

Audit & Standards Committee

Tuesday 30 August 2022

A meeting of the above Committee will be held in the Town Hall, Royal Leamington Spa on Tuesday 30 August 2022, at 6.00pm and available for the public to watch via the Warwick District Council [YouTube channel](#).

Councillor K Dickson (Chairman)
Councillor I Davison (Vice-Chairman)

Councillor M Ashford
Councillor R Dickson
Councillor G Illingworth
Councillor C King
Councillor M Luckhurst

Councillor R Margrave
Councillor N Murphy
Councillor D Norris
Councillor D Russell
Councillor T Wright

Although not members of the Committee, Ms Pyke and Mr Tomkinson, the Council's Independent Persons normally attend.

Agenda

1. Apologies & Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. Minutes

To confirm the minutes of the meeting held on 14 June 2022

(Pages 1 to 12)

Part A – Audit Items

4. Internal Audit Progress Report: Quarter 1 2022/23

To consider a report from Finance. **(Pages 1 to 22 & Appendices A to B)**

5. Annual Governance Statement 2021/22 Action Plan: Review of Progress

To consider a report from Finance. **(Pages 1 to 7)**

6. Anti-Fraud and Corruption Statement 2022/23

To consider a report from Finance. **(Pages 1 to 14)**

7. Corporate Fraud Investigation Performance Report 2021/22

To consider a report from Finance. **(Pages 1 to 12)**

8. Significant Business Risk Register

To consider a report from Finance. **(Pages 1 to 7 & Appendices 1 to 3)**

Published Friday 19 August 2022

General Enquiries: Please contact Warwick District Council, Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ.

Telephone: 01926 456114

E-Mail: committee@warwickdc.gov.uk

For enquiries about specific reports, please contact the officers named in the reports.

You can e-mail the members of the Committee at auditstandards@warwickdc.gov.uk

Details of all the Council's committees, councillors and agenda papers are available via our website on the [Committees page](#)

We endeavour to make all of our agendas and reports fully accessible. Please see our [accessibility statement](#) for details.

The agenda is available in large print on request,
prior to the meeting, by telephoning (01926)
456114

Audit & Standards Committee

Minutes of the meeting held on Tuesday 14 June 2022 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillors; Boad, Davison, B Gifford, Illingworth, Norris and Russell.

Also Present:

Independent Persons: Belinda Pyke.

Officers: Rob Edwards (Committee Services Officer); Graham Leach (Democratic Services Manager & Deputy Monitoring Officer); Richard Barr (Audit & Risk Manager); Steven Leathley (Strategic Finance Manager); and Neil Preece (Auditor – Grant Thornton).

1. Appointment of Chairman

It was proposed by Councillor Boad, duly seconded by Councillor Russell and

Resolved that Councillor K Dickson be appointed Chairman of the Committee for the ensuing municipal year.

2. Appointment of Vice-Chairman

It was proposed by Councillor Boad, duly seconded by Councillor Gifford and

Resolved that Councillor Davison be appointed Chairman of the Committee for the ensuing municipal year.

In the absence of the Chairman, the Vice-Chairman took the Chair.

3. Apologies and Substitutes

- (a) Apologies for absence were received from Councillors Ashford, Margrave, Murphy, Wright and Independent Person - Ray Tomkinson; and
- (b) Councillor Boad substituted for Councillor K Dickson and Councillor B Gifford substituted for Councillor R Dickson.

4. Declarations of Interest

Minute Number 5 – Audit Plan 2021/22

Councillor Gifford declared an interest because he was a Warwickshire County Councillor and Vice-Chair of the County's Pension Board.

5. **Audit Plan 2021/22**

The Committee considered a report from Finance. The External Auditors, Grant Thornton, prepared their Draft Audit Plan for 2021/22 for Members' consideration. This was supported by the "Informing the Risk Assessment" document.

The auditors had submitted the External Audit Plan for 2021/22 attached at Appendix A to the report. Members were requested to agree the plan and seek assurance from officers and auditors that all was being done to ensure the statutory requirement would be met.

The Informing the Risk Assessment, attached at Appendix B to the report, had been produced by the external auditors, bringing together details of responses from officers. The document was to assist in the communication between Members and the external auditors. Members needed to consider and agree the document and make any observations to the auditors. Officers' responses to the document had been included.

The auditors had commenced work on the audit, starting in February with the interim audit, and were scheduled to complete the main audit over agreed dates between August and November.

The Audited Accounts were due to be signed off and published by 30 November 2022. It was planned for these to be reported to Audit and Standards Committee in November.

As in previous years, active use was being made of Inflo. This was an on-line portal to securely share documents between Warwick District Council teams and the External Auditors. Inflo had worked well to date, allowing leads on both sides to keep track on audit progress, therefore all parties were keen to continue with this for 2021/22.

Members were requested to agree the 2021/22 Draft Audit Plan and the supporting document, "Informing the Risk Assessment". The audit could then commence after the draft Statement of Accounts was published on or before 31 July 2022.

In response to questions from Members, the Council's Auditor Neil Preece advised that:

- Milverton Homes Limited was considered a risk because it was an unknown transaction, and until Grant Thornton had seen the statement of accounts, they did not know what the impact would be. The accounting requirements were quite complex, and it was not a straightforward task for officers, though they were able to give guidance and support.
- The Council was not at risk of any improper revenue or expenditure recognition; there were no areas of concern as far as Grant Thornton were concerned.
- The cost of the Audit Fees of £10k was approved by the regulator last year, and was considered reasonable for a Council of this size. There was previously not a lot of value for money for Councils under previous Audit practices, but this was now considered to be a useful piece of consultancy work and was more efficient than it used to be.
- Milverton Homes Limited had their own auditors, and Grant Thornton relied on the work of those auditors which provided

assurances over the robustness/validity of their accounts. Grant Thornton then provided assurance on those accounts in the same way they did for the Council. They also needed to audit the Group Accounts.

The Democratic Services Manager & Deputy Monitoring Officer agreed to investigate and inform the Committee if it would see the Milverton Homes Accounts prior to their submission. The contents of this investigation was appended as Appendix 1 to these minutes.

Resolved that

- (1) the 2021/22 Draft Audit Plan (Appendix A to the report) and the supporting document, Informing the Risk Assessment (Appendix B to the report), be agreed; and
- (2) the progress of the 2021/22 audit to date, be noted.

6. Internal Audit Progress Report: Quarter 4 2021/22

The Committee considered a report from Finance which advised on the progress in achieving the Internal Audit Plan 2021/22, summarised the audit work completed in the fourth quarter, and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit.

A detailed analysis of progress in completing the Audit Plan for 2021/22 was set out as Appendix 1 to the report. As could be seen, the (revised) Audit Plan for 2021/22 was three audits short of being completed. All three audits were IT reviews where the Head of ICT was unable to provide assistance thus preventing the assignments from being progressed. The matter was brought to the attention of senior management and to the Finance and Audit Scrutiny Committee. It was intended that these three audits would be completed very shortly, hopefully by the end of June.

Eleven audits were completed in the final quarter of 2021/22.

The Internal Audit reports arising from them were attached as appendices A to K to the report.

The action plans accompanying these reports were set out for separate review at Appendix 3 to the report. This detailed the recommendations arising together with the management responses, including target implementation dates.

As could be seen in the Appendix, responses to recommendations contained in reports that had been issued in the quarter had been received in all cases and none were outstanding.

As set out in the earlier quarterly reports, a new method of following up on recommendations had been implemented from the start of this financial year. Rather than seeking to determine the implementation status of recommendations after a set period (either three or nine months, depending on the risk rating assigned to the recommendation), the

recommendations were now followed up once the implementation date had passed. Officers were also now able to provide an update as soon as they had completed the agreed action, as opposed to waiting to be chased for a response.

The state of implementation for all relevant recommendations was set out in Appendix 4 to the report, including one recommendation where no response had been forthcoming.

The outstanding response was from the audit of Housing Investment and Maintenance Programmes. It should have been noted that this outstanding response from March related to a recommendation that was also made in a subsequent audit for which a later target date was agreed. However, subsequent chasing on a response to this revised target date had yielded no response.

Where officers had not completed the recommendation in line with the original target date, they were now being asked for a new date by which the agreed action would be completed. If this was not met, this would be flagged separately in future reports to Audit & Standards Scrutiny Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).

Revised target dates had been provided for three recommendations. Two of these related to the Statutory Monitoring Functions audit where the original target dates were not achievable due to the sickness absence of one relevant member of staff along with a period of maternity leave for another. The other related to the Leaseholder Service Charges audit where input was required from Legal Services.

A response to one further recommendation suggested that the action could now be undertaken, following the appointment to the relevant post. However, no revised target date had been provided setting out when this would actually be completed.

Members were reminded that they could see any files produced by Internal Audit that might help to confirm the level of internal control of a service, function or activity that had been audited or that helped to verify the performance of Internal Audit.

Members expressed their disappointment that some of the reports had not been completed. Concerns were over Housing repairs and maintenance; Councillor Boad cited some examples of poor service and things that were promised and not delivered.

The Democratic Services Manager & Deputy Monitoring Officer suggested that the Committee could not only request the information from Housing and maintenance, but could express their disappointment and ask why they had not been given a response. He suggested drafting some words to the Chief Executive and Head of Service citing these concerns, when the information should have been received by and why this information was late. This correspondence was attached as an appendix to these minutes.

In response to questions from Members regarding maintenance contracts with Council Housing, the Audit & Risk Manager stated he would provide further information following the meeting; he did not think an audit of

these contracts had taken place in the last six months, but he would provide a timeline of the chasing action, and had a trail of prompts he had sent over the last few months.

Members also wished to note that the IT audits had not been completed.

In response to a question from Members, the Democratic Services Manager & Deputy Monitoring Officer advised that there was a piece of work going on to organise training for Members of the Licensing & Regulatory Committee, and this training would then be reviewed as a potential induction process for Councillors following next year's election.

The Committee raised a concern that there seemed to be a thread running through the report that forms were not filled in/information was not recorded and asked if there was a wider issue regarding data collection which needed addressing.

Resolved that

- (1) the report and appendices, be noted; and
- (2) the Democratic Services Manager & Deputy Monitoring Officer writes to the Head of Service and Chief Executive regarding the lack of response on the audit action for the housing investment and maintenance programme (the correspondence of which is attached as appendix 2 to these minutes).

7. Internal Audit Annual Report 2021/22

The Committee considered a report from Finance. Forming part of the evidence for the Annual Governance Statement, the Internal Audit Annual Report presented a summary of the internal work undertaken during 2021/22 and provided a conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Committee was required to consider the Annual Report of Internal Audit for the year ended 31 March 2022 as part of its consideration and approval of the Annual Governance Statement 2021/22. This was because the Public Sector Internal Audit Standards required that "The 'chief audit executive' must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement."

In response to questions from Members, the Audit & Risk Manager clarified that if an issue was relatively significant it would lead to a recommendation, whereas if it was just picked up through an audit and should be at the manager's discretion to investigate, it would be reported as advisory and would be at the Head of Service's discretion on how to action the suggestion

Resolved that the report and appendix, be noted as part of the consideration of the Annual Governance Statement 2021/22

8. **Annual Governance Statement 2020/21 Action Plan: Review of Progress**

The Committee considered a report from Finance which reviewed the progress being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2020/21. The appendix accompanying the report detailed the progress in addressing the Significant Governance Issues.

The governance issues facing the Council had been identified from production of the statutory Annual Governance Statement and were summarised in the Action Plan element of the Annual Governance Statement for 2020/21.

The appendix accompanying the report set out the progress in addressing those issues. Progress was reported by the officers leading on them and had been endorsed by the WDC members of the Joint Management Team at a recent meeting.

The report detailed the progress that was being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2020/21. The recommendation would help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

In response to questions from Members, the Democratic Services Manager & Deputy Monitoring Officer advised that:

- There were individual service risk registers within each service area, but if risks were found as appropriate they would be scaled up to the Significant Business Risk Register. As a result of the interim management structure, the service area plan covered the new waste collection service, so those performance measures were contained within the service area plans coming to Cabinet in due course. He was working with Councillors Kohler, Cullinan and Jacques to make the information more accessible so it could be scrutinised.
- Regarding the business continuity model, there was a question whether that had been updated to reflect staff working from home, but if that had been completed then there would be no need to look at it again. However, the performance management issue and providing that data to Members still needed to be addressed.

Resolved that the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2020/21, be noted.

9. **Annual Governance Statement 2021/22**

The Committee considered a report from Finance which set out the Council's Annual Governance Statement for 2021/22 describing the governance arrangements that were in place during the financial year. The Statement would accompany the Council's Statement of Accounts.

The Council's Annual Governance Statement for 2021/22 was a statutory document that described the governance arrangements in place during the financial year and which accompanied the financial statements. The Committee was required to consider the Annual Governance Statement and, if satisfied, approve it.

Members felt that as staff morale had been impacted adversely as a result of the merger process, and though the report said a strategy was required to improve staff morale, they would be happier if this was under development.

The Democratic Services Manager & Deputy Monitoring Officer advised that the Senior Leadership Team was considering a paper on this and there had been discussions with senior Members about what that would look like moving forward. In respect of training for Members, he had identified training from the Chartered Institute of Public Finance and Accountancy (CIPFA) for the whole Committee, and the feedback on that training would be built into the training for the new Council next year. There would also be training for Overview & Scrutiny Committee who had taken on a wider remit. In terms of performance management, a working group had been set up with Councillors Cullinan, Kohler and Jacques, and the plan was to also take this to the Transformation PAB.

The Audit & Risk Manager clarified that the progress in achieving the significant governance issues set out in the Annual Governance Statement would be reported back to the Committee every quarter.

Resolved that

- (1) the Warwick District Council Annual Governance Statement for 2021/22 as set out at Appendix A to the report, be approved; and
- (2) the plans to address the significant governance issues are communicated to Councillors at the earliest opportunity.

10. Community Governance Review – Burton Green

The Committee considered a report from Democratic Services which brought forward a request from Burton Green Parish Council to review the number of Councillors it had representing the two Wards of the Council.

Under the Local Government and Public Involvement in Health Act 2007 Warwick District Council was responsible for undertaking Community Governance Reviews.

Burton Green Parish Council had formally requested Warwick District Council carry out a Community Governance Review to undertake a change to the number of Councillors that represented each Burton Green Parish Council Ward. A map illustrating the current Parish Boundary and Parish Wards was attached at Appendix 2 to the report.

Burton Green Parish Council was allocated seven Councillors for the Burton Green ward, and four Councillors for the Warwick University ward.

There were 902 registered electors for Burton Green Ward and 732 for the University Ward.

The number of electors within the University Ward fluctuated during the year as the majority of the electors were students and could be as low as 100 at certain times.

The number of electors in the Burton Green Ward was due to increase significantly in the next couple of years as the development grew along Westwood Heath Road, with outline planning permission for 425 homes and 129 under construction.

Burton Green Parish Council felt that a Councillor ratio of nine Councillors for the Burton Green Ward and two Councillors for the University Ward would be more reflective of the electorate numbers in the Parish ongoing. In both the 2015 and 2019 Elections to Burton Green Parish Council, three of the four seats in the University Ward were not filled (i.e. there was only one person nominated for election). At the time of the report, there were three vacancies on the Parish Council all within the University Ward.

The Audit & Standards Committee should have been aware that there were also vacancies in the Burton Green ward after the elections in both 2015 and 2019 but the Council was able to successfully co-opt to them and there were currently no vacancies in that ward.

Officers considered that the request was a reasonable one and could be completed in good time before 1 April 2023 to enable elections to take place on 4 May 2023.

The guidance for undertaking was available online and would be followed by officers for delivering the review, if the Committee supported it. Following the guidance, officers would advertise the proposal within the local press but would also write directly to Burton Green Parish Council, Warwickshire County Council, all elected representatives for that area as well as both Warwick University and the student association for the University.

In terms of alternative options, officers considered the potential for moving the Ward Boundary to run along Bockendon Road or the use of HS2 as a Boundary rather than its current alignment along a bridleway. These were considered with a view to creating a balance of electors within the Wards and create more opportunity for candidates for election. Neither of these provided a significant increase in elector numbers within the University Ward and could also be considered one of not reflecting the community. Further consideration of this could be made as the development around the village took place, most notably HS2, the proposed relief road and the potential for further development along Westwood Heath Road as identified within the Local Plan Policy DS(20).

In response to questions from Members, the Democratic Services Manager and Deputy Monitoring Officer advised that:

- The Parish Council's judgement was based upon the electorate – the numbers did drop with term times, sometimes to as low as 100, and there was a history of not being able to recruit candidates to stand for election.

- There was an option that Members could look at the potential of Burton Green becoming a single ward, and indeed that might be one of the suggestions that came back from the public consultation.

The Committee felt that there was logic to Burton Green having a single ward. The Democratic Services Manager & Deputy Monitoring Officer advised that Members were approving the terms of reference and if they were minded they could provide an alternative proposal, for example that the two wards could be merged in to one ward. Members could delegate authority to the Democratic Services Manager & Deputy Monitoring Officer to finalise the terms of reference in consultation with the Chairman of the Committee, but the Committee could go back to Burton Green to say they felt it was more appropriate to have a single ward with 11 Councillors and ask if they were agreeable and therefore take the community governance review on that basis. If Burton Green was not agreeable, he could then go with the original terms of reference and see how the public responded.

Resolved that

- (1) authority be delegated to the Democratic Services Manager & Deputy Monitoring Officer to finalise the terms of reference in consultation with Burton Green Parish Council and the Chairman of the Committee; and
- (2) authority be delegated to the Deputy Chief Executive & Monitoring Officer to undertake the review and implement the recommendations, so long as there are no objections to the proposals.

(The meeting ended at 7.33pm)

CHAIR
30 August 2022

Questions in respect of auditing of Milverton Homes, specifically its accounts.

1. will get to see the full accounts of Milverton Homes along with any audit report on them

Response:

In accordance with the Shareholders Agreement, the Company will provide the Council with a full copy of the Audited Statutory Accounts. These will also be consolidated into the Council's Accounts due to Milverton Homes Limited being a wholly owned subsidiary of the Council. Ahead of filing with Companies House the shareholders will be invited to an Annual General Meeting where the Accounts will be shared.

As set out in the Committee papers at the time that the company was formed, the scrutiny function of the Council has the ability to call in Milverton Homes to provide further detail.

By way of assurance, Milverton Homes has appointed an independent auditor who is qualified to interrogate the financial transactions and financial position of the company and provide figures and findings to the Council's auditor.

2. if these will be summary or full accounts

Full Audited Statutory Accounts will be provided to the Council.

3. if this will be prior to or after they are submitted to companies house

They will be made available to the Council prior to submission to Companies House.

4. if they will when will this likely to be

Subject to everything running to plan, we are aiming to submit the Accounts to the Council in August.

5. if they won't why won't they

Dear Chief Executive & Head of Housing,

I have been asked to write to you on behalf of the Audit & Standards Committee following their meeting last night.

As part of the papers they considered the management responses to audits that have been undertaken and all bar one included a response. While the Committee recognised the demand on officers' time over recent months, they were concerned that a management response was outstanding in respect of a recommendation from the Housing Investment & Maintenance Programme. They were specifically concerned with this because of the area of work this involved and the vital work this is for housing stock and tenants.

The Committee understands that this had been raised with the Service on numerous dates (these can be provided if necessary) – including at Senior Leadership Team recently.

At their meeting, the Committee requested that a response to this be provided by Friday 24 June 2022 (to the Audit & Risk Manager) along with an explanation as to why this response had not been received earlier. The Audit & Risk Manager was asked to share this response with the Committee (and its substitute members from its meeting) so they can have assurance this work is now in progress.

Since the meeting it has been revealed that a response was received at 4:30 pm yesterday (the day of the meeting). The response, although expansive, shows that the recommendation is still to be addressed and this has been reported to Committee (and substitutes who were present) earlier today.

This said it is still considered appropriate for the to provide the explanation of why there was a delay in responding to the recommendation.

Regards

Graham Leach

Democratic Services Manager and
Deputy Monitoring Officer

Response from Head of Service:

Dear Committee,

I write on behalf of the Assets and Housing Services having considered carefully your email and having had the opportunity to look into the matters you raise.

Firstly, we would like to offer our apologies for this oversight which we believe is a rare occurrence for our officers who strive to deliver the best possible level of service possible. The Officer concerned has asked me to also include her personal apologies in not responding within the required timeframe. She has undertaken to award more priority to this area of work in future.

It would appear that there has been some confusion with the recommendation and with the officers who are named as being responsible for delivery of that outcome. This led to that officer not responding in a timely fashion whilst in the background attempting to seek a resolve. We accept that there are lessons to be learned from this incident.

We have focused our minds on a solution to this and acted immediately by proposing a revised response to the actions required, confirmed who the responsible officers are and have provided details of a timeline for completion of the action.

Mr Partner, Head of Assets and myself have also undertaken to raise the importance of providing updates in a timely fashion with our management teams.

I trust that this provides an adequate resolution to the matter and provides assurance that the recommendations of our Internal Audit function are treated seriously.

Kind regards
Lisa Barker
Head of Housing

Title: Internal Audit Progress Report: Qtr. 1 2022/23

Lead Officer: Richard Barr

Portfolio Holder: Councillor Hales

Wards of the District directly affected: None directly impacted

Summary

The Report advises on progress in achieving the Internal Audit Plan 2022/23, summarises the audit work completed in the first quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

Recommendations

- 1 That the report, including its appendices, be noted and, where appropriate, approved. Specifically:
 - 1.1 That Appendix 1, containing guidance on the role and responsibilities of audit committees, be noted. (Paragraph 1.2 of this report)
 - 1.2 That Appendix 2, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 2.1 of this report)
 - 1.3 That Appendix 3, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 4.4)
 - 1.4 That Appendix 4, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 5.2)
-

1 Background

- 1.1 Members have responsibility for corporate governance, of which internal audit forms a key part.
- 1.2 The Audit and Standards Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources. That which relates to audit committees' relationship with internal audit and in particular the type and content of reports they should receive from internal audit is summarised in Appendix 1.
- 1.3 Essentially, the purpose of an audit committee is:
 - To provide independent assurance of the associated control environment.
 - To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

1.4 To help fulfil these responsibilities audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.

1.5 The following sections provide information to satisfy these requirements.

2 Assurance

2.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls.

2.1 Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

Assurance Levels

| Level of Assurance | Definition |
|---------------------------|---|
| Substantial Assurance | There is a sound system of control in place and compliance with the key controls. |
| Moderate Assurance | Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls. |
| Limited Assurance | The system of control is generally weak and there is non-compliance with the controls that do exist. |

At the start of each year an Audit Plan is approved that sets out the audit assignments to be undertaken.

3 Progress Against Plan

2.1 A detailed analysis of progress in completing the Audit Plan for 2022/23 is set out as Appendix 2.

4 Internal Audit Reviews Completed in the Quarter and Management Responses to Recommendations

4.1 Two audits were completed in the first quarter of 2022/23.

4.2 The Internal Audit reports arising from them are available for viewing on the online agenda for the meeting

4.3 The action plans accompanying these reports are set out for separate review as Appendix 3. This appendix details the recommendations arising together with the management responses, including target implementation dates.

4.4 As can be seen in the Appendix, responses to recommendations contained in reports that have been issued in the quarter have been received in all cases and none is outstanding.

5 Implementation of Recommendations Issued Previously

- 5.1 All recommendations are followed up once the agreed implementation date has passed. Officers are able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response, although the vast majority still have to be chased.
- 5.2 The state of implementation for all relevant recommendations is set out in Appendix 4.
- 5.3 As can be seen in the Appendix, updates on responses to recommendations contained in reports that have been issued previously and for which implementation is due have been received in all cases and none is outstanding.
- 5.4 Where officers have not completed the recommendation in line with the original target date, they are now being asked for a new date by which the agreed action will be completed. If this is not met, this will be flagged separately in future reports to Audit and Standards Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).
- 5.5 Revised target dates have been provided for two recommendations. One of these relates to the Housing Repairs and Maintenance audit and the other relates to the Housing Investment and Maintenance Programmes audit with both largely being delayed due to the (now abandoned) merger process.

6 Review

- 6.1 Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

7 Alternative Options available to Committee

- 7.1 The report is not based on 'project appraisal' so this section is not applicable.

8 Consultation and Members' comments

- 8.1 Include any comments received in response to the consultation on the report.
No comments received.

9 Implications of the proposal

9.1 Legal/Human Rights Implications

- 9.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

9.2 **Financial**

9.2.1 Include a summary of the financial implications of the proposal.

Not applicable.

9.3 **Council Plan**

9.3.1 **External Impacts**

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

9.3.2 **Internal Impacts**

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

9.4 **Environmental/Climate Change Implications**

9.4.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives

9.5 **Analysis of the effects on Equality**

9.5.1 An effective internal audit function can help the Council achieve its equality obligations.

9.6 **Data Protection**

9.6.1 An effective internal audit function can help the Council achieve its data protection objectives.

9.7 **Health and Wellbeing**

9.7.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

10 **Risk Assessment**

10.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

11 Conclusion/Reasons for the Recommendation

- 11.1 The report sets out progress in achieving the Internal Audit Plan 2022/23, summarises the audit work completed in the first quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit. This will aid effective governance within the Council.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan

Internal Audit Reports.

Report Information Sheet

| | | |
|---|--|--|
| Committee/Date | Audit and Standards Committee – 30 August 2022 | |
| Title of report | Internal Audit Progress Report: Qtr. 1 2022/23 | |
| Consultations undertaken | | |
| Consultee *required | Date | Details of consultation / comments received |
| Ward Member(s) | | |
| Portfolio Holder | 17/8/2022 | |
| Financial Services | | |
| Legal Services | | |
| Other Services | | |
| Chief Executive(s) | 11/8/2022 | |
| Head of Service(s) | 11/8/2022 | |
| Section 151 Officer | 11/8/2022 | |
| Monitoring Officer | 11/8/2022 | |
| SLT | 11/8/2022 | |
| Other organisations | | |
| Final decision by this Committee or rec to another Cttee/Council? | | The former. |
| Contrary to Policy/Budget framework | | No |
| Does this report contain exempt info/Confidential? If so, which paragraph(s)? | | No |
| Does this report relate to a key decision (referred to in the Cabinet Forward Plan)? | | No. |
| Accessibility Checked? | | File/Info/Inspect Document/Check Accessibility |

Guidance on the Role and Responsibilities of Audit Committees

Public Sector Internal Audit Standards 2013

Independence and Objectivity

The chief audit executive must...establish effective communication with, and have free and unfettered access to...the chair of the audit committee.

Glossary

Definition: Audit Committee

The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

Audit Committees: Practical guidance for Local Authorities (CIPFA)

Core Functions

Audit committees will:

... Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.

Suggested Audit Committee Terms of Reference

Audit Activity:

- To consider the Head of Internal Audit's report and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider summaries of specific internal audit reports as requested.
- To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

Called to Account: The Role of Audit Committees in Local Government (Audit Commission)

Monitoring Audit Performance

Auditor/officer collaboration

Slow delivery and implementation of recommendations reduces the audit's impact and can allow fraud to flourish or service delivery to deteriorate. Audit committees can play a key role in ensuring that auditors and officers collaborate effectively. This can enable auditors' reports to be dovetailed into the relevant service committee cycles and ensure that officers respond promptly to completed audit reports.

Management response

An audit committee can ensure that officers consider these recommendations promptly, and act on them where auditors have raised valid concerns.

Implementation

Agreed recommendations arising from audit work need to be implemented. Councils should have a forum for considering the contribution of internal and external audit and for ensuring that audit is, in practice, adding value to corporate governance.

Audit committees can be a powerful vehicle for securing implementation of audit recommendations and thereby improve the operation and delivery of Council activities.

CIPFA Technical Information Service Online

Audit Reporting

Introduction

Internal auditors should produce periodic summary reports of internal audit's opinion and major findings.

The...report could also be issued to senior management of the organisation but should primarily be issued to the audit committee to report upon the soundness or otherwise of the organisation's internal control system. This report will form the conclusion of the work undertaken by internal audit during the period of the report. A summary of the scope of this internal work should also be included in the report.

Periodic Internal Audit Reports

Audit committees should not normally be provided with the full text of internal audit reports. Audit reports are mainly concerned with operational details while audit committees and members or non-executive directors should be concentrating on ensuring that the organisation's system of internal control is effective and that the strategic or corporate objectives are being achieved efficiently. Members or non-executive directors' interest in internal audit should normally be restricted to gaining an assurance that the organisation's systems of internal control are adequate and that where audit does not consider this to be the case that action is taken to ensure that any short comings are rectified promptly.

Audit committee members should not usually get involved in discussing individual internal audit findings or recommendations but should concentrate their attentions on the opinions internal audit express on the activities and systems they have reviewed. These opinions should be summarised and should provide a clear opinion on the overall quality of the organisation's internal control system and the general level of performance across the organisation. Members or non-executive directors should not be over concerned with adverse internal audit conclusions if reasonable recommendations suggested by internal audit have been accepted and that these have been promptly implemented.

If, however, major internal control weaknesses are discovered these should be reported to the audit committee as this may indicate general weaknesses in the management of the section or the department concerned. Audit findings that appear to show a common thread of similar weaknesses throughout the organisation should also be reported to the audit committee.

9 Traits of an effective Audit Committee: Institute of Chartered Accountants in England & Wales – Technical Guidance

Having an effective Audit Committee is essential for good corporate governance as it leads on financial reporting, internal controls, risk management and external audit functions.

A group of Audit Committee Chairmen and Members, from FTSE 100 and FTSE250 businesses, identified these attributes during a roundtable event held at ICAEW in June 2018, as being qualities indicative of an effective committee:

1. Intellectual curiosity and professional scepticism
2. Courageous in making tough decisions
3. Balanced, ethical approach to whistleblowing

4. Oversight of key risks (not just financial)
5. Excellent relationship builders
6. Ability to build and develop a strong team
7. Able to challenge the external auditors
8. Good listening skills
9. Own the agenda

Intellectual curiosity and professional scepticism

Intellectual curiosity and professional scepticism are necessary attributes in an Audit Committee member. It's not enough to request confirmation from the external auditors and the executive team as this can provide a false sense of comfort. Members of the modern Audit Committee must understand the business and ask the right questions. Audit Committee members must take the time to visit the different parts of the business, particularly an international business, to scrutinise it and get a good understanding of its workings. They must also remember that they are non-executives and have a responsibility to remain objective.

Audit Committee Chairs and members may have more than one directorship and must be mindful of their time commitment to avoid becoming overwhelmed by any one role.

Courageous in making tough decisions

The toughest decisions generally concern people rather than numbers. Audit Committee Chairs have to have the strength and courage to tackle any under-performance in the finance team. In some cases, they will need to replace the existing team to ensure that they have a strong team in place to support them.

Other tough decisions are to:

- appoint new external auditors. If the new auditors take a harder line with the Board then there is the potential for a backlash to be directed at the Chair of the Audit Committee. The appointment of the auditor is a key responsibility of the Audit Committee.
- re-organise the internal audit function. When an organisation does not have the right skill-sets internally to perform the internal audit function, outsourcing and co-sourcing are the most popular solutions. Proponents of co-sourcing argue that it provides access to the expertise required whilst maintaining independence.

Balanced, ethical approach to whistleblowing

The Audit Committee is responsible for ensuring that the whistleblowing process is balanced, ethical and effective. The culture of an organisation is clearly visible when a whistleblower comes forward particularly at Board level if the reported incident involves a director.

Culture is an intangible yet important aspect of all organisations. It is the responsibility of the Board but is often discussed by the Audit Committee. The Chairman of the Audit Committee needs to create a forum where people can discuss all issues openly. Recent high-profile company collapses highlight the issue of management override and company culture. The Audit Committee Chairman must take a balanced and ethical perspective, scrutinise and challenge any decisions to move away from the market standards in accounting and reporting.

A culture where people can admit mistakes and learn from them was identified as the ideal. 'Near misses' offer good opportunities to learn and improve without blaming individuals. The Audit Committee needs to ensure that its working culture is one where corporate governance requirements were valued rather than seen as a compliance issue.

Oversight of key risks (not just financial)

Large scale IT projects and cybersecurity are often seen as two of the biggest risks facing a company. Solutions to these issues ranged from having a specialist presence on the Board to having a broader expertise on the Audit Committee. The use of advisors to consult on the risks is also an effective solution.

The financial services sector is subject to regulation which requires separate audit and risk committees, which emphasises the need for effective teamwork and communication between committees. When the committees are separated, greater care is necessary to ensure that some issues do not slip through the cracks. Other sectors are not required to separate the audit and risk committees but make the decision based on what is needed in the business.

Excellent relationship builder

Inviting the Chairman, Chief Executive Officer and the Chief Financial Officer to attend the Audit Committee meetings alongside external and internal audit helps to create an open and transparent culture. It is also important to build strong working relationships with these key stakeholders. The challenge of having the Chairman attend Audit Committee meetings is that there is the possibility that they may take the lead in the meeting.

Build and develop a strong team

The Nominations Committee is responsible for the membership of the Audit Committee. A Board of non-executive directors is selected and then split into committees. While this produces the correct numbers for committee membership, it does not necessarily allocate the correct skill-set. It is necessary to build and develop a strong team from this starting point.

Working relationships on the Audit Committee are important and difficult personalities need to be addressed in the feedback and performance evaluations. Facilitation skills are key and the Chair of the Audit Committee will use the evaluation process to develop the committee members.

Able to challenge the external auditors

Business structures and the industries in which they operate are becoming increasingly complex. Auditors are called upon to give their judgement on a number of issues and there is a sense that the broad range of experience and understanding of complex business issues is often only found in the larger firms.

Auditors can be reluctant to give a qualitative opinion and more junior auditors don't always fully understand the business. Members of the Audit Committee need to challenge the external auditors to be assured that they understand the complexities and culture of the business and that their judgement is sound.

Good listening skills

Audit Committees often receive large volumes of papers but need to listen to the messages delivered at Audit Committee meetings. Internal audit is widely considered to be a key element in an effective Audit Committee, often acting as their eyes and ears within the business. The Audit Committee Chairman needs to build a good working relationship with the Head of Internal Audit whilst remaining objective and independent. The head of internal audit should sit at the executive committee level, so that they have the status and opportunity to challenge the executive.

Own the agenda

These traits are specifically for the Chairman of the Audit Committee as they will need to plan ahead to ensure that the Committee has time to cover all of the issues on the annual agenda. In particular, the Audit Committee Chair will:

- Work with the company secretary to arrange the annual calendar of meetings and agendas well in advance, leaving time for new issues as they arise.
- Take control of each agenda – set out the essential issues to be discussed and manage any additional agenda items as they arise.
- Ensure a standard approach to papers, for example, requesting a one-page executive summary and clarity on whether a paper was for ratification or noting.
- Ensure you leave enough time to discuss the outcome with the Chairman of the Board before the Board meeting.
- Good time management – ensure that there is adequate time allocated to each topic and if more time is required to consider re-issued, revised versions of papers, postponing the meeting if necessary.

Each of these actions will allow the Audit Committee to operate effectively.

Internal Audit Progress 2022/23: Quarter 1**Analysis of Performance****Time Spent: Audit Plan – Planned Vs Actual**

| ACTIVITY | ANNUAL ALLOCATION (DAYS) | PROFILE ALLOCATION (DAYS) | ACTUAL TO DATE (DAYS) | VARIATION (DAYS) |
|---|--------------------------------|---------------------------------|-----------------------------|---------------------|
| <u>Planned Audit Work</u> | 341.0 | 85.2 | 71.2 | +14.0 |
| <u>Other Time</u> | | | | |
| Sundry audit advice | 15.0 | 3.7 | 1.8 | +1.9 |
| Contingency audit work | 25.0 | 6.3 | 17.6 | -11.3 |
| Contingency non-audit work | 10.0 | 2.5 | 0.0 | +2.5 |
| Other work | 15.0 | 3.7 | 0.3 | +3.4 |
| Principal Internal Auditor non-audit work (incl. NFI) | 75.0 | 18.8 | 16.3 | +2.5 |
| Non-chargeable activities | 163.0 | 40.8 | 54.5 | -13.7 |
| Leave and other absences | 136.0 | 34.0 | 42.7 | -8.7 |
| <i>Total Other Time</i> | 439.0 | 109.8 | 133.2 | -23.4 |
| <i>Total Time</i> | 780.0 | 195.0 | 204.4 | -9.4 |

Time spent: Assignments Completed – Planned Vs Actual

| AUDIT ASSIGNMENT | PLAN (DAYS) | TIME TAKEN (DAYS) | UNDER (+) / OVER (-) |
|----------------------------------|----------------|-------------------------|-------------------------|
| Corporate Governance | 5.0 | 5.5 | -0.5 |
| Gas and Electrical Safety Checks | 11.0 | 8.4 | +2.6 |

Explanation for variances greater than 2 days (unless within 20%):

Gas and Electrical Safety Checks: Assignment more straightforward than envisaged.

Completion of Audit Plan: Target Vs Actual

| NO. OF AUDITS PER AUDIT PLAN | PROFILED TARGET COMPLETION | | ACTUAL NO. COMPLETED TO DATE | | VARIATION | |
|---------------------------------|-------------------------------|----|------------------------------------|-----|-----------|-------|
| | NO. | % | NO. | % | NO. | % |
| 35 | 3.5 | 10 | 2 | 5.7 | -1.5 | -42.9 |

**Summary of Recommendations and Management Responses from Internal Audit Reports
issued Quarter 1, 2022/23**

| Report Reference | Recommendation | Risk Rating ¹ | Responsible Officer | Management Response and Target Implementation Date (TID) |
|--|---|--------------------------|---------------------------|---|
| Corporate Governance: Council's involvement with external bodies and organisations – 3 May 2022 | | | | |
| 4.3.1 | A central database of Officer appointments should be collated and shared amongst the Monitoring Officer and the Deputy Monitoring Officer. | Low | Deputy Monitoring Officer | Agreed to implement. TID: September 2022 |
| 4.5.1 | A brief summary should be published on the Council website relating to each external body and the work that they carry out and/or the benefits that their work brings to the community. | Low | Deputy Monitoring Officer | Agreed that this should be completed by the Annual Review, so that this is in place for the new council. TID: March 2023 |
| Gas and Electrical Safety Checks – 23 May 2022 | | | | |
| 4.4.1 | The contractor should be reminded to sign and date all void safety certificates. | Low | Contract Administrator | TID: Immediate, (at next Contract meeting) |

¹ Risk Ratings are defined as follows:

- High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

| Report Reference | Recommendation | Risk Rating¹ | Responsible Officer | Management Response and Target Implementation Date (TID) |
|-------------------------|--|--------------------------------|----------------------------|---|
| 4.4.2 | The number of monthly no-access cases should be included in the progress meeting minutes. | Low | Contract Administrator | TID: Immediate, (at next Contract meeting) |
| 4.6.2 | Common issues identified in the contractor's inspection log should be given a formal agenda item at progress meetings. | Low | Contract Administrator | TID: Immediate (at next Contract meeting) |

Appendix 4

Current Implementation Position for Recommendations Due for Completion by End of Quarter 1 2022/23

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|---|--|--|----------------------|--|
| Housing Repairs & Maintenance (2021/22 Audit) | | | | |
| Ripplestone reports should be modified to include the 'Urgent' job priority type. | Agreed – post is currently vacant but seeking to recruit in near future. | 31st March 2022 (Previous target date of December 2021) | Not applicable. | The Data Coordinator is now working on identifying all affected reports and working with the Service Development Officer on updating the database query to include the 'Urgent' job types, where a measure is required. |
| Contractors should be reminded to immediately update WDC on any issues which result in a delay to the repair process. | Will be included in mobilisation discussions as part of extension of Axis contract from April 2022 | April 2022 | Not applicable. | This has been included in contract extensions discussions with AXIS and reporting of delay issues is fed back to the Repairs Team (Senior Maintenance Assistant or Contract Administrator) to adjust the expected completion date within Active H. |

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|--|--|--|-------------------------------------|--|
| The Council should develop a robust procedure for dealing with instances where reasonable requests for access are refused. These cases should be escalated until remedial action has been completed and every effort should be made to recover the costs of this exercise from the tenant. | Assets working with Housing to implement. | April 2022 | Yes – revised to 30 September 2022. | A procedure will be developed and put in place by September 2022. With regard to the second part of the recommendation, this is not actionable as we have no powers to recover costs, and these could be escalating for a small cost item. |
| A full review of all cancelled jobs should be undertaken to ascertain the current status of each case. | Records available of jobs closed down as part of COVID restrictions and these will be cross checked against new jobs raised. | 30 April 2022 (Previous target date of December 2021) | Not applicable. | Letters to be sent in batches to those residents where new jobs have not been raised. To be completed by end of April 2022 |
| Car Parking (2021/22 Audit) | | | | |
| IOSH Working Safely training should be booked for all staff without certificates. | IOSH course to be booked accordingly. | April 2022. | Not applicable. | IOSH no longer mandate refresher training every three years but continue to recommend it, although, it is now down to management discretion as to when it is necessary. |

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|---|---|-------------|-----------------------------------|---|
| Inaccuracies in the Fees and Charges report should be corrected. | Fees are set in line with recommendations from SMT. | May 2022 | Not applicable. | The half hour increments have never been included in Appendix A and no longer in current tariff update. Non-WDC car parks are excluded from the report. Parking Order for WCC PH review in February 2022, until then we cannot rule out the remaining minor inaccuracies. |
| Annual parking reports should be published each year. Missing reports should be generated and published on the Council website. | Reports to be published. | May 2022 | Not applicable. | Last parking report issued in 2012, there does not appear to have been one generated since. Cllr Illingworth is a new representative for PATROL - post integration should see a collective SWDC steer moving forwards. |
| Housing Investment & Maintenance Programmes (2021/22 Audit) | | | | |
| A service-specific risk register for Asset Management should be created at the earliest opportunity. | Being developed alongside SDC Property Team | April 2022 | Yes – revised to 31 December 2022 | Following the ending of the merger discussions with SDC this now reverts to an Assets issue although with the addition of Bereavement Services and internal health and safety and proposals to create a wider service with former Neighbourhood Services this is now a wider piece of work and will be completed by end 2022. |
| Performance Management (2021/22 Audit) | | | | |

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|---|---|-------------|----------------------|--|
| Notwithstanding that some measures are government-driven ones and that it is for individual services to determine what measures they consider appropriate, performance management measures should be specific to work-related targets and statutory obligations where applicable. | This is being reviewed as part of the Service Area Plan process for 2022/23. A new template and model will be developed and at Warwick the Service Area Plan will also go through the PABs for advice/discussion. The revised template is currently making its way through the Cabinet process. | April 2022 | Not applicable. | Cabinet is to consider the new service area plans and new approach to performance management at its May Cabinet meeting. |
| Notwithstanding that subjective interpretation is no longer required by officers, the explanations accompanying the performance management data should clearly explain what is being assessed, the current position and how this impacts progress towards the strategic objectives. | This is being reviewed as part of the Service Area Plan process for 2022/23. A new template and model will be developed and at Warwick the Service Area Plan will also go through the PABs for advice/discussion. The revised template is currently making its way through the Cabinet process. Subjective interpretations/explanations of performance are no longer requested. | April 2022 | Not applicable. | Cabinet is to consider the new service area plans and new approach to performance management at its May Cabinet meeting. |

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|--|--|-------------|----------------------|--|
| Management should be reminded of the importance of fully engaging in performance management processes. | In developing their Service Area Plans, senior managers will be devising indicators that provide the most meaningful information about the performance of the Service. These data will be monitored on an ongoing basis. | April 2022 | Not applicable. | Cabinet is to consider the new service area plans and new approach to performance management at its May Cabinet meeting. |

Licensing Services (2021/22 Audit)

| | | | | |
|---|---|----------|-----------------|--|
| All members of the Licensing and Regulatory Committee and sub-committee should receive the mandatory licensing and regulatory training. | A new round of training is being planned. The Chair of the Committee will be consulted with the ensure that he can encourage Members to attend. | May 2022 | Not applicable. | All (relevant) Councillors have training booked for 14 th July. |
|---|---|----------|-----------------|--|

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|--|-----------------------------|-------------|----------------------|---|
| Health & Safety Enforcement in the District (2021/22 Audit) | | | | |

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|---|---|-------------|----------------------|---|
| Staff should be reminded of the need to ensure that all relevant hours are recorded for PAA enquiries so that bills for additional hours can be raised where necessary. | All staff reminded to ensure time units are logged on Primary Authority Service Requests; this includes an instruction to always load the Primary Authority Template which has the time units activated and provide training in how to record the time units as necessary. Quality Monitoring Officers to check for time units logged when carrying out their Q M checks. NH to check all PA agreements for current year's 'package' agreements, invoicing for any under-charge outside of the agreed PA 'packages' | April 2022 | Not applicable. | Staff have been made aware of the issue at the latest team meeting and have been asked to contact their relevant companies to check which package they are signing up to for the coming year and whether they need to be billed for additional work. An email has also been sent to advise staff of the new codes to use for recording time against Primary Authority work and to remind staff of the need to check that this has been undertaken when performing quality checks. |
| Staff should be reminded of the need to ensure that all relevant information is recorded so that any subsequent queries can be answered. | Investigating officers to record sufficient detail on service request; details of telephone conversations, attaching emails, adding item text to enable understanding of how the RFS has been closed out. All RFSs to have a prompt for Quality Monitoring and for QM check to include attachments/adequacy of details etc. | April 2022 | Not applicable. | Staff have been made aware of the issue at the latest team meeting. |

| RECOMMENDATIONS | INITIAL MANAGEMENT RESPONSE | TARGET DATE | TARGET DATE REVISED? | CURRENT STATE OF IMPLEMENTATION PER MANAGER |
|--|---|-------------|----------------------|--|
| Staff should be reminded of the need to ensure that all relevant information is recorded so that any subsequent queries can be answered. | Sample trawl of RFSs to check compliance. | May 2022 | Not applicable. | 18 random Requests for Service (April / May 2022) relating to Occupational Health & Safety matters have been checked (by NH) and found to have sufficient detail recorded on the action diary. |

FROM: Audit and Risk Manager
TO: Deputy Chief Executive
C.C. Chief Executive
Head of Finance
Portfolio Holder (Cllr Day)

SUBJECT: Corporate Governance
DATE: 3 May 2022

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 Each year, the Audit Plan includes an allocation of time to examine selected key elements of the Council's framework, for providing public assurance on corporate governance. The area(s) to be covered are normally agreed with senior management when the audit is scheduled to be undertaken.
- 2.2 Previous topics have included:
- significant governance issues in the Annual Governance Statement
 - the effectiveness of the Citizens' Panel
 - the Member Development Programme
 - implementation of Executive decisions
 - organisational culture
 - Service Assurance Statements
 - gifts and hospitality
 - risk management framework
 - response to the COVID-19 pandemic.
- 2.3 On this occasion, consideration was given to the Council's approach to their involvement with external bodies and organisations.

3 Objectives of the Audit and Coverage of Risks

- 3.1 The standing objective of auditing corporate governance is to evaluate the effectiveness of overarching structures, procedures, and monitoring arrangements that underpin the assurance framework for demonstrating good governance, with reference to relevant standards.

- 3.2 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.
- 3.3 In terms of scope, the audit covered the following risks:
1. Breach of the Constitution, Local Government Act 1972, and the Local Government (Access to Information) (Variation) Order 2006).
 2. No set criteria in place with which to suitably appoint Members to external bodies.
 3. External organisations not made aware of council regulations / legislative policies and procedures.
 4. Work with official bodies is not effectively promoted via social media / Council website.
 5. The work conducted by a specific organisation does not serve to benefit WDC staff, Members, or residents.
 6. Attempts to bribe Members into promoting the interests of the external body to the detriment of the Council.
 7. Undeclared conflict of interest from Members when representing external organisations.
 8. Goals and values of Members / external bodies do not align with those of the Council
 9. Breakdown of relationship with the external organisation.
 10. Members do not submit their annual representation reports in a timely manner.
- 3.4 A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Significant Business Risk Register has also been reviewed.
- 3.5 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:
- Without appropriate governance in place, Council services may not be able to operate effectively. Good corporate governance helps the Council to achieve all the Fit for the Future (FFF) Strategy strands - People, Services and Money.

4 Findings

4.1 Recommendations from Previous Reports

- 4.1.1 As each audit of corporate governance examines different aspects, the recommendations from the previous report were not specifically reviewed as part of this audit.

4.2 Legal and Regulatory Risks

- 4.2.1 **Breach of the Constitution, Local Government Act 1972, and the Local Government (Access to Information) (Variation) Order 2006).**

There are no specific, documented policies in place with regards to appointing Members to external bodies. However, all Members have been issued with the relevant guidance, which considers the Data Protection Act 2018.

The Council Code of Conduct also references the Localism Act 2011 and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations Act 2012. The Code of Conduct highlights that Members are 'to behave in accordance with all legal obligations, alongside any requirements contained within this Council's policies, protocols and procedures.' The Code of Conduct is agreed to by all Members, once elected.

4.2.2 No set criteria in place with which to suitably appoint Members to external bodies.

There are set criteria in place with which Members are appointed to external bodies. This is confirmed by Members upon appointment and is subject to an annual review by both the Monitoring Officer (MO) and the Deputy Monitoring Officer (DMO). Testing completed by the auditor confirmed that each current appointment has been evaluated based on these criteria.

The DMO stated that current appointments are politically proportionate. However, the decision to appoint a Member to an external body is often based on the roles and skills that both the Member and the external body can provide.

4.2.3 External organisations not made aware of council regulations / legislative policies and procedures.

Warwick District Council's policies are currently in the public domain and therefore external bodies have immediate access to these. The DMO advised that these policies are not explicitly shared with external organisations prior to appointment. However, it is highlighted in the Code of Corporate Governance that 'external providers of services on behalf of the Council are required to act with integrity, and in compliance with ethical standards expected by the Council.'

Where there is a conflict of interest between the Council and the body, the overriding duty is to vote in accordance with the interests of that organisation when conducting the business of that body. A Member must therefore observe the requirements of the Council's Code of Conduct when serving on another body unless the body has its own Code (or governance guidelines).

Company-specific information cannot be shared with the Council unless it has been formally agreed. Highly sensitive information is kept confidential but external bodies are not required to abide by specific Council policies.

4.3 Reputational Risks

4.3.1 Work with official bodies is not promoted effectively via social media / Council website.

Member appointments are available to view via the Council website. This details the organisations and official bodies that have Council-appointed representatives. It also stipulates how long the external body has been partnered with the Council. The 'representation length' accounts for the minimum amount of time that a Member must serve their appointed body whilst in office. Several outside bodies have retained the same appointed Member for consecutive years.

The information displayed on the website is succinct and appropriate. The latest appointment (to the West Midlands Combined Authority) was completed on 5 May 2021.

The Council is currently supporting the Hill Close Gardens Trust financially. In such circumstances, it is generally considered good practice to have the Council represented on the committees or boards of organisations. However, there are currently no Members appointed to this board. Two Members had previously been appointed to the Trust, but these appointments were terminated following a recommendation from the MO. This was approved by Overview and Scrutiny Committee in May 2017.

Outside appointments not only refer to Members, but also encompass Council officers who are informally connected to recognised groups, e.g., the West Midlands Information Governance Framework. The MO stated that there is currently no central record of Council officer appointments. He did, however, confirm that certain Council officers have been appointed directors for formally recognised companies, such as Milverton Homes Ltd.

The working parties and forums for 21/22 has been published which evidences the Lead Council Officers involved in these groups.

Recommendation

A central database of Officer appointments should be collated and shared amongst the MO and DMO.

The DMO advised that, as it is not a legal requirement, promotion of the work undertaken by external bodies is minimal.

In terms of social media, the Council does not actively promote external partnerships on their social media pages; however, posts have in the past included championing the work of Shakespeare's England.

Advisory

Consideration should be given to promoting the work of external organisations, particularly where there is a community focus e.g., Chase Meadow Community Centre, Safer Warwickshire.

Birmingham Airport and the District Councils Network ask for an annual update regarding the details of the appointed Member, thus acknowledging the Council's representation. The regulations do not stipulate that the external body must promote their connection to the Council, although it is a legal requirement

that certain external bodies must have a Council-appointed Member, e.g., the Warwickshire Police and Crime Panel. It is also a requirement that the Council's LLP - Milverton Homes Ltd - be formally recognised as an external body. Other organisations, such as Shakespeare's England, are not bound by Council policy.

4.3.2 The work conducted by a specific organisation does not serve to benefit WDC staff, Members, or residents.

The DMO advised that there are no specific types of bodies for which the Council should nominate a formal representative. However, the Members advice note states that the outside body is 'likely to be set up as either an incorporated company, an unincorporated organisation, a trust, a partnership or a consultative group'. Councillors are advised to contact the MO if they feel that the Council should not appoint a representative, to a specific outside body.

Over several years, the Council has actively sought to minimise the number of outside appointments; where this used to be between forty and fifty, there are now only nineteen. Members will periodically request to be appointed to an external organisation themselves. Members wishing to be appointed, must provide an outline to Group Leaders explaining why the partnership would be beneficial, and how it meets at least one of the set criteria. As appointments are made on a politically proportionate basis, the Council cannot always provide assurance that the Member who applies for the appointment will necessarily be offered the post. The current Member appointments are predominantly Conservative (7 out of the 9 appointees).

There is a clear differentiation between Cabinet and Council appointments. Cabinet appointments are not decided by the Council and therefore are not subject to political proportionality rules. These are instead confirmed by the Leader at the Council meeting, along with Portfolio Holders and their remits.

Any Councillor appointed to an external organisation is done so in a personal capacity. The DMO advised that Members must declare this as part of the new Code of Conduct, effective from 1 May 2022. Members are also expected to declare their personal involvement in bodies such as The National Trust. This promotes transparency and aligns with the Council's 'openness and honesty' aspect of the Fit for the Future Plan.

4.4 Fraud Risks

4.4.1 Attempts to bribe Members into promoting the interests of the external body, to the detriment of the Council.

Reviews of Membership appointments are undertaken at the Annual Council Meeting. The annual reports not only aim to understand the activities of the outside body but also identify any appointments that could be terminated. The appointments where no contact has been received for over twelve months are contacted by the MO who reviews the need for the appointment to continue.

The procedures surrounding Declarations of Interest (DPI) are clearly stated on the Council website. Members must abide by a Code of Conduct, part of which requires them to declare any interest they have which could influence decisions

they make as Councillors. The formal timescale for any DPI is currently 28 days before a change. In previous years, if a Councillor has been re-elected, they have had to report any DPIs to the MO, rather than submit a new form. The Council now encourages all changes to be submitted in paper format, regardless of the circumstance. This promotes transparency and openness.

The Council reserve the right to alter an appointment, if they feel that a Member is not meeting the specified Code of Conduct. A breach of conduct ensures that the Council reserves the right to withdraw a Councillor from the post. The Code of Conduct clearly highlights that Members will in particular 'address the principles of the Code of Conduct by dealing with representations.' Members are therefore bound by the Council's local Code of Conduct when serving on an outside body, unless it conflicts with any legal obligations arising from their membership of that body.

4.4.2 Undeclared conflict of interest from Members when representing external organisations.

The Councillors A-Z webpage lists each individual Councillor, alongside a clearly designated tab that displays Members' Interests. This includes Personal Declarations of Interest as well as Meeting Declarations of Interest. These have all been dated and the nature of the interest clearly signposted. Members' Interests are regularly updated, with the latest DPI having been submitted on 13 January 2022. A record of past body appointments is also available to view.

The DMO confirmed that the monitoring of DPIs is performed regularly. It is now a formal requirement that appointments to external bodies be officially recognised on a DPI form. This is due to go to Standards Committee on 5 May 2022 and be implemented as good practice thereafter.

4.5 Other Risks

4.5.1 Goals and values of Members / external bodies do not align with those of the Council.

The advice note to Members advocates that, at the time of joining the body, Members should be reminded about what they are taking on and what the body expects of them. The Code of Corporate Governance also highlights that both Members and officers should be clear on their roles with regard to community engagement.

External bodies are subject to scrutiny, based on a seven-point criteria. This helps to ascertain the value of being partnered with the external body and evaluate whether the aims of the partnership align with the Council's goals. Where there has been a limited response from a partnership, the contract has been terminated. This was the case with the Alms-Houses and the same stance will be used for the Leamington Choral Society.

Previously, Members have requested representation that has been rendered unsuitable, e.g., working with Children's Centre Groups. On evaluation, it was decided that their goals do not align with the Council's and therefore they do not meet the mandatory criteria.

Currently, there is no literature on the Council website regarding the goals of the external bodies that the Council is partnered with. The DMO confirmed that the aims of an external body are not something that have been regularly advertised.

Recommendation

A brief summary should be published on the Council website relating to each external body and the work that they carry out and/or the benefits that their work brings to the community.

4.5.2 Breakdown of relationship with the external organisation.

There are some formal agreements in place with external organisations, such as that of the LLP (Milverton Homes Ltd). However, other external bodies are predominantly community-led, such as the Coventry Airport Consultative Committee. Therefore, as it is not a legal requirement, formal agreements between the Council and these particular bodies do not exist.

The performance of an external body is not subject to regular examination. Meetings held to discuss this are done so via the annual review.

If a Member decides to withdraw from an appointment the board will appoint an alternative Councillor to fill the position. There are no substitute Members for outside body appointments as this promotes consistency within the Council.

4.5.3 Members do not submit their annual representation reports in a timely manner.

Although there is no set formal timescale in which Members must hand in their reports, the reports must be written in time for the MO to review the appointments, consult with the Leadership Coordination Group (LCG) and prepare for the Annual Council meeting. It has been agreed that each year, Councillors appointed to represent the Council on outside bodies should submit an annual statement of the work undertaken by the outside body. The activity of the external body is circulated to all Members. Councillors then have the right to ask the Overview and Scrutiny Committee to scrutinise a particular appointment.

Councillors are presented with a submission date two months before the statement is due; they are reminded of this date a week before the deadline. Members who miss the deadline are twice reminded to submit a report. Failure to submit a report relating to a matter of high importance, could be seen as a breach of the Code of Conduct.

Advisory

Consideration should be given to ensuring that all reports are received, and action is taken when no response is provided.

5 **Summary and Conclusions**

- 5.1 The review highlighted a small number of weaknesses in the following areas:
- Areas of potential reputational risk, where Council officer appointments are not appropriately documented.
 - Areas of potential other risk where the work of external bodies (and how these align with the Council's goals) are not actively published or promoted.
- 5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no risk if the actions are not taken.
- 5.3 In overall terms, however, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Corporate Governance are appropriate and are working effectively to help mitigate and control the identified risks.
- 5.4 The assurance bands are shown below:

| Level of Assurance | Definition |
|--------------------|---|
| Substantial | There is a sound system of control in place and compliance with the key controls. |
| Moderate | Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls. |
| Limited | The system of control is generally weak and there is non-compliance with controls that do exist. |

6 **Management Action**

- 6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Corporate Governance – May 2022

| Report Ref. | Risk Area | Recommendation | Rating* | Responsible Officer(s) | Management Response | Target Date |
|-------------|--|---|---------|---------------------------|--|----------------|
| 4.3.1 | Reputational Risks - Work with official bodies is not promoted effectively via social media / Council website. | A central database of Officer appointments should be collated and shared amongst the MO and DMO. | Low | Deputy Monitoring Officer | Agreed to implement. | September 2022 |
| 4.5.1 | Other Risks - Goals and values of Members/external bodies do not align with those of the Council. | A brief summary should be published on the Council website relating to each external body and the work that they carry out and/or the benefits that their work brings to the community. | Low | Deputy Monitoring Officer | Agreed that this should be completed by the Annual Review, so that this is in place for the new council. | March 2023 |

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Gas and Electrical Safety Checks

TO: Deputy Chief Executive **DATE:** 26 May 2022

C.C. Chief Executive
Head of Finance
Asset Manager
Compliance Manager
Portfolio Holders (Cllrs Day & Matecki)

1 Introduction

- 1.1 In accordance with the Audit Plan for 2022/23, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

- 2.1 The need for gas safety checks is set out in the Gas Safety (Installation and Use) Regulations 1998. The regulations stipulate that the checks need to be undertaken on an annual basis.
- 2.2 Under the Landlord and Tenants Act (1985) landlords must ensure that the electrical installation in a rented property is maintained safely throughout a tenancy.
- 2.3 The applicable British Standard (BS7671) suggests that checks should be performed every five years (or at change of tenancy) for rented properties, although it also suggests that domestic properties (for homeowners) are checked every ten years. The Electrical Installation Condition Reports (EICR) produced are valid for ten years.
- 2.4 The checks are undertaken by contractors on behalf of the Council (gas checks by D&K Heating Servicing Ltd and electrical checks by Dodds Group (Midland) Ltd). The management of these contracts is undertaken by the Compliance Team within Assets.

3 **Scope and Objectives of the Audit**

- 3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. The findings detailed in the following sections confirm whether the risks are being appropriately controlled or whether there have been issues identified that need to be addressed.
- 3.2 In terms of scope, the audit covered the following risks:
1. Non-compliance of legislation could result in potential fines and claims from tenants.
 2. Insurance costs if issues occur.
 3. Payments are made to contractors for checks that have not been completed.
 4. Non-compliance with applicable legislation: The Gas Safety (Installation and Use) Regulations 1998, The Landlord and Tenant Act 1985 and 'Part P' of Building Regulations.
 5. Council considered to be a bad landlord if legislation is not complied with/service is poor.
 6. The Council retain the liability for un-performed checks if action taken to address these is not effective.
 7. Risk to tenant's health from unsafe appliances, if not checked thoroughly/repairs are not undertaken following the identification of issues. (The contractors bear the risk of health and safety of their staff when undertaking the visits to properties).
 8. Unable to evidence that checks have been performed as a result of contractors not providing/uploading certificates or the system being unavailable.
 9. Checks are not undertaken at all relevant properties as a result of the Active H system not being updated (e.g., new properties not included on the system, dates incorrectly input leading to delayed checks etc.)
 10. Underperformance of contractors/failure of contractors to deliver services.
 11. Breakdown of relationship with contractor.
- 3.3 Checks of corporate properties are excluded from the scope of this audit as a separate audit of Health & Safety Compliance of Council Buildings is scheduled to be undertaken.
- 3.4 A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Significant Business Risk Register has also been reviewed.
- 3.5 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives:
- The work in this area helps the Council to achieve the external People aims of the Fit for the Future (FFF) Strategy with regards to meeting the housing needs of its tenants.

4 Findings

4.1 Recommendations from Previous Reports

4.1.1 The current position in respect of the recommendations from the audit reported in August 2019 is as follows:

| Recommendation | Management Response | Current Status |
|--|---|---|
| 1 The contractor should be reminded of the terms of the contract, with performance being reviewed accordingly to ensure that this is adhered to. | This will be raised with the contractor (Dodds) at the next contract meeting. | This issue was raised with Dodds Group and there is now an opportunity to review contract performance as a standard agenda item in progress meetings. |
| 2 The prices being charged by the contractors should be reviewed to ensure that they are correct. | This will be discussed with the contractors at the next contract meeting. | This issue was also raised with Dodds and they have agreed to consider inflationary costs within their prices. As a result of the contract being a 10-year deal, there was previously no scope for annual review of this. The D&K contract, by virtue of the fact that it is a 'price per property' contract, can be reviewed if significant issues arise. It has been agreed that the prices being charged by the contractor will work in tandem with the property portfolio i.e. if the property portfolio increases then the price per property will rise accordingly. |
| 3 The scope for varying the contract should be ascertained to take into account fluctuations in the number of properties. | This will be raised with the contractor (D&K) at the next contract meeting. | D&K have taken the inflationary costs into consideration. The cost of boilers/copper piping etc. has grown exponentially and this has been considered in the pricing structure. D&K also agreed to implement an annual price review. The Compliance Manager has received a proposal from D&K to look at variation of contract extension over the coming months. |

4.2 Financial Risks

4.2.1 Non-compliance of legislation could result in potential fines and claims from tenants.

Under the last audit conducted in 2019 it was identified that there were no written procedure notes in place to advise staff on the relevant processes. The Compliance Manager (CM) advised that there is no need for written guidance regarding the Active H system as the system automatically populates data. The attribute details browser evidences that the checks are automatically generated by the system at the point of the last site inspection.

The only manual input required is the creation of a planned programme of works which is sent directly to the relevant contractors. Whilst new starters are shown how to raise works orders and how to create a planned programme of works, there are currently no basic tutorial notes for this, although these have been provided in the past.

Advisory

Consideration should be given to formally compiling tutorial notes/guidance for training purposes.

Despite there being no written procedural guidance in place, the Active H system clearly outlines the processes used. This includes checking when a gas service is due, cancelling inspections, creating jobs for contractors, and checking if an EICR is valid.

4.2.2 Insurance costs if issues occur.

The Risk & Insurance Officer confirmed that there is nothing in the Council's insurance policy that specifically relates to EICR or gas safety certificates.

In the unlikely event that a claim arises from a gas or electrical fault, where the certificate is found to be out of date, a reason must be cited as to why the checks have not been completed. The contractors are also required to evidence that a planned programme of works exists regarding the property in question. Whilst there are no specific asset-related insurance policies in place, it is a contractual obligation that issues are dealt with by the contractor. This is highlighted in both the Dodds and the D&K contract. There are currently no major issues with the insurance cover, and it should be noted that in the case of the latest flat fire in Friars Street, Warwick, the rigidity of the Compliance Team's Document Management System (DMS) ensured that safety certificates dating back to 2009 could be viewed at the insurer's request.

The Active H system covers all the relevant works orders that have been completed up to a point in time. Testing by the auditor showed that Active H is regularly updated with the details of the checks and works performed. All properties within the tested sample had clear diary notes, explaining what was found at the point of the last site inspection.

The properties sampled all had up-to-date certificates saved onto the DMS and the dates of the certificates agreed with the dates on Active H.

4.2.3 Payments are made to contractors for checks that have not been completed.

Payments to both contractors are based on estimated costs and these cover works other than just the safety check certifications. Invoices are supplied based on a number of works orders, produced on a monthly basis. Based on the contracts, monthly valuation claims are then created on Active H. The figures quoted on the invoices supplied during the audit fully matched the figures on the Active H system.

It is the responsibility of the Contract Administrators to raise a works order; when the works order has been complete a monthly valuation is subsequently produced. If the status of the works order is set to 'complete', this produces a bottom-line chargeable cost based on the prices specified in the contracts. The Compliance Team Contract Administrators then confirm if the number of works orders is correct and compare this with the information that the contractors hold. Once the Compliance Team have checked that the figures accurately reflect the number of works orders carried out for that month, the invoice is posted to the Finance team via the Active H system. A valuation summary is produced in Microsoft Excel and a PDF invoice is sent to Finance, who compare this with the electronic version supplied from Active H.

The gas contractor (D&K Heating Ltd) is paid on a price-per-property basis. Therefore, if they visit the same property twice within a year, they will still only receive one payment. Dodds Group (Midland) Ltd, however, are paid on a fixed-price schedule of rates (SOR) which includes payment for their performance of the safety checks as well as their providing of the certificates. Testing showed that the 'actual order value' on all of the sampled orders amounted to the same figures as the 'raised value'.

4.3 Legal and Regulatory Risks

4.3.1 Non-compliance with applicable legislation: The Gas Safety (Installation and Use) Regulations 1998, The Landlord and Tenant Act 1985 and 'Part P' of Building Regulations.

The CM advised that there was no overarching policy covering the checks required as the need for the checks to be performed is covered in the relevant legislation. The Gas Safety (Installation and Use) Regulations 1998 state that 'under regulation 36, gas appliances, installation pipework and flues provided for tenants, are to be maintained in a safe condition and annual safety checks [are] to be carried out'.

There is a process in place regarding instances where contractors are unable to gain access to properties for them to undertake the required safety checks. At the time of the previous audit the no-access processes were documented in flow-chart format. These stages have since been uploaded electronically onto the Active H system.

The Compliance Team do not have a specific 'aspirational policy' regarding EICR checks. A planned programme of works will begin when an EICR is over 7 years old, although EICR's carry a 10-year validation date. In some instances, properties have received an electrical safety check within 5 years of the previous inspection. The Active H system allows a warning message to appear if the EICR is over 7 years old.

Currently, the Compliance Team do not follow a data retention policy, although it was discussed under the last audit that one would be drawn up. For continuity reasons, historical documents have been kept on the DMS. The CM also highlighted that, to comply with the data retention requirements of the Gas Safety (Installation and Use) Regulations, the certificates would need to be retained. The regulations specify that 'records will need to be kept until two further gas safety checks have been carried out.' Active H also overrides the details of the last test performed, meaning that data is not kept unnecessarily.

4.4 **Reputational Risks**

4.4.1 **Council considered to be a bad landlord if legislation is not complied with, or service is poor.**

The Gas Servicing Administrator (GSA) confirmed that monthly meetings are held to monitor progress against the programme of checks. Minutes from the latest meetings with both contractors evidenced how many checks had been performed and how many were overdue or awaiting installations.

Testing showed that within the selected sample most of the void properties had the relevant certificates held on the DMS, all of which matched the dates held on Active H. Although one property did not have the correct certificate held on file, this was produced during the audit and entered onto the system accordingly. This issue was of a 'one-off' nature and did not suggest a wider problem. Where gas certification was not provided, this will only be produced once a new tenant occupies the property and the contractor has uncapped the gas. Two of the sampled properties, whilst they had void certificates on file, did not have inspection dates on the documents.

Recommendation

The contractor should be reminded to sign and date all void safety certificates.

The Housing Servicing team provide the tenant with the appropriate certificates once their tenancy commences. The tenant is fully informed of any gas safety certificates and EICRs, which are included as part of their tenancy pack.

The CM advised that there was no formal method of informing the Compliance Team of relevant programmed works. He highlighted that, if a new gas appliance was being installed, this would be done by the contractor who is also responsible for the annual checks; they would update the gas certificate as part of the installation process.

The relevant information is then input onto the system and the dates revised accordingly.

4.4.2 The Council retain the liability for un-performed checks if action taken to address these is not effective.

Although the contractors drive the no-access policy, the Council still retain liability for un-performed checks if the contractors are unable to gain access to a property.

Contractors will make three attempts to access a property; if no access is granted, they refer to the Contract Administrator. D&K Heating Servicing Ltd have direct access to the Active H system and so they are able to immediately report no access cases to the Compliance Team. Housing officers are made aware within three weeks of continual no-access issues and will investigate accordingly.

Whilst progress meeting minutes revealed that there have been issues with contacting tenants, there was nothing that specifically evidenced the number of no-access cases over a monthly period.

Recommendation

The number of monthly no-access cases should be included in the progress meeting minutes.

The tenancy handbook clearly states that, if a tenant refuses to allow the contractor into their home to carry out a check, the Council can take legal action, allowing them to enter the property, and the tenant may be charged for any costs that the Council incurs as a result of this. As aforementioned, the narrative function on Active H allows both the contractor and the Compliance Team to document the reasons why a check has not taken place.

4.5 Health and Safety Risks

4.5.1 Risk to tenant's health from unsafe appliances if not checked thoroughly/repairs are not undertaken following the identification of issues.

The Senior Housing Advice and Allocations Officer confirmed that tenants receive a handbook at the start of a new tenancy. The gas safety certificate is sent alongside this, and the tenancy handbook states that the Council will contact the tenant to arrange an annual gas safety check.

D&K Heating Servicing Ltd will cap off the gas as part of the void process. The incoming tenant has to contact the contractor directly, in order to get the gas uncapped and, as part of this 'reconnection', the gas certificate is produced.

It is also signposted to tenants that they can notify the Council if they believe that a safety check has not been completed, or if an appliance is unsafe; the repair hotline is listed in the tenancy handbook. The Tenancy Agreement also

stipulates that tenants 'must report to the Council, as soon as possible, any damage to the property or common parts, loss or damage'. Moreover, the procedure for requesting a repair is signposted on the Warwick District Council website.

4.6 **Other Risks**

4.6.1 **Unable to evidence that checks have been performed as a result of contractors not providing/uploading certificates or the system being unavailable.**

Since the last audit, the automation of the DMS has now been completed, meaning that certificates are submitted onto a web portal and any updates to these can be made digitally. Testing showed that all of the sampled properties had the correct certificates held on file. The test also revealed that the relevant checks were completed in a timely manner; fifteen of the sampled checks were completed thirty days earlier than expected. Only three of the sampled checks were started after the inspection was requested; all other properties were visited on the same date that the works order was raised.

Contractors are able to conduct remedial works on site as soon as these have been identified. The recommended works range from category C1 to C3, with C1 being works which require the most urgent attention. Contractors endeavour to rectify these issues immediately, as the works are a requirement of passing the safety checks. If a system is unsafe the EICR cannot be issued; the safety certificate will only be supplied when the requirement has been implemented. Category C3 works are not likely to impact on the safety certificate but may help to highlight future issues within the property.

Contractors inform the Council of the category risks observed on site. Where works have been flagged as being required prior to safety certificates being issued, this has been highlighted using the narrative feature on Active H.

4.6.2 **Checks are not undertaken at all relevant properties as a result of the Active H system not being updated (e.g., new properties not included on the system, dates incorrectly input leading to delayed checks etc.)**

Testing conducted by the auditor highlighted that all of the relevant certificates had been loaded onto the DMS in a timely manner. It was clear, however, that a much larger number of recommendations from the contractors came from observations made during electrical inspections as opposed to gas safety checks.

As part of the testing, various certificates either contained observations recorded or the details of works performed. These can generally be placed into three categories:

1. Plastic consumer units fitted or existing units not complying with latest regulations.
2. Distribution Boards (fuse boxes) not being appropriately labelled.
3. Electrical issues classified as C3 (recommended works but not necessary for check to be 'passed').

Recommendation

Common issues identified in the contractor's inspection log should be given a formal agenda item at progress meetings.

Contract Administrators update the Active H system as soon as a check has been completed. Active H previously required the officer to input a false date into the EICR field, so that a works order could be raised. However, this meant that the original date could not be amended once the works order was complete. The workflow now prevents any works orders from being raised until the EICR has been issued.

The last certificate completed informs the Compliance Team as to when the next programme of works is scheduled to take place. If an item is replaced or installed, a new safety certificate is issued, and this alters the anniversary date. Testing conducted by the auditor revealed that properties in which a new boiler had been installed had their gas safety checks moved as a result of this. Both the boiler installations and gas safety checks were recorded on the certificates where appropriate, and the next gas safety check dates altered accordingly.

Gas servicing reports are exported from the Active H system. The report generates a list of properties that are due to be inspected within three months, in order to ensure that the properties will be visited and checked by the anniversary of the last inspection. Once the report is generated, an email is sent to the contractor advising them of the properties that are due for servicing.

4.6.3 Underperformance of contractors/failure of contractors to deliver services.

The contract with D&K Heating Servicing Ltd continues to be let on a 'price per property' basis. This includes each property having an annual service and any breakdown associated costs. This overall payment is split across the year and paid to the contractor monthly. This price is reviewed annually and is changed if the property number falls above or below 10%. Anything that is deemed to fall out of scope of the 'price per property' costs is sent as a quoted cost. There is an agreed schedule of rate costs for heating installations which are determined by the type of property and the number of bedrooms it has. The contract with Dodds Group (Midland) Ltd is based on a Schedule of Rates (SOR). The CM advised that, with regards to electrical checks, Dodds work through the properties on a cyclical basis.

The specification for each contract includes details of the checks to be performed along with reference to the relevant legislation and standards. The contracts also outline the obligations that both the contractor and the Council must meet. It should be noted that the contracts are due to expire on 31 May 2023. There will be no extension to the contract with Dodds Group and so this will need reprocurring. A contract price-up has been undertaken in preparation for this procurement. The Council are looking to extend the contract with D&K Heating Servicing Ltd. However, this will need to include the variation in uplifted rates as the current figures are now ten years old. The Procurement Business Partner (PBP) is currently in the process of checking the deed stores at Riverside House for the original contract scope.

The previous gas contract related to Service Maintenance and Repairs for Gas Heating Systems. This has diversified in recent years with heating no longer being purely generated by gas, but also by thermal and solar methods.

The web portal allows the contractor to find when a visit was completed and also check when a visit is due. Contractors are notified of the properties due for checks to be performed three months in advance. Properties scheduled for a visit are sent to the contractors via a programmed plan of works orders. The contractor then contacts the tenant, performs the check and the Contract Administration team issue the safety certificates as appropriate. These are then loaded onto the DMS and the date for the next check is automatically generated. Where the Compliance Team have identified void properties, these are sent to the contractors as part of the works orders.

4.6.4 **Breakdown of relationship with contractor.**

As previously stated, progress meetings are held to discuss the performance of the contractors. The Compliance Manager will attend these meetings in the event that a major issue has been flagged up or if significant and dynamic changes are due to be implemented into system procedures. These meetings are an opportunity for any issues to be raised and dealt with accordingly. In the case of the most recent progress meeting with Dodds Group, common issues with supplies were listed under AOB.

Whilst there have been no issues identified with regards to contract management and operational performance, this has nevertheless been made a standard agenda item for these meetings.

The CM advised that a formal contingency plan does not currently exist. From a procurement perspective it is not possible to have multiple contracts running alongside one another. The current hired contractors must fulfil the obligations set out in the specifications; if they cannot meet the conditions of the Service-Level Agreement, this would be seen as a breach of the internal contract and legal implications would ensue.

5 **Summary and Conclusions**

- 5.1 Section 3.2 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:
 - Risk 5 – Void safety certificates are not correctly dated.
 - Risk 6 – No-access cases are not formally evaluated at progress meetings.
 - Risk 9 – Common issues identified by the contractors are not formally recognised at progress meetings.
- 5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances no formal recommendations are thought to be warranted as there is no risk if the actions are not taken.
- 5.3 In overall terms, however, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Gas and Electrical Safety Checks in Council-tenanted dwellings are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

| Level of Assurance | Definition |
|--------------------|---|
| Substantial | There is a sound system of control in place and compliance with the key controls. |
| Moderate | Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls. |
| Limited | The system of control is generally weak and there is non-compliance with controls that do exist. |

6 Management Action

6.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Gas and Electrical Safety Checks – May 2022

| Report Ref. | Risk Area | Recommendation | Rating* | Responsible Officer(s) | Management Response | Target Date |
|-------------|---|--|---------|------------------------|---------------------|---------------------------------------|
| 4.4.1 | Reputational Risk - Council considered to be a bad landlord if legislation is not complied with or service is poor. | The contractor should be reminded to sign and date all void safety certificates. | Low | Contract Administrator | Agreed | Immediate, (at next Contract meeting) |
| 4.4.2 | Reputational Risk - The Council retain the liability for un-performed checks if action taken to address these is not effective. | The number of monthly no-access cases should be included in the progress meeting minutes. | Low | Contract Administrator | Agreed | Immediate, (at next Contract meeting) |
| 4.6.2 | Other Risks – Checks are not undertaken at all relevant properties as a result of the Active H system not being updated (e.g., new properties not included on the system, dates incorrectly input leading to delayed checks etc.) | Common issues identified in the contractor's inspection log should be given a formal agenda item at progress meetings. | Low | Contract Administrator | Agreed | Immediate, (at next Contract meeting) |

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

Title: Annual Governance Statement 2021/22 Action Plan: Review of Progress

Lead Officer: Richard Barr

Portfolio Holder: Councillors Day and Hales

Wards of the District directly affected: None directly impacted

Summary

The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2021/22. The appendix accompanying this report details the progress in addressing the Significant Governance Issues.

Recommendation

That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2021/22.

1 Background

1.1 Corporate Governance in Local Authorities

- 1.1.1 CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities." CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

- 1.1.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:
- a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;
 - members and officers are working together to achieve a common purpose with clearly defined functions and roles;
 - promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

1.2 **Annual Governance Statement**

- 1.2.1 The production of an Annual Governance Statement is a statutory requirement for local authorities (Regulation 6 of The Accounts and Audit (England) Regulations 2015).
- 1.2.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.
- 1.2.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. To achieve this they will rely on many sources of assurance, such as that from:
- Members of the Council
 - Deputy Chief Executives and Service Area Managers
 - the Responsible Financial Officer
 - the Monitoring Officer
 - the Audit and Risk Manager
 - performance and risk management systems
 - third parties, e.g. partnerships
 - external audit and other review agencies.

1.3 **The Significant Governance Issues**

- 1.3.1 The governance issues facing the Council have been identified from production of the statutory Annual Governance Statement and are summarised in the Action Plan element of the Annual Governance Statement for 2021/22.
- 1.3.2 The appendix accompanying this report sets out the progress in addressing those issues. Progress is reported by the officers leading on them and has been endorsed by SLT at a recent meeting.

2 Alternative Options available to Committee

- 2.1 The report is not based on 'project appraisal' so this section is not applicable.

3 Consultation and Members' comments

- 3.1 Include any comments received in response to the consultation on the report.

No comments received.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

4.2 Financial

- 4.2.1 Include a summary of the financial implications of the proposal.
Not applicable.

4.3 Council Plan

4.3.1 External Impacts

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, corporate governance will be a major factor in shaping the Policy Framework and Council policies.

4.3.2 Internal Impacts

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, corporate governance will be a major factor in shaping the Policy Framework and Council policies.

4.4 Environmental/Climate Change Implications

- 4.4.1 Effective corporate governance can assist the Council achieve its environmental and climate emergency objectives.

4.5 Analysis of the effects on Equality

- 4.5.1 Effective corporate governance can help the Council achieve its equality obligations.

4.6 Data Protection

- 4.6.1 Effective corporate governance can help the Council achieve its data protection objectives.

4.7 Health and Wellbeing

- 4.7.1 Effective corporate governance can help the Council achieve its health and wellbeing objectives.

5 Risk Assessment

- 5.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

6 Conclusion/Reasons for the Recommendation

- 6.1 The report details the progress that is being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2021/22. The recommendation will help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement are being addressed.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

Minutes of Joint Management Team and Senior Leadership Team.

Report Information Sheet

| | | |
|---|---|--|
| Committee/Date | Audit and Standards Committee – 30 August 2022 | |
| Title of report | Annual Governance Statement 2021/22 Action Plan: Review of Progress | |
| Consultations undertaken | | |
| Consultee *required | Date | Details of consultation / comments received |
| Ward Member(s) | | |
| Portfolio Holders | 17/8/2022 | |
| Financial Services | | |
| Legal Services | | |
| Other Services | | |
| Chief Executive(s) | 11/8/2022 | |
| Head of Service(s) | 11/8/2022 | |
| Section 151 Officer | 11/8/2022 | |
| Monitoring Officer | 11/8/2022 | |
| SLT | 11/8/2022 | |
| Other organisations | | |
| Final decision by this Committee or rec to another Cttee/Council? | | The former. |
| Contrary to Policy/Budget framework | | No |
| Does this report contain exempt info/Confidential? If so, which paragraph(s)? | | No |
| Does this report relate to a key decision (referred to in the Cabinet Forward Plan)? | | No. |
| Accessibility Checked? | | File/Info/Inspect Document/Check Accessibility |

Annual Governance Statement 2021/22: Action Plan for Governance Issues

Review of Progress

| AGS Ref. | Governance Issue | Responsibility | Progress to Date: Position as at end-July 2022 |
|----------|--|------------------------|--|
| 7.1 | Performance management continues to be an issue, in particular the range and content of performance data that councillors receive. When resolved, Councillors will need to be trained to enable them to access the information and scrutinise it effectively. | Senior Leadership Team | Cabinet has agreed the Council's Service Area Plans including the suite of measures for each Service Area. Officers are now working on making the measures accessible to Councillors so the measures can be interrogated on a rolling basis. Target for completion of this work is 1 st September 2022. |
| 7.2 | The new Overview & Scrutiny and Audit & Standards Committees will present challenges in terms of clarity of role. Councillors will need to be trained on the operation of the new Overview & Scrutiny and Audit & Standards Committees to enable them to participate more confidently. | Senior Leadership Team | Training has been arranged for 3 August 2022 for the Audit & Standards Committee on the role of the Audit Committee. The Overview & Scrutiny Committee have also been invited to attend. Civic & Committee Services are in the process of organising training for the Members of Overview & Scrutiny Committee on financial/budget and performance training which once agreed Audit & Standards members will also be invited to attend. In respect of remit it is early days for the new Committees and this will be discussed with the relevant Chairs before each meeting. |

| AGS Ref. | Governance Issue | Responsibility | Progress to Date: Position as at end-July 2022 |
|----------|---|------------------------|--|
| 7.3 | Staff morale has been impacted adversely as a result of the merger process. A strategy to improve staff morale is required. | Senior Leadership Team | Cabinet has approved "Applause" which seeks to help address staff morale through several personal, professional and health initiatives. More broadly, the Senior Leadership Team is working on policies in respect of recruitment, retention and reward. This is an ongoing piece of work. |

Title: Anti-Fraud and Corruption Statement 2022/23

Lead Officer: Richard Barr

Portfolio Holder: Councillors Day and Hales

Wards of the District directly affected: None directly impacted

Summary

The Report presents an Anti-Fraud and Corruption Statement for review and approval by Members. The Statement provides a record of the Council's policies and objectives regarding countering fraud and corruption and is set out as Appendix A. There are a number of actions that are being undertaken in order to prevent, deter and detect fraud and corruption and these are set out in Appendix B.

Recommendations

- 1 That the Anti-Fraud and Corruption Statement be noted and approved.
 - 2 That the actions to prevent, deter and detect fraud and corruption be noted and approved.
-

1 Background

- 1.1 In the mid-1990s local authorities were encouraged to state publicly and formally their stance on fraud and corruption and as part of that to formulate and adopt an Anti-Fraud and Corruption Strategy. Accordingly, in 1995 the Council initiated a Strategy. Since that time the Strategy has been subject to an annual review.
- 1.2 In recent years it has been felt that the term 'Statement' is a more appropriate term for the document as it is more of a statement of policies and objectives rather than a detailed description of how those policies and objectives are to be achieved. Such information is contained elsewhere, principally in Service Area Plans and Appraisal documents. The Statement is set out as Appendix A.
- 1.3 Keeping the Statement under review and comparing it with those of other local authorities helps to ensure that it remains relevant.
- 1.4 Appendix B provides a list of actions that are being undertaken to prevent, deter and detect fraud and corruption.
- 1.5 Undertaking the items set out in the action plan helps to maintain the overall control environment and raise awareness on fraud and corruption matters.

2 Alternative Options available to Committee

- 2.1 The report is not based on 'project appraisal' so this section is not applicable.

3 Consultation and Members' comments

- 3.1 Include any comments received in response to the consultation on the report.
No comments received.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

- 4.1.1 Include a summary of the legal or human rights implications of the proposal.
Not applicable.

4.2 Financial

- 4.2.1 Include a summary of the financial implications of the proposal
Not applicable.

4.3 Council Plan

4.3.1 External Impacts

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, counter fraud and corruption measures are an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

4.3.2 Internal Impacts

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, counter fraud and corruption measures are an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

4.4 Environmental/Climate Change Implications

- 4.4.1 Counter fraud and corruption activities will comply with the Council's environmental and climate emergency objectives.

4.5 Analysis of the effects on Equality

- 4.5.1 Counter fraud and corruption activities will comply with equality obligations.

4.6 Data Protection

- 4.6.1 Counter fraud and corruption activities will comply with the Council's data protection objectives.

4.7 Health and Wellbeing

- 4.7.1 Counter fraud and corruption activities will comply with the Council's health and wellbeing objectives.

5 Risk Assessment

- 5.1 There is a financial risk to the Council in making payments to people that are not entitled to receive them. There are health and safety risks to staff associated with investigating suspicious claims. There are also reputational risks to the Council from such activities. These are detailed in the service's risk register, assessed, and managed through various mitigations and controls.

6 Conclusion/Reasons for the Recommendation

- 6.1 The report sets out the Council's Anti-Fraud and Corruption Statement for the forthcoming year, providing a record of the Council's policies and objectives regarding countering fraud and corruption, together with actions that are being undertaken in order to prevent, deter and detect fraud and corruption.
- 6.2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Counter-fraud and corruption measures form a key part of each of those elements, thus providing the required assurance to Members.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

See appendices.

Report Information Sheet

| | | |
|---|--|--|
| Committee/Date | Audit and Standards Committee – 30 August 2022 | |
| Title of report | Anti-Fraud and Corruption Statement 2022/23 | |
| Consultations undertaken | | |
| Consultee *required | Date | Details of consultation / comments received |
| Ward Member(s) | | |
| Portfolio Holders* | 29/06/2022 | |
| Financial Services | | |
| Legal Services | | |
| Other Services | | |
| Chief Executive | 29/06/2022 | |
| Head of Service | 29/06/2022 | |
| Section 151 Officer | 29/06/2022 | |
| Monitoring Officer | 29/06/2022 | |
| Senior Leadership Team | | |
| Other organisations | | |
| Final decision by this Committee or rec to another Cttee/Council? | | The former. |
| Contrary to Policy/Budget framework | | No |
| Does this report contain exempt info/Confidential? If so, which paragraph(s)? | | No |
| Does this report relate to a key decision (referred to in the Cabinet Forward Plan)? | | No. |
| Accessibility Checked? | | File/Info/Inspect Document/Check Accessibility |

**Warwick District Council
Anti-Fraud and Corruption Statement 2022/23**

1 Introduction

- 1.1 Warwick District Council is a large organisation employing several hundred staff and spending around £100 million a year of taxpayers' money. Like most organisations it is a potential target for fraud and corruption which could be attempted by employees, external organisations or members of the public.
- 1.2 The Council is determined to do everything that it reasonably can to deter, prevent and detect fraud and corruption and it is committed to the Anti-Fraud and Corruption Statement.

2 Policy Statement

- 2.1 Warwick District Council aims to provide quality services that are accessible to all sections of the community and delivered fairly and efficiently. In doing so the Council is firmly opposed to fraud and corruption of any kind and will take prompt and decisive action to deal with any instances that are identified and will deal equally with perpetrators from inside and outside the Council.
- 2.2 At all times the Council will endeavour to ensure that all of its dealings are carried out with honesty and integrity with no thoughts of fraudulent or corrupt acts and in turn it will expect all partners, suppliers, contractors, organisations and individuals that it deals with to behave in the same way.
- 2.3 The Council's elected Members and staff will lead by example and ensure that they comply with all policies, codes, regulations and controls that are in place.
- 2.4 The Council will pursue all individuals or organisations suspected of having defrauded or having committed corrupt acts and will report them to the Police if appropriate.
- 2.5 This policy will be delivered by a series of measures contained in the Anti-Fraud and Corruption Statement.

3 Definitions

- 3.1 Fraud is the intentional distortion of financial statements or other records by persons internal or external to the authority which is carried out to conceal the misappropriation of assets or otherwise for gain or to mislead or misrepresent.
- 3.2 Corruption is the offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any person; or the failure to disclose an interest in order to enjoy financial or other pecuniary gain.

4 Statement

- 4.1 The Statement comprises a series of measures and procedures, detailed below, that are designed to frustrate any attempted fraudulent or corrupt acts.

5 Culture

- 5.1 The Council wishes it to be known that the culture and tone of the authority is one of openness, honesty and equality with wholehearted opposition to fraud and corruption in any form.
- 5.2 Council Taxpayers are entitled to expect the highest standards of accountability, stewardship and probity from the Council. To an extent these expectations will be met by the Council complying with legislation. For example:
- The Council must appoint a Responsible Financial Officer who is responsible for the Council's financial strategy and direction and also for ensuring that there are sound systems of financial control in place;
 - The Council is required to ensure the existence of adequate and effective internal audit arrangements;
 - Independent external auditors are appointed to scrutinise the Council's business;
 - Procedures exist for the public to inspect the Council's accounts and to question the external auditors;
 - The Council is required to appoint a Monitoring Officer to monitor the lawfulness and fairness of decision making;
 - Decisions are made in public meeting except in circumstances where the need for confidentiality is paramount;
 - Members of the public can request the Local Government Ombudsman and Housing Ombudsman to investigate cases of alleged maladministration.
- 5.3 Additionally the Council will have:
- A Code of Corporate Governance
 - A system of scrutiny whereby Members of the Council review past decisions and examine specific issues within service areas.

6 Prevention

6.1 Staff

- 6.1.1 The Council acknowledges that the recruitment and retention of high calibre staff is vital to the delivery of quality services and that staff have a key role to play in the prevention and detection of fraud and corruption.
- 6.1.2 When appointing to posts, written references will always be taken up and referees will be asked to give their views on candidates' honesty and integrity.
- 6.1.3 Confirmation of identity, academic qualifications and the right to live and work in the UK will be obtained before any offers of employment are made.

- 6.1.4 Depending on the duties of the post, the selection process will include reference to the Disclosure and Barring Service.
- 6.1.5 Council staff who are members of professional bodies will be expected to observe the standards advocated by those bodies which may be laid down in codes of conduct.
- 6.1.6 All staff of the Council will be bound by any National, Local or Departmental codes of conduct.
- 6.1.7 All staff must operate and adhere to all of the relevant procedures and codes that form the Council's overall control framework including an Employee Code of Conduct.

6.2 Members

- 6.2.1 Elected Members are expected to observe the highest standards of conduct which are enshrined in legislation, the Council's constitution and the Members' Code of Conduct.
- 6.2.2 Members are required to declare specific information concerning their financial and other interests and for ensuring that this information is kept up to date.
- 6.2.3 Members are required to declare their interests at all meetings, both internal and external, whether decision making or not.
- 6.2.4 The Council has a Standards Committee and has two Independent Persons from outside the Council in line with the Localism Act 2011. Its role is to promote and maintain high standards amongst Members and to investigate any alleged breaches of the Code of Conduct.

6.3 Systems

- 6.3.1 The Council is committed to operating financial and management systems and procedures which incorporate efficient and effective internal controls.
- 6.3.2 Senior managers with responsibility for systems are responsible for ensuring that such controls are achieved and maintained.
- 6.3.3 The Council's Internal Audit Service will carry out periodic reviews of all systems and activities to ensure that controls exist and are being adhered to and that senior managers are meeting their responsibility.

6.4 Working with others

- 6.4.1 Arrangements are in place for the regular exchange of information between the Council and Government agencies for the purpose of preventing and detecting fraud.
- 6.4.2 The Council will participate in data matching exercises with appropriate organisations to detect fraud.

6.4.3 Whenever any information is to be exchanged the person or organisation supplying the information will be advised accordingly.

6.4.4 Staff will be encouraged to participate in local and national professional groups and forums to exchange information, ideas and experiences.

6.5 Internal Audit

6.5.1 The Council is required to maintain an adequate and effective system of internal audit as part of the Responsible Financial Officer's duty to ensure that there are proper arrangements in place to administer the Council's financial affairs.

6.5.2 The adequacy and effectiveness of internal controls is monitored by the Council's Audit Section as part of their annual programme of work. Any weaknesses in internal control are reported to management whose duty it is to ensure that corrective action is taken.

6.5.3 The work of the Audit Section and their progress against the Audit Plan is overseen by a committee of the Council who receive summaries of all audit reports and management responses.

6.5.4 The Audit Plan is prepared following a risk assessment of audit areas which determines the frequency of audits and particular areas to focus attention on. The risk assessment process is subject to an ongoing review.

6.5.5 The Head of Internal Audit will ensure that all Internal Audit staff have the appropriate skills and expertise to carry out their duties.

6.6 Fraud Investigation

6.6.1 Sitting within the Audit and Risk function within Finance is a resource that investigates corporate fraud - all non-employee fraud – perpetrated, or suspected as being perpetrated, against the Council.

6.6.2 In recent years this function has been outsourced and is currently being provided by Oxford City Council. Essentially, the City Council provides one FTE employee to assist with the investigation of fraud, as well as undertaking activities to deter and prevent fraud such as staff training and awareness campaigns. Although the resource is one FTE, several staff are provided which enables the availability of a range of skills.

6.7 External Audit

6.7.1 Independent external audit is an essential safeguard to the stewardship of public money. The Council's external auditors will carry out their duties in accordance with the Code of Audit Practice.

6.7.2 The Code emphasises management's role in preventing and detecting fraud and corruption. It is the external auditor's role to review the Council's arrangements for meeting this responsibility.

6.7.3 External Audit will be notified of all frauds involving sums over £1,000 and of any corrupt acts.

7 Detection

- 7.1 Managers are responsible for the prevention and detection of fraud, corruption and other irregularities. Managers should pay special attention to circumstances that may indicate an irregularity.
- 7.2 Managers are required to notify the Head of Audit immediately if a fraud or other irregularity is discovered or suspected. They should also ensure that:
- any supporting documentation or other evidence is secured; and
 - confidentiality is maintained so as not to prejudice any subsequent investigation.
- 7.3 Staff should report any suspected irregularities to their line manager or they may use the Council's Whistleblowing Policy and Procedure.
- 7.4 Internal Audit will assist managers to discharge their responsibilities when they are conducting audits by establishing and testing expected controls. Any control weaknesses will be reported to managers and also to committee together with managers' responses.

8 Investigation

- 8.1 If an act of fraud or corruption is discovered or suspected, the initial investigation will be conducted by Internal Audit.
- 8.2 If the initial investigation reveals that a full investigation is warranted Internal Audit will invoke the Council's Fraud Response Plan and Disciplinary Procedure.
- 8.3 The decision to involve the Police will be taken by the Head of Audit in consultation with the relevant managers and the Chief Executive. The Council will co-operate fully with the Police and Internal Audit will work closely with them to gather evidence and provide information.
- 8.4 Whenever possible the Council will seek restitution for any losses suffered. This may include recovery from a Pension Fund, an insurance claim or civil action.
- 8.5 At the conclusion of the investigation a report will be prepared for management and for committee. A review of the investigation will be carried out and any control weaknesses identified will be considered with a view to taking appropriate remedial action.
- 8.6 Allegations of fraud or criminal misconduct against Members will be considered under the procedure for handling complaints about the conduct of Members led by the Monitoring Officer. Where appropriate, partners such as the Police or Internal or External Audit will be involved.

9 Deterrence

- 9.1 The Council will state publicly at every appropriate opportunity that it is strongly opposed to all forms of fraud and corruption.

- 9.2 The Council will act firmly and decisively when fraud and corruption is suspected and proven e.g. the termination of contracts, the dismissal of staff, the prosecution of staff or other offenders.
- 9.3 The Council will take action to affect the maximum recoveries e.g. through agreement, court action, penalties, insurance, Pension Funds.
- 9.4 The Council's systems will contain sound internal controls that are kept under review to minimise the opportunity for fraud and corruption.
- 9.5 The Council's Anti-Fraud and Corruption Statement will be publicised to all staff and posted on the Council's website.

10 Training

- 10.1 The Council recognises that the success of its Anti-Fraud and Corruption Statement will very much depend on the effectiveness of staff throughout the authority.
- 10.2 The Council supports the concept of induction training and follow up training, particularly for those staff involved with internal control systems.
- 10.3 It is the responsibility of managers to ensure that their staff are adequately trained to carry out their duties.
- 10.4 Investigation of fraud and corruption will be undertaken primarily by Internal Audit. Staff of the section should receive appropriate training in this area.
- 10.5 Members of the Council will receive training on a wide range of topics including declarations of interest, the Code of Conduct and their role in promoting the Anti-Fraud and Corruption stance.

11 Conclusion

- 11.1 The Council has in place a framework of systems and procedures, to assist in the fight against fraud and corruption. It is determined to ensure that these systems:
- are complied with;
 - keep pace with future developments; and
 - are fully supported by staff and members.
- 11.2 This document will be subject to annual review to ensure its relevance. The responsibility for this rests with the Head of Internal Audit and, ultimately, the Responsible Financial Officer.
- 11.3 The Council is committed to ensuring the wide circulation of this Statement within and outside the Council in order that all relevant parties appreciate the high standards which the Council is determined to observe in all its business.

Actions to Prevent, Deter and Detect Fraud and Corruption

1. OBJECTIVE: Undertake assignments in the 2022/2023 Audit Plan and any investigations required

- 1.1 Complete audits contained in the Annual Audit Plan that was approved by Members in March 2022, monitor progress regularly throughout the year and take appropriate remedial action if necessary. The scope and Objectives of the audits will include an assessment of the controls in place and confirming or improving those controls will indirectly assist in fraud prevention and detection.

Timescale: 2022/23

Responsibility: Audit and Risk Manager / Head of Financial Services

- 1.2 Investigate any fraud or irregularity cases uncovered or referred to Internal Audit. If there are grounds for an investigation, report the circumstances, the approach adopted and the outcome to members. If the resources required to undertake an investigation have an impact on the Audit Plan and a shortfall is identified a report will be submitted to Audit & Standards Committee listing the possible options.

Timescale: As and when / ongoing

Responsibility: Audit and Risk Manager / Head of Financial Services

- 1.3 Report the management responses to any recommendations contained in the action plans accompanying Internal Audit reports to Audit & Standards Committee.

Timescale: Ongoing

Responsibility: Audit and Risk Manager

2. OBJECTIVE: Undertake investigations into suspected fraud being perpetrated against the Council

- 2.1 Undertake investigations into a range of suspected frauds that may be being perpetrated against the Council. These include suspected fraudulent right-to-buy applications, single person discount applications, contrived tenancies and sub-letting of council-owned properties. These investigations are outsourced to an award-winning counter fraud service at Oxford City Council. They also provide fraud awareness training for staff.

Timescale: 2022/23 and ongoing

Responsibility: Audit and Risk Manager through Oxford City Council Counter Fraud Team

- 2.2 Undertake investigations into suspected fraudulent Covid Grant applications and refer any cases believed to be fraudulent to the relevant agencies e.g., the Police.

Timescale: 2022/23 and ongoing

Responsibility: Exchequer Services Manager / Audit and Risk Manager

3. OBJECTIVE: Promote fraud awareness within the Council

- 3.1 Post a notice on the Council's Intranet reminding staff that fraud is an ever-present threat, how to identify the signs and what to do if fraud is taking place or suspected.

Timescale: December 2022

Responsibility: Audit and Risk Manager

- 3.2 Undertake a staff survey to gauge the overall attitude to fraud and the awareness of how to respond to any occurrences or suspicions.

Timescale: December 2022

Responsibility: Audit and Risk Manager

- 3.3 Continue to arrange and run fraud awareness courses.

Timescale: During 2022/23

Responsibility: Audit and Risk Manager through Counter Fraud Team at Oxford City Council

- 3.4 Compile a handout for new starters covering basic fraud awareness, how to deal with concerns, details of basic controls in place and contact details.

Timescale: December 2022

Responsibility: Audit and Risk Manager

- 3.5 Publicise details of any frauds perpetrated or attempted against the Council as they occur and details of any potential new fraudulent activity in local government received. If necessary, review procedures and controls to mitigate the risk.

Timescale: 2022/23 / ongoing

Responsibility: Audit and Risk Manager

4. OBJECTIVE: Participate in data exchange and research initiatives

- 4.1 Provide data to the annual National Fraud Initiative (NFI) exercise and respond to referrals received as a result.

Timescale: 2022/23 / ongoing

Responsibility: Audit and Risk Manager

- 4.2 Present a report to Audit & Standards Committee on the outcome of the NFI exercise.

Timescale: During 2022/23

Responsibility: Audit and Risk Manager

- 4.3 Complete any appropriate surveys of fraudulent activity in local government undertaken by the recognised professional and government bodies.

Timescale: As and when required

Responsibility: Audit and Risk Manager

5. OBJECTIVE: Enable public reporting of suspected fraud or corruption

- 5.1 Review the Fraud pages on the WDC website and revise and update if necessary.

Timescale: 2022/23

Responsibility: Audit and Risk Manager

- 5.2 Ensure that there are no obstructions to members of the public that report fraud.

Timescale: Ongoing

Responsibility: Audit and Risk Manager

- 5.3 Produce Annual Performance Report in respect of savings identified from fraud response work.

Timescale: 2022/23 and each year

Responsibility: Audit and Risk Manager

6. OBJECTIVE: Ensure Internal Audit staff remain aware of best practice and new developments

- 6.1 Arrange for members of the Internal Audit Team to attend any appropriate, but affordable, training events and to attend the Warwickshire and Midlands professional networking groups.

Timescale: 2022/23 / ongoing

Responsibility: Audit and Risk Manager

- 6.2 Arrange to run workshops for the Internal Audit staff on investigative practice following the successful completion by the Audit and Risk Manager of the CIPFA Certificate in Investigative Practice.

Timescale: 2023/24

Responsibility: Audit and Risk Manager

7. OBJECTIVE: Review Statement

- 7.1 Review the content, currency and format of the Anti-Fraud and Corruption Statement. Compare the statement with those of the other Warwickshire authorities and a random selection from other authorities.

Timescale: As and when

Responsibility: Audit and Risk Manager

- 7.2 Review any CIPFA or other relevant bodies' guidance on fraud and corruption issued during the year and consider if any of the recommendations require changes to WDC's fraud prevention procedures or the Anti-Fraud and Corruption Statement.

Timescale: As and when

Responsibility: Audit and Risk Manager

- 7.3 Present the Anti-Fraud and Corruption Statement annually to Audit & Standards Committee for review and approval.

Timescale: 2022/23 / ongoing

Responsibility: Audit and Risk Manager

Title: Corporate Fraud Investigation Performance Report 2021/22
Lead Officer: Richard Barr
Portfolio Holder: Councillors Day and Hales
Wards of the District directly affected: None directly impacted

Summary

The Report provides details of the performance by the Corporate Fraud Investigation team for 2021/22.

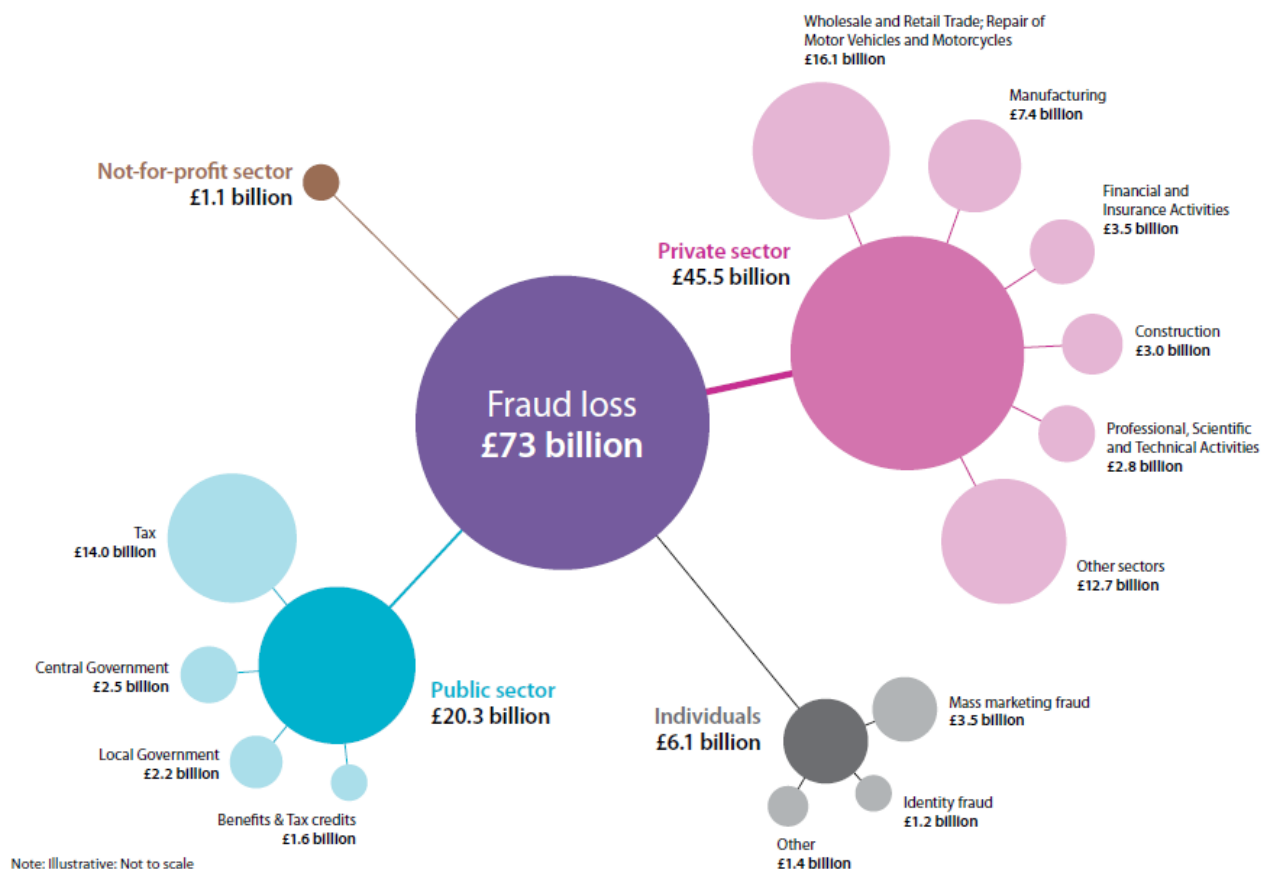
Recommendations

- 1 That the report, including its appendices, be noted and, where appropriate, approved.
-

1 Background

1.1 Definitions, types, and scale of fraud

- 1.1.1 All references to fraud within this document include any type of fraud-related offence. Whilst the Fraud Act (2006) (the 'Act') does not provide a single definition of fraud, it may be described as 'theft by deception'. The key characteristics of fraud include an individual acting dishonestly and with the expectation of either making a gain for themselves or another person, or causing loss to a third party.
- 1.1.2 The Act identifies fraud as a single offence that can be committed in three separate ways:
 - Fraud by false representation – A person dishonestly makes a false representation, intending to make a gain for himself or another, or to cause loss another or to expose another to a risk of loss. The legal definition of 'representation' is broad and includes written, verbal, and non-verbal communication.
 - Fraud by failing to disclose information – A person dishonestly fails to disclose to another person information which they are under a legal duty to disclose, and intends, by failing to disclose the information to make a gain for himself or another, to cause loss to another or to expose another to a risk of loss.
 - Fraud by abuse of position – A person abuses their position, intending to make a gain for themselves or another or to cause loss to another.
- 1.1.3 In 2012 the government set up a body to examine fraud in local government. It culminated in the production of a paper entitled "Fighting Fraud Locally: The Local Government Strategy". The diagram below, contained in that paper, depicts the estimate of loss to fraud in the UK across all sectors:



To comply with SCULPT readability requirements, the key points from this diagram are set out below.

- 1.1.4 As at 2012, of the total sum estimated to be lost each year to fraud, around 30 per cent occurs in the public sector, with estimated losses of around £20 billion a year. Although the majority of this loss is the result of fraud against the tax system, about £6 billion is estimated to be in areas such as payroll, procurement, grants and pensions. Fraud in local government accounts for around 11% of total public sector fraud, costing taxpayers about £2.2 billion a year. The table below provides a breakdown of this figure.

| Fraud Type | Fraud Loss |
|-----------------------|-------------------|
| Housing Tenancy fraud | £900 million |
| Procurement fraud | £890 million |
| Payroll fraud | £153 million |
| Council Tax fraud | £131 million |
| Grant fraud | £41 million |
| Pension fraud | £5.9 million |

- 1.1.5 Estimates of the value of fraud perpetrated in the UK vary from year to year but in recent years have been heading towards £100 billion annually. The estimated annual loss to fraud in councils continues to exceed £2 billion.

1.2 Arrangements at WDC

- 1.2.1 In February 2015, the Housing Benefit fraud investigation function at Warwick District Council transferred, like others, to the Department for Work and Pensions under the auspices of the Single Fraud Investigation Service (SFIS).
- 1.2.2 Following several unsuccessful attempts to recruit suitably-qualified investigation staff, alternative options for providing the service were considered. In February 2016 arrangements were agreed with Oxford City Council to provide a Corporate Fraud Service for Warwick District Council. The Fraud Unit at Oxford City Council had been, and still are, providing a fraud investigation service for a number of other councils including Oxfordshire County Council. Over the years, the service at Oxford has won many 'industry' awards from bodies such as the Institute of Rating Revenues and Valuation (IRRV), including 'Excellence in Corporate Fraud'.
- 1.2.3 Warwick District Council pays for one full time equivalent employee from Oxford City Council. This is achieved through a small number of individuals (currently two) employed by Oxford. This arrangement provides a range of skills and expertise.
- 1.2.4 Most of the investigations undertaken by the team are 'reactive' investigations. These involve the search for and the gathering of evidence following an allegation or fraud referral, or the discovery of a set of circumstances which amount to an offence. In these cases, the offence is usually already being committed. An example would be where a member of the public contacts a council to inform them that one of their council tenants is unlawfully sub-letting their council property.
- 1.2.5 One source of referral is the National Fraud Initiative (NFI). The NFI, coordinated by the Cabinet Office, matches electronic data within and between public and private sector bodies to help prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. Participation in the NFI is mandatory for councils who are required to submit data to the National Fraud Initiative on a regular basis. The Council has always sought to investigate most matches that are received from the NFI, despite the exercise being resource-intensive and usually delivering very little in the way of results.
- 1.2.6 In addition to the normal matches, NFI provided an additional single person discount (SPD) report that matches data to other external sources such as blue badge and concessionary travel data. However, due to the timing of when data is collected and the length of time before the matches were received, a view was taken that only the high-risk cases would be checked and the team would undertake a separate SPD review. The Team has access to a data matching system and, using this technology to review single person discount cases, will ensure that any data submitted is matched and returned daily.
- 1.2.7 As part of the contract, the team from Oxford also provides fraud awareness training sessions to staff across the Council, and this has now been incorporated into the corporate induction training sessions. More recently, as part of their fraud prevention work, the team have been providing additional assistance to staff in the housing advice team, to assist with their investigative interviewing skills when interviewing customers who present as homeless.

Further guidance has also been provided to help them interpret information obtained through the national anti-fraud network.

1.3 Types of Fraud Investigated at WDC by the Corporate Fraud Team

1.3.1 Council Tax Fraud

This can be broken down into two main areas - Discount and Exemption fraud and Council Tax Support fraud.

Discount and Exemption fraud

The owner, leaseholder or tenant of a property is responsible for paying Council Tax. The amount paid is based on the banding of the property. The full liability is based on two or more adults being at the property and a full bill is paid unless an exemption or discount is granted. Fraud can occur when an individual intentionally gives incorrect or misleading information in order to pay less or no council tax. Examples include someone stating that they live alone when another adult also lives there or someone claiming to be a student when they aren't or claiming Empty property exemption when the property is occupied.

Council Tax Support fraud

The Department of Work and Pensions (DWP) is responsible for the investigation of Housing Benefit (means tested help with paying rent) fraud however Council Tax Support (means tested help with paying Council Tax) fraud is often associated with Housing Benefit fraud and it is the Council's job to investigate this. Examples of Council Tax Support fraud include making a false statement about one's household, income or capital and failing to report a change of circumstances.

1.3.2 Social Housing Fraud

The unlawful misuse of social housing can be broken down into two main areas – Housing Tenancy fraud and Right to Buy fraud.

Housing tenancy fraud includes offences such as unlawful subletting, false homeless applications, non-residency, and unauthorised tenancy succession.

Right to Buy fraud includes fraudulent applications under the right to buy/acquire schemes.

Unlawful occupation of social housing has a direct financial impact on local authorities because they are responsible for providing and paying for temporary accommodation for homeless people who could otherwise be housed in permanent social housing.

1.3.3 Housing Benefit fraud

Housing Benefit and Council Tax Support, where they are still paid, are administered by the Council on behalf of the Government. They are paid to people who are liable to pay rent and/or Council Tax and who have a low income, whether they are working or not. Benefit fraud is defined as someone obtaining state benefit they are not entitled to or deliberately failing to report a

change in their personal circumstances e.g. failure to disclose financial assets and/or changes to employment or individual(s) residing at a property.

Since the introduction of Universal Credit in 2013, to help with housing costs, the majority of eligible residents receive Universal Credit payments from the DWP rather than Housing Benefit from their local authority. For some claimants, however, Housing Benefit can still be claimed from the local authority. This includes people on low incomes who are pensioners (both members of a couple must be pensioners), live in supported (specified) accommodation, or are in receipt of a severe disability premium (and who are not claiming Universal Credit). (It only applies to rent; it is not available for mortgage repayments.)

At the same time, Council Tax Benefit also ceased to exist and was replaced by Local Council Tax Support.

DWP have the responsibility of investigating all HB fraud and will work jointly with local authorities where Local Council Tax Support is also claimed. Although councils are no longer responsible for the investigation of this fraud, as administrators of this benefit there is a responsibility to try to prevent fraud and to notify the Department of Work and Pensions (DWP) of any suspected fraudulent activity including false applications and failures to declare changes in circumstances.

Discretionary Housing Payment (DHP) is a discretionary scheme where the local authority can provide extra money to help a claimant meet their housing costs such as helping with a rent shortfall, a rent deposit and rent in advance. DHPs are only for extra help towards Housing Costs and are not for help with Council Tax. When investigating a Housing Benefit fraud, if it is discovered that the customer has received DHP an attempt would be made to recover it. It is not covered in the same legislation as HB or CTR overpayments, however, and therefore cannot be included as part of any sanction.

1.3.4 National Non-Domestic Rates fraud

National Non-Domestic Rates (NNDR), more commonly referred to as Business Rates, is paid by all businesses unless they qualify for a relief or an exemption. Examples of NNDR fraud include:

- A business falsely claiming that a property is unoccupied to obtain an empty property exemption.
- A charity or not for profit organisation registered as the occupier of a property to claim mandatory and discretionary rates relief whilst the property is actually being used by a profit-making organisation.
- A business falsely claiming insolvency with the intent to avoid paying rates.

NNDR frauds are investigated by the Fraud team. However, no referrals were received during the year.

2 Sanctions

- 2.1 Investigations where fraud is proven are punishable either by issuing a formal caution or an administrative penalty (known as "ad-pen") is an agreement with the claimant that in addition to the repayment of the debt they will pay a

further amount. This amount is determined by legislation and is calculated as a percentage of the debt. The level of the percentage differs depending on the period in which the overpayment occurred. Neither of these sanctions results in a criminal record. In more severe cases, a claimant will be prosecuted. Sanctions are increasingly less common since DWP took over HB investigations – administrative penalties and cautions can still be offered but are only done so on very rare occasions. Joint cases with the DWP, on the other hand, will often result in ad-pens or prosecutions. We can offer a civil penalty in respect of council tax and this is £70 penalty added to the account following an investigation but due to COVID-19 the Revenues team has not been issuing these so as not to put anyone under added financial pressure.

3 Fraud and Error identified during 2021/22 at Warwick District Council involving the work of the Corporate Fraud Investigation Team

- 3.1 The total amounts of savings for 2021/22 made by Warwick District Council that involved the work of the Corporate Fraud Investigation team amounts to £585,185.11. This includes cash and non-cash savings. Of this total, £104,380.32 represents cash savings. The remainder is non-cash savings based on predictions. The predictions usually relate to estimates, from experience, of perpetuation of the fraud if it had not been discovered. Of this total, the majority - £338,400 - is based on the identification of fraudulent Right-to-Buys.
- 3.2 An analysis of the savings involving the Corporate Fraud Investigation team for 2021/22 is set out as Appendix 1 to this report. Of these savings, it should be noted that a proportion will benefit other bodies. For example, the savings in respect of Council Tax will be shared with relevant precepting authorities as part of the council tax setting process. The savings do not all accrue to Warwick District Council. It should also be noted that the savings achieved cannot be attributed wholly to the work of the Corporate Fraud Investigation Team. In nearly all cases, other parties such as the Council's Visiting Team and other staff within Revenues and Benefits, as well as staff in Housing, have been involved, often taking the primary role with the Corporate Fraud Investigation Team having a subsidiary role. Ultimately, most fraud and error is identified through teamwork and coordinated working across the Council as well as with other agencies such as the DWP.
- 3.3 An explanation of each of these types of savings together, in the case of non-cash savings, with an explanation of how they have been calculated is set out as Appendix 2.

4 Alternative Options available to Committee

- 4.1 The report is not based on 'project appraisal' so this section is not applicable.

5 Consultation and Members' comments

- 5.1 Include any comments received in response to the consultation on the report.
No comments received.

6 Implications of the proposal

- 6.1 **Legal/Human Rights Implications**

6.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

6.2 **Financial**

6.2.1 Include a summary of the financial implications of the proposal

Not applicable.

6.3 **Council Plan**

6.3.1 **External Impacts**

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, counter fraud measures are an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

6.3.2 **Internal Impacts**

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, counter fraud measures are an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

6.4 **Environmental/Climate Change Implications**

6.4.1 Counter fraud activities will comply with the Council's environmental and climate emergency objectives.

6.5 **Analysis of the effects on Equality**

6.5.1 Counter fraud activities will comply with equality obligations.

6.6 **Data Protection**

6.6.1 Counter fraud activities will comply with the Council's data protection objectives.

6.7 **Health and Wellbeing**

6.7.1 Counter fraud activities will comply with the Council's health and wellbeing objectives.

7 **Risk Assessment**

7.1 There is a financial risk to the Council in making payments to people that are not entitled to receive them. There are health and safety risks to staff

associated with investigating suspicious claims. There are also reputational risks to the Council from such activities. These are detailed in the service's risk register, assessed, and managed through various mitigations and controls.

8 Conclusion/Reasons for the Recommendation

- 8.1 The report describes the work performed by the Council's Corporate Fraud Investigation team and details its performance for 2021/22.
- 8.2 The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Counter-fraud activity forms a key part of each of those elements thus providing the required assurance to Members.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

Fraud Management System records.

Report Information Sheet

| | | |
|---|--|--|
| Committee/Date | Audit and Standards Committee – 30 August 2022 | |
| Title of report | Corporate Fraud Investigation Performance Report 2021/22 | |
| Consultations undertaken | | |
| Consultee *required | Date | Details of consultation / comments received |
| Ward Member(s) | | |
| Portfolio Holder* | 29/06/2022 | |
| Financial Services | | |
| Legal Services | | |
| Other Services | | |
| Chief Executive | 29/06/2022 | |
| Head of Service | 29/06/2022 | |
| Section 151 Officer | 29/06/2022 | |
| Monitoring Officer | 29/06/2022 | |
| Senior Leadership Team | | |
| Other organisations | | |
| Final decision by this Committee or rec to another Cttee/Council? | | The former. |
| Contrary to Policy/Budget framework | | No |
| Does this report contain exempt info/Confidential? If so, which paragraph(s)? | | No |
| Does this report relate to a key decision (referred to in the Cabinet Forward Plan)? | | No. |
| Accessibility Checked? | | File/Info/Inspect Document/Check Accessibility |

Summary of Corporate Fraud Performance 2021/22

| Area of Result | Number | Value (£) | Caution | Ad-pen | Prosecution |
|---|--------|------------|---------|--------|-------------|
| Council Tax Reduction Overpayments | 2 | 7,750.66 | N/A | N/A | N/A |
| Council Tax Reduction Future Savings | 2 | 4,452.24 | N/A | N/A | N/A |
| Housing Benefit Overpayments | 1 | 14,514.80 | N/A | N/A | N/A |
| Housing Benefit Future Savings | 1 | 19,474 | N/A | N/A | N/A |
| Discretionary Housing Payment Overpayment | 0 | 0 | N/A | N/A | N/A |
| Council Tax Discount Removed | 173 | 82,114.86 | N/A | N/A | N/A |
| Council Tax Discount Future Increase | 168 | 118,198.55 | N/A | N/A | N/A |
| Ctax £70 Penalty | 4 | 280 | N/A | N/A | N/A |
| NNDR Increased Income | 0 | 0 | N/A | N/A | N/A |
| NNDR Future Income | 0 | 0 | N/A | N/A | N/A |
| Social Housing Properties Recovered | 0 | 0 | N/A | N/A | N/A |
| Housing Applications Cancelled | 0 | 0 | N/A | N/A | N/A |
| Right To Buy Cancelled | 4 | 338,400 | N/A | N/A | N/A |
| Totals: Cash and Non-Cash | | 585,185.11 | | | |
| Totals: Cash Only | | 104,380.32 | | | |

Key: Cash Savings are yellow-highlighted. Other savings are predictions and therefore non-cash.

NB To comply with SCULPT requirements, key points from this table are discussed in the covering report.

The types of savings and, in the case of non-cash savings, how they have been calculated

Council Tax Reduction (CTR) Overpayments

These overpayments of CTR have resulted from an investigation and deemed recoverable unless the claimant could show the overpayment was caused by official error and they could not reasonably have known they were being overpaid. Council Tax is a daily charge and therefore the overpayment figures reflect this.

Council Tax Reduction Future Savings

The future savings are based upon a 104-week multiplier of savings identified. This is the average amount of time that a customer takes to notify the authority of a change to their circumstances.

Housing Benefit (HB) Overpayments

HB Overpayments are overpaid amounts of Benefit that have been paid (whether to the claimant their landlord or someone else) and to which the claimant was not entitled. These overpayments are calculated weekly by the Benefits team.

Housing Benefit Future Savings

The future savings are based upon a 104-week multiplier of savings identified. This is determined to be the average amount of time that a customer takes to notify a local authority of a change to their circumstances.

Discretionary Housing Payment (DHP)

This is a discretionary scheme where the local authority can provide extra money to help a claimant meet their housing costs; examples include help with a rent shortfall, rent deposits and rent in advance. The local authority looks at how much they can pay and for how long the customer can receive the payment. DHPs are only for extra help towards Housing Costs and are not for help with Council Tax. Thus, when investigating a Housing Benefit fraud, if it is discovered that the customer has had this extra help towards their housing costs (i.e. received DHP) we would seek to recover it. However, it is not covered in the same legislation as HB or CTR overpayments and therefore cannot be included as part of any sanction.

Council Tax Discount

Claimants may qualify for a Council Tax reduction if they are living on their own or with students, or providing care for, or living with, people with special circumstances. The main discount the Fraud team deals with is Single Person Discount (SPD) which is a 25% reduction when there is one adult occupant in the property.

Council Tax Discount Future Increase

The future savings are based upon a 104-week multiplier of savings identified. This is determined as the average amount of time that a customer takes to notify the authority of a change to their circumstances.

Social Housing Properties Recovered

Social Housing is more affordable than private renting and usually provides a more secure long-term tenancy. These properties are owned by the local authority or Housing Associations and are, in the first instance, for homeless people, people in cramped conditions or people that have medical conditions made worse by their current home. If people are not living in their Social Housing property as their main and principal home or are illegally subletting then the landlord can recover the property and re-allocate it to somebody else on the waiting list. The value of recovering a property is calculated currently at £18K.

Housing Applications Cancelled

Customers apply for Social Housing by completing a form declaring their circumstances. If they have lied on the form or not provided their true circumstances then their application is stopped. The value attributed to each application is £4,600, which is derived from the average cost of temporary accommodation for each family that is housed.

Right to Buy (RTB) Cancelled

RTB is a government scheme designed to help tenants in council housing to buy their homes with, very often, a very large discount. Tenants get 35% discount if they have been a tenant for 3-5 years; after 5 years the discount goes up by 1% for every year they have been a tenant, up to 70% or £84,200, whichever is the lower figure.

Title: Significant Business Risk Register
Lead Officer: Richard Barr
Portfolio Holder: Councillor Day
Wards of the District directly affected: All

Summary

The report sets out the latest version of the Council's Significant Business Risk Register for review by the Cabinet. It has been drafted following review by the Council's Joint Management Team and by the Leader of the Council.

Recommendations

- (1) That Cabinet should review the Significant Business Risk Register (SBRR), set out as Appendix 1 and summarised as Appendix 2, and consider if any further actions should be taken to manage the risks facing the organisation.**
 - (2) That Cabinet should note the content of section 1.3 of this report and emerging risks as identified in section 1.4, also of this report, together with additional risks in the SBRR (Appendix 1).**
-

1.1 Background/Information

- 1.1.1 The Significant Business Risk Register (SBRR) records all significant risks to the Council's operations, key priorities, and major projects. Individual services also have their own service risk registers as do the major projects.
- 1.1.2 The SBRR is reviewed quarterly by the Council's Senior Leadership Team. This process is thorough and involves a focus on the higher rated risks; then a review of the others; and, then a discussion on emerging risks/horizon scanning. It is then examined by the Council Leader and then, in keeping with Members' overall responsibilities for managing risk, by Cabinet following scrutiny by the Audit and Standards Committee.
- 1.1.3 The latest summary of the SBRR is set out as Appendix 1 to this report with a depiction of the relative priority of the risks set out as Appendix 2. For the first time, the risks in Appendix 1 are in order of significance.
- 1.1.4 Members should note that the approach adopted by WDC is now to be adopted for SDC so that eventually a Joint SBRR can be created as many of the risks and ratings are the same or similar.
- 1.1.5 The risks identified in Appendices 1 and 2 are as follows:
 1. Risk of Fit for the Future Change Programme not managed appropriately/effectively.

2. Risk of sustained service quality reduction.
3. Risk of major contractor going into administration or deciding to withdraw from the contract.
4. Risk of corporate governance arrangements not being maintained effectively.
5. Risk of staff not being developed effectively.
6. Risk of insufficient finance to enable the Council to meet its objectives (including insufficient reductions in operating costs).
7. Risk of additional financial liabilities.
8. Risk of not obtaining potential income sources.
9. Risk of improper procurement practices and legislative requirements not being complied with.
10. Risk of partnerships not delivering stated objectives.
11. Risk of not complying with key legislation or legal requirements including failure to protect data.
12. Risk of ineffective utilisation of information and communications technology.
13. Risk of failure to protect information assets from malicious cyber-attack.
14. Risk of failing to provide, protect and maintain Council owned property (buildings and equipment).
15. Risk of a major incident not responded to effectively
16. Risk of failing to meet District's ambition to be carbon neutral within specified timeframes.
17. Risk of failing to adequately prepare for the impacts of climate change arising from higher global temperatures.
18. Risk of the merger proposal failing to proceed or to do so within the specified time – now removed.

1.1.6 The assessments of risk are judgemental, being based on an assessment of the likelihood of something occurring and the impact that might have. Appendix 3 sets out the guidelines that are applied to assessing risk.

1.1.7 In line with the traditional risk matrix approach, greater concern should be focused on those risks plotted towards the top right corner of the matrix whilst the converse is true for those risks plotted towards the bottom left corner of the matrix. If viewed in colour (i.e., online), the former set of risks would be within the area shaded red, whilst the latter would be within the area shaded green; the mid-range would be seen as yellow.

1.2 Reason for the Recommendations

1.2.1 This report seeks to assist Members fulfil their role in overseeing the organisation's risk management framework. A very useful source of guidance on the responsibilities of members and officers regarding risk management came from the Audit Commission in its management paper, "Worth the risk: improving risk management in local government":

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;

- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by Members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

Although the Audit Commission has since been abolished, the guidance remains relevant.

1.3 **Recent Movements in Risk**

- 1.3.1 The Council, like many organisations at the moment, is facing a variety of significant challenges mainly related to the economy - budget pressures, inflation, skills shortages, supply chain issues. These have been caused by global factors with the main ones being the pandemic and the war in Ukraine, placing even greater pressure on the organisation and thereby requiring careful management by officers and Members alike.
- 1.3.2 The proposal is to manage this through utilisation of the Service Area Plans. Implicitly, while the Council has set itself some demanding objectives, this may mean some things taking longer to do and it may mean some things cannot be done. Members and Portfolio Holders especially will therefore need to understand the demands on staff and will need to be clear about priorities when considering the Service Area Plans.
- 1.3.3 The new service plan templates map the contributions of the service area risks to the SBRR risks therefore prompted discussions can occur as to whether SBRR risks are affected when service risks change.
- 1.3.4 It is also worth noting that the impact of the increase in inflation is significant and whilst this is largely addressed in the report on the Quarter 1 Budget Monitoring elsewhere on this agenda, it does have an impact on the Council's risks and how it manages them.

1.4 New and Emerging Risks

1.4.1 As part of the process of assessing the significant business risks for the Council, some new risks have been introduced and other issues have been identified which at this stage do not necessarily represent a significant risk, or even a risk at all, but as more detail emerges may become one. These have been mentioned in previous reports and are updated and new issues added as follows:

- Merger - Given the Council decision in respect of now not seeking to merge with Stratford-on-Avon District Council (SDC) this risk has now been taken out of the register as it has been realised and dealt with.
- HEART – this is a partnership of all the Boroughs and Districts and the County Council for the provision of disabled adaptations. It is fair to say that there are issues which are coming to a head shortly and whilst negotiations are encouraging, depending on how they are resolved this may generate a risk for the Council.

2 Alternative Options available to Cabinet

2.1 Members may take a differing view on the risks identified; on the ratings attributed; or the mitigations and may feel that they wish to indicate changes to be made.

3 Consultation and Members' comments

3.1 Consultation has been with the whole of the Joint Management Team, the Leader of the Council, informally with the Cabinet and Group Leaders.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications of the report's contents but clearly risk realisation may generate some implications.

4.2 Financial

4.2.1 There are no financial implications of this report but clearly some of the identified risks if realised may well have such implications.

4.2.2 The current financial position as at Quarter 1, including the latest update to the Medium-Term Financial Strategy will be presented in a separate report alongside this to August Cabinet.

4.2.3 This report will highlight changes to the financial position of the Council, including those linked with the approval to withdraw the request to merge with Stratford-on-Avon District Council and create a South Warwickshire District Council in April 2022 and the ongoing risks associated with the current economic climate.

4.2.4 The report will outline the implications of these changes on the financial position of the Council both in the short and medium term, and outline plans on how the deficit will be addressed.

4.3 **Council Plan**

4.3.1 **External Impacts**

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

The Significant Business Risk Register is based on the Council's corporate priorities and key strategic projects that are reflected in Fit for the Future. The Fit for the Future programme is also based on an agreed set of values amongst which are the ones of openness and honesty. This is integral to the consideration of risk in an organisation; risk issues need to be discussed and debated and mitigation put in place, in order to prevent them materialising. It does not mean, however, that all risks recorded are immediately impending or are likely to happen. Paradoxically, to not debate risks is to help them more likely to materialise.

It is worth members re-apprising themselves of the basis on which risks are scored in relation to likelihood and impact – see Appendix 3. The probability of a risk being realised, and how many times it might happen, is assessed over a number of years, not as if it is going to happen tomorrow.

4.3.2 **Internal Impacts**

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

As above.

4.4 **Environmental/Climate Change Implications**

4.4.1 Effective risk management can help the Council achieve its environmental and climate emergency objectives.

4.5 **Analysis of the effects on Equality**

4.5.1 Effective risk management will help the Council achieve its equality obligations.

4.6 **Data Protection**

4.6.1 Effective risk management will help the Council achieve its data protection objectives.

4.7 **Health and Wellbeing**

4.7.1 Effective risk management will help the Council achieve its health and wellbeing objectives.

5 Risk Assessment

5.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with a weak risk management process.

6 Conclusion/Reasons for the Recommendation

6.1 The report sets out the latest version of the Council's Significant Business Risk Register for review by Cabinet. This will aid effective governance within, and of, the Council.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

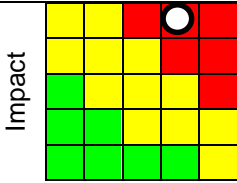
Minutes of SLT meeting 21 July 2022.

Report Information Sheet

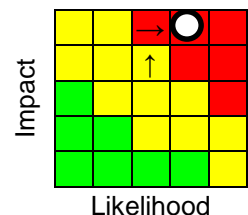
| | | |
|---|--|---|
| Committee/Date | Cabinet – 10 August 2022 | |
| Title of report | Review of WDC Significant Business Risk Register | |
| Consultations undertaken | | |
| Consultee *required | Date | Details of consultation /comments received |
| Ward Member(s) | Not applicable | |
| Portfolio Holder WDC & SDC * | 25/07/22 | Consultation has been extensive with the Risk Register being thoroughly discussed at Joint Management Team. These discussions have led to updates to the Risk Register and explanatory comments on the covering report. The Risk Register and the covering report have also been reviewed by Members at the CMT/Cabinet Reports Briefing Meeting. |
| Financial Services * | 25/07/22 | |
| Legal Services * | 25/07/22 | |
| Other Services | 25/07/22 | |
| Chief Executive(s) | 25/07/22 | |
| Head of Service(s) | 25/07/22 | |
| Section 151 Officer | 25/07/22 | |
| Monitoring Officer | 25/07/22 | |
| CMT (WDC) | 25/07/22 | |
| Leadership Co-ordination Group (WDC) | 25/07/22 | |
| Other organisations | | |
| Final decision by this Committee or rec to another Cttee/Council? | | Recommendation to Cabinet |
| Contrary to Policy/Budget framework | | No |
| Does this report contain exempt info/Confidential? If so, which paragraph(s)? | | No |
| Does this report relate to a key decision (referred to in the Cabinet Forward Plan)? | | Yes, Forward Plan item – scheduled for 10/08/22 |
| Accessibility Checked? | | File/Info/Inspect Document/Check Accessibility |

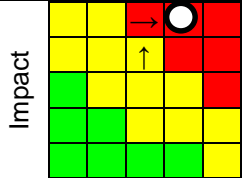
Significant Business Risk Register

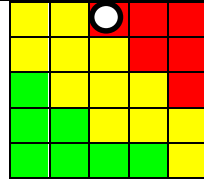
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|--|--|--|---------------------------------|
| Merger Risks | | | | |
| 18. Risk of merger proposal failing to proceed or to do so within specified time | <p>Lack of appropriate expertise at key times.</p> <p>Government decides against merger</p> <p>Lack of finance/support/ other resources</p> <p>Lack of political support within Council</p> <p>Lack of political support within SDC</p> <p>Disagreement between WDC and SDC</p> <p>Change of political control</p> <p>Lack of proper planning for change</p> | <p>Damage to reputation</p> <p>Financial impact as other savings have to be found</p> <p>Service impacts as other savings must be made or delays are caused</p> <p>Staff impacts as other savings must be made</p> <p>Political instability as services could be joined but not the legal entities</p> | <p>Merger proposal agreed by both Councils.</p> <p>Programme Team in place</p> <p>SLT now operating</p> <p>Single set of Heads of Service in place</p> <p>Service Integration Plan agreed</p> <p>Overall programme of workstreams being put in place</p> <p>Financial provision made in budget for support for changes</p> <p>Recruitment for support underway</p> <p>Regular meetings with Trades Unions</p> <p>Regular Leader and CEO meetings</p> <p>Regular staff and Councillor briefings</p> <p>Regular meetings of Cabinets</p> <p>New joint governance arrangements being put into place</p> <p>Inter authority agreement being put in place</p> <p>Alignment of policies and procedures being put into place</p> <p>New service area plans being put in place</p> | <p>Impact</p> <p>Likelihood</p> |

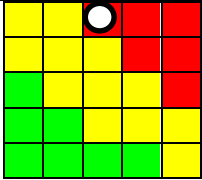
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|--|--|--|---|
| Performance Management Risks – Part 2 | | | | |
| 2. Risk of sustained service quality reduction. | <p>Shortage of staff resources and staff skills and knowledge.</p> <p>Staff skills and resources diverted to service redesign proposals as part of delivering Fit for the Future and other emerging corporate priorities.</p> <p>Cannot afford cost of maintaining service quality.</p> <p>Partners such as WCC make service cuts.</p> <p>Health pandemic e.g. Corona Virus.</p> <p>Contractor failure.</p> <p>Unplanned termination of contract by contractor.</p> <p>Housing numbers not achieved.</p> <p>Increase in Members' and Citizens' expectations.</p> <p>Greater demand on services from increases in the population as well as societal, technological, and legislative changes.</p> <p>Changes in members' and citizens' expectations.</p> <p>Lack of funding for Climate Change Action Plan.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> <p>Staff recruitment difficulties.</p> <p>Increase in cost of contractors.</p> | <p>Poor customer service and reductions in income.</p> <p>Lack of direction with critical projects and services being compromised.</p> <p>Public lose confidence in Council's ability to deliver.</p> <p>Demoralised and demotivated staff.</p> <p>Additional costs attached to re-procuring contract, including legal fees.</p> <p>Loss of New Homes Bonus.</p> <p>Failure to adapt to 'New Normal' caused by climate change.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff.</p> | <p>Effective Management of Change Programme. (SLT)</p> <p>Agreeing additional resources where service quality is reduced. (SLT)</p> <p>Strong leadership to manage priorities to a deliverable level. (SLT)</p> <p>Effective vacancy control. (SLT)</p> <p>Service Reviews. (SLT)</p> <p>Workforce Planning. (SLT)</p> <p>Effective contract management supported by appropriate legal support. (SLT)</p> <p>Enhanced Performance Management System. (SLT)</p> <p>Service Integration Programme has been agreed by Cabinets at WDC and SDC. [CE(SUADC) & CE(WDC)]</p> | <p>Impact</p>  <p>Likelihood</p> |

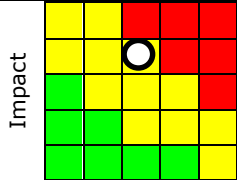
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|---|---|--|---------------------------------|
| Financial Management Risks | | | | |
| 6. Risk of insufficient finance to enable the council to meet its objectives (including insufficient reduction in operational costs). | <p>Poor financial planning and forecasts.</p> <p>Unexpected loss of income and/or sustained increase in expenditure.</p> <p>FFF Projects do not achieve sufficient savings.</p> <p>Reset of Revenue Grant and Business Rate Retention.</p> <p>Council Tax income base reducing.</p> <p>National Economy declines.</p> <p>Local economy declines</p> <p>Tightening of Government fiscal policy.</p> <p>Changes to Government Policy.</p> <p>Demographic changes.</p> <p>Focus on FFF priorities which compromise existing service delivery.</p> <p>External competition.</p> <p>Member decision making stops previously agreed savings.</p> <p>Council policy framework not conducive to enterprise development.</p> <p>Increased contract costs.</p> <p>Housing numbers not achieved.</p> <p>Delay in fair funding review.</p> <p>Inability to agree suitable funding proposals to allow HQ relocation project to move to Phase 2 – project delivery.</p> <p>Changes to funding proposals for existing schemes.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> <p>Agreed savings not delivered as agreed to be included in Medium Term Financial Strategy.</p> <p>Savings not identified to meet the cost of funding the Council objectives.</p> | <p>Increased costs.</p> <p>Forced to make urgent decisions without appropriate planning.</p> <p>Forced to make service cuts.</p> <p>Increased costs.</p> <p>Fines/penalties imposed.</p> <p>Landlord service becomes unviable and/or the condition of the housing stock reduces its utility and value.</p> <p>Loss of New Homes Bonus.</p> <p>Reduction in reputation.</p> <p>Unable to meet statutory requirements.</p> <p>Failure to deliver carbon-neutral objectives by 2025.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff.</p> <p>Comprehensive review of the organisation's response to the pandemic undertaken with findings and action plan approved by Executive.</p> <p>Risk of S151 Officer having to issue S114 Notice.</p> <p>Forced to make large scale redundancies.</p> | <p>Codes of Financial Practice and Procurement Practice. (HoFS)</p> <p>Effective internal audit function. (HoFS)</p> <p>External audit of financial accounts. (HoFS)</p> <p>Effective management of FFF Projects. (SLT)</p> <p>All projects accompanied with robust financial appraisals and programme forecasts that allow the Council to understand projected funding requirements. (HoFS)</p> <p>Council's constitution. (DCE(AJ))</p> <p>Financial training. (HoFS)</p> <p>Robust financial planning and a Medium-Term Financial Plan that can accurately forecast income and expenditure. (HoFS/SLT)</p> <p>Code of Financial Practice Training. (HoFS)</p> <p>Plan in place to make savings as to meet the anticipated budget shortfall. (HoFS/SLT)</p> <p>Ongoing monitoring and future reports of existing assumed savings – e.g. leisure programme, office move, terms & conditions review. (SLT).</p> <p>Changes to funding proposals for existing projects.</p> <p>Business Strategy agreed by Members and appropriately managed (SLT).</p> <p>Service Integration Programme has been agreed by Cabinets at WDC and SDC. [CE(SUADC) & CE(WDC)]</p> | <p>Impact</p> <p>Likelihood</p> |

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|--|--|---|--|
| Information Management Risks – Part 1 | | | | |
| 13. Risk of failure to protect information assets from malicious cyber-attack. | <p>Lack of staff training and awareness.</p> <p>Poor or ineffective countermeasures.</p> <p>Outdated software and hardware.</p> <p>Zero-Day vulnerabilities being exploited.</p> <p>Ineffective segregation and classification of data.</p> <p>Ineffective incident response plans.</p> <p>Inadequate penetration testing regime.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Reputational damage.</p> <p>Loss of public trust.</p> <p>Lost productivity.</p> <p>Recovery costs.</p> <p>Potential fines (ICO).</p> <p>Permanent data loss.</p> <p>Targeted for further attacks.</p> <p>Exfiltration of sensitive data.</p> <p>Bribery attempts to prevent data leakage.</p> <p>Long term operational difficulties.</p> <p>Organisation ill-prepared to deal with impact on ICT systems.</p> | <p>CESG approved penetration tests. (HoICT)</p> <p>Patch Management Policy/Procedures. (HoICT)</p> <p>Anti-malware/virus software. (HoICT)</p> <p>Use of NCSC Protected DNS Service. (HoICT)</p> <p>Use of NCSC Intelligence gathering and monitoring services. (HoICT)</p> <p>Anti-malware strategy. (HoICT)</p> <p>Anti-malware risk log. (DCE(AJ))</p> <p>Incident Management Policy & Procedure. (HoICT)</p> <p>Major Virus Response Procedure. (HoICT)</p> <p>Electronic Information Backup Policy. (HoICT)</p> <p>Data Distribution to reduce target exposure and to speed up recovery. (HoICT)</p> <p>Introduction of multiple file servers to reduce target exposure and to speed up recovery (DCE(AJ))</p> <p>Introduction of temporary web site in the event of a major outage, reducing reputational damage. (HoICT)</p> <p>Offline backups air-gapped from live systems. (HoICT)</p> <p>Regular full scale DR exercises with 3rd party provider. (HoICT)</p> <p>e-learning solution (HoICT)</p> <p>Next generation AV, including Intercepting Ransomware in place. (DCE(AJ))</p> <p>National Cyber security check now in place. (HoICT)</p> <p>Installation of Network Intrusion Detection/Intrusion Prevention solution.</p> <p>Adoption of Cloud services and infrastructure as appropriate (for example, MS Office365). (HoICT)</p> | <p>Impact</p>  <p>Likelihood</p> <p>Risk increased due to problems recruiting staff and increased cost of contractors.</p> |
| Financial Management Risks (Cont.) | | | | |

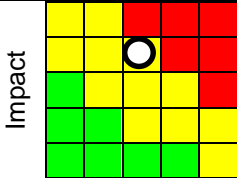
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|--|---|--|---|
| 7. Risk of additional financial liabilities. | <p>Risk of revenue implications of capital schemes not being fully identified.</p> <p>Risk of loss or delay of capital receipts.</p> <p>Risk of increase in superannuation fund contributions.</p> <p>Uninsured loss.</p> <p>Risk of Medium Term Financial underestimating future revenue income and expenditure (including capital)</p> <p>Legal challenge e.g. relating to a planning development.</p> <p>Major health epidemic e.g. Corona Virus.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> <p>Increased costs because of inflationary pressure greater than allowed for within Council's Budget and Medium-Term Financial Strategy.</p> | <p>Greater level of savings to be sought.</p> <p>Forced to make sub-optimum and short-term decision without proper planning.</p> <p>Reduced levels of service.</p> <p>Payment of compensation.</p> <p>Failure to deliver service.</p> <p>Contractual disputes.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff</p> | <p>Fit for the Future change programme. (SLT)</p> <p>Service Area and Project Risk Registers. (SLT)</p> <p>Project Management. (SLT)</p> <p>Corporate Asset Management Strategy and an accompanying Action Plan covering all General Fund and HRA assets has been approved. (ASG)</p> <p>Maintenance of a comprehensive built asset database. (AM)</p> <p>More effective financial planning and scenario analysis. (HoFS)</p> <p>Regular monitoring of Fit for the Future. (SLT)</p> <p>Legal advice on projects. (SLT)</p> <p>Projects drawn up within RIBA framework. (SLT)</p> <p>Reserves used to smooth impact of fluctuations in income. (HoFS)</p> <p>Existence and application of Medium Term Financial Strategy. (HoFS)</p> |  <p>Likelihood increased by one as inflation is already occurring and there are significantly more legal challenges.</p> <p>Impact increased by one as probably underestimated previously.</p> |
| Environmental Risks – Part 1 | | | | |

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|--|--|---|---|
| 16. Failure to meet District's ambition to be carbon neutral within specified timeframes. | <p>Lack of expertise.</p> <p>Lack of finance.</p> <p>Failure to reduce carbon footprint.</p> <p>Lack of support from partners / community / Government.</p> <p>Conflict between current govt. legislation guidance ambition.</p> <p>Loss of political unity / support.</p> <p>Lack of staff resource / capacity.</p> <p>Competing priorities e.g. addressing Coronavirus.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Budgetary impacts.</p> <p>Service changes required if long recovery phase.</p> <p>Loss of reputation and external censure.</p> <p>Disruption to services.</p> <p>Public health issues.</p> <p>Failure to adapt to 'New Normal' caused by climate change.</p> <p>Political consequences.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff.</p> | <p>Delivery of Business Strategy 2019-2023 and delivery of Climate Change Action Plan allowing members to determine extent of measures/projects to mitigate climate change and other environmental challenges that are to be included. (SLT)</p> <p>Climate Change Director appointed.</p> <p>The Council's 2030 climate change ambitions have been more closely defined – agreed by Cabinet in July 2021.</p> <p>The Climate Change Action Programme will incorporate s a more detailed risk register to manage specific risks associated with delivering the programme.</p> <p>A Climate Change Actin Programme has been adopted and delivery is underway. However, progress is balanced against the ever-reducing time horizon's which means the likelihood is unchanged for this risk.</p> <p>Climate Change Action Fund agreed.</p> | <p>Impact</p>  <p>Likelihood</p> |

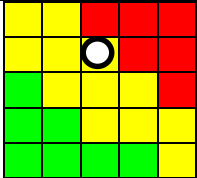
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|--|--|--|---|
| 17. Failure to adequately prepare for the impacts of climate changes arising from higher global temperatures. | <p>Lack of expertise.</p> <p>Lack of hard data about potential impacts</p> <p>Scale of the challenge</p> <p>Not entirely within Council's control (major reliance on partners)</p> <p>Lack of finance.</p> <p>partners / community / Government.</p> <p>Conflict between current govt. legislation guidance ambition.</p> <p>Loss of political unity / support.</p> <p>Lack of staff resource / capacity.</p> <p>Competing priorities</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Impacts on quality of life of our residence and particularly the most vulnerable</p> <p>Impacts on the local economy</p> <p>Impacts on the local environment and ecology</p> <p>Loss of reputation and external censure.</p> <p>Disruption to services.</p> <p>Public health issues.</p> <p>Failure to adapt to 'New Normal' caused by climate change.</p> <p>Political consequences.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff.</p> | <p>Climate Change Director appointed and Climate Adaptation Officer due to commence 1/8/22 recruitment to a Climate Adaptation Officer post is underway.</p> <p>Data requested from the Met Office (expected Spring 2022).</p> <p>Active dialogue with the Met Office to consider implications of climatic changes for the District.</p> <p>Involvement and alignment with West Midlands Adaptation Plan.</p> <p>Membership of West Midlands Adaptation Steering Group and alignment with West Midlands Adaptation Plan.</p> <p>More detailed adaptation plan to be developed in Autumn 2022.</p> <p>The Council's climate change ambitions have been more closely defined including relating to adaptation – agreed by Cabinet in July 2021.</p> <p>A Climate Change Action Programme has been adopted and delivery is underway.</p> <p>Climate Action Fund agreed.</p> <p>The Climate Change Action Programme will incorporate a more detailed risk register to manage specific risks associated with delivering the programme.</p> | <p>Impact</p>  <p>Likelihood</p> |
| Performance Management Risks – Part 1 | | | | |

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|---|---|--|---|
| 1. Fit for the Future Change Programme not managed appropriately/effectively. | <p>Poor organisational communication.</p> <p>Conflicting priorities and priorities increasing in number.</p> <p>Unable to dedicate appropriate resources due to the impact on existing services.</p> <p>Poor management.</p> <p>Ineffective use of project management or systems thinking.</p> <p>Lack of funding.</p> <p>Business Strategy can't be agreed due to no overall political control.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Reduced service levels.</p> <p>Non or reduced achievement of objectives.</p> <p>Adverse financial impacts.</p> <p>Reputational damage.</p> <p>Demoralised and demotivated staff.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff.</p> | <p>Project prioritisation. (SLT)</p> <p>SLT are Programme Board. (SLT)</p> <p>Fit for the Future change programme and associated governance arrangements. (SLT)</p> <p>Budget monitoring process. (HoFS)</p> <p>Clear communications, Staff Focus Group. (SLT)</p> <p>People Strategy Action plan. (SLT)</p> <p>Strong leadership to ensure priorities are managed to a deliverable level. (SLT)</p> <p>Securing additional resources to support existing service provision. (SLT)</p> <p>Projects drawn up within RIBA framework. (SLT)</p> <p>Business Strategy agreed by Members and appropriately managed (SLT).</p> <p>Service Integration Programme has been agreed by Cabinets at WDC and SDC. [CE(SUADC) & CE(WDC)]</p> |  <p>Impact</p> <p>Likelihood</p> |

Human Resources Risk

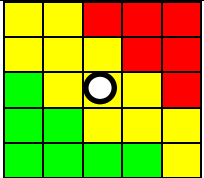
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|---|--|--|---|
| 5. Risk of staff not developed effectively. | <p>Ineffective workforce strategies.</p> <p>Not managing staffing resources efficiently and effectively.</p> <p>Possible insufficient training budget.</p> <p>Impact of Covid-19.</p> <p>Impact of inaccessibility of training internal and external.</p> | <p>Disruption to Council services – staff cannot undertake level or volume of work to meet all priorities.</p> <p>Poor customer service.</p> <p>‘Industrial’ action.</p> <p>Unable to meet statutory requirements.</p> <p>The potential of staff is not fulfilled.</p> <p>Some staff not developed to the level required to deliver service effectively.</p> | <p>Link to People Strategy to be updated 2021 -2024 joint with SDC. (HoP&C/SLT)</p> <p>Workforce planning through Service Area Plans. (SLT)</p> <p>Appropriate use of external resources. (SLT)</p> <p>Training in different ways – Online, telephone, webinars. (SLT/HoP&C)</p> <p>Prioritise training based on service needs. (SLT)</p> <p>Acceptance that some training may be disrupted until new ways of delivery are prepared. (SLT)</p> | <p>Impact</p>  <p>Likelihood</p> |

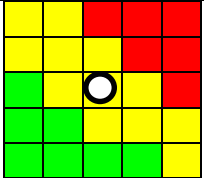
Financial Management Risks (Cont.)

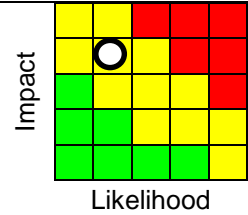
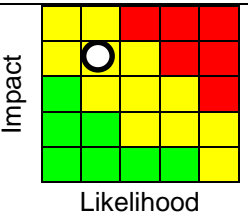
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|--|--|--|---|
| 8. Risk of not obtaining potential income sources. | <p>Ineffective management.</p> <p>Complacency.</p> <p>Lack of resources to investigate.</p> <p>Other priorities.</p> <p>Partner changing priorities.</p> <p>Income opportunities diminished due to significant adverse national or international event.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> <p>PWLB interest rate fluctuations and/or national policy change.</p> | <p>More loss-making or subsidised services.</p> <p>Reduced income for the Housing Revenue Account that could compromise banking covenants.</p> <p>Organisation ill-prepared to deal with impact on finances, service delivery and staff.</p> | <p>FFF Programme. (SLT)</p> <p>Effective fees and charges schemes. (HoFS)</p> <p>Communications & Marketing Strategy. (SLT)</p> <p>Regular reviews of financial forecasts to ensure income projections are up to date. (HoFS)</p> <p>Secure additional resources to ensure existing services are not impacted because of a focus on FFF/corporate priorities. (HoFS)</p> <p>Ongoing engagement with the CWLEP to ensure future funding opportunities are understood and assessed. (SLT)</p> <p>Engagement of appropriate advice to enable opportunities to remodel the Council's non-operational asset base to be assessed. (DCE(AJ)) HoA</p> <p>DCN Income Generation and Commercialisation Review undertaken. (HoFS)</p> <p>Council appointed Executive Directors for Milverton Homes Board and Milverton Homes appointed Directors for the Joint Venture (HoH +PDCC)</p> | <p>Impact</p>  <p>Likelihood</p> |

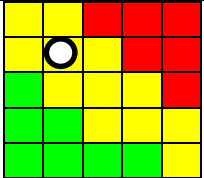
Performance Management Risks (Cont.)

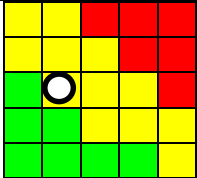
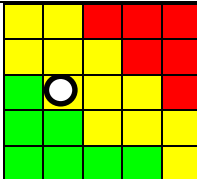
| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|---|--|---|--|
| 3. Risk of major contractor going into administration or deciding to withdraw from the contract. | Poor procurement of contractor. Poor contract management. Poor management of company. External factors. State of economy (including Brexit factors). Introduction of Living Wage. Major shock to the organisation due to a significant adverse national or international event. | Reduced service levels. Non or reduced achievement of objectives. Adverse financial impacts. Reputational damage. Organisation ill-prepared to deal with impact on finances, service delivery and staff. | Properly procured contracts. (SLT) Active contract management supported by appropriate legal support. (SLT) Business Continuity Plan. (SLT) Soft market testing as appropriate. (SLT) Parent Company Guarantees being monitored. (SAMS) | <div> <div>Impact</div> <div>Likelihood</div> </div> |
| Procurement Risks | | | | |
| 9. Risk of improper procurement practices and legislative requirements not being complied with. | Weak governance arrangements. Ineffective procurement. Poor procurement function. | Reduced levels of service provision. Increased costs. Fines/penalties imposed. | Codes of Financial Practice and Procurement Practice. (HoFS) Training of staff. (HoFS/SLT) Monitoring of departmental procurement. (SLT) Procurement Strategy (incl. action plan). (HoFS) Code of Procurement Practice and related documents updated. (HoFS) Qualified internal procurement team. WCC providing additional support and expertise. (SLT) | <div> <div>Impact</div> <div>Likelihood</div> </div> |
| Asset Management Risks | | | | |

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|---|--|---|---|
| 14. Risk of failing to provide, protect and maintain Council-owned property (buildings and equipment). | <p>Poor management.</p> <p>Lack of finance.</p> <p>Ineffective asset management.</p> <p>Incomplete data on asset conditions.</p> <p>Lack of effective asset management planning.</p> <p>Insufficient resources to maintain assets.</p> <p>Inaction re multi-storey car parks.</p> <p>Failure of IT system.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Lack of a suitable and safe living or working environment for residents, staff, and visitors.</p> <p>Sub optimum asset decisions that are poor value for money.</p> <p>Building closure.</p> <p>Closure of car parks with resultant loss of income.</p> <p>Organisation ill-prepared to deal with impact on its assets.</p> | <p>Development of an Asset Strategy linked to Asset Database. (AM)</p> <p>Corporate Asset Management Strategy and an accompanying Action Plan covering all General Fund and HRA assets has been developed.</p> <p>Maintenance of a comprehensive asset database. (AM)</p> <p>Overall strategic decisions regarding Council's corporate and HRA assets managed by multi-disciplinary Asset Strategy Group — chaired by Deputy Chief Executive. (DCE(AJ))</p> <p>Establishment of a corporate compliance and delivery group reporting to the Asset Strategy Group (AM)</p> <p>Improvements to be made to end to end systems to manage electrical testing, asbestos management fire safety, gas servicing and Legionella monitoring through the new Assets Team structure. (AM)</p> <p>Appropriate systems to manage electric testing, gas servicing, asbestos management and removals, legionella testing, fire risks and health and safety assessments across all Council assets (AM/HoCP)</p> <p>Remodelling of Housing Investment Programme based on HRA stock condition survey. (AM/DCE (AJ))/HoH)</p> <p>Having sufficient reserves to be able to respond to unexpected issues. (HoFS)</p> <p>Completion of the review of the relocation project and proposed redevelopment of the Covent Garden site following the Executive decision not to pursue any future projects through the LLP. (AM)</p> <p>Inclusion of financing requirements within MTFS projections</p> <p>Completion of the various elements of the Corporate Asset Management Strategy Action Plan (AM/HoH)</p> <p>Having appropriate structures to review compliance. SLT</p> <p>Fortnightly monitoring of multi-storey block improvement programme through Corporate Fire Safety Group (DCE(AJ))</p> | <p>Impact</p>  <p>Likelihood</p> |

| | | | | |
|--|--|--|---|---|
| | | | <p>Introduction of temporary web site in the event of a major outage, reducing reputational damage. (DCE (AJ))</p> <p>Financial planning for equipment and system renewal. (HoFS)</p> <p>Mitigations set out in ICT Risk Register + debrief and action plan when problems have emerged.</p> <p>Maintaining and delivering on of an Asset Strategy linked to Asset Database. (HoA)</p> <p>Corporate Asset Management Strategy covering all General Fund and HRA assets is in place for the period 2019 – 2023 at which point it will be reviewed and updated. The Action Plan will be reviewed and updated each year. (HoA)</p> <p>Maintenance of a comprehensive asset database in ActiveH – a comprehensive stock condition survey for all HRA properties has been commissioned and is currently underway and this will be used to remodel the Housing Investment Programme and Housing Business Plan. (HoA / HoH)</p> <p>Overall strategic review of the Council's assets managed by multi-disciplinary Asset Strategy Group – chaired by Head of Assets and corporate compliance is part of the remit of that Asset Strategy Group. (HoA)</p> <p>Systems and contracts in place to manage electrical testing, asbestos management, fire safety, gas servicing, lift servicing and Legionella monitoring with appropriate systems to manage electric testing, gas servicing, asbestos management and removals, legionella testing, fire risks and health and safety assessments across all Council assets. (HoA/HoCP/HoH)</p> <p>Having sufficient reserves to be able to respond to unexpected issues. (HoFS)</p> <p>Inclusion of financing requirements within MTFS projections. (HoFS)</p> <p>Completion of the various elements of the Corporate Asset Management Strategy Action Plan. (HoA/HoH)</p> <p>Having appropriate structures to review compliance. SLT</p> <p>Regular monitoring of multi-storey block improvement programme through Corporate Fire Safety Group. (HoH)</p> | <p>Impact</p>  <p>Likelihood</p> |
|--|--|--|---|---|

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|---|---|--|--|
| Partnership Risks | | | | |
| 10. Risk of partnerships not delivering stated objectives. | Poor management. Failure to apply a robust process for entering partnerships. Lack of framework governing partnerships. Existing sub-regional partnerships disrupted or disbanded because of the regional focus resulting from the announcement of the West Midlands Combined Authority. Major shock to the partnership due to a significant adverse national or international event. | Required outcomes not achieved. Increased costs. Reduced level of service or failure to deliver service. Partnership ill-prepared to deal with impact on its objectives. | Normal management arrangements. (SAMS / SLT) Project Groups for significant services. (SLT) Involvement in and engagement with existing sub-regional partnerships such as CWLEP. (SLT) Partnership arrangements to review impact of pandemic and consider if any specific actions are required. (SLT) |  <p>Impact</p> <p>Likelihood</p> |
| Legal Risks | | | | |
| 11. Risk of not complying with key legislation or legal requirements, including failure to protect data. | Breakdown in governance. Bureaucratic mistake. For example – Not seeking legal advice; not implementing it; simply getting delivery wrong e.g. sending out wrong email. Lack of appropriate resources. Major shock to the organisation due to a significant adverse national or international event. | External censure. Financial loss. Litigation. Financial sanctions/penalties Damage to reputation. Organisation ill-prepared to deal with impact on finances, service delivery and staff. | Constitution. (DCE(AJ)) External legal advice. (DCE(AJ)) Ongoing monitoring of all Executive recommendations. (DCE(AJ)) Ongoing professional training. (SLT) Implementation of arrangements to deal with GDPRs. (DCE(AJ))/SLT) |  <p>Impact</p> <p>Likelihood</p> |
| Emergency Response and Business Continuity Risks | | | | |

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|--|---|---|--|---|
| 15. Risk of a major incident not responded to effectively. | <p>Numerous causes including loss of ICT facilities/data, loss of staff, absence of effective BCP.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Partial or total loss of resources such as staff, equipment, systems.</p> <p>Major media engagement.</p> <p>Major disruption to all Council services.</p> <p>Possible legal action for damages.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Emergency plan reviewed every year. (SLT)</p> <p>This has been reviewed in light of the Commonwealth games to ensure appropriate planning</p> <p>Business continuity plans are reviewed annually and have been reviewed before the games. (SLT)</p> <p>Ongoing training of councillors and officers named in MEP. (HoCP)</p> <p>Review of the MEP, named officers within MEP, associated SOPs. Gaps identification and appropriate updating. (HoCP)</p> <p>Operational testing and exercising of the MEP and vulnerability responses within Warwickshire. (HoCP)</p> <p>Safety Advisory groups of events held within the district & command and control centres for major district events. (Development Services)</p> <p>Review completed of business continuity plans for service areas. The priorities contained within those plans consolidated into Council-wide Business Continuity Plan – Corporate (BCC). (HoCP)</p> <p>ICT Business Continuity contract, inc. annual off-site rehearsal. (ICT)</p> <p>Perimeter network protection (Firewall, 2 Factor Authentication, Spam filter, Antivirus, etc.), including penetration testing. (ICT)</p> <p>Backup and recovery procedures. (ICT)</p> <p>Provision of Counter Terrorism training. (HoCP)</p> <p>Preparation for the new Protect and prepare duty due later in 2022 (HoCP)</p> <p>Installation of Network Intrusion Detection/Intrusion Prevention solution. (ICT)</p> <p>Additional expert resource acquired to support organisation to support the organisation through alignment process in preparation for games delivery and its implications on emergency preparedness. (HoCP)</p> | <p>Impact</p>  <p>Likelihood</p> |
| Corporate Governance Risks | | | | |

| Risk Description | Possible Triggers | Possible Consequences | Risk Mitigation / Control / Future Action (in bold) | Residual Risk Rating |
|---|---|---|--|--|
| 4. Risk of corporate governance arrangements not maintained effectively. | <p>Ineffective political and senior management leadership.</p> <p>Complacent attitudes.</p> <p>Delays in making, or failure to make, key decisions by Council Members.</p> <p>Breakdown of member-officer relationships.</p> <p>Election of new members that may lack relevant experience and/or knowledge of local government.</p> <p>Delays in making decisions due to no overall political control.</p> <p>Major shock to the organisation due to a significant adverse national or international event.</p> | <p>Breakdown in internal controls leading to: non-achievement of objectives; high volumes of staff, customer, and contractor fraud; and loss of reputation.</p> <p>Decision-making open to less officer and member scrutiny.</p> <p>Decision-making postponed as organisation is not properly prepared.</p> | <p>Council's constitution. (DCE(AJ))</p> <p>Council's strategies and policies, including Code of Financial Practice and Code of Procurement Practice. (SLT)</p> <p>Strong scrutiny arrangements. (SLT)</p> <p>Effective internal audit function. (HoFSS)</p> <p>Annual Governance Statement. (DCE(AJ))</p> <p>Codes of Conduct. (Members)</p> <p>Effective Political Group discipline. (Group Leaders)</p> <p>Councillor training (SLT)</p> <p>New Member/Officer Protocol introduced. (DCE(AJ))</p> <p>Local Code of Corporate Governance adopted. (DCE(AJ))</p> <p>SLT/Group Leaders meetings.</p> | <p>Impact</p>  <p>Likelihood</p> |
| Information Management Risks | | | | |
| 12. Risk of ineffective utilisation of information and communications technology. | <p>Poor management of IT function.</p> <p>Lack of specialist staffing.</p> <p>Lack of finance.</p> <p>Poor training of new and existing staff on ICT systems.</p> <p>Poor data quality.</p> <p>Resistance to change from various stakeholders.</p> | <p>Costly services.</p> <p>Inefficient services.</p> <p>Poor customer service.</p> <p>Data disclosures.</p> | <p>ICT Strategy and Digital Transformation Strategy. (DCE(AJ))</p> <p>Fully-resourced, effective and secure IT function. (DCE(AJ))</p> <p>Training for staff. (DCE(AJ))</p> <p>Monitoring of service plan and operational service reviews by SLT. (SLT)</p> | <p>Impact</p>  <p>Likelihood</p> |

Key:

New narrative (since previous quarter)

Narrative transferred (since previous quarter)

Deleted narrative (since previous quarter)

Control/mitigation that had been, in previous quarter, recorded as an action.

Comment

○ = Current risk score

① ② etc = Previous risk scores

↑ → etc = trail (direction) of changes

| | | |
|---------|---|--|
| HoA | : | Head of Assets – Steve Partner |
| CE | : | Chief Executive Warwick District Council – Chris Elliott |
| SLT | : | Senior Leadership Team – Chief Executive, Deputy Chief Executive and Heads of Services |
| DCE | : | Deputy Chief Executive – Andrew Jones |
| HoCP | : | Head of Community Protection – Marianne Rolfe |
| HoCT&LS | : | Head of Cultural, Tourism and Leisure Services – Rose Winship |
| HoD | : | Head of Development – Phil Clarke |
| HoFSS | : | Head of Financial Services (and S151 Officer) – Andrew Rollins (Acting) |
| HoH | : | Head of Housing – Lisa Barker |
| HoICT: | : | Head of ICT – David Elkington |
| HoP&C | : | Head of People & Communications – Tracy Dolphin |
| PDfCC | : | Programme Director for Climate Change – Dave Barber |

Summary of Significant Business Risks

Appendix 2

| Consequences ↓ | Probability of Occurrence | | | | |
|-------------------|---------------------------|----------------------|----------------------------------|---|------|
| | Low | Low-Medium | Medium | Medium-High | High |
| High | | Risk 3 | Risks 13 , 16 & 17 | Risks 2, 6, 7 & 13 & 18 | |
| Medium-High | | Risks 10, 11 & 15 | Risks 1, 5, 7 & 8 | | |
| Medium | | Risks 4 & 12 | Risks 9 & 14 | | |
| Low-Medium | | | | | |
| Low | | | | | |

Methodology for assessing risk: Criteria for scoring residual risk rating

Probability of Occurrence

| Estimation | Description | Indicators |
|-----------------------------|--|--|
| 5: High (Probable) | Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year). | <ul style="list-style-type: none"> Potential of it occurring several times within the specified period (for example - ten years). Has occurred recently. |
| 4: Medium to High | Apply judgement | Apply judgement |
| 3: Medium (Possible) | Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year). | <ul style="list-style-type: none"> Could occur more than once within the specified period (for example - ten years). Could be difficult to control due to some external influences. There's a history of occurrence |
| 2: Low to Medium | Apply judgement | Apply judgement |
| 1: Low (Remote) | Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year). | <ul style="list-style-type: none"> Has not occurred. Unlikely to occur. |

Consequences

| Estimation | Description |
|--------------------------|---|
| 5: High | <ul style="list-style-type: none"> Financial impact on the organisation is likely to exceed £500K Significant impact on the organisation's strategy or operational activities Significant stakeholder concern |
| 4: Medium to High | Apply judgement |
| 3: Medium | <ul style="list-style-type: none"> Financial impact on the organisation likely to be between £100K and £250K Moderate impact on the organisation's strategy or operational activities Moderate stakeholder concern |
| 2: Low to Medium | Apply judgement |
| 1: Low | <ul style="list-style-type: none"> Financial impact on the organisation likely to be less than £10K Low impact on the organisation's strategy or operational activities Low stakeholder concern |