

An overall risk score is reached by multiplying  
the likelihood score by the impact score

**Likelihood (L)**

4 – Very Likely

3 – Likely

2 – Unlikely

1 – Very Unlikely

<b>Likelihood</b>	4				
	3				
	2				
	1				
		1	2	3	4
<b>Impact</b>					

Anything in the shaded area is considered to be “below the  
Council’s tolerance line”

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>01 - Failure to safeguard children and vulnerable adults</b>							As detailed in Q3 work is ongoing and referrals continue to be made as required. Staff awareness will be raised again at team meetings and specific Member training will be provided during 2018 / 19. The internal officer group continues to oversee arrangements.
<i>Date risk added to Register: 2012/13</i>	L - 2 I - 3 Risk Score = 6	L - 1 I - 4 Risk Score = 4	L - 1 I - 4 Risk Score = 4	L - 1 I - 4 Risk Score = 4	L - 1 I - 4 Risk Score = 4		Being retained as a Corporate Risk for 2018 / 19.
<i>Owner: Director, Customers and Community</i>							

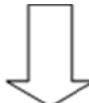
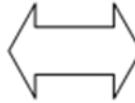
## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>02 – Failure to identify older and most vulnerable people</b>							A new Health Improvement Officer is now in post which will increase our capacity to deliver on our Health and Wellbeing priorities to our most vulnerable residents.
<i>Date risk added to Register: 2017/18</i>							
<i>Owner: Director, Customers and Community</i>							
	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6		<p>The data which had been used to identify areas of the District most at risk to enable Health and Well Being activities to be targeted was reviewed in 2017 and is being updated and reviewed as part of the development of a new Health and Wellbeing and Strengthening Communities Strategy. This data has, and will continue to be used to target our resources at our most vulnerable residents.</p> <p>For 2018 / 19 this risk is being combined with those risks relating to targeting services.</p>
<b>03 - Failure to target services and influence partners effectively to meet the health and wellbeing needs of the vulnerable population</b>							There are a number of targeted activities underway to support our most vulnerable residents, with further activities being delivered during 2018/19. These activities include:
<i>Date risk added to Register: Redefined 2016/17</i>							
<i>Owner: Director,</i>							<ul style="list-style-type: none"> <li>• Development of Livewell Strategy Intergenerational work with schools</li> <li>• Obesity project</li> <li>• Social isolation and loneliness project in North of District</li> <li>• Older persons Gardening Project Older Person Health and Well Being event</li> <li>• Multi Agency Partnership - monthly event for</li> </ul>

**APPENDIX 1**

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<i>Customers and Community</i>							<p>residents to access help and advice</p> <ul style="list-style-type: none"> <li>• Activities to Increase Volunteering to support Health and Wellbeing, including an event involving partners Volfest June 2018</li> <li>• A number of one off health and wellbeing events in reception area</li> <li>• Mental Health Project</li> </ul> <p>We are also part of an Essex wide public health network which is ensuring that good practice, knowledge and expertise is being shared across local authorities, and the Public Health Improvement Officers across Essex are being professionally supported to ensure that we are maximising the opportunities and outcomes for our most vulnerable residents.</p> <p>Following discussion at Audit Committee and subsequent review by the Corporate Leadership Team (CLT) the likelihood score has been increased until evidence can be provided that the work being undertaken is achieving results.</p> <p>Risk being retained for 2018 / 19.</p>

## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>04 - Failure to target services and influence partners effectively to support the increasing ageing population (re housing needs)</b>	L - 3 I - 4 Risk Score = 12	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16	L - 3 I - 4 Risk Score = 12		<p>Likelihood score reduced following review by CLT, given that the housing needs have been identified as part of the Housing Strategy work undertaken.</p> <p>Progress has been made with other districts and Essex County Council (CC) agreeing to support joint working on implementing at local level (each district) handyman and home from hospital schemes using flexibility and increase to Better Care Funding. Work is progressing into 2018/19 with aim of implementing a local service for one or both of these which will help reduce risk.</p>
<i>Date risk added to Register: 2016/17</i>							
<i>Owner: Director, Customers and Community</i>							Risk being retained for 2018 / 19.
<b>05 – Failure to have a clear shared vision regarding Strengthening Communities</b>	L - 4 I - 3 Risk Score = 12	L - 4 I - 3 Risk Score = 12	L - 4 I - 3 Risk Score = 12	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6		<p>The Strengthening Communities Task and Finish Group have concluded its work, and is recommending to Council that the Strengthening Communities and Health and Wellbeing approach and programmes of work are aligned, that a new Strengthening Communities vision is adopted, and a joint Strengthening Communities and Health and Wellbeing Strategy is developed. Consequently the Health and Wellbeing work plan will also be the Strengthening Communities work plan, as the Health and Wellbeing projects can only be sustainable by using a strengthening communities approach.</p>
<i>Date risk added to Register: 2017/18</i>							
<i>Owner: Director, Customers and Community</i>							On the assumption that the Vision will be agreed by the Council in June, this risk is not being retained for 2018 / 19.

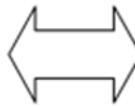
## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>06 – Failure to deliver the required infrastructure to support development arising from the LDP</b>	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12		<p>Until the delivery and long term management and ownership issues with regards to the flood alleviation scheme as part of the North Heybridge Garden Suburb, as per the Local Development Plan (LDP), have been resolved the risk remains unchanged.</p> <p>Risk being retained for 2018 / 19.</p>
<i>Date risk added to Register: 2014/15</i>							
<i>Owner: Director, Planning and Regulatory Services</i>							
<b>07 – Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface flood mitigation and long term maintenance responsibilities</b>	L - 3 I - 4 Risk Score = 12	L - 3 I - 3 Risk Score = 9	L - 3 I - 3 Risk Score = 9	L - 4 I - 4 Risk Score = 16	L - 4 I - 4 Risk Score = 16		<p>Further to discussion with Members at Audit Committee in March, it was agreed that an action plan will be prepared and presented to the next Audit Committee to enable the risk score to be reviewed.</p> <p>This risk is being retained for 2018 / 19.</p>
<i>Date risk added to Register: 2015/16</i>							
<i>Redefined 2017/18</i>							
<i>Owner: Director, Planning and Regulatory Services</i>							

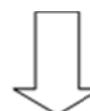
## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>08 - Being designated as an under-performing authority due to major planning applications and appeals performance</b>							The risk has reduced given that the appeal performance has improved and the older appeals allowed are no longer being taken in to account.  Risk is not being retained for 2018 / 19.
<i>Date risk added to Register: 2015/16</i>							
<i>Owner: Director, Planning &amp; Regulatory Services</i>							

## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>9 – Failure to maintain a 5 year supply of Housing Land</b>	L - 2 I - 4 Risk Score = 8	L - 2 I - 2 Risk Score = 4	L - 2 I - 2 Risk Score = 4	L - 2 I - 2 Risk Score = 4	L - 2 I - 2 Risk Score = 4		<p>Developers are now on site and South Maldon reserved matters planning applications will start to be submitted in the spring 2018.</p> <p>Discussions are taking place with developers on their housing completion trajectories and delivery programmes. Any slow down on sites could be compensated by increased delivery elsewhere.</p> <p>The Five Year Housing Land Supply position statement is due to be completed in summer 2018 and submitted to the Secretary of State for approval.</p> <p>There is a risk of failing the soon to be introduced Housing Delivery Test, which is a test of how many homes are delivered over the preceding 3 years against our housing target of 310 units per annum. This new provision is currently being proposed by the Government in the revised National Planning Policy Framework (NPPF). The Government is proposing to sanction Councils for failing the test; the severity of the sanction will depend on how a Council performs against the test.</p> <p>If the Housing Delivery Test remains in the NPPF and the possible sanctions against the Council do create a significant risk, then at that stage it may be appropriate to consider adding this to the corporate risk register.</p> <p>Risk is being retained for 2018 / 19.</p>
<u><b>Date risk added to Register: 2017/18</b></u>							
<i>Owner: Director, Planning &amp; Regulatory Services</i>							

## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>10 - Failure to meet the affordable housing need</b>	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 4 I - 4 Risk Score = 16	L - 3 I - 4 Risk Score = 12		The risk score has been reduced slightly to reflect commencement of new development and projected increase in supply. There is also progress with possible development of Independent Living projects which will help improve supply both to meet needs of ageing population and to create better supply from within the existing stock. There is also progress with Community Led Housing in first year creating further opportunities to reduce the identified shortfall.
<i>Date risk added to Register: 2016/17</i>							
<i>Owner: Strategic Housing Manager</i>							Risk is being retained for 2018 / 19.
<b>11 - Failure to have a co-ordinated approach to supporting new and existing businesses</b>	L - 3 I - 4 Risk Score = 12	L - 3 I - 4 Risk Score = 12	L - 2 I - 4 Risk Score = 8	L - 2 I - 4 Risk Score = 8	L - 3 I - 4 Risk Score = 12		Following the Audit Committee's last quarterly review of the risk register, the Committee recommended increasing the risk likelihood to 3, based on the current lack of reliable data on the number of businesses entering or leaving the District.
<i>Date risk added to Register: 2017/18</i>							
<i>Owner: Economic Development and partnerships Manager</i>							This risk is being retained for 2018 / 19, but is redefined as "Failure to have a co-ordinated approach to supporting inward investment and maximising business rate growth".

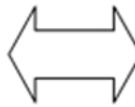
## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>12 - Failure to protect personal or commercially sensitive data</b>	L - 2 I - 3 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 2 I - 3 Risk Score = 6		Following review by CLT of the risk register, the impact score increased on the basis that the fines imposed by the Information Commissioners Office (ICO) following General Data Protection Regulations (GDPR) are an unknown at this stage and could be significant. However, the likelihood score has been reduced as we have undertaken the necessary work to meet the GDPR requirements with the GDPR programme on track, specific training delivered to all officers with fail / pass certificates and a briefing note issued to Members.
<i>Date risk added to Register: 2009/10</i>							Risk being retained for 2018 / 19.
<i>Owner: Director, Resources</i>							
<b>13- Inefficient Committee structure</b>	L - 3 I - 3 Risk Score = 9	L - 4 I - 3 Risk Score = 12	L - 2 I - 3 Risk Score = 6	L - 2 I - 3 Risk Score = 6	L - 3 I - 3 Risk Score = 9		Update on recommendations which were agreed by Council in November 2017 are as follows:-  1) A report on the Member led review of the current area planning committee arrangements was submitted to Council in May.  2) A review of the scope of Directorships and the terms of reference of programme Committees to align the Corporate Leadership Team (CLT) roles better with those of the programme Committees were included as part of the Ignite Management Structure review, initial conclusions of which were reported to a special meeting of the Council in May.  3) Committee reports are presented by either the appropriate Director or their deputy at each programme Committee meeting to minimise the cost of officer time
<i>Date risk added to Register: 2015/16</i>							
<i>Owner: Chief Executive</i>							

## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
							<p>at meetings.</p> <p>4) Reports for noting and information are brought to the attention of all Members, but are not included in the agenda of Committees / the Council.</p> <p>5) Where a decision is required by more than one Committee and such decisions are not aligned the final decision will be made at the next meeting of the Council.</p> <p>6) The current Town and Parish Council Trigger has been replaced by Member call in to Area Planning Committees.</p> <p>7) The Council will fully implement Mod.Gov and achieve paperless meetings, save for extraordinary individual circumstances, by May 2019.</p> <p>8) The Director of Resources will reviews the outcome of these changes and report back to Members at the June meeting of the Council.</p> <p>Risk being retained for 2018/19, but redefined as “A Committee structure which is not cost effective” with the likelihood score increased to 3 – Likely.</p>

## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>14 – Unable to recruit and retain staff in national skill shortage service areas to meet the demands of the service</b>	L - 3 I - 3 Risk Score = 9	L – 3 I - 3 Risk Score = 9	L – 3 I – 3 Risk Score = 9	L – 2 I – 3 Risk Score = 6	L – 2 I – 3 Risk Score = 6		Following the recruitment campaign and the attachment of market supplements where needed, the Council is not experiencing the same high levels of vacant posts as seen historically. The risk remains the same however, as the skills shortage in the planning profession is a nationwide problem and will take time to resolve, due to the lack of more experienced planners being available in the market and not enough intakes into the profession from graduates. In the event of recruitment and retention difficulties arising, this would have an adverse effect on the ability to deliver the service.
<i>Date risk added to Register: 2015/16</i>							Risk being retained for 2018 / 19.
<i>Owner: Director, Resources</i>							
<b>15 – Failure to plan and deliver balanced budgets over the medium term</b>	L - 2 I - 3 Risk Score = 6	L – 2 I - 3 Risk Score = 6	L – 2 I – 3 Risk Score = 6	L – 3 I – 3 Risk Score = 9	L – 3 I – 3 Risk Score = 9		£1.5m funding gap in place over the medium term. Savings plans are currently being identified and will be presented to Members in Q1 2018 / 19.
<i>Date risk added to Register: 2008 / 09</i>							Risk being retained for 2018 / 19.
<i>Owner: Director, Resources</i>							

## APPENDIX 1

Risk	Original Risk Score	Quarter One Q1 2017/18	Quarter Two Q2 2017/18	Quarter Three Q3 2017/18	Quarter Four Q4 2017/18	Direction of Score (since last quarter)	Comments
<b>16 – Corporate policies not managed and reviewed</b>	L - 3 I - 3 Risk Score = 9	L - 2 I - 3 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6	L - 3 I - 2 Risk Score = 6		<p>A database has been created which will provide an audit trail for all policies and related decisions. A number of policies have been updated and approved through CLT and Committee in Q4.</p>
<i>Date risk added to Register: 2016/17</i>							<p>A report was submitted to CLT in May outlining the current position. It was agreed that managers should ensure that the task of reviewing or introducing new policies and strategies is considered on an on-going basis as part of the business planning process.</p>
<i>Owner: Director, Resources</i>							<p>Risk being retained for 2018 / 19.</p>
<b>17 – Lack of confidence in police partnerships with a view to delivery of public safety particularly in rural areas</b>	L - 3 I - 2 Risk Score = 6				L - 3 I - 2 Risk Score = 6		<p>The amended definition of this risk was agreed by Audit Committee in March and following discussion at Audit Committee, CLT agreed that impact score should be increased to 3.</p>
<i>Date risk added to Register: 2017 / 18</i>		New indicator 17/18	New indicator 17/18				<p>Mitigating actions to be taken forward during 18/19 are:</p>
<i>Owner: Director, Customers and Community</i>					L - 3 I - 3 Risk Score = 9		<ol style="list-style-type: none"> <li>1. Effective monitoring of delivery of the Community Safety Partnership Action Plan</li> <li>2. Identify funding sources/options to supplement policing capacity</li> <li>3. Work with Essex police to improve public engagement events *</li> <li>4. Increase/maximise press releases on the Community Safety Partnership (CSP) achievements*</li> </ol> <p>(*To reassure businesses and residents that significant preventative work is being undertaken to improve confidence and reduce the fear of crime).</p> <p>Risk is being retained for 2018 / 19.</p>

## Corporate Risk Register 2018-19

Likelihood	Impact			
	4	3	2	1
	1	2	3	4
<b>Impact</b>				

<u>Impact</u>	<u>Likelihood</u>
4 – Major	4 – Almost Certain
3 – Serious	3 – Likely
2 – Moderate	2 – Unlikely
1 – Minor	1 – Almost Impossible

Anything in the shaded area is considered to be “within the Council’s tolerance line”

**Adequacy of controls:**

**Poor** - no controls in place or the few that are do not mitigate the risk

**Fair** - some controls in place and some reduction in risk but still not adequate

**Good** - controls in place are considered adequate and reduce the risk

**Excellent** - effective controls are in place which reduce the risk considerably

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<b>Corporate Goal: Strengthening communities to be safe, active and healthy</b>								
<b>1. Failure to safeguard children and vulnerable adults</b>  <i>Owner: Director, Customers and Community</i>  <i>Date added to register: 12/13</i>	<ul style="list-style-type: none"> <li>Failure to recognise possible safeguarding concern</li> <li>Failure to respond to a concern raised</li> <li>Records not kept up to date/inaccurate records</li> <li>Staff and Members not trained</li> <li>Lack of knowledge,</li> </ul>	<ul style="list-style-type: none"> <li>A vulnerable adult or child suffers harm</li> <li>Reputational damage to the Council for not acting on information received or concern raised</li> <li>Council subject to legal proceedings as a result of not acting on information received or</li> </ul>	L - 1 I - 4  Risk Score = 4	<ul style="list-style-type: none"> <li>Agreed policy in place which is subject to ongoing review</li> <li>Agreed procedures in place</li> <li>On-going training for staff who, within their role, may have interaction with children and/or vulnerable adults</li> <li>Designated</li> </ul>	<u><b>Adequacy of Controls:</b></u> Fair <u><b>Evidence:</b></u> Policy and procedures Officers in place Intranet information Safeguarding group Corporate Leadership Team (CLT) agenda item and minutes	1. Reinforce core safeguarding messages to all staff through staff briefings and team meetings throughout the year  2. Undertake Member safeguarding training to include emerging issues (e.g. gangs and sexual	1. Richard Holmes, Director, Customers and Community  2. Spencer Clarke, Community Safety Partnership Manager	1. 31/03/2019 2. 31/12/2018

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	awareness and understanding of the process	concern raised		<p>safeguarding officers within Maldon District Council (MDC).</p> <ul style="list-style-type: none"> <li>• Safeguarding representation widened across all Depts. and training given to increase awareness to Safeguarding Lead Officer level.</li> <li>• Disclosure and Barring Service (DBS) checks undertaken for appropriate staff</li> <li>• Safeguarding information and designated areas on intranet</li> <li>• MDC Safeguarding group established to review policies and procedures and ensure communication and updates are</li> </ul>		exploitation)		

APPENDIX 2

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				<ul style="list-style-type: none"> <li>discussed and awareness continued.</li> <li>MDC participation in County wide Boards for safeguarding</li> <li>Safeguarding is a standing agenda item for CLT to ensure that issues are discussed and awareness increased</li> <li>Learning through feedback from partnership working e.g. serious case reviews</li> </ul>				
<b>2. Failure to target services and influence partners effectively to meet the identified health and wellbeing needs of the vulnerable population</b>	<ul style="list-style-type: none"> <li>Difficulty to identify 1) the priorities; 2) where in the District the priorities exist and 3) those that are vulnerable</li> <li>Silo working within the Council/ lack of co-ordination</li> <li>No engagement</li> </ul>	<p>Direct consequences to MDC:</p> <ul style="list-style-type: none"> <li>Escalation in service needs leading to an adverse impact on resources required</li> <li>Impact on resources/costs</li> <li>Inefficiencies</li> <li>Unable to develop and plan</li> </ul>	<p>L – 3 I – 3</p> <p>Risk Score = 6</p>	<ul style="list-style-type: none"> <li>MDC lead partner for Health and Wellbeing within the District</li> <li>Use of existing data (e.g. health profiles) to highlight issues/areas with specific needs</li> </ul>	<p><u>Adequacy of Controls:</u> Fair</p> <p><u>Evidence:</u> Data held</p> <p>Partnerships in place</p> <p>Local Livewell Year 1 Action</p>	<p>1. Review current H&amp;WB data for District to inform Livewell Strategy</p> <p>2. Develop Livewell Strategy and Formal Action Plan</p> <p>3. Deliver Health and Wellbeing</p>	<p>1. Ben Page, Health Improvement Officer</p> <p>2. Ben Page, Health Improvement Officer</p> <p>3. Ben Page, Health Improvement Officer</p>	<p>1. 31/10/2018</p> <p>2. 30/11/2018</p> <p>3. 31/03/2019 (separate target dates for individual projects)</p> <p>4. 30/11/2018</p> <p>5. Ongoing</p> <p>6. Ongoing</p>

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<p><b>Owner: Director, Customers and Community</b></p> <p><b>Date added to register: 16/17</b></p>	<ul style="list-style-type: none"> <li>to ascertain how residents want to access services</li> <li>Limited communication / co-ordination between partners (e.g. Community Agents)</li> <li>Council continues to deliver broad range of services rather than targeted services</li> <li>Discretionary support services at risk of funding withdrawal in the future</li> <li>Failure to maintain effective partnership working</li> </ul>	<p>services</p> <p>Indirect/consequences to the wider community</p> <ul style="list-style-type: none"> <li>Vulnerable residents unable to access services</li> <li>Duplication across agencies</li> </ul>		<ul style="list-style-type: none"> <li>Health and Wellbeing Group – partnership work to deliver projects and share good practice such as Social Prescribing</li> <li>Commissioning process for advice services – needs analysis undertaken to target services</li> <li>Strong Essex wide Public Health Network</li> <li>Good liaison with Active Essex</li> <li>Weekly and monthly partnership “drop in” sessions</li> <li>Strong Livewell partnership</li> <li>Livewell Action plan developed to be delivered in</li> </ul>	<p>Plan</p>	<p>(H&amp;WB) projects in line with priorities (obesity; ageing population; social isolation).</p> <p>4. Develop Livewell Partnership working to target priorities</p> <p>5. Engage with Essex County Council (ECC) Public Health standards</p> <p>6. Develop a better relationship with Clinical Commissioning Group (CCG) and ECC commissioners</p>	<p>4. Ben Page, Health Improvement Officer</p> <p>5. Ben Page, Health Improvement Officer</p> <p>6. Ben Page, Health Improvement Officer</p>	

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				partnership				
<b>3. Failure to target services and influence partners effectively to support the identified housing needs of the increasing ageing population</b>  <i>Owner: Director, Planning &amp; Regulatory Services</i>  <i>Date added to register: 15/16</i>	<ul style="list-style-type: none"> <li>• Unable to identify those in need who want to move to more suitable housing or have to move, but do not want to</li> <li>• Lack of engagement</li> <li>• Discretionary support services funding withdrawn</li> <li>• Reductions in funding for housing for older and vulnerable people</li> <li>• Providers of supported housing reducing or withdrawing support and unable to develop new schemes</li> </ul>	<ul style="list-style-type: none"> <li>• Vulnerable residents unable to access services</li> <li>• Escalation in service needs</li> <li>• Impact on resources/costs</li> <li>• Duplication across agencies</li> <li>• Unable to develop and plan services</li> <li>• Reduction in supply of services including supported housing</li> <li>• Unable to carry out required adaptations</li> <li>• Unnecessary adaptations undertaken leading to ineffective use of funds</li> </ul>	L - 3 I - 4  Risk Score = 12	<ul style="list-style-type: none"> <li>• Use of existing data (e.g. health profiles) to highlight issues/areas with specific needs</li> <li>• Working with ECC on provision of extra care housing</li> <li>• Housing allocations policy</li> <li>• Housing register in place</li> <li>• Supply of new homes</li> <li>• Local Development Plan (LDP)</li> <li>• Supplementary Planning Documents (SPDs)</li> <li>• Housing Strategy</li> </ul>	<b>Adequacy of Controls:</b> Fair <b>Evidence:</b> Policy LDP SPDs Housing Strategy	1. Deliver a targeted project to improve information sharing with partners providing advice and support to older people  2. Establish working group of relevant local key agencies to inform potential pilot project re Home from Hospital/HIA services	1. Chris Dispirito, Home Improvements Team Leader 2. Chris Dispirito, Home Improvements Team Leader	1. 30/06/2018 2. 31/12/2018

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<p><b>4. Failure to influence Community Safety partners to address the key areas of public concern and the negative perception of crime</b></p> <p><i>Owner: Director, Customers and Community</i></p> <p><i>Date added to register: 17/18</i></p>	<ul style="list-style-type: none"> <li>High level of media reporting on crime impacts perception</li> <li>Low level of crime highlights when an incident occurs</li> <li>Ageing population more aware of crime and feeling vulnerable</li> <li>Lack of meaningful data for local police performance</li> <li>Not maximising opportunities to influence partners (Essex Police, Fire &amp; Rescue, ECC and National Probation Service)</li> </ul>	<ul style="list-style-type: none"> <li>Lack of public confidence in the Council</li> <li>Lack of public confidence in the police</li> <li>Increased fear of crime</li> <li>Loss of business in the District</li> <li>Negative impact on the economy</li> </ul>	<p>L - 3 I - 2</p> <p>Risk Score = 6</p>	<ul style="list-style-type: none"> <li>MDC taking the lead role in the Maldon Community Safety Partnership</li> <li>Community Protection Team has a visible presence throughout the District undertaking duties previously done by the police</li> <li>Overview &amp; Scrutiny Committee acting as the Crime and Disorder Committee has responsibility for reviewing police performance</li> </ul>	<p><b>Adequacy of Controls:</b> Fair</p> <p><b>Evidence:</b> Community Safety Partnership (CSP) CSP Action Plan O&amp;S Committee acting as the Crime &amp; Disorder Committee</p>	<ol style="list-style-type: none"> <li>Effective monitoring of delivery of the CSP Action Plan</li> <li>Identify funding sources/options to supplement policing capacity</li> <li>Work with Essex police to improve public engagement* events</li> <li>Increase /maximise press releases on the CSP achievements*</li> </ol> <p>(*To reassure business and residents that significant preventative work is being undertaken to improve confidence and reduce the fear of crime)</p>	All actions: Spencer Clarke, Community Safety Partnership Manager	1. 31/03/2019 2. 31/03/2019 3. 31/03/2019 4. 31/03/2019

**Corporate Goal: Protecting and Shaping the District**

<p><b>5. Failure to deliver the required infrastructure to support development</b></p>	<ul style="list-style-type: none"> <li>No clear delivery mechanism</li> <li>Impact of viability</li> <li>Decisions required on long</li> </ul>	<ul style="list-style-type: none"> <li>Future capacity problems relating to schools, highways, housing, flooding, utilities</li> </ul>	<p>L - 3 I - 4</p> <p>Risk Score = 12</p>	<ul style="list-style-type: none"> <li>Adopted LDP</li> <li>Master planning approach</li> <li>Infrastructure Development</li> </ul>	<p><b>Adequacy of Controls:</b> Good</p> <p><b>Evidence:</b> Legal agreements</p>	<ol style="list-style-type: none"> <li>Negotiate effectively with developers/ relevant key partners to ensure appropriate level</li> </ol>	1. Ian Butt, Planning Policy Manager 2. Ian Butt, Planning	All ongoing
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**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<b>arising from the LDP</b> <i>Owner: Director, Planning &amp; Regulatory Services</i> <i>Date added to register: 14/15</i>	term management <ul style="list-style-type: none"> <li>• Lack of funding</li> <li>• Lack of commitment from other agencies (e.g. NHS)</li> <li>• General market conditions</li> <li>• Lack of agreement on costs</li> <li>• Lack of understanding in relationships between the various projects</li> </ul>	and health <ul style="list-style-type: none"> <li>• Delays in delivering housing</li> </ul>		<ul style="list-style-type: none"> <li>• Plan (IDP) supporting the LDP</li> <li>• IDP and Infrastructure Phasing Plan (IPP) constantly under review with any fresh evidence being provided to the Planning and Licensing (P&amp;L) Committee</li> <li>• Negotiations with applicants – pre-planning agreements in place.</li> <li>• Viability testing</li> <li>• S106 agreements in place</li> <li>• Programme project management</li> <li>• Joint working with developers and agencies</li> <li>• Established Local Management</li> </ul>	successfully negotiated and funding secured for some projects LDP Due diligence with relevant agencies and other authorities e.g. ECC and environment agency IDP and IPP Viability testing	of infrastructure and phasing of delivery 2. Identify funding mechanisms and monitor drawing down on funding in a timely manner 3. Continue utilising LMO model for determining ownership, future management and maintenance of infrastructure e.g. green spaces/flood defences 4. Improve project management 5. Use Planning Performance Agreements (PPAs) where possible and particularly for Garden Suburbs to fund resources to deliver the schemes	Policy Manager 3. Ian Butt, Planning Policy Manager 4. Ian Butt, Planning Policy Manager 5. Ian Butt, Planning Policy Manager	

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				Organisation (LMO) model				
<b>6. Failure to have a clear shared plan regarding strategic ownership of coastal, fluvial and surface water flooding mitigation and long term maintenance responsibilities</b>	<ul style="list-style-type: none"> <li>Lack of guidance from the Department for Communities and Local Government (CLG) / Department for Environment, Food and Rural Affairs (DEFRA)</li> <li>Water companies, developers, ECC, Environment Agency and landowners not undertaking responsibilities</li> <li>General climate of central funding cuts and changing Government priorities</li> </ul>	<ul style="list-style-type: none"> <li>Inability to determine planning applications</li> <li>Inability to deliver developments in entirety</li> <li>Failure to meet housing and employment requirements</li> <li>Long term liabilities if owners default in the future</li> </ul>	L - 4 I - 4  Risk Score = 16	<ul style="list-style-type: none"> <li>Validation requirement that Sustainable Urban Drainage systems (SuDS) content is included in application</li> <li>ECC review SuDS at every stage of planning application</li> <li>Active participation in Essex Partnership for Flood Management with member representation on Flood Board</li> <li>Developing increased awareness of responsibilities and funding opportunities</li> </ul>	<b>Adequacy of Controls:</b> Fair <b>Evidence:</b> Validations Completed legal agreements on planning and relevant legal frameworks in place Completed flood relief schemes	<ol style="list-style-type: none"> <li>Co-ordinate work with partners to mitigate flooding risk and maximise grant funding opportunities.</li> <li>Preparation and monitoring of Action Plan on flood mitigating measures planned within the District</li> </ol>	<ol style="list-style-type: none"> <li>Shirley Hall, Service Manager, Environmental Health</li> <li>Shirley Hall, Service Manager, Environmental Health</li> </ol>	<ol style="list-style-type: none"> <li>Ongoing</li> <li>Report on Action Plan to July Audit Committee. Monitoring ongoing.</li> </ol>

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				<ul style="list-style-type: none"> <li>Liaison with Environment Agency (EA) and land owners regarding ownership of flood defence mechanisms</li> <li>Engagement with relevant legal teams</li> </ul>				
<b>7. Failure to maintain a 5 year supply of Housing Land</b>  <i>Owner: Director, Planning &amp; Regulatory Services</i>  <i>Date added to register: 17/18</i>	<ul style="list-style-type: none"> <li>Poor housing market conditions</li> <li>Failure to meet completions targets</li> <li>Lack of planning permissions</li> <li>Unrealistic housing trajectory</li> <li>Not securing Planning Inspectorate's (PINs) sign off</li> </ul>	<ul style="list-style-type: none"> <li>Government sanction through increased target (+20%)</li> <li>Lack of MDC control of decisions leading to planning by appeal</li> <li>Inability to deliver LDP</li> </ul>	L - 2 I - 2  Risk Score = 4	<ul style="list-style-type: none"> <li>Annual monitoring</li> <li>Current supply of more than 6 years</li> <li>Housing trajectory linked to infrastructure</li> <li>Joint working with developers</li> <li>Proactive planning approach</li> </ul>	<b>Adequacy of Controls:</b> Good <b>Evidence:</b> Authority Monitoring Report and 5 Year Land Supply Statement Updated evidence to LDP examination	1. Submission of annual position statements 2. Developers submission of annual completion and trajectory statements 3. Roll out of self and custom build 4. Establish a programme of community led housing 5. Delivery of non-LDP sites to provide strategic housing	1. Ian Butt, Planning Policy Manager 2. Ian Butt, Planning Policy Manager 3. Ian Butt, Planning Policy Manager 4. Jackie Cox, Housing Policy and Projects Officer 5. Matt Leigh, Group Manager, Planning Services	1. 30/04/2019 2. 30/09/2018 3. Ongoing 4. Ongoing 5. Ongoing

**APPENDIX 2**

Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<p><b>8. Failure to meet the affordable housing need</b></p> <p><b>Owner:</b> <i>Director, Planning &amp; Regulatory Services</i></p> <p><b>Date added to register:</b> 16/17 <b>redefined 17/18</b></p>	<ul style="list-style-type: none"> <li>• Changing Government guidance</li> <li>• Quality of evidence</li> <li>• Availability of willing partners</li> <li>• Financial capacity of partners</li> <li>• Changing wider legislation (e.g. welfare reform)</li> <li>• Demographic changes</li> <li>• Market conditions which lead to an increase in needs and demand</li> <li>• Changing viability of schemes</li> <li>• Failure to deliver LDP</li> <li>• Out of date SPDs</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to meet statutory duty for the homeless</li> <li>• Impact on local economy/loss of investment</li> <li>• Reputational damage</li> <li>• Barrier to new development</li> <li>• Impact on residents' health and wellbeing</li> <li>• Impact on health and social care available</li> </ul>	<p>L - 3 I - 4</p> <p>Risk Score = 12</p>	<ul style="list-style-type: none"> <li>• Viability testing framework in place</li> <li>• Policies in place</li> <li>• Policies updated and adapted</li> <li>• Communication with partners (Housing Associations etc.)</li> <li>• Annual CLG Model Housing Needs Assessment undertaken</li> <li>• Strategic Housing Board</li> <li>• Implementation of Homelessness Reduction Act</li> </ul>	<p><b>Adequacy of Controls:</b> Fair</p> <p><b>Evidence:</b> Viability testing framework Policies Half yearly CLG Model Housing Needs Assessment Strategic Housing Board</p>	<ol style="list-style-type: none"> <li>1. Housing and Homelessness Strategy to be adopted</li> <li>2. Affordable Housing SPD to be adopted</li> <li>3. Identify opportunities for additional investment into affordable housing</li> <li>4. Review of Allocations Policy</li> <li>5. Establish a programme of community led housing</li> <li>6. Explore opportunities for innovation in the development and build of homes</li> </ol>	<ol style="list-style-type: none"> <li>1. Paul Dodson, Director, Planning &amp; Regulatory Services</li> <li>2. Ian Butt, Planning Policy Manager</li> <li>3. Paul Dodson, Director, Planning &amp; Regulatory Services</li> <li>4. John Swords, Housing Enabling And Assessment Team Leader</li> <li>5. Jackie Cox, Housing Policy and Projects Officer</li> <li>6. Jackie Cox, Housing Policy and Projects Officer</li> </ol>	<ol style="list-style-type: none"> <li>1. 30/09/2018</li> <li>2. 30/09/2018</li> <li>3. Ongoing</li> <li>4. 31/12/2018</li> <li>5. Ongoing</li> <li>6. Ongoing</li> </ol>

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<b>Corporate Goal: Creating opportunities to influence partners and to support/encourage economic prosperity</b>								
<b>9. Failure to have a co-ordinated approach to supporting inward investment and maximising business rate growth</b>  <i>Owner: Director, Planning &amp; Regulatory Services</i>  <i>Date added to register: 17/18 redefined 18/19</i>	<ul style="list-style-type: none"> <li>• Fragmented approach to service delivery</li> <li>• Lack of shared awareness across the Council of corporate goals</li> <li>• Failure to target services to support delivery of goal</li> <li>• Lack of understanding of impact of actions</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of businesses</li> <li>• Loss of income (because business rates are retained by Council)</li> <li>• Unable to attract new businesses</li> <li>• Non-achievement of corporate goals and priorities</li> </ul>	L - 3 I - 4  Risk Score = 12	<ul style="list-style-type: none"> <li>• Economic Prosperity Strategy</li> <li>• Promotion of corporate goals</li> <li>• Economic Development consulted on planning applications</li> <li>• The Available Land and Premises Directory</li> </ul>	<b>Adequacy of Controls:</b>  <b>Fair Evidence:</b>  EPS The Available Land and Premises Directory	1. Establish an internal communications strategy to ensure all services are aware of the priority  2. Refresh of the Economic Prosperity Strategy  3. Utilise Available Land and Premises Directory  4. Attend bimonthly meetings with Invest Essex	1. David Burrows, Economic Dev and Partnerships Manager  2. David Burrows, Economic Dev and Partnerships Manager  3. David Burrows, Economic Dev and Partnerships Manager  4. David Burrows, Economic Dev and Partnerships Manager	1. 30/10/2018  2. 30/10/2018  3. Ongoing  4. Ongoing
<b>Corporate Goal: Creating opportunities to influence partners and to support/encourage economic prosperity</b>								
<b>10. Failure to develop jobs to support the growing population</b>  <i>Owner: Director, Planning &amp; Regulatory</i>	<ul style="list-style-type: none"> <li>• Permitted development reduces commercial property supply</li> <li>• Quality of existing employment land</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of income generation opportunity to the Council through business rates</li> <li>• Loss of businesses within the District</li> </ul>	L - 4 I - 3  Risk Score = 12	<ul style="list-style-type: none"> <li>• Economic Prosperity Strategy</li> <li>• LDP</li> <li>• Available Land and Premises Directory</li> </ul>	<b>Adequacy of Controls:</b>  <b>Fair Evidence:</b>  EPS Available Land and Premises Directory	1. Develop Skills Strategy  2. Refresh of the Economic Prosperity  3. Development of Enterprise Centre for the District	1. David Burrows, Economic Dev and Partnerships Manager  2. David Burrows,	1. 30/09/2018  2. 30/10/2018  3. 31/12/2022  4. Ongoing  5. Ongoing  6. Ongoing

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<p><b>Services</b></p> <p><b>Date added to register: 18/19</b></p>	<ul style="list-style-type: none"> <li>• Inadequate transport links</li> <li>• Quality of connectivity</li> <li>• Low wage economy</li> <li>• Lack of required skills</li> </ul>	<ul style="list-style-type: none"> <li>• Impacting ability to attract inward investment</li> <li>• Increased dependency of population on support for health and wellbeing</li> <li>• Ageing workforce</li> <li>• Impact on ability of essential services to recruit</li> <li>• Lack of required skills</li> </ul>				<p>4. Maximise economic opportunities relating to Bradwell</p> <p>5. Work with Haven Gateway Partnership to develop employment in priority sectors</p> <p>6. Work with ECC and SELEP to maximise opportunities for employment growth</p>	<p>Economic Dev and Partnerships Manager</p> <p>3. David Burrows, Economic Dev and Partnerships Manager</p> <p>4. David Burrows, Economic Dev and Partnerships Manager</p> <p>5. David Burrows, Economic Dev and Partnerships Manager</p> <p>6. Paul Dodson, Director, Planning &amp; Regulatory Services</p>	

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<b>Corporate Goal: Delivering good quality, cost effective and valued services</b>								
<b>11. Failure to protect personal or commercially sensitive data</b>  <i>Owner: Director, Resources</i>  <i>Date added to register: 09/10</i>	<ul style="list-style-type: none"> <li>Document retention policy not implemented</li> <li>Lack of ongoing understanding and awareness of Data Protection and General Data Protection Regulations (GDPR), requirements and implications</li> <li>Holding paper records unnecessarily and/or insecurely</li> <li>Human error</li> <li>Out of date information asset register</li> <li>Deliberate malicious action</li> <li>Non-compliance with any changes to legislation</li> </ul>	<ul style="list-style-type: none"> <li>Council could be fined if not compliant with legislation</li> <li>Reputational damage</li> <li>Legal challenges by individuals if personal data involved</li> <li>Individuals could be put at risk – safeguarding issue.</li> </ul>	L - 2 I - 3  Risk Score = 6	<ul style="list-style-type: none"> <li>Data protection specifically assigned to an officers within the Council - Data Protection Officer and Senior Information Risk Owner</li> <li>Information Governance Board established</li> <li>Compulsory GDPR staff training undertaken</li> <li>All IT Security and data protection policies reviewed, updated and approved</li> <li>Staff aware through the HR policies of the implications of breaching security rules</li> <li>Included in induction check list</li> <li>Critical</li> </ul>	<p><b>Adequacy of Controls:</b> Fair</p> <p><b>Evidence:</b> PSN Standards met IT Security and Data Protection policies Staff aware through HR policies of the implications of breaching security rules Information Governance Board Information Asset Register</p>	<ol style="list-style-type: none"> <li>Embed the Document Retention Policy</li> <li>Clear unnecessary paper based records (including depot and basement)</li> <li>Clear unnecessary digital records</li> <li>Develop refresher GDPR training</li> <li>Implement Data Privacy Impact Assessments as part of the corporate project management methodology</li> </ol>	1. Ian Phillipson, Principal 2. Advisor, GDPR 3. Ian Phillipson, Principal Advisor, GDPR 4. Ian Phillipson, Principal 5. Advisor, GDPR 6. Ian Phillipson, Principal Advisor, GDPR 7. Ian Phillipson, Principal Advisor, GDPR	1. 31/03/2019 2. 31/03/2019 3. 31/03/2019 4. 31/03/2019 5. 31/03/2019

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
				<p>technical IT issues identified in the penetration testing carried out annually are resolved</p> <ul style="list-style-type: none"> <li>• In line with Public Services Network requirements, Council's systems Administrator's password amended regularly (annually) –</li> <li>• All recommendations following audit of Cyber Security implemented</li> </ul>				
<p><b>12. A Committee structure which is not cost effective</b></p> <p><i>Owner: Chief Executive</i></p> <p><i>Date added to register: 15/16 redefined 18/19</i></p>	<ul style="list-style-type: none"> <li>• Historical structure</li> <li>• Lack of “One Team” approach</li> <li>• No appetite for change</li> <li>• Directorships structure and Committee structure not aligned</li> <li>• Lack of robust</li> </ul>	<ul style="list-style-type: none"> <li>• Inefficient and ineffective use of resources</li> <li>• Ineffective decision making</li> <li>• Impact on Member and Staff morale</li> <li>• Conflict</li> <li>• Increased number of meeting</li> </ul>	<p>L - 3 I - 3</p> <p>Risk Score = 9</p>	<ul style="list-style-type: none"> <li>• Corporate Governance Working Group</li> <li>• Good working relationship between Leadership and CLT</li> <li>• Constant review of Scheme of Delegation</li> </ul>	<p><b>Adequacy of Controls:</b> Fair</p> <p><b>Evidence:</b> Corporate Governance Working Group Scheme of Delegation</p>	<ol style="list-style-type: none"> <li>1. Track impact of change in delegation/call in for planning applications</li> <li>2. Ignite Management Structure Review to include a review of scope of Directorships and Terms of Reference for</li> </ol>	<p>1. Matt Leigh – Group Manager, Planning Services</p> <p>2. TBC – following decision at Council 7<sup>th</sup> June</p> <p>3. Paul Dodson, Director, Planning &amp;</p> <p>4. 30/06/2018</p>	<p>1. 30/09/2018</p> <p>2. TBC – following June Council</p> <p>3. 30/09/2018</p> <p>4. 30/06/2018</p>

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
	agenda planning	<ul style="list-style-type: none"> <li>Duplication of reports across Committees</li> </ul>		<ul style="list-style-type: none"> <li>Delegation Where a decision is required by more than one Committee and such decisions are not aligned the final decision will be made by Council.</li> <li>Reviewing best practise</li> </ul>	Member led review undertaken in 2017 – report to Council November 2017	Committees to bring into alignment <ul style="list-style-type: none"> <li>Member review of Planning Committee structure (report to Council May 2018 refers)</li> <li>Review outcome of changes implemented (since November 2017 report to Council) and report to Council</li> </ul>	4. Regulatory Services 4. Emma Foy, Director, Resources	
13. Failure to manage impact of organisational change	<ul style="list-style-type: none"> <li>Poor communication</li> <li>Decisions not fully informed</li> <li>Resistance to change</li> <li>Lack of “One Team” approach</li> <li>Changes not fully implemented</li> </ul>	<ul style="list-style-type: none"> <li>Desired outcomes not achieved – efficiencies not gained</li> <li>Financial results not achieved</li> <li>Lack of staff buy-in</li> <li>Low staff morale</li> <li>Loss of staff</li> <li>Customer dissatisfaction</li> <li>Impact on service delivery</li> <li>Customer and staff resistance</li> <li>Delays in implementation</li> <li>Lack of</li> </ul>	L - 2 I - 3  Risk Score = 6	<ul style="list-style-type: none"> <li>Communication to staff through “Leadership Times” and staff briefings</li> <li>Member engagement</li> <li>External consultants/ expertise employed</li> <li>Risk impact assessments undertaken</li> <li>Staff support provided through Employee Assistance</li> </ul>	<u>Adequacy of Controls:</u> Fair  <u>Evidence:</u> Briefings Intranet videos of Leadership Times Impact assessments EAP	1. Robust business case and costings to be provided to support decision making  2. Robust project management methodology to be followed (including quality impact assessments) overseen by project sponsor  3. Involve existing staff in project team  4. Employ external programme expertise and	1. TBC – following decision at Council 7 <sup>th</sup> June	TBC – following decision at Council 7 <sup>th</sup> June

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
		<ul style="list-style-type: none"> <li>resources</li> <li>Reduced quality of work</li> <li>Increased levels of staff stress leading to increased staff absence</li> <li>Reputational damage</li> <li>Legal challenges</li> </ul>		Programme (EAP)		<p>resource to assist with implementation</p> <p>5. Develop communication plan (for staff and community) to inform and manage expectations on possible service changes</p> <p>6. Undertake robust budget scrutiny</p>		
<b>14. Unable to recruit and retain in national skill shortage service areas to meet the demands of the service</b>  <i>Owner: Group Manager, People, Performance &amp; Policy</i>  <i>Date added to register: 15/16</i>	<ul style="list-style-type: none"> <li>Competing with (larger) neighbouring councils in terms of career progression, salaries, District profile, location etc.</li> <li>Unable to attract staff</li> <li>National shortage in key areas</li> </ul>	<ul style="list-style-type: none"> <li>Lack of flexibility in the workforce in certain service areas</li> <li>Lack of expertise to engage staff and implement change at a local level</li> <li>High turnover of staff/lack of resilience</li> <li>Recruitment costs including relocation costs</li> <li>Corporate goals not achieved</li> <li>Service delivery impacted</li> </ul>	L - 2 I - 3  Risk Score = 6	<ul style="list-style-type: none"> <li>Approved Workforce Development Strategy</li> <li>Training needs identified through Performance reviews</li> <li>Performance conversations and team meetings undertaken providing opportunities for staff to express concerns/discuss issues</li> <li>Regular HR</li> </ul>	<p><b>Adequacy of Controls:</b> Fair</p> <p><b>Evidence:</b> Workforce Development Strategy Performance Review system Performance conversations records Memo of Co-operation</p>	<p>1. Seek approval to and implement the recruitment strategy</p> <p>2. Contribute to the agreed Memorandum of Cooperation (re training and career development of Town Planners) by implementing the agreed protocols.</p>	2. Dawn Moyse, Group Manager, People, Performance and Policy 3. Paul Dodson, Director, Planning & Regulatory Services	1. 31/03/2019 2. 31/03/2019

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
		<ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Agency staff being employed</li> <li>• Lack of continuity in roles</li> <li>• Lack of proactivity among staff, and service managers to identify opportunities for service redesign and improvements</li> <li>• Low level of job satisfaction</li> <li>• National and local targets and standards not met</li> <li>• Inability to deliver workforce improvements</li> </ul>		<ul style="list-style-type: none"> <li>• updates being provided at CLT</li> <li>• Key personnel identified</li> <li>• Ongoing benchmarking of salaries and Terms and Conditions</li> <li>• MDC promoted as a place to work and live</li> <li>• Exit interviews undertaken to ascertain reasons for leaving MDC</li> <li>• Memorandum of Co-operation</li> </ul>				
<b>15. Failure to plan and deliver balanced budgets over the medium term</b> <i>Owner:</i>	<ul style="list-style-type: none"> <li>• Loss of central government funding</li> <li>• Introduction of 100% business rates retention</li> <li>• Possible failure of a long term contract</li> <li>• Lack of</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate goals and objectives stated in the Corporate Plan not achieved</li> <li>• Further disinvestment in services required</li> <li>• Reduction in frontline services</li> </ul>	<p>L - 3 I - 3</p> <p>Risk Score = 9</p>	<ul style="list-style-type: none"> <li>• Management of establishment control</li> <li>• Regular reviews of Medium Term Financial Strategy (MTFS)</li> <li>• Line by line</li> </ul>	<p><b>Adequacy of Controls:</b> Good</p> <p><b>Evidence:</b> MTFS Budget Book Reports to CLT and F&amp;CS</p>	<ol style="list-style-type: none"> <li>1. Implement transformation projects to achieve more efficient working/save costs</li> <li>2. Implement Strategic Financial</li> </ol>	<ol style="list-style-type: none"> <li>1. Emma Foy, Director of Resources</li> <li>2. Emma Foy, Director of Resources</li> </ol>	<ol style="list-style-type: none"> <li>1. 31/03/2019</li> <li>2. Budget for 19/20 agreed by F&amp;CS 19/01/19. Council – 14/02/19.</li> </ol>

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<p><b>Director, Resources</b></p> <p><b>Date added to register: 08/09</b></p>	<ul style="list-style-type: none"> <li>meaningful forward planning</li> <li>Failure to deliver the desired outcomes of the Transformation programme</li> </ul>	<ul style="list-style-type: none"> <li>Significant Staff redundancies</li> <li>Reliance on reserves</li> <li>Transformation programme objectives not achieved</li> </ul>		<ul style="list-style-type: none"> <li>outturn review</li> <li>Monthly budget monitoring and quarterly reports to the Finance and Corporate Services Committee (F&amp;CS)</li> <li>Authorisation procedure of supplementary estimates</li> <li>Strategic Financial Planning process and timetable in place</li> <li>Regular meetings between Finance and services</li> <li>Liaison with Planning regarding New Homes Bonus</li> </ul>		<p>Planning process for 19/20 according to agreed timetable</p>		

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<b>16. Corporate policies not managed and reviewed</b> <i>Owner: Director, Resources</i> <i>Date added to register: 16/17</i>	<ul style="list-style-type: none"> <li>No systematic approach to ensure that final version of any new policy approved is collated in a single location</li> <li>No version control</li> <li>Strategy and Policy management Guide out of date and not adhered to</li> <li>Document Control Sheet not consistently used across the Council</li> </ul>	<ul style="list-style-type: none"> <li>Weakened governance arrangements</li> <li>Potential error or challenge if most up to date and accurate version is not being referred to/used</li> <li>Financial and reputational risks</li> <li>Lack of transparency</li> <li>Lack of guidance to staff</li> <li>Corporate goals not being supported</li> </ul>	L - 3 I - 2 Risk Score = 6	<ul style="list-style-type: none"> <li>Database established</li> <li>Document control sheet</li> </ul>	<b>Adequacy of Controls: Poor Evidence:</b> Database Document Control Sheet	1. Roll out of Corporate Policy database 2. Monitoring of process to ensure being embedded (e.g. policy updates in business plans) 3. Periodic reporting to CLT on outcome of monitoring 4. Refresh Strategy and Policy Management Guide	1. Linda Weeks, Corporate Policy Officer 2. Linda Weeks, Corporate Policy Officer 3. Linda Weeks, Corporate Policy Officer 4. Linda Weeks, Corporate Policy Officer	1. 30/06/2018 2. 31/03/19 3. 31/03/19 4. 30/06/19
<b>17. Failure to maximise effectiveness of services through promotion and engagement</b> <i>Owner: Group Manager, People, Performance &amp; Policy</i> <i>Date added to</i>	<ul style="list-style-type: none"> <li>Lack of communications plan</li> <li>No communications or social media strategies</li> <li>Lack of consistent or coordinated communication across the Council</li> <li>Lack of engagement with</li> </ul>	<ul style="list-style-type: none"> <li>Loss of significant businesses due to lack of engagement</li> <li>Reputational damage</li> <li>Financial impact (loss of business rates)</li> <li>Adverse impact on relationship with stakeholders</li> <li>Not maximising opportunities</li> </ul>	L - 3 I - 2 Risk Score = 6	<ul style="list-style-type: none"> <li>Forward plan of press releases</li> <li>Communications plan for specific engagements</li> <li>Chairman's visits</li> <li>Business newsletter</li> <li>Social media training</li> <li>Social media Acceptable use</li> </ul>	<b>Adequacy of Controls: Fair Evidence:</b> Press releases Communications plan Business Newsletter Social Media Guidance Corporate Communications	1. Establish a cross Council Communications Group to improve co-ordination of communications	1. Russell Dawes, Public Relations Manager	1. 30/06/18

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Risk	Reasons	Consequences	Current Risk Score	Current Controls in Place	Adequacy of controls in place and Evidence	Mitigating Actions being taken forward	Lead Officer on Mitigating Actions	Target dates
<i>register: 18/19</i>	businesses	(e.g. Bradwell)		<ul style="list-style-type: none"> <li data-bbox="1051 258 1264 346">• and Employee guidance</li> </ul>	Protocol Annual Courier MDC Website Advert banners promoting events and services Service leaflets			



## **REPORT of DIRECTOR OF RESOURCES**

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**to**  
**AUDIT COMMITTEE (SPECIAL MEETING)**  
**21 JUNE 2018**

### **DRAFT ANNUAL GOVERNANCE STATEMENT**

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

1.1 To present the draft Annual Governance Statement for Member approval.

#### **2. RECOMMENDATIONS**

- (i) that the draft Annual Governance Statement 2017 / 18, attached at **APPENDIX 1** be approved;
- (ii) that the Annual Governance Statement 2017 / 18 be certified by the Leader of the Council and the Chief Executive.

#### **3. SUMMARY OF KEY ISSUES**

3.1 The Accounts & Audit (England) Regulations 2015 requires the Council to be responsible for ensuring that financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk. The regulations further require the Council to conduct a review at least once in a year of the effectiveness of its system of internal control, the findings of which must be considered by Members meeting as a whole or by Committee, and that following the review the Council must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

3.2 The principal purpose of the Annual Government Statement (AGS) is to provide assurance that the Council's governance framework is adequate and effective. The AGS should demonstrate the extent to which the Council complies with its own code of corporate governance on an annual basis, including how the effectiveness of the governance arrangements have been monitored and an outline of actions taken or proposed to deal with any significant governance issues.

3.3 The AGS for 2017 / 18 is attached as **APPENDIX 1**

#### **4. CONCLUSIONS**

4.1 The AGS for 2017 / 18 reflects on governance issues identified as a result of the review of arrangements and by the work of external and internal audit and other agencies, and includes reference to processes currently in place and operating successfully to mitigate the risks associated with those weaknesses.

#### **5. IMPACT ON CORPORATE GOALS**

5.1 The report links to the Maldon District Council goal of 'Delivering good quality, cost effective and valued services'.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – None.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762).

**MALDON DISTRICT COUNCIL****DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18****1. SCOPE OF RESPONSIBILITY**

- 1.1 Maldon District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Under the Local Government Act 1999 it has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.
- 1.2 Maldon District Council has approved and adopted a local Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / the Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'. The code forms part of the Council's constitution and can be found on our website [www.maldon.gov.uk](http://www.maldon.gov.uk). This Statement explains how Maldon District Council has complied with the Code and also how it meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015.

**2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and the activities through which it is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, not absolute, assurance of effectiveness. The system of internal control is, in part, based on an ongoing process of risk management, designed to identify and rank the risks to the achievement of the Council's priorities, plans and policies. Risk management is designed to evaluate the likelihood of those risks occurring, to consider their impact should they materialise and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Maldon District Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

**3. THE GOVERNANCE FRAMEWORK**

- 3.1 The Council adopted a revised Code of Corporate Governance in line with guidance provided by CIPFA and SOLACE. The Code describes how the District Council discharges its responsibilities for putting in place proper arrangements for the governance of its affairs, incorporating the six core principles of effective governance

## APPENDIX 1

identified by CIPFA / SOLACE. The governance framework that the Council has put in place to encourage adherence to the Code is set out below together with the key areas of evidence of delivery,

### **3.1.1 Focusing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area**

- After the implementation of the Senior Management Review, the Council undertook significant amount of work during 2014/15 to develop a new Corporate Plan and Vision covering the period 2015-2019. In developing the new corporate plan, a consultation exercise was carried out to elicit the views of the local community and of partner agencies.
- On February 2015, the Council approved and adopted a Corporate Plan covering the period 2015 – 2019. Subsequent annual updates have been undertaken with the 2018/19 update approved by Council on 8<sup>th</sup> February 2018. The Corporate Plan details the vision, goals, objectives and core values that guide the direction, work and achievements of the authority. It is the Council’s core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium Term Financial Strategy, ICT Strategy and Workforce Development Plan, all of which underpin the Council’s ambition to transform the way it delivers its services in the future.
- Guided by the Corporate Plan, the corporate goals are underpinned by Key Corporate Activities (KCAs). These are the “flagship” activities for each goal that the Council is committed to progressing or achieving each year and provide a focus for the Council in delivering its priorities. The KCAs are subject to Council approval and are detailed in the Level 1 Business Plan for each Directorate. This plan is the cornerstone of the performance planning process and contains the aims and priorities for each Directorate and are submitted to the Programme Committees for notification.
- At an operational level, each service produces a Level 2 business plan. These are not submitted to Committee, but facilitate effective performance and risk management within the Directorates including the setting of individual objectives and completion of performance reviews.
- Progress of the KCAs and performance on selected indicators and measures are monitored quarterly by the Corporate Leadership Team (CLT) based upon updates recorded on TEN, the Council’s Performance and Risk Management System.
- Corporate performance and risk is considered and challenged by CLT together with the Service Managers at quarterly performance and risk clinics. The outcomes of the clinics inform the quarterly performance reports to the Council’s Overview & Scrutiny Committee and the risk reports to the Audit Committee.
- Six monthly performance reports are also provided to the Programme Committees.

- Staff objectives flow from, and contribute to, achieving the Level 1 and 2 Business Plan objectives.

**3.1.2 Members and Officers working together to achieve a common purpose with clearly defined functions and roles.**

- The Council has adopted constitutional arrangements for its operation and the discharge of its responsibilities and functions. It has three service Committees, an Overview and Scrutiny Committee, an Audit Committee, a Joint Standards Committee, three Area Planning Committees, an Investigating and Disciplinary Committee and an Appointments Committee.
- The constitutional arrangements include terms of reference for each Committee which define those matters which Committees can deal with in contrast to those matters on which they have to report (recommend) to the Council. Also included is a scheme of delegation which enables matters to be dealt with by designated Officers of the Council. The Council sets the policy framework and annual budget, and determines strategic and other matters as required by law. Each Committee has a specific portfolio of responsibilities requiring them to work closely with senior management to achieve the Council's ambitions. The principal decision making body is the Council.
- The Council has adopted a number of codes and protocols affecting the way it operates, in particular a Member/Officer Relations Protocol intended to clarify roles and promote effective communication.
- The Council's Corporate Leadership Team (CLT), comprising of the Chief Executive and the three service Directors, provides corporate leadership. CLT meets weekly on a formal basis, to steer and co-ordinate arrangements for the delivery of the Council's vision and goals.
- A Leader and Chief Executive forum is conducted through six-weekly meetings of the Chief Executive and Directors with the Leader of the Council, Deputy Leader of the Council and Chairmen of the service Committees. This acts as a sounding board on the best approach to deal with new and emerging issues and a ready-made reporting mechanism does not exist.
- The Constitution details the role of the Head of Paid Service, whose function is carried out by the Chief Executive of the Council.

**3.1.3 Promoting values for the Authority and demonstrating the values of good governance through upholding standards of conduct and behaviour.**

- The Council has a Standards Committee, the terms of reference of which include promoting, monitoring and enforcing probity and high ethical standards of conduct for elected Members. The arrangements for the Committee and the process for dealing with conduct complaints have been reviewed and updated during 2017.

## APPENDIX 1

- The Council's Monitoring Officer is responsible for advising if any proposal would give rise to unlawfulness or maladministration, and therefore performs a key function in ensuring lawfulness and fairness in the operation of the Council's decision making process. The Monitoring Officer has appointed deputies to act in her stead when necessary. The interim senior solicitor is the Council's Monitoring Officer.
- The work of the Audit Committee is intended to enhance public trust in the corporate governance of the Council. It has a key role to provide assurance to the Council on the adequacy of governance and internal control arrangements, and review the adequacy of the internal audit arrangements, and advise the Council accordingly. Since 2016 / 17, the Council's Internal Audit function has been provided by BDO LLP. The Committee works closely with the Council's External Auditor and Internal Audit provider, receiving their respective annual opinions. The Committee considers and formally approves the annual Statement of Accounts.
- Corporate Governance arrangements in the form of Procedure Rules to regulate Council proceedings and business, and Terms of Reference, including a Scheme of Delegation, are embodied in the Council's constitutional documentation.
- Adopted Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (under the Local Government Act 1972), is responsible for ensuring that sound financial management systems are maintained and expenditure is lawful and appropriate and this appointment is held by the Director of Resources. The Council considers that its financial management arrangements conform with the governance requirements of the CIPFA "Statement on the role of the Chief Financial Officer in Local Government 2015" as set out in the Application Note to "Delivering Good Governance in Local Government: Framework".
- All Council Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value. The Director of Resources is responsible for maintaining a continuous review of the financial regulations and for reporting, where appropriate, any breaches. The Section 151 Officer considers the Council's Finance function to be adequately resourced.
- The Council's constitutional arrangements include a Code of Conduct for elected Members based on the Principles of Public Life (the Nolan Principles). This was originally adopted in 2012 and revised in 2016.. Officers are subject to a Code of Conduct, the policy for which was refreshed and adopted with effect from 18 November 2013. The Council has also adopted the procedures laid down in the Joint Negotiating Committee (JNC) for Local Authority Chief Executives model for use in connection with the exercise by the Investigating and Disciplinary Committee of its remit in relation to the posts of Head of Paid Service, Section 151 Officer and Monitoring Officer.

- Registers of gifts and hospitality are maintained for both Members and Officers. A statutory register of interests is maintained for Members, and the Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.
- The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's intranet.
- BDO LLP under their remit of Internal Auditors consider fraud as part of their audit workplan. This ensures we confirm to the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).

**3.1.4 Taking informed and transparent decisions which are subject to effective scrutiny, and managing risk.**

- The Council's constitutional arrangements include protocols and procedures to guide the management of business and decision-making, for example the Access to Information Procedure Rules. The Codes of Conduct seek to safeguard Members and Officers against conflicts of interest.
- The Council has implemented and reviewed its Whistle Blowing Policy, which provides arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.
- Council and committee meetings are open to the public (with the exception of items of business considered during private session due to the likely disclosure of exempt information under the Access to Information Act 1985). Committee agendas and reports are available online at least five working days before the date of the meeting, and are also available to view at the Council Offices. The Council makes every effort to advertise meetings, and to publish decisions whether taken by Councillors or by Officers under delegated powers. The Minutes of Council and Committee meetings are also published and made available to the public.
- The Council provides an opportunity for members of the public to speak at committee meetings. For Area Planning Committees this is in respect of a relevant planning application and for the service Committees as well as the Overview and Scrutiny Committees the public can speak on any agenda item. At meetings of the Council the public may ask questions of the Leader of the Council (or via the Leader to a Chairman of a Committee) on any topic.
- The Council records all public Council and Committee meetings held in the Council Chamber at the Council Offices. These can be listened to using the links on the Council's website.
- The Council's Feedback Procedure has been designed to ensure that it is easy for the public to express their views and for all complaints and comments to be handled in a prompt, fair and efficient manner. The procedure and complaint form are available on the Council's website.

## APPENDIX 1

- The Overview and Scrutiny Committee provides a scrutiny function and reviews and examines decisions and performance of Committees and Council Officers.
- The Audit Committee, whose role is to have an independent oversight of control and governance arrangements. Audit Committee members undertake annual reviews both of the sources of information which they access in order to perform their role, and of the Committee's performance against its Terms of Reference. The Terms of Reference are subject to regular review against recommended best practice.
- Identifying and recording service risks on TEN (the Council's Performance Management system) complements and links directly with the Council's corporate risk management framework. It evaluates the adequacy and effectiveness of existing controls and identifies any required actions to address Service risks highlighted during the year. The risks are included in each service's business plan which is subject to regular review by the manager and their Director. This process also provides an invaluable opportunity to identify any risks of a corporate nature on a timely basis.
- The Audit Committee is responsible for oversight of the Council's risk management arrangements as one source of control assurance. The Council's approach to risk management is set out in the Risk Management Policy.
- The Council maintains a focus on a relatively small number of key corporate risks. These are kept under constant scrutiny and changes are made in year as necessary. Corporate risks in excess of the Council's defined risk tolerance levels have identified mitigating actions, progress on which is regularly reported to the Audit Committee. The Corporate Risk Register and associated actions are recorded and updated on the TEN Performance and Risk Management system, so integrating them with the Council's standard approach.
- The Council employ the services of BDO LLP to carry out the function of Internal Audit. The service provided conforms with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2010. Recommendations arising from the internal audits undertaken by BDO are recorded on the TEN Performance and Risk Management System and are subject to quarterly updates. Any that are not updated are reported to CLT as part of the quarterly performance and risk clinics.

### 3.1.5 Developing the capacity and capability of Members and Officers to be effective.

- The Council aims to ensure that Members and Officers have the necessary knowledge, capacity and skills to undertake their duties.
- The Council's Performance Management Framework ensures that the links between the Council's corporate goals, Business Plans and key activities, performance data and targets, risk and staff objectives are clear. Staff have an annual Personal Performance Review discussion with the aim of identifying learning and development needs and gaps are addressed through training and development opportunities. Regular team meetings and Performance Conversations between staff and their line managers and are held where work objectives are discussed.

- The Corporate Training Plan prioritises training by corporate need. After corporate priorities have been funded the remaining funds are available to services to meet identified training needs for Personal Development Plans.
- Compulsory E-learning is used to inform staff of essential information and expectations regarding statutory responsibilities for such matters as Safeguarding and Data Protection. This programme will be steadily extended to cover a wider range of training and other information.
- Training events as well as Members seminars are held regularly to provide information on a variety of topics for Members. The Council has decided to introduce mandatory training for Members of Planning Committees.
- The Corporate Induction process ensures that new staff has the chance to meet the Leader of the Council, who speaks about the role of elected Members. It also introduces all officers, including senior officers to the framework of the authority under which they will be working.
- The Senior Management Review which took place during 2014 / 15 has created a more focussed Corporate Leadership Team, thereby strengthening the strategic decision making to enable the organisational improvement and change required to meet longer term challenges ahead.
- The Council has a workforce development strategy in place. The Strategy sets out the Council's innovative plans to ensure that we have highly skilled people in place to deliver high quality services.

### **3.1.6 Engaging with local people and other stakeholders to ensure robust public accountability.**

- The Council is committed to encouraging members of the local community to contribute to, and participate in, the work of the Council.
- The Council seeks to undertake meaningful public consultation in order to inform its decisions, to help make the best decisions based on the views of the local community and the wider information available to the Council. The Council undertakes consultations using a variety of techniques as appropriate.
- The Council undertake consultation with particular interest groups, including our Friends Groups, Parish Clerks' Forum, Developer Forum, Landlord Forum, Business Forums, Community Safety Partnership and Park Watch scheme members.
- The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation.
- The Council launched a new website in July 2016 which now includes a range of information about the work that the Council and its partners are undertaking.
- Council officers commit to provide timely support, information and responses to external auditors to ensure the timely and relevant review of the Statement of Accounts. Any audit findings and recommendations from an audit are properly considered and processes reviewed where applicable.

**4. REVIEW OF EFFECTIVENESS**

4.1 Maldon District Council is responsible for conducting, at least annually, a review of its governance framework including the effectiveness of systems of internal control. The review is informed by Directors who are responsible for developing and maintaining the internal control environment. It also considers the work of the Council's Internal Audit service provider and comments made by the External Auditor, and other external review agencies and inspectorates.

4.2 In the Audit Report for the period 2016 / 17, the external auditor, EY, stated that:

“We concluded that you have put in place proper arrangements to secure value for money in your use of resources” for the year ended 31 March 2017.

4.3 The Council continuously reviews and seeks to improve its governance arrangements. Amongst the processes during 2017 / 18 that have contributed to the review are:

- The annual opinion of the Head of Internal Audit to the Audit Committee on the assurance gained from the Internal Audit work. The report to the Audit Committee on 23 June 2017 (with regard to 2016 / 17) detailed background information relating to the protocols, scope of work and assessed quality of the Audit function, and highlighted areas where concerns had been identified through audit work, and where audit work was not completed.
- The approach to obtaining assurance from Directors and managers in respect of the annual review of internal controls. The Performance & Risk Officer engages staff by inviting them to consider what are the biggest risks, of any type, facing them and what controls they have in place to deal with those risks. This assists service staff to understand the relevance of the process. This process is embedded with actions to update, monitor and report on progress and has proved effective.

4.4 This table shows the progress on the control weaknesses identified in the 2016/17 AGS.

<b>SIGNIFICANT ISSUE IDENTIFIED IN 16/17 AGS</b>	<b>ACTION TAKEN IN 2017/18 TO ADDRESS THIS ISSUE</b>
<p><b>PROCUREMENT</b></p> <p>A control weakness was identified in respect of the procurement and delivery of the St Cedd's project. This was a project involving the demolition of temporary buildings and the creation of an overflow car park. The contractors delivering the car park did not meet the requirements of the specification, there was a lack of capital monitoring and the project overspent by £50,000.</p>	<p>Overview &amp; Scrutiny reviewed procurement and capital programme in 17/18. There was an in depth review of the programme for 2017/18 for deliverability. Eight recommendations were agreed for implementation to address weaknesses identified.</p>
<p><b>DEBTORS</b></p> <p>The Council has identified required improvements in the raising, collection and monitoring of Sundry Debt.</p>	<p>The debtors policy was reviewed and updated and reviewed by Members. Monthly reporting to management on aged debtors has been updated to ensure that the data is clear and relevant and reflects the policy.</p>

4.5 The annual opinion on the effectiveness of the system of internal control for 2017/18 produced by BDO LLP as the Council's internal audit service provider concluded that:

“Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

In forming our view we have taken into account that:

- The majority of audits provided moderate assurance opinions for the period 1 April 2017 to 31 March 2018
- The Council has achieved their budget for 2017-18 and has plans in place to ensure that the budget gap is addressed in their budget plans. The Council has recognised the ongoing reduction of government funding in their future financial plans
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in delivery of the Elections Improvement Plan (which was the only report to receive limited assurance), Economic Development and Business Rates Growth, Information Management, Contracts Procurement Management and Purchasing, Business Resilience and Business Continuity and Disaster Recovery. The Council is working to address the issues identified.”

4.6 The Council and all its Committees met regularly throughout the year and were effective in their work.

## APPENDIX 1

4.7 There were no serious information security breaches within the year. The ICT Manager and GDPR principle advisor have raised data security awareness to staff and members to ensure that they are aware of their responsibilities in this respect.

### 5. **SIGNIFICANT GOVERNANCE ISSUES – 2017/18**

5.1 The Corporate Risk Register details the key risk areas facing the Council, together with the proposed mitigating actions and progress made on these. The Council is satisfied that these actions will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the regular review of those risks.

5.2 Internal Audits work, and the Council's own internal processes have not identified any key risks in 2017/18 that require noting in this statement.

### 6. **CONCLUSION**

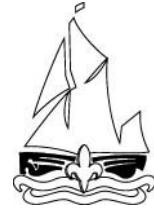
6.1 Steps will be taken in 2018/19 to address the weaknesses identified by officers, internal and external audit in their reviews of effectiveness. These steps will aid to strengthen the Governance Framework already in existence at Maldon District Council and their implementation will be monitored as part of the 2018/19 annual review.

### 7. **CERTIFICATION BY THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE**

Signed:

Councillor M F L Durham  
Leader of the Council  
Date:

Ms. F Marshall  
Chief Executive  
Date:



## **REPORT of DIRECTOR OF RESOURCES**

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**to**  
**AUDIT COMMITTEE (SPECIAL MEETING)**  
**21 JUNE 2018**

### **INTERNAL AUDIT ANNUAL REPORT 2017 / 18**

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

- 1.1 To present the Annual Opinion of the Head of Internal Audit (BDO LLP) on the results of and assurance gained from the 2017 / 18 internal audit work.

#### **2. RECOMMENDATIONS**

That the Head of Internal Audit Opinion on the results of and assurance gained from the 2017 / 18 internal audit work, as set out in **APPENDIX 1**, is noted

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The role of internal audit is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.
- 3.2 The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion is set out in **APPENDIX 1** of this report, and concludes that:

**'Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.'**

#### **4. CONCLUSIONS**

- 4.1 BDO LLP acting as Head of Internal Audit is able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

#### **5. IMPACT ON CORPORATE GOALS**

- 5.1 The report links to the Maldon District Council goal of 'Delivering good quality, cost effective and valued services'.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – None.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – Internal Audit is a central part of the Council's risk management framework.
- (iv) **Impact on Resources (financial)** – None.
- (v) **Impact on Resources (human)** – None.
- (vi) **Impact on the Environment** – None.

Background papers: None.

Enquiries to: Emma Foy, Director of Resources, (Tel: 01621 875762) or Andrew Barnes, Audit Manager (BDO LLP).

# Maldon District Council

INTERNAL AUDIT ANNUAL REPORT 2017/18

June 2018

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# EXECUTIVE SUMMARY

## Internal Audit 2017-18

This report details the work undertaken by internal audit for Maldon District Council and provides an overview of the effectiveness of the controls in place for 2017-18.

The following reports have been issued for the period 1 April 2017 to 31 March 2018:

Main Financial Systems	Partnership Working
Budget Setting (High Level Review)	Elections Improvement Plan (High level Review)
Economic Development / Business Rates growth	Information Management (Advisory review)
Attendance Management	Disaster Recovery and Business Continuity
Business Resilience	
Contract Procurement Management and Purchasing	

We have detailed the opinions of each report and key findings on page 4 to 10.

Our internal audit work for the period from 1 April 2017 to 31 March 2018 was carried out in accordance with the internal audit plan approved by management and the Audit Committee.

The whole plan has been completed with the agreement of the Audit Committee, with the exception of the Policy Review, that was deferred at the request of management to resource the Fraud Risk Assessment, that is still ongoing at the time of drafting this report.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

### Opinion

The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning risk management arrangements and supporting processes
- An assessment of the range of individual opinions arising from risk based audit assignments, contained within the internal audit risk based plan, that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The majority of audits provided moderate assurance opinions for the period 1 April 2017 to 31 March 2018
- The Council has achieved their budget for 2017-18 and has plans in place to ensure that the budget gap is addressed in their budget plans. The Council has recognised the ongoing reduction of government funding in their future financial plans
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in delivery of the Elections Improvement Plan (which was the only report to receive limited assurance), Economic Development and Business Rates Growth, Information Management, Contracts Procurement Management and Purchasing, Business Resilience and Business Continuity and Disaster Recovery. The Council is working to address the issues identified.

# SUMMARY OF 2017-18 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Financial Systems	0	1	2	Moderate	Moderate	<p>Across the review a number of good practice points were identified. These points demonstrate the commitment to strong internal controls. Specifically:</p> <ul style="list-style-type: none"> <li>Each department within the Council has a specific accountant allocated to it, with regular meetings between them ensuring correct financial practice is operated across the Council</li> <li>Communication across the Council is good, with multiple pathways within the Council supporting this, both in person through regular meetings or making use of appropriate technology, such as the capital project budget tracker</li> <li>A wide variety of reconciliations are performed between the feeder systems and the general ledger. These are performed regularly, with regularity dictated by the importance of the system, demonstrating appropriate targeting of resources being made by the Council to ensure accuracy is maintained to the best possible degree.</li> </ul> <p>However, certain areas of improvement have been identified. In summary these are:</p> <ul style="list-style-type: none"> <li>The system access controller has the opportunity to amend their own access controls, with no additional confirmation required</li> <li>There is no formal timetable for the review and clearing of the suspense account</li> <li>Journals are not subject to sufficient scrutiny by delegated personnel, with inadequate signatory authorisation provided for 3 of 20 journals tested.</li> </ul>
Budget Setting (High Level Review)		1	0	Substantial	Moderate	<p>Across the review a number of good practice points were identified. These demonstrate the commitment to strong internal controls. Specifically:</p> <ul style="list-style-type: none"> <li>Budget for each cost centre has been signed off by the budget holder, demonstrating ownership and accountability</li> <li>Wider stakeholder involvement within the Budget setting process such as the Car Parking Charges Review Task and Finish Working Group and presentation for the local Chamber of Commerce</li> <li>Budgets are reviewed by the Corporate Leadership Team and growth bids (areas with specific need to increase expenditure) are reviewed and justified by the management prior to submission to Council for approval.</li> </ul> <p>One area of improvement was identified:</p> <ul style="list-style-type: none"> <li>A rolled forward figure was used in setting the budget for a specific cost centre, despite positive variances occurring in both 2015/16 and 2016/17 financial years.</li> </ul>

# SUMMARY OF 2017-18 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Economic Development / Business Rates growth	0	4	0	Moderate	Moderate	<p>From our review, we noted the following areas of good practice:</p> <ul style="list-style-type: none"> <li>• The Council has clarified the key partners it engages with to promote Economic Development within the District and has identified actions to enhance promotion of the District's offer</li> <li>• The Council works with local businesses to identify projects for funding and supports a Chamber of Commerce within Burnham on Crouch (a similar model is expected to be developed for Maldon)</li> <li>• A transformation project has been created to ensure appropriate focus on economic development within the District</li> </ul> <p>However, we also noted the following areas of improvement:</p> <ul style="list-style-type: none"> <li>• There is scope to enhance the promotion of the Business Essex, Southend and Thurrock (BEST) Growth Hub via the Council's website</li> <li>• There is scope to enhance the promotion of Invest Essex via the Council's website, to engage with Invest Essex to develop their property search facility and to ensure the site is kept up to date with development opportunities within the District. The Council should also clarify the District's Offer to ensure this is effectively promoted to potential business investors</li> <li>• There is scope to improve the links to funding advice and opportunities on the Council's website and enhance promotion of the District</li> <li>• The Council should conduct Brexit Impact Scenario Planning to assess the anticipated impact of Brexit on economic growth in the District.</li> </ul>

# SUMMARY OF 2017-18 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Attendance Management	0	1	1	Substantial	Moderate	<p>Areas of good practice identified were:</p> <ul style="list-style-type: none"> <li>Regular in-depth reporting of sickness absence levels to both the Finance and Corporate Services Committee and the Corporate Leadership Team</li> <li>An up to date Managing Attendance Policy with associated Toolkits is in place to ensure consistency and awareness across the Council with roles and responsibilities clearly defined, appropriate thresholds for formal meetings recorded and appropriate and relevant guidance provided to staff</li> <li>Regular monitoring of required controls as per the Policy with HR having a good awareness of outstanding items and using this to chase staff to ensure completion of forms and recording meetings</li> <li>There are a number of wellbeing initiatives within the Council including recently winning an award for the Active Essex Workplace of the Year.</li> </ul> <p>However, we identified the following areas for improvement:</p> <ul style="list-style-type: none"> <li>The levels of compliance with the Managing Attendance Policy varies across the Council with services taking too long to complete self certification, Return To Work meetings and formal meeting</li> <li>The Council is not yet signed up to the Workplace Wellbeing Charter which acts as a form of best practice.</li> </ul>
Contract Procurement Management and Purchasing	0	3	3	Moderate	Moderate	<p>From our review, we noted the following areas of good practice, where the Council:</p> <ul style="list-style-type: none"> <li>has adopted a No PO No Pay protocol to ensure purchase orders are raised for expenditure</li> <li>works with the Essex Procurement Hub gaining access to dedicated expertise to support procurement activity</li> <li>has recently reviewed Financial Regulations and Contract Procedure Rules</li> <li>has provided training to Contract Managers in project management, to guide staff in procurement and contract related activity.</li> </ul> <p>However, we also noted the following areas of improvement:</p> <ul style="list-style-type: none"> <li>Purchasing through one supplier exceeded thresholds for, but did not follow, required advertising or tendering requirements</li> <li>The Contracts Register was not up to date and did not reflect all Council Contracts</li> <li>Officers are using Purchase Cards for transactions that are of greater value than that expected by the Cardholder Instruction Manual.</li> </ul>

# SUMMARY OF 2017-18 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Business Resilience	0	4	2	Moderate	Moderate	<p>Across the review a number of good practice points were identified. These points demonstrate the commitment to strong internal controls. Specifically:</p> <ul style="list-style-type: none"> <li>• A Business Continuity Policy is in place that sufficiently addresses business continuity requirements across the Council</li> <li>• The Council has identified the risks that could affect the key resources and how the risks can be managed to within agreed tolerances</li> <li>• The Council has procedure notes that support key officers or their substitutes to carry out effective operations</li> <li>• The Council has tested its disaster response arrangements using mock scenarios.</li> </ul> <p>However, certain areas for improvement have been identified and are highlighted in more detail in this report. In summary these are:</p> <ul style="list-style-type: none"> <li>• Some of the Council's Business Continuity Plans were incomplete or inaccurate, including some that did not clearly identify the plan approver, plan manager and plan owner, increasing the risk that the Council might not be able to provide its critical services in the event of an incident</li> <li>• Some staff were not made aware of the Council's Business Continuity arrangements, especially who the responsible officers are</li> <li>• An official training programme for staff involved with Business Continuity managements could not be evidenced</li> <li>• Appropriate substitute officers were not nominated or lacked essential training</li> <li>• The Business Continuity Management Strategy has yet to be approved by the Corporate Leadership team</li> <li>• The Council's Business Continuity plans were not sorted into high, medium or low risk plans which is a requirement of the Business Continuity Policy.</li> </ul>

# SUMMARY OF 2017-18 WORK

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Partnership Working	0	1	2	Moderate	Moderate	<p>Across the review a number of good practice points were identified. These points demonstrate the commitment to strong internal controls. Specifically:</p> <ul style="list-style-type: none"> <li>The Council has a comprehensive framework in place which provides guidance around the assessment and monitoring of partnerships, including detailed assessment requirements and a risk assessment proforma</li> <li>The Council has identified its 'significant' partnerships and has set criteria for establishing which partnerships are deemed to be significant</li> <li>There is a system in place to ensure that Lead Officers review their partnerships on an annual basis.</li> </ul> <p>However, certain areas for improvement have been identified and are highlighted in more detail in this report. In summary these are:</p> <ul style="list-style-type: none"> <li>The Council's guidance document 'Managing Partnerships Effectively Toolkit' does not include partnership approval processes, and for two of the three partnerships we reviewed there was no evidence of formal approval or committee oversight of joining the partnerships</li> <li>Overall review of Significant Partnerships with committee overview is not carried out consistently on a regular basis</li> <li>There was a lack of evidence to support reporting back to the relevant committee for one of the three partnerships we reviewed.</li> </ul>
Elections Improvement Plan (High level Review)	0	3	0	Limited	Limited	<p>Whilst the Council had taken the positive step of reviewing the service and producing an Elections Improvement Plan to deliver the required improvements, our high level review of progress with delivery found that:</p> <ul style="list-style-type: none"> <li>The elections improvement plan has not yet been fully delivered. 50% of the plan has not yet been sufficiently delivered or evidenced</li> <li>Progress in implementing the elections improvement plan has not been formally monitored by either the leadership team or Members groups</li> <li>Election service business critical activities have not been clearly outlined or defined and the required resources or substitutes to ensure the resilience of the service have not been identified.</li> </ul>

# SUMMARY OF 2017-18 WORK

## APPENDIX 1

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Information Management (Advisory review)	0	2	1	N/A	N/A	<p>The following areas of good practice were identified:</p> <ul style="list-style-type: none"> <li>• The Council has appointed a Data Protection Officer in an interim role until November 2018</li> <li>• The Council has established an e-learning application to provide training to all members of staff, Information Governance managers and stakeholders and elected members of the Council. 92% of staff have completed the GDPR training and the Council intends to have completed training by the end of April 2018</li> <li>• The DPO has hosted GDPR awareness presentation and discussions for all members of staff</li> <li>• The Council has reviewed and updated the Data Protection policy to include appropriate measures to demonstrate compliance with the GDPR requirements</li> <li>• The Council has embedded an Information Asset Register template that will record the: personal and protected data held by the Council; how it flows internally and externally; and the legal reason for processing the data where appropriate. The Information Asset Register will be subject to an annual review</li> <li>• The Council has drafted a privacy notice that will be published on its website from the end of April. The privacy notice will provide links to each of the notices issued by the Council's departments, setting out the types of data to be processed and the reasons for this</li> <li>• The Council has established an Information Security Incident Reporting and Data Breach Management policy</li> <li>• The Council has established a Data Retention policy and schedule, which includes an associated record of all documents disposed of by the Council</li> <li>• All third parties that personal identifiable information is shared with have been identified and the Council is in the process of establishing the necessary information sharing agreements.</li> </ul> <p>However, we identified the following areas for improvement:</p> <ul style="list-style-type: none"> <li>• The Information Asset register is not yet fully complete and does not record all the relevant information</li> <li>• There are not documented procedures for managing the requests by an individual under GDPR.</li> </ul>

# SUMMARY OF 2017-18 WORK

## APPENDIX 1

Reports Issued	Recommendations and significance			Overall Report Conclusions (see Appendix I)		Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Disaster Recovery and Business Continuity	0	5	1	Moderate	Moderate	<p>Areas of good practice identified were:</p> <ul style="list-style-type: none"> <li>• The Council has a defined Business Continuity policy</li> <li>• The Council has risk assessed all the business services and defined the criticality of the services</li> <li>• The Council has performed testing of the individual business continuity plans for all its services.</li> </ul> <p>We have identified the following areas for improvement:</p> <ul style="list-style-type: none"> <li>• The Council has not defined the recovery point objectives for the critical services, nor are the recovery objectives aligned within the Business Continuity Plan and Disaster Recovery Plan</li> <li>• The IT Disaster Recovery plan requires further development, including further detail on recovery procedures and when the plan will be invoked</li> <li>• The Corporate Business Continuity Plan requires further development, including having clear responsibilities for business continuity and relevant contact details</li> <li>• The Business continuity and disaster recovery plans have not been tested</li> <li>• The Council's key officers are not provided with appropriate disaster recovery training.</li> </ul>

# RECOMMENDATION FOLLOW UP 2017-18

## Introduction

We regularly follow up progress with the implementation of recommendations raised by Internal Audit and bi-annually we report to the Audit Committee. We request commentary by responsible officers on the progress towards implementation of our recommendations and for high and medium priority recommendations we verify the progress to source evidence and conclude either that the recommendation is complete or incomplete.

### Executive Summary - 2015/16 Recommendations

19 high and medium priority recommendations were made in 2015/16, of which 18 were confirmed to have been implemented by March 2018.

We identified that 1 medium priority recommendation was still in progress but there is a plan in place to implement that recommendation. The remaining recommendations have been implemented. We continue to review outstanding recommendations until they are implemented.

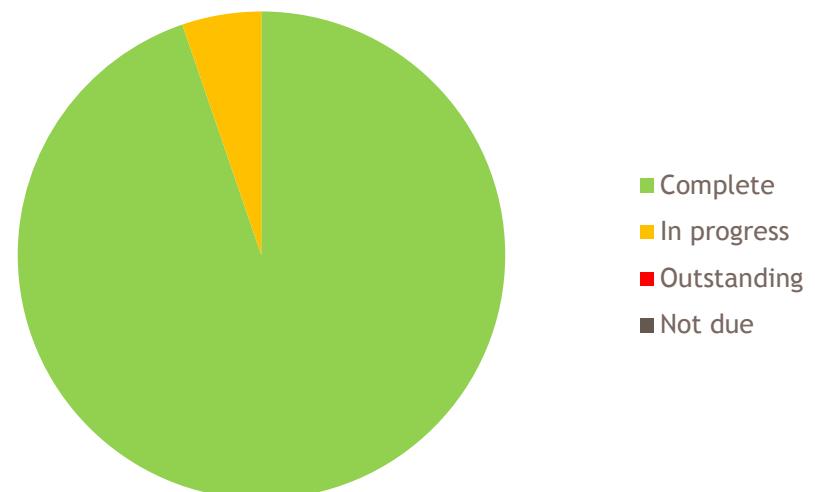
### Executive Summary - 2016/17 Recommendations

For 2016/17 we raised a total of 54 high and medium priority recommendations, of which 53 were agreed by management.

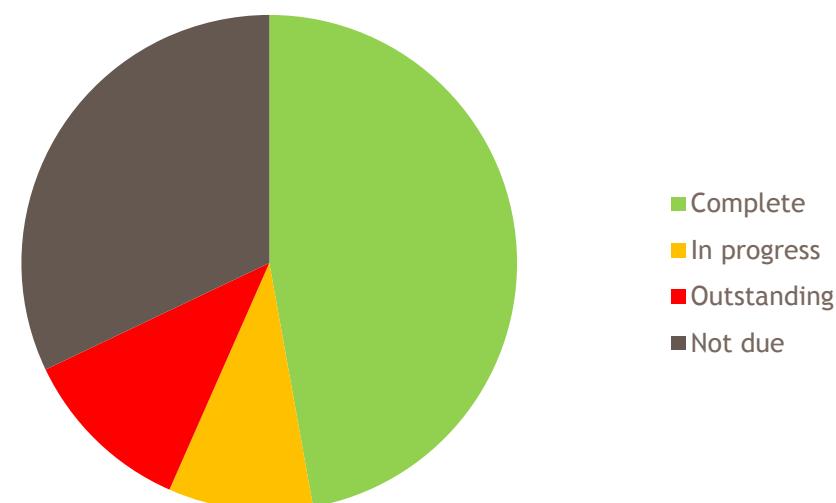
Of the 53 agreed recommendations made in 2016/17, 36 were scheduled to have been implemented at the time of our review, for those that were due to be implemented by the time of our review we identified:

- 25 recommendations have been implemented
- 5 recommendations are in the process of being implemented
- 6 recommendations are outstanding or pending confirmation

### Recommendations Summary for 2015/16



### Recommendations Summary for 2016/17 - Agreed Recommendations

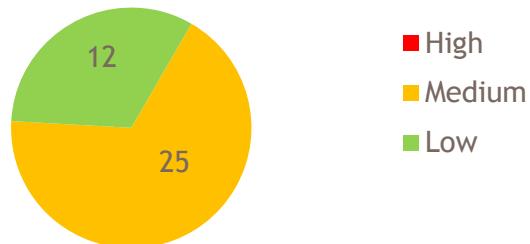


# RECOMMENDATION AND ASSURANCE DASHBOARD

The number of recommendations raised in 2017-18 for the period 1 April 2017 to 31 March 2018 are shown below

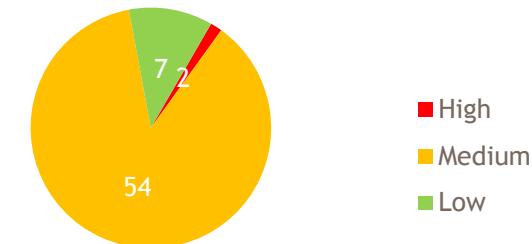
2017-18

Number of recommendations:



2016/17

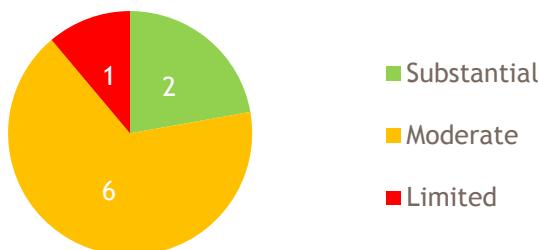
Number of recommendations:



We also provide an overall opinion on both the design and operational effectiveness of the controls operating over the areas we review when we are providing assurance:

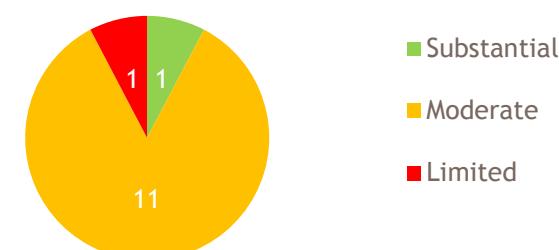
2017-18

Control design:

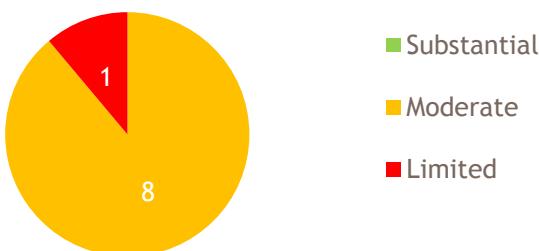


2016/17

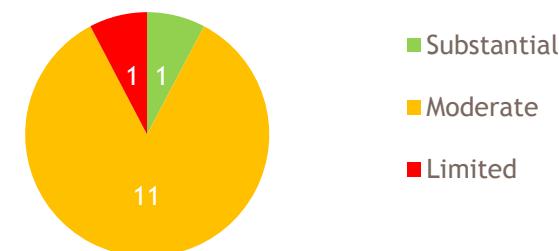
Control design:



Control effectiveness:



Control effectiveness:



# BACKGROUND TO ANNUAL OPINION

Our role as internal auditors to Maldon District Council is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the 12 month period from 1 April 2017 to 31 March 2018 was carried out in accordance with the internal audit plan approved by management and the Audit Committee, adjusted during the year for any emerging risk issues or changes to priorities. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

# BACKGROUND TO ANNUAL OPINION

## Scope and approach

### Audit Approach

We have reviewed the control policies and procedures employed by Maldon District Council to manage risks in business areas identified by management set out in the 2017-18 Internal Audit Annual Plan approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Maldon District Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 3 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

### Coverage

During 2017-18 BDO LLP has reviewed and evaluated Maldon District Council processes in the following areas:

- Main Financial Systems
- Budget Setting
- Economic Development / Business Rates Growth
- Attendance Management
- Business Resilience
- Contract Procurement Management and Purchasing
- Partnership Working
- Elections Improvement Plan
- Information Management (Advisory review)
- Disaster Recovery and Business Continuity

# BACKGROUND TO ANNUAL OPINION

## **Reporting mechanisms and practices**

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns about our proposed reporting can be discussed with management before finalisation of the reports.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

## **Management action on our recommendations**

Management have generally been conscientious in reviewing and commenting on our reports. For the reports which have been finalised, management have responded positively. The responses indicate that appropriate steps to implement our recommendations are expected.

## **Recommendation follow-up**

The majority of recommendations made in our 2016/17 and earlier audits had either been implemented or were in the process of being implemented, although implementation dates for some recommendations had been deferred. We will review recommendations which remained outstanding as at March 2018 again during 2018/19.

## **Relationship with external audit**

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

# BACKGROUND TO ANNUAL OPINION

## Report by BDO LLP to Maldon District Council

As the internal auditors of Maldon District Council we are required to provide the Audit Committee and the Section 151 Officer with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Maldon District Council with moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2017/18. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance confirms that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2017/18
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Maldon District Council
- Any limitations which may have been placed on the scope of internal audit (no restrictions were placed on our work).

# CONTRACTUAL KEY PERFORMANCE INDICATORS

Quality Assurance	Detail on KPI's	RAG Rating 2017-18
<ul style="list-style-type: none"> <li>High quality documents produced by the auditor that are clear and concise and contain all the information requested.</li> </ul>	All documents produced by the auditor are clear and concise, containing all the information required.	
<ul style="list-style-type: none"> <li>Frequent communication to the customer of the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies.</li> </ul>	Standards updates are provided within the Audit Committee progress report when required.	
Reporting Arrangements		
<ul style="list-style-type: none"> <li>The auditor attends the necessary, meetings as agreed between the parties at the start of the contract</li> </ul>	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the partner or audit manager.	
<ul style="list-style-type: none"> <li>Information is presented in the format requested by the customer.</li> </ul>	No issues to note.	
<ul style="list-style-type: none"> <li>External audit can rely on the work undertaken by internal audit (where planned)</li> </ul>	No issues have been raised concerning the work of internal audit.	

# CONTRACTUAL KEY PERFORMANCE INDICATORS

Delivery	Detail on KPI's	RAG Rating 2017-18
<ul style="list-style-type: none"> <li>Draft report to be produced 3 weeks after the end of the fieldwork</li> </ul>	<p>For the majority of reports the draft reports have been provided within 3 weeks of the completion of the work and management have then responded within 3 weeks.</p>	
<ul style="list-style-type: none"> <li>Management to respond to internal audit reports within 3 weeks</li> </ul>	<p>However there were isolated instances where that was not achieved and we will work with management to prevent this in 2018/19.</p>	
<ul style="list-style-type: none"> <li>Final report to be produced 1 week after management responses</li> </ul>	<p>The final reports issued to date have been issued one week after receipt of management response.</p>	
<ul style="list-style-type: none"> <li>Positive result from any external review</li> </ul>	<p>Following an External Quality Assessment by the Institute of Internal Auditors in April 2015, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.</p>	

# APPENDIX I - OPINION AND RECOMMENDATION SIGNIFICANCE DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal 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.

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