

## Agenda for Audit and Governance Committee Thursday, 18th January, 2024, 2.30 pm

### Members of Audit and Governance Committee

Councillors: K Bloxham, C Brown, C Burhop (Vice-Chair),  
C Fitzgerald, S Gazzard, M Goodman, S Hawkins (Chair),  
Y Levine, C Nicholas and T Olive

**Venue:** Council Chamber, Blackdown House

**Contact:** Amanda Coombes;

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(or group number 01395 517546)

Tuesday, 9 January 2024



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1 Minutes of the previous meeting (Pages 3 - 5)

2 Apologies

3 Declarations on interest

Guidance is available online to Councillors and co-opted members on making  
[declarations of interest](#)

4 Public speaking

Information on [public speaking](#) is available online

5 Matters of urgency

Information on [matters of urgency](#) is available online

There is one late report that has been added to this agenda - item 10 'Time for change' - External Auditor updates

6 Confidential/exempt item(s)

To agree any items to be dealt with after the public (including the Press) have been excluded. There are no items which officers recommend should be dealt with in this way.

### Matters for Decision

7 **Internal Audit Progress Report - December 2023** (Pages 6 - 24)

8 **Risk Policy update** (Pages 25 - 39)

9 **Information Governance** (Pages 40 - 43)

10 **'Time for change' - External Auditor updates** (Pages 44 - 47)

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[Decision making and equalities](#)

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## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of the meeting of Audit and Governance Committee held at Council Chamber, Blackdown House on 14 December 2023**

#### **Attendance list at end of document**

The meeting started at 2.40 pm and ended at 4.14 pm

#### **24 Minutes of the previous meeting**

The minutes of the Audit and Governance Committee held on 21 September 2023 were confirmed as a true record

#### **25 Declarations on interest**

There were none.

#### **26 Public speaking**

There were no members of the public present.

#### **27 Matters of urgency**

None

#### **28 Confidential/exempt item(s)**

None

#### **29 Internal Audit Plan Progress report 2023/24 - SWAP**

Jenny Frowde from SWAP, presented the Internal Audit Plan Progress report 2023/24. The Director Finance gave an organisational progress update. During discussion a comment was made to how useful having a list provided of what actions to be taken were going to be.

#### **RESOLVED:**

That the progress made in delivery of the 2023/24 internal audit plan as at the start of November and the findings reported be noted.

#### **30 Interim Auditor's Annual Report 2021/22 - Grant Thornton**

Jackson Murray from Grant Thornton presented the Interim Auditor's Annual Report 2021/22. Discussions concerning Governance included the acknowledgement that during the period 2021 -2022 there was an issue of poor relationships between certain senior officers and Members. The Committee agreed that action had been taken and the situation had improved. Newly elected members spoke of positive and fair relationships with officers. This report covered a snapshot in time with current position reflecting positive actions taken.

Cllr Ian Barlow expressed concern to why had it taken so long to receive the report, which now felt out of date and less relevant. He was worried that if there was a hold up within the reporting process, then any expected reports would not be available on time which could lead to a serious risk to the council. In response Jackson Murray explained that the risk was reported to the March 2023 Audit and Governance committee. The work was undertaken at the beginning of the year, followed by a consultation period. Grant Thornton had to go then through their own risk management process and then consult with the council's management team then it was referred to the committee.

Cllr Mike Goodman said the report highlighted serious issues to the council which may have not been addressed since 2022. He pointed out that seven recommendations from the previous annual report centred around governance had not been addressed. He stated that what was happening then should have been reported at the time not now, having to wait 7 months for a report was not acceptable. He highlighted that a recommendation from last year's annual report asked for a peer review. He asked that if the council had started a Peer Review in 2022 would many of the issues identified in the report been actioned or started and had this decision put EDDC at risk?

The Vice-Chair agreed there was a lot of alarming insight however Grant Thornton were satisfied that management and members were satisfactorily addressing these issues. He could see action had been taken and as long as this was followed through this should improve the arrangements. It was the committee's responsibility for governance and to be satisfied that any issues were being followed up.

It was agreed that an additional action would be included to future audits on the 'About time?' report presented at the last committee. This was focused on exploring the reasons for delayed publication of audited local authority accounts.

The Chair asked that the Committee be presented with the auditor's recommendations and status, tracked from one year to the next.

**RESOLVED:**

1. That the Interim Auditor's Annual Report 2021/22 be noted and support was given to the actions contained in the management responses.
2. That concerns that the recommendations from the last report were not actioned and of adverse findings from the Housing Ombudsman in this report, be noted.

31 **Audit and Governance Forward Plan**

Items to be considered at the 18 January 2024 committee included:

- Internal Audit Activity – Quarter 3 2022/23
- Audit Committee update
- Strata Annual Internal Audit report
- Statement of Accounts

**Attendance List**

**Councillors present:**

C Brown  
C Burhop (Vice-Chair)  
C Fitzgerald  
M Goodman  
S Hawkins (Chair)

Y Levine  
C Nicholas  
T Olive

**Councillors also present (for some or all the meeting)**

J Bailey  
I Barlow  
J Brown  
P Hayward  
S Jackson  
J Loudoun  
H Parr

**Officers in attendance:**

Amanda Coombes, Democratic Services Officer  
Simon Davey, Director of Finance  
Melanie Wellman, Director of Governance & Licensing (Monitoring Officer)  
Jenny Frowde  
Jackson Murray, Grant Thornton

**Councillor apologies:**

K Bloxham  
S Gazzard

Chair .....

Date: .....



Report to: Audit and Governance Committee

Date of Meeting 18 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## Internal Audit Progress Report – December 2023

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

The Committee is requested to note progress made in delivery of the 2023/24 internal audit plan as at the end of December and the findings reported.

### Reason for recommendation:

It is a requirement that the Audit and Governance Committee review progress of the internal audit plan.

Officer: Lisa Fryer, Assistant Director, SWAP Internal Audit Services. [Lisa.fryer@swapaudit.co.uk](mailto:Lisa.fryer@swapaudit.co.uk)

### Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Communications and Democracy
- ☐ Economy
- ☒ Finance and Assets
- ☐ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk;

### Links to background information

Link to [Council Plan](#)

### Priorities (check which apply)

- ☐ Better homes and communities for all
- ☐ A greener East Devon
- ☒ A resilient economy

# East Devon District Council






Report of Internal Audit Activity

Progress Report – end December 2023

Year Ended 31 March 2024

## Internal Audit – December 2023/24 'At a Glance'

### The Headlines

	<b>23/24 Reviews completed in the period</b> <ul style="list-style-type: none"> <li>Two audits finalised</li> <li>Three audits in draft</li> <li>Four reviews in progress</li> </ul>
	<b>Progress to date</b> On track to deliver plan: <ul style="list-style-type: none"> <li>73% of the plan has been started</li> </ul>
	<b>Follow-ups and action plan monitoring</b> <ul style="list-style-type: none"> <li>YTD two follow-up audits now complete</li> <li>Ongoing monitoring of implementation of agreed actions</li> </ul>
	<b>Plan Changes in the year</b> <ul style="list-style-type: none"> <li>Agreed to defer three audits to 24/25</li> </ul>
	<b>Range of innovations and enhancements made to our internal audit process throughout the year</b> Partnership guidance from another SWAP partner shared as part of the strategic partnerships audit to aid best practice.

### Internal Audit Assurance Opinions 2023/24

	Dec	YTD
Substantial	0	0
Reasonable	0	1
Limited	2	5
No Assurance	0	0
<b>Total</b>	<b>2</b>	<b>6</b>

### Internal Audit Agreed Actions 2023/24

	Dec	YTD
Priority 1	6	13
Priority 2	11	26
Priority 3	3	13
<b>Total</b>	<b>20</b>	<b>52</b>



## Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

**Lisa Fryer**

Assistant Director

[lisa.fryer@swapaudit.co.uk](mailto:lisa.fryer@swapaudit.co.uk)

**David Hill**

Chief Executive

[david.hill@swapaudit.co.uk](mailto:david.hill@swapaudit.co.uk)



### Summary

#### Introduction

This progress report allows monitoring against the planned audits agreed for 2023/24. The plan remains necessarily flexible and two reviews have now been added at the request of Senior Management. The schedule provided at **Appendix D** details progress made against the plan, including the new audits agreed.

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

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘limited Assurance Opinion’ is given as part of this report in **Appendix B**.

It is important that the agreed action is taken to reduce the risks reported within our internal audit reports. To help ensure that this is the case, implementation of these actions is subject to monitoring by Internal Audit. The results of this work can be found at **Appendix C**.

A follow-up review is performed in respect of all limited assurance opinion audits which provides further evidence of the implementation of agreed actions. No follow-up reviews were completed in the period.

In circumstances where findings have been identified which are considered to represent high corporate risks to the Council, due to their importance, these issues are separately summarised. No significant corporate risks were reported in the period.

# Internal Audit Progress Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



## SWAP audit plan coverage across strategic risks

The internal audit plan agreed is based on our risk based approach to help ensure that resources are focused where internal audit can offer the most value and insight. A key source of information is the Council’s strategic risk register.

The table below provides a summary of how our completed audits and work in progress this year provides assurance over key strategic risks areas in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas will increase. ‘Reasonable’ coverage reflects delivery of planned assurance levels.

Table Key	Reasonable internal audit coverage 2023-24	Partial internal audit coverage 2023-24	No internal audit coverage 2023-24
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## Internal Audit Progress Update

### Risk Coverage Continued:

Strategic Risk	Coverage
Business failure of a major contractor or significant partner	Supplier Resilience
Adequacy of financial resource planning to deliver the Council's priorities	Financial Planning – Establishment Control
Major disruption in continuity of computer and telecommunications services	(Covered by Strata)
Adequate emergency planning and business continuity	Emergency Planning
Failure to ensure corporate property portfolio is fully compliant with legal requirements	Asbestos follow-up, Damp and Mould
Failure to follow data protection legislation requirements & good information governance	Information Governance
Failure to deliver the Enterprise Zone and wider west end development programme	
Increasing homelessness	
Failure to ensure the Council's sustainability	
Failure to adequately protect staff health and safety at work	
Retaining and strengthen a collective approach to decision making	Partnerships
Climate Change targets not achieved	
Recruitment and Retention Issues	IR35 Compliance, Recruitment & Onboarding
Reputational damage to the organisation	
Risk of Service failure	Performance Management
Impact of the economic situation on our residents	Disabled Facilities Grant/Better Care
Implementation of the Elections Act 2022	Elections

## Internal Audit Progress Update

**Given a risk based approach is followed, it is important to demonstrate that agreed actions are implemented to reduce risks reported.**

### Action Plan Monitoring

It is important that the agreed action is taken to reduce the risks reported within our internal audit reports. To help ensure that this is the case, implementation of these actions is subject to monitoring by Internal Audit. The results of this work can be found at Appendix C.

Most of the actions relate to audit work that has taken place in 2023/24 or 2022/23. There are small number of actions that relate to earlier periods and these will continue to be monitored through to completion. It is recognised that it can take longer to implement actions than planned and all revised implementation dates are provided on the report at Appendix C.

A follow-up audit takes place for all limited assurance audits and this provides evidence of the implementation of agreed actions. For follow-ups where some actions remain in progress, once we are informed of their completion we seek evidence to demonstrate this.

A further update will be provided as part of the March progress update.

## Internal Audit Progress Update

Adequate audit coverage is needed to support the annual opinion.



Progress Year to Date



We are on track to deliver our programme of work with 73% of the plan at least now in progress.

## Assurance Definitions

<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

## Definition of Corporate Risks

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

## Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

## Information Governance Policies and Compliance with Retention Policy Final Report – Nov 2023



## Audit Objective

To ensure the council has a comprehensive, up-to-date suite of information governance policies. To provide assurance that the council is compliant with its legislative requirements and own retention policy, for the classification, storage, security, transmission and disposal of both digital and paper records.

## Assurance Opinion



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

## Number of Actions

Priority	Number
Priority 1	5
Priority 2	6
Priority 3	2
Total	13

## Risk Reviewed

Failure to meet the requirements of data protection legislation and good information governance.

## Assessment

Medium

## Key Findings

	The council does not have an up-to-date suite of Information Governance policies. In addition, its current Data Protection and Data Retention Policy does not clearly outline corporate, service and individual responsibilities, and arrangements for record classification, storage, security, transmission and disposal.
	The council's Information Asset Register and Record of Processing Activities have not been reviewed since their creation in 2018. Data is also missing from some sections of both documents.
	The council has not reviewed its data retention schedule since January 2020. It also does not include the disposal decision at the end of record life. In addition, the council does not currently undertake any checks to ensure records are being held in accordance with the schedule.
	The survey results show that services are not fully confident that all digital records are stored and disposed of in accordance with data retention requirements.
	No specific training is given to staff on data retention. There is also no corporate oversight to ensure every member of staff completes the mandatory refresher training on data protection. In addition, the SIRO has not had any specific training to support the responsibilities of this role.

## Audit Scope

This review focused on the current information governance policies and whether there are any policies which the council does not have, which it should.

The remainder of the audit review focused on compliance with the council's retention policy. This included roles and responsibilities, policies and procedures, training and awareness, and covered both digital and paper records.

## Added Value

A self-assessment survey was sent to all Assistant Directors to obtain their honest responses on how they manage digital and paper records and ensure the retention policy is adhered to. The results have been shared with the Director of Governance and Licensing and the Information and Complaints Officer, and will provide a better understanding of the confidence services have in their own, and the council's corporate document retention arrangements. It will also highlight areas where additional support is needed.

## Strategic Partnerships – Final Report – December 2023



**SWAP**  
INTERNAL AUDIT SERVICES  
Helping Organisations to Succeed

## Audit Objective

To review the governance framework processes and structures in place between partnered authorities, to determine whether there are effective controls to inform, direct, manage and monitor the activities of the partnership to achievement of its corporate and partnership objectives.

## Assurance Opinion



Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

## Number of Actions

Priority	Number
Priority 1	1
Priority 2	5
Priority 3	1
<b>Total</b>	<b>7</b>

## Risk Reviewed

An inadequate governance structure leads to a lack of direction, poor management and monitoring, inadequate decision making and a lack of transparency, which will impact on the organisation's ability to deliver its corporate and partnership objectives.

## Assessment

Low

## Key Findings



Several findings show the need for clearer guidance and improved definitions in the corporate partnership policy. In particular, improved controls are needed for the approval for entering a partnership and the appropriate type of agreement.



There are no formal requirements for involvement in a partnership to be subject to periodic review. The Council does not periodically review the performance of its partnerships.



None of the reviewed partnerships have a process for declaring personal interests.

## Audit Scope

We reviewed the following controls:

- Partnership approval and policy - the process to determine whether the partnership's purpose supports the wider corporate objectives of the organisation(s), and the guidance for ongoing management of the involvement
- Governance structures – including partnership boards, defined responsibilities, Terms of Reference, meetings, and reporting arrangements
- Agreements – inclusion of purpose, aims and objectives
- Arrangements for partnership monitoring and review

## Further Information

The reason that this audit was requested was to a) review the governance arrangements for strategic partnerships and b) to obtain recommendations about how the Council can ensure successful involvement in its partnerships with current resource levels.

We selected three partnerships aligned to different service areas and reviewed the governance arrangements for each. Specific findings have been shared with the lead officers for the partnerships, and the thematic findings appear within this report. We have given a Limited assurance opinion due to the number of actions required to improve guidance and strengthen arrangements. However, we consider the level of risk to be low overall, as there were no significant issues identified that would impact on the organisation's ability to deliver its corporate and partnership objectives.

In respect of ensuring successful involvement in its partnerships with current resource levels, we received some suggestions which have been shared separately with the audit lead.



# Monitoring of Agreed Actions

## Appendix C

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
722	2020/21	Procurement	Project Notification Forms (PNFs) are not always completed as required	2	In Progress	31/03/21	29/02/24		On time
726	2021/22	Firmstep f/up	No Post Implementation Review has been scheduled	2	In Progress	31/07/22	31/03/24		On time
724	2021/22	Firmstep f/up	This is currently no Project Manager in place	2	Complete	31/03/22			Evidence Check
725	2021/22	Firmstep f/up	No Benefit Realisation Plan is in place	2	In Progress	31/07/22	31/03/24		On time
730	2021/22	Risk Management	Not all Service Planning Risks appear on the risk register	2	In Progress	03/06/22			Overdue
731	2021/22	Risk Management	Risks are not aligned to Council Priorities	2	In Progress	03/06/22			Overdue
733	2021/22	Risk Management	The Risk Management Policy has not been reviewed for some time	2	In Progress	03/06/22			Overdue
729	2021/22	Risk Management	The process for ensuring that any risks identified as part of decision making are added to the risk registers is not embedded	2	In Progress	03/06/22	29/03/24		On time
2414	2022/23	Climate Change	The action plan is not SMART (specific, measurable, achievable, realistic and timely)	2	In Progress	29/09/23	01/04/24		On time
2415	2022/23	Climate Change	The Climate Change Action Plan has not been fully costed	2	In Progress	29/09/23	01/04/24		On time
2416	2022/23	Climate Change	There is no dedicated body/committee with oversight of the Climate Change Strategy	2	In Progress	31/05/23	01/04/24		On time
2417	2022/23	Climate Change	Performance Monitoring and Reporting needs further definition and improvement	2	In Progress	29/09/23	01/04/24		On time
2432	2022/23	Out of Hours Schemes	Controls for administering claims and monitoring arrangements needs improvement	2	In Progress	31/01/24			On time
2443	2022/23	Out of Hours Schemes	Rates have not been reviewed or scrutinised for a significant period of time	2	In Progress	31/01/24			On time

# Monitoring of Agreed Actions

## Appendix C

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
1225	2022/23	Out of Hours Schemes	Out of Hours schemes policies & procedure documents do not reflect current practice	2	In Progress	31/01/24			On time
740	2022/23	Small Works & Services Contract Management f/up	Completion of the Contract Register remains in progress	1	In Progress	31/03/22	31/03/23	29/03/24	On time
741	2022/23	Small Works & Services Contract Management f/up	Contract Standing Orders (CSO) need updating to include includes a section on contract monitoring, evaluation & review. The monitoring of smaller contracts to be added	2	In Progress	31/03/22	31/01/23		Overdue
742	2022/23	Small Works & Services Contract Management f/up	No Contract Management guidance available for contract managers	2	In Progress	31/03/22	31/01/23		Overdue
746	2023/24	Accounts Receivable	Sundry debtor procedures are incomplete	2	In Progress	31/12/23			Due
2423	2023/24	Damp & Mould in Council Homes	Damp and mould complaints are not tracked and monitored via open housing	2	In Progress	30/09/23	01/04/24		On time
2296	2023/24	Damp & Mould in Council Homes	Stock condition surveys are currently being undertaken across all council properties. There have been cases where tenants have subsequently contacted the council stating that they have an issue	2	In Progress	30/09/23	01/04/24		On time
1960	2023/24	Emergency Planning	The council do not hold their own Local Risk Register.	2	In Progress	31/12/23			Due
2081	2023/24	Emergency Planning	Those with an Emergency Response role acknowledged gaps in their knowledge and understanding of Emergency Planning	2	Complete	--			Evidence check
727	2023/24	Health and Wellbeing	Not all employees have completed the Handling Workplace Stress learning module	2	In Progress	31/03/23	29/09/23		Overdue

# Monitoring of Agreed Actions

## Appendix C

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
577	2023/24	Housing Compliance - Asbestos Management F/up	The basis of recording dates in Open Housing is not consistently applied	2	In Progress	31/03/23	30/09/23		Overdue
586	2023/24	Housing Compliance - Asbestos Management F/up	Further work is needed to give assurance of the data quality of Key Performance Indicators	2	In Progress	28/04/23	30/09/23		Overdue
2604	2023/24	Housing Whistleblowing Concerns F/Up	Satisfaction Survey have not targeted all tenants	2	In Progress	30/06/22	31/12/23		Due
2605	2023/24	Housing Whistleblowing Concerns F/Up	Job Completion is being assessed differently across teams	2	In Progress	30/06/22	31/12/23		Due
2605	2023/24	Housing Whistleblowing Concerns F/Up	Record keeping is not consistent across teams	2	In Progress	30/06/22	31/12/23		Due
1968	2023/24	Implications of IR35	The policy for hiring temporary support does not explicitly state who is responsible for determining the their employment status	1	In Progress	31/08/23			Overdue
2269	2023/24	Implications of IR35	Employment Status Assessment records are not complete	1	In Progress	31/08/23	30/11/23		Due
2075	2023/24	Implications of IR35	Expenditure reports, extracted from the finance system, do not show the name of the relevant consultant	1	In Progress	31/07/23	30/11/23		Due
2084	2023/24	Implications of IR35	Managers have not received any specific training in relation to the IR35 legislation	2	In Progress	31/10/23			Overdue
2075	2023/24	Implications of IR35	The council does not have a definitive list of all its off-payroll workers	2	Complete	31/08/23			Evidence check
2084	2023/24	Implications of IR35	There is no separate corporate induction checklist for senior managers	2	In Progress	31/10/23			Overdue


ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
2271	2023/24	Implications of IR35	There is no evidence retained to show that the off-payroll workers have been notified of the outcome of the assessment	2	Complete	30/09/23			Evidence check
2369	2023/24	Information Governance Policies & Compliance	The council's Information Asset Register is incomplete and has not been reviewed since its creation in January 2018	1	In Progress	31/10/24			On time
2255	2023/24	Information Governance Policies & Compliance	The council does not have an up-to-date suite of Information Governance policies	1	In Progress	31/01/24			On time
2367	2023/24	Information Governance Policies & Compliance	The council does not have a standalone data retention policy	1	In Progress	31/07/24			On time
2594	2023/24	Information Governance Policies & Compliance	The Record of Processing Activities (ROPA) is dated 2018; this has not been updated since and there are some gaps within the document.	1	In Progress	31/03/24			On time
2368	2023/24	Information Governance Policies & Compliance	The council has not reviewed its data retention schedule since January 2020.	2	In Progress	31/03/24			On time
2487	2023/24	Information Governance Policies & Compliance	The council's SIRO does not hold any qualification and has not had any specific training to support the responsibilities of this role.	2	In Progress	31/03/24			On time
2460	2023/24	Information Governance Policies & Compliance	No specific training is given on data retention	2	In Progress	31/05/24			On time
2426	2023/24	Information Governance Policies & Compliance	The council does not currently undertake any checks to ensure records are being held in accordance with the Data Retention Schedule	2	In Progress	31/12/24			Due

# Monitoring of Agreed Actions

## Appendix C

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
2523	2023/24	Information Governance Policies & Compliance	There is a lack of assurance that records both held and deleted on individual officer drives and mailboxes are stored in line with the council's document retention requirements	2	In Progress	30/04/24			On time
2460	2023/24	Information Governance Policies & Compliance	No specific training is given on data retention to inform staff of their responsibilities and how to ensure both paper and digital records are managed effectively and stored securely	2	In Progress	31/03/24			On time
2544	2023/24	Performance Management	There is no Performance Management Framework which details how performance is to be managed and monitored across the council	1	In Progress	31/03/24			On time
2712	2023/24	Performance Management	The Performance Indicator report is missing some indicators for key priorities at the council	2	In Progress	31/03/24			On time
2713	2023/24	Performance Management	There is no validation of the data that is input into SPAR.net before it is included in the performance reports	2	In Progress	31/03/24			On time
2645	2023/24	Performance Management	Action is not adequately documented where performance has not met the required standard	2	In Progress	31/03/24			On time
2647	2023/24	Performance Management	Supporting information provided with Performance Indicator Reports could be improved to aid understanding	2	In Progress	31/03/24			On time
2722	2023/24	Performance Management	There has historically been little challenge to the quarterly performance indicator reports presented to SLT	2	In Progress	31/12/23			On time

ID	Year	Audit Title	Issue	Priority Score	Status	Timescale	Revised Timescale	Revised Timescale 2	Progress
2721	2023/24	Performance Management	Indicators are not always complete, despite reminders	2	In Progress	31/03/24			On time
748	2023/24	Worksmart+	Data Protection Training of staff is not up to date	2	In Progress	30/09/23	31/03/24		On time

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major		3 = Medium
				Recommendation			
					1	2	3
Complete							
Operational	Emergency Planning	Final	Limited	8	0	3	5
Operational	NEW Agency and Consultants – Implications of IR35	Final	Limited	11	6	4	1
Follow-up	NEW Housing Landlord Health and Safety compliance – Asbestos	Final	N/A	1 of 3 priority 2 recommendations complete, 2 are in progress			
Follow-up	Management of the Better Care Fund and Disability Facility Grants	Final	N/A	All 5 priority 2 recommendations complete			
Operational	Housing Landlord Health and Safety compliance – Damp and Mould	Final	Reasonable	6	0	2	4
Governance	Performance Management	Final	Limited	7	1	6	0
Follow-up	Housing Contract Management (Whistleblowing)	Final	N/A	80% actions agreed implemented			
Governance	Information Governance Policies	Final	Limited	13	5	6	2
Governance	Strategic Partnerships	Final	Limited	7	1	5	1
Reporting							
Advisory	Member Training & support – Skills Survey	Draft					
Governance	Financial Planning – Establishment Control	Draft					
Governance	Recruitment and On-Boarding	Draft					
In progress							
Fraud	Fraud Awareness – e-learning module	In progress					

Audit Type	Audit Area	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
					Recommendation		
					1	2	3
Key Control	Business Rates	In progress					
Operational	Countryside – use of Volunteers	In progress					
Governance	Elections	In progress					
Not Started							
Operational	Housing Contractor Management - complaints	Not started					
Operational	Housing Landlord Health and Safety Compliance: Electrical Safety	Not started					
Operational	Firmstep – Digital Project Outcomes	Not started					
Governance	Supplier Resilience	Not started					
Operational	Waste Contract Extension	Not started					
Follow-up	Emergency Planning	Not started					
Deferred							
Operational	Governance arrangements – district heating project	Deferred	Approval of project by cabinet scheduled for November. Defer to 24/25 to increase potential for audit work.				
Operational	Customer data in Firmstep – data protection compliance	Deferred	Agreed to defer to 24/25				
Advisory	Housing Site Development	Deferred	Agreed to defer to 24/25				



Report to: Audit and Governance Committee

Date of Meeting 18 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



## Risk management policy and procedure update

### Report summary:

This report presents the updated risk policy document. There are no substantive changes to the policy; officer titles and responsibilities have been updated and some minor updates to reflect best practice including to cover the Council's Risk Appetite concept to be defined in a separate statement. This statement will be prepared by June 2024 and will be linked to the Policy.

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

- 1) That the Audit and Governance Committee agrees the adoption of the reviewed Risk Management policy and procedure document.
- 2) That the Committee nominate a risk representative from its membership to familiarise themselves with the risk register on behalf of the Committee and meet with the Management Information Officer as required.

### Reason for recommendation:

To ensure that the Risk Management Policy is proportionate and appropriate to the council's needs.

Officer: Simon Davey, Finance Director (CFO/S151) & Interim Chief Executive (shared role)  
[sdavey@eastdevon.gov.uk](mailto:sdavey@eastdevon.gov.uk) Direct Line 01395 517490

Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☒ Council and Corporate Co-ordination
- ☐ Communications and Democracy
- ☐ Economy
- ☐ Finance and Assets
- ☐ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

## **Climate change** Low Impact

**Risk:** High Risk; We need to ensure that we have an appropriate and proportionate risk management policy and process in place so that all risks can be identified and managed by the council.

### **Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

- ☒ Better homes and communities for all
  - ☒ A greener East Devon
  - ☒ A resilient economy
- 

### **Report in full**

The risk management policy and procedure is due for review and update. This has been completed and the latest version of the policy is at appendix a.

The policy and procedure for risk management within the council has not changed substantially at this point and so the changes from the last version of the policy are minimal and are related to updated job titles and organisational structure.

The procedure for the identification, management and reporting of risk remains ongoing at it was with the previous version of the policy.

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### **Financial implications:**

There are no direct financial implications identified.

### **Legal implications:**

It is important that the Council's Risk Policy is regularly reviewed, to ensure that it remains fit for purpose.

## **East Devon District Council**

### **Risk Management – Policy and Guidance**

<b>Issue details</b>	
<b>Title:</b>	<b>Risk Management – Policy and Guidance</b>
<b>Version number</b>	<b>Version 3.1</b>
<b>Officer responsible:</b>	<b>Simon Davey, Director of Finance and Section 151 Officer</b>
<b>Authorisation by:</b>	<b>Audit &amp; Governance Committee</b>
<b>Authorisation date:</b>	<b>December 2023</b>

## **1 Previous Policies/Strategies**

This policy/guidance updates the Risk Management – Policy and Guidance v1.0 January 2012 and September 2014

## **2 Why has the council introduced this policy?**

2.1 This policy and guidance is intended to provide a framework for the management of risk, to increase overall awareness of risk throughout the council and to enable managers and those responsible for risk reporting, to better identify, assess and control risks within their areas. It seeks to enforce ownership. It defines roles and responsibilities to help ensure the risk management process is understood. It gives advice and guidance on best practice and describes the different elements that need to be managed in order that risk management methodology is embedded in every layer of the council.

2.2 We recognise that there are risks involved in everything we do and that we have a duty to manage these risks. This duty is to staff, residents and people working in the district, service users, partners and funding agencies.

2.3 Risk is part of everyday life. It can be defined as the chance that something will happen that has an impact upon aims and objectives. It is recognised that risk management is as much about exploiting opportunities as it is about managing threats, a certain amount of risk taking is inevitable and essential if we are to achieve our objectives. Risk needs to be managed rather than avoided and consideration of risk should not stifle innovation. Risks need to be identified and managed not simply avoided. A key consideration in balancing risks and opportunities, supporting informed decision making and preparing tailored responses is the conscious and dynamic determination of the Council's risk appetite to consider the balance of risk and opportunity. A separate Risk Appetite Statement supports this policy to assist in the appropriate control of risk.

2.4 This document demonstrates our commitment in taking responsibility to manage our risks and opportunities in all aspects of service delivery effectively, using a structured and cost effective approach.

2.5 We will use risk management to maintain and improve the quality of services within the district and to deliver our priorities and objectives.

Our risk management policy objectives are to:

- Embed risk management into our culture
- Raise awareness and work with partners, providers and contractors to develop a common understanding of our expectations on risk management
- Integrate risk management into policy, planning and decision making
- Enable us to anticipate and respond to changing social, environmental and legislative conditions

These objectives will be achieved by:

- Identifying, assessing and effectively managing strategic and operational risks across the council considering our risk appetite,
- Establishing clear roles, responsibilities and reporting lines for risk management across the council,
- Incorporating the assessment of risk into all key decision making and planning processes of the council,
- Using SPAR.net for recording, assessment, monitoring of controls and reporting of risks.

### **3 Terms explained**

#### **3.1 Risk Management**

3.1.1 Risk can be defined as the effect of uncertainty on objectives, whether positive or negative.

3.1.2 Risks, therefore, need to be managed to successfully deliver the council's objectives. Risks should be fully understood and their probability (likelihood) and consequences (impact) subsequently managed.

#### **3.2 Risk Matrix**

3.2.1 A risk matrix is used in the risk assessment process. It creates a risk score from the combination of the likelihood and the impact of the risk. The risk becomes more severe as the likelihood and impact increase.

#### **3.3 Strategic Risk**

3.3.1 A strategic risk is generally managed by a Director or Assistant Director. It is something with the potential to cause harm (including ill health/injury; damage to assets; loss of reputation; environmental pollution; financial losses; increased liabilities etc). It can be an event or series of events that may impact on the delivery of the council plan and other major projects.

#### **3.4 Operational Risk**

3.4.1 Operational risks are managed by Director or Assistant Director and managers and are defined as risks that can affect the delivery of individual services but would not, in isolation, threaten our overall objectives.

#### **3.5 Project Risk**

3.5.1 Project risks are managed by the Project Manager (aligned to the Council's Project Management Framework) and are defined as risks that can affect the delivery of the defined project outcomes.

#### **3.6 Pure Risk**

3.6.1 This is the risk in its raw state without any mitigating controls (control actions in SPAR.net) in place.

### 3.7 Residual Risk

3.7.1 A residual risk is the remaining potential for harm to persons, property or the environment following all possible efforts to reduce predictable hazards. In other words, it is the risk that remains after a risk assessment has been carried out and control actions have been put in place. This risk needs to be monitored to keep the control actions up to date.

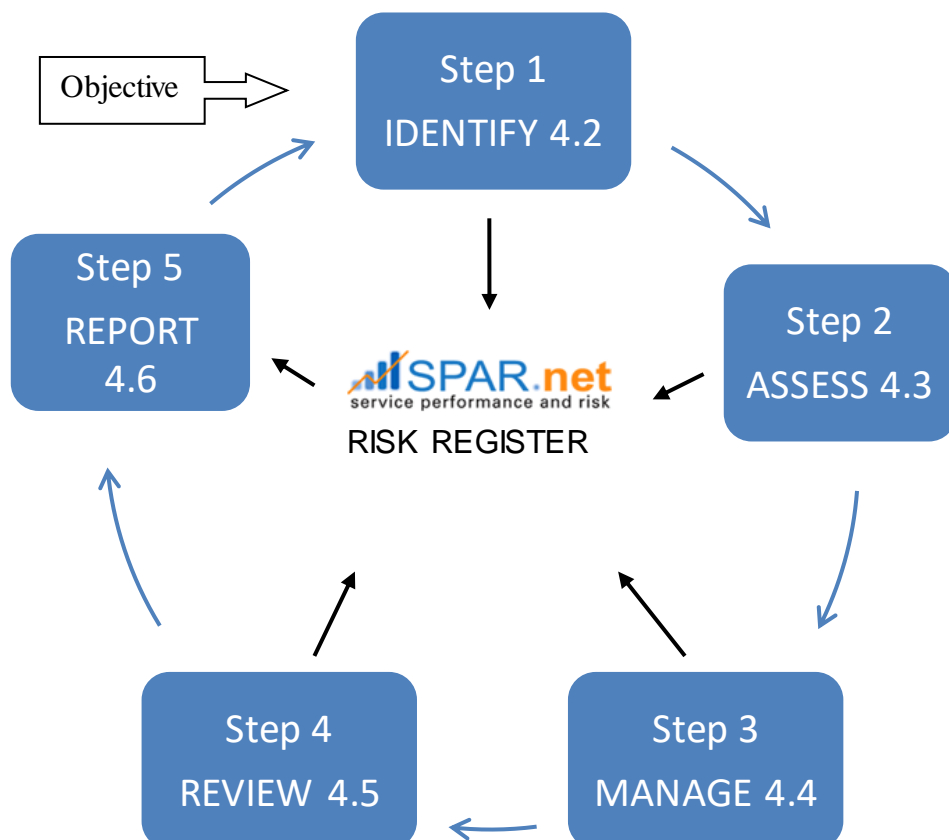
## 4 What is the council's policy?

### Risk Management Guidance

#### 4.1 Process Model

The process followed by us to manage risk is shown in the diagram below (see fig 4.1) and described in detail in the following paragraphs.

Fig 4.1



#### 4.2 Step 1 - How and when to Identify Risk

4.2.1 The majority of risks are identified at the annual service planning days where barriers to specific business objectives can easily be recognised. All staff have a duty to report emerging risks to their Director or Assistant Director at anytime. Risks can arise and be identified when the following events occur:

- Internal or external processes change
- Staff/members leave and or restructuring takes place
- Partners change or restructure
- Legislation is revised or introduced
- The social and or economic climate alters
- An incident occurs (too late!)

4.2.2 To help in the risk identification process a range of the most common risk assessment techniques are set out in the table below (Table 4.2.2). These can be used as part of the service planning process or when an event as outlined above occurs.

Table 4.2.2

<b>Techniques</b>	<b>Description</b>
• Questionnaires and checklists	Individually designed questionnaires and checklists to collect information to assist with the recognition of the significant risks.
• Workshops and brainstorming	Collection and sharing of ideas and discussion around the events that could impact on the objectives
• Audit and inspection reports	To understand and check that processes and procedures are in place and working
• Flowcharts and dependency analysis	Analysis of processes and operations with the organisation to identify critical components that are key to success
• SWOT and PESTLE analyses	Strengths weaknesses opportunities threats (SWOT) and political economic social technological legal environmental (PESTLE) analyses offer structured approaches to risk recognition

4.2.3 The following are areas of risk which **have** to be assessed by Director or Assistant Director.

- Fraud, theft or corruption – including, falsification of records, misuse of resources (including computer hardware/ software) and a criminal act falling within the Fraud Act (e.g. false representation, failure to disclose information, abuse of position etc).
- Non- compliance with statutory requirements or legislation – including, unawareness of legislative requirements and ignoring legislative requirements

- Non- compliance with our policy or procedures – including, breaches to financial regulations or contract standing orders, non-compliance with council policies including the our code of conduct for staff and councilors and failure to follow manuals, procedures and guides
- Change management – including, new initiatives and/or new ways of working changes to existing policies or new policies
- Disclosure of sensitive information – including, our ‘not for publication’ matters made public, failure to dispose of confidential waste appropriately, external/ internal attack on computer hardware/ software and errors or omissions affecting externally published material
- Insufficient resources – including, absence or sickness, unfilled vacancies, deficient or lack of computer resources, insufficient funding, recruitment and retention difficulties
- Poor performance management – including, failure to measure or meet externally set performance targets, failure to meet internally set performance targets, failure to benchmark costs and performance and failure to set achievable goals and targets.

4.2.4 We have two categories of risk; strategic and operational (see 3.2 and 3.3 for definitions). There is a relationship between the two classes of risk which means that the cumulative effect of the unsuccessful management of operational risks will eventually represent a strategic risk, such as the failure of a number of key services or the significant loss of resources. We also have specific risks identified with projects which are standalone to that project (see 3.5 for definition).

4.2.5 Expressing the risks as a statement is often harder than it first seems. It may require rethinking some basic assumptions about a situation and re-evaluating the elements that are most important. For example, “lack of staff” is not in itself the complete risk but a consequence of another action. Try to identify the root cause, ask, “why is there a lack of staff” and develop it into a risk that expresses how the issue will impact upon achievement of our strategic objectives.

4.2.6 When writing a risk description, try to include these three parts: event – consequence – impact. This will ensure that the focus, therefore the action, is placed on the event:

1) An Event	2) A Consequence	3) The Impact
Loss of .....	..... leads to	.... resulting in
Failure of .....		
Failure to ....		
Lack of ....		
Inability to ....		
Inadequate .....		
Delay in ....		

For example:



The **lack of** performance information, public consultation and forward planning, **leads to** a fragmented approach to service development and our ability to meet recycling targets might not be achieved, **resulting in** reputational damage to the Council.

### 4.3 Step 2 - How to Assess a Risk

4.3.1 Not all risks can be eliminated completely, but the likelihood and impact can be reduced or better controlled through assessment, control actions, monitoring and review.

4.3.2 Strategic or operational risks should be assessed in the context of the scale of risk associated with each. This may be determined by considering:

- Likelihood of the risk occurring
- Impact, or severity of the consequences should it occur

4.3.3 Risks are assessed by selecting a scale for both likelihood and impact and multiplying them to produce a risk rating. This rating then falls within one of the following categories in the matrix: high, medium or low.

4.3.4 Once a risk has been identified the first step in the assessment process is to work out the pure risk status (see 3.4) this is achieved by determining the likelihood of the risk occurring by selecting the appropriate score from table below (table 4.2.1).

Table 4.2.1

LIKELIHOOD - GUIDE TO ASSESSMENT				
Likelihood of Occurrence	Score	Chance	Description	Indicators
Very Likely	4	>75%	Almost certain to happen within six months	Happens frequently and/or encountered on a daily, weekly or monthly basis or will happen within 6 months.
Likely	3	40-75%	Will probably happen within 12 months	Happens occasionally, expected to occur at some point over the next 12 months
Unlikely	2	10-40%	Possible – may happen. Not expected between 1 - 3 years	Not expected to happen in the next 1 - 3 years
Remote	1	Less than 10%	Rare – do not believe this will happen except in exceptional circumstances. Not expected between 3 – 10 years.	Has happened rarely in the past or never before

4.3.5 Next assess the impact that the occurrence of the risk would have on the corporate objective, the delivery of the service, or objectives of the project if it should occur. Do this by selecting the appropriate score from table below (table 4.2.2).

Table 4.2.2

Financial loss and/or outcomes with financial implications	Failure to provide statutory duties / meet legal obligations	Reputation	Service Disruption (days)	Performance	Health & Safety
<b>SCORE 4 MAJOR - IMPACT / OUTCOME (One or a combination of the following)</b>					
Errors or omissions affecting relevant separate budgets >25k or > 75% of budget, (whichever the smaller)  Loss of external grants and funding in > £25k	Litigation / Claims / Fines  Directorate > £125k Corporate > £250k	Adverse national media interest leading to :  Officer(s) and / or member(s) forced to resign  Failure to attract or retain suitable partners or suppliers	Service disruption of over 3 days	Failure to provide an excellent level of customer service  Failure to identify external opportunities and threats  Failure to learn from mistakes that have council wide implications	Death of an individual or several people  Permanent disability caused to an individual or several people
<b>SCORE 3 SERIOUS - IMPACT / OUTCOME (One or a combination of the following)</b>					
Errors or omissions affecting relevant separate budgets from £10k - £25k or 50-75% budget (whichever the smaller)  Loss of external grants and funding from £10k - £25k	Litigation / Claims / Fines  Directorate £25k - £125k Corporate £50k - £250k	Adverse local or regional media interest leading to :  Public embarrassment for Council Members or staff  Recruitment and retention difficulties affecting one service due to low staff morale	Service disruption of between 2-3 days	Failure to provide an adequate level of customer service  Failure to identify internal opportunities and threats affecting the whole council  Failure to learn from mistakes that have directorate wide implications	Major injury to an individual or several people
<b>SCORE 2 SIGNIFICANT - IMPACT / OUTCOME (One or a combination of the following)</b>					
Errors or omissions affecting relevant separate budgets from £1k - £10k or 25 – 50% of budget (whichever the smaller)  Loss of external grants and funding from £1k - £10k	Litigation / Claims / Fines Departmental £1k- £25k Corporate £10k - £50k	Contained within the Council (Questions raised by members)  Embarrassment for council Members or staff, not public  Some impact on staff morale in more than one service with no effect on recruitment or retention	Service disruption of between 1-2 days	Failure to identify and utilise staff potential within individual services  Failure to identify system inefficiencies and bottlenecks  Failure to learn from mistakes that have service wide implications	Minor injury to an individual or several people

SCORE 1 MINOR - IMPACT / OUTCOME (One or a combination of the following)					
Errors or omissions affecting relevant separate budgets up to £1k or 25% of budget (whichever the smaller)	Litigation / Claims / Fines Departmental < £1k Corporate < £10k	Contained within the Service (Letters from the public)	Service disruption of less than 1 day	Failure to learn from mistakes that have implications for individual members of staff	Discomfort caused to an individual or several people
Loss of external grants and funding up to £1k	Scrutiny by regulatory body	Some impact on staff morale in one service with no effect on recruitment or retention			

4.3.6 The likelihood and impact scores then need to be multiplied together to give the 'pure risk' score using the risk matrix below (fig 4.2.2).

Fig 4.2.2

Impact	4 Major	4	8	12	16
	3 Serious	3	9	9	12
	2 Significant	2	4	6	8
	1 Minor	1	2	3	4
		1 Remote	2 Unlikely	3 Likely	4 Very Likely
		Likelihood			

#### 4.4 Step 3 - Manage the residual risk

4.4.1 Having identified a risk and assessed its impact and probability, the next step in the process is to develop actions to manage the risk. These are referred to as control actions. Controls are intended to help in mitigating either the impact or likelihood of the risk.

An example of a control action follows:

Risk Title

- **Failure to adequately anticipate or respond to a major health or environmental incident**

Example of a control action to mitigate the risk

- **Effective local plan for emergencies - The Emergency Planning Officer has drawn up emergency plans for key council personnel**

4.4.2 It maybe that a risk will need more that one control action and in more complex issues where, for example, the risk of inadequate ICT resilience is identified, the controls needed are both more sophisticated and numerous, and will be part of a whole array of measures that need to be taken.

4.4.3 In light of the control actions that have been put in place the risk now needs to be re-assess to find the level of '**residual risk**'(see 3.5 for definition). As in step 1 using the likelihood and impact tables (tables 4.2.1 and 4.2.4) determine the likelihood and impact of the risk with the controls in place. Again multiply those scores together and using the risk matrix (fig 4.2.4) identify the residual risk score.

4.4.4 Consider the action to be taken after determining the residual risk (see table 4.2.3 below).

Table 4.2.3

<b>ACTION TO BE TAKEN AFTER DETERMINING RESIDUAL RISK</b>		
12 - 16	High	Immediate action required
6 - 9	Medium	Evaluate effectiveness of current controls and actions and implement any improvements necessary before next review period
1 - 4	Low	Limited action, incorporate into current plans

4.4.5 Determine whether there are any opportunities within the risk assessment process.

4.4.6 Determine who will ultimately be responsible for the risk. This roll will involve monitoring the control actions and writing the reviews on the SPAR system. This person is called the responsible officer.

4.4.7 Enter the risk information into SPAR.net the corporate risk register database that records details and ownership of identified risks and their associated control actions. Refer to the SPAR Risk Guidance and/or the Management Information Officer for help with data entry.

**Note: Access to and training on the use of SPAR.net is available from the Management Information Officer**

#### **4.5 Step 4 - Review the residual risk**

4.5.1 Responsible officers should review their risks (including updating the SPAR system) according to their unmitigated risk score. A guide to the recommended frequency of reviews can be seen below:

<b>Unmitigated Risk Score (pure status)</b>	<b>Review Interval</b>
---	------------------------

16	Monthly
12	Quarterly
6-9	Twice a year
1-5	Twice a year

4.5.2 Operational risks should be monitored regularly as part of the performance management within all services. This includes assessing whether the control actions are still adequate or need revising and or replacing. SPAR.net should be updated with any changes as soon as they arise.

**Note: All risks have the ability to increase in severity very quickly, so if the risk does look more likely to happen do not wait until the next review is due ... do something about it now.**

## 4.6 Step 5 - Reporting risks

4.6.1 All risks will be reported to the Audit and Governance Committee at least on a bi-annual basis. These reports will have been seen by SLT prior to each committee meeting. As part of improved performance management reports will also be taken into Cabinet from 2024/25.

4.6.2 The Management Information Officer will inform all responsible officers of the reporting deadlines and send reminders about updating the SPAR system.

4.6.3 A member of the Audit and Governance Committee will act as a risk representative on behalf of the Committee. This member will familiarise themselves with the risk register and meet with the Management Information Officer as required.

## 4.7 Training

Risk management training is provided specifically for managers and officers who are responsible for maintaining the risk register. Training will also be provided to Audit & Governance and Cabinet Members.

## 4.8 Outcomes

By following this policy our management of risks should be fully embedded into the culture of the organisation. It should be possible to identify, assess, review and report risks in a uniform and structured way.

This framework will help protect the council from liabilities which might prevent us from carrying out our day-to-day activities.

## 4.9 Who is responsible for delivery?

The following list describes what each group or person is responsible for:

Audit & Governance Committee

- To formally approve the Risk Management Policy and Guidance.
- To monitor our risks and keep under review our risk action plans.

#### Senior Leadership Team

- To ensure risk is managed effectively and in accordance with the Risk Management Policy and Guidance.
- Responsible for the setting of the Council's risk appetite and tolerance levels and making decisions with proper consideration of risks
- To report to the Audit and Governance Committee as necessary.

#### Section 151 Officer

- To develop the Risk Management Policy and Guidance.
- To organise appropriate training for members and employees.
- To support the council in the effective development and implementation of the risk management framework and process including ensuring the process is embedded at all levels.
- To report to SLT at least bi-annually the risk register.

#### Directors and Assistant Directors

- To identify and assess operational risks and ensure that they are entered onto the SPAR.net system.
- To manage, review and report on (or delegate the management, review and reporting of) risks effectively in their service areas.

#### Senior Risk Owners

- Enter new risks on the SPAR.net system if not entered by the Directors or Assistant Directors including those identified by SWAP during service area audits.
- Monitor risks that they are responsible for i.e. ensure control actions are up-to-date.
- Work to deadlines for updating SPAR.net when risk reviews are required.

#### Member Risk Representative (from the Audit and Governance Committee)

- To liaise with Management Information Officer regarding the status of the risk register.
- To lead on risk management on behalf of the Audit & Governance Committee

#### Management Information Officer

- To liaise with Member Risk Representative and Section 151 Officer regarding the status of the Risk Register.
- To ensure responsible officers know the deadlines for updating SPAR.net.
- To send emails to responsible officers to remind them to update the SPAR.net system.
- Collate and produce at least bi-annual reports for SLT and the Audit and Governance Committee. Plus produce any other reports required.
- Council's advisor on all aspects of risk management and the implementation of risk management.
- Preparation of risk management reports.
- Provision of risk management training.

Managers and other employees

- To manage risk effectively in their job and report risks to their Managers or Strategic Leads.
- To comply with Risk Management Policy and Guidance.

SWAP

- To carry out audits of the Risk Register in order to keep everything on track.
- To review risk within specific Service Area Audits.

**5 Equality impact considerations** – the policy is high relevance to equality if it has a big impact on residents and users of the service

**Low**

The Risk Policy is low impact however the outcome of some of our risks could have a high impact on local residents. Therefore, equality should be considered when all risks are assessed and reviewed.

**6 Appendices and other relevant information**

[Click here to enter appendices and other information](#)

**7 Who authorised the policy/strategy and date of authorisation.**

Audit and Governance Committee date

**8 Related Policies/Strategies, Procedures and Legislation**

SPAR.net Risk Guidance Document. The Policy is integrated to other documents of the Council such as Corporate Governance Framework, Financial Plan, Business Continuity plans etc.

**9 Policy date for review and responsible officer**

Date for next review February 2028 by Director of Finance

Report to: Audit and Governance Committee

Date of Meeting 18 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



## Information Governance

### Report summary:

To seek the approval of the Committee to the creation of an Information Governance Board to provide direction and guidance across the organisation for data protection and information governance activities, including the production by the Board of an annual report to the Committee. To also seek the approval of the creation of an Information Governance Working Group to discuss and coordinate data protection and information governance activities at an operational level. Finally, to recommend the appointment of the Monitoring Officer as the Senior Information Risk Owner for Information Governance.

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

1. To approve the creation of an Information Governance Board and Information Governance Working Group and that the Committee nominate one member of the Committee to the Information Governance Board.
2. That the Committee approve the Terms of Reference for the Information Governance Board attached at Appendix A to this report.
3. That the Audit and Governance Committee Terms of Reference be amended as part of the Monitoring Officer's review of the Constitution, to include explicit reference to oversight of Information Governance. Such changes to be made in consultation with the Chair of the Committee and recommended to Annual Council.

To recommend to Council:-

4. That the Director of Governance and Licensing be designated as the Council's Senior Information Risk Owner in place of the Director of Finance

### Reason for recommendation:

The proposals in this report will ensure that the Council has robust oversight of Information Governance matters.

Officer: Melanie Wellman, Director of Governance and Licensing and Monitoring Officer  
[melanie.wellman@eastdevon.gov.uk](mailto:melanie.wellman@eastdevon.gov.uk)



Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Communications and Democracy
- ☐ Economy
- ☐ Finance and Assets
- ☐ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Medium Risk;

**Links to background information**

Link to [Council Plan](#)

Priorities (check which apply)

- ☐ Better homes and communities for all
- ☐ A greener East Devon
- ☒ A resilient economy

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## Report in full

1.1 The Information Commissioner (“ICO”) produces guidance on accountability and governance through an Accountability Framework (“the Guidance”). That Guidance makes a number of recommendations regarding leadership and oversight of information governance. The Guidance refers to having two groups, an oversight (strategic) group and an operational group.

1.2 The oversight group is to provide direction and guidance across the organisation for data protection and information governance activities. It is described as a group with a clear terms of reference, chaired by the Senior Information Risk Owner (“SIRO”) or Data Protection Officer (“DPO”). The group to consider a full range of data protection-related topics including KPI's, issues and risks. Meetings to be minuted and there should be a work plan that is monitored regularly. The Guidance states that the board or highest management level should consider data protection and information governance issues reported by this strategic oversight group.

1.3 The operational group is to meet to discuss and co-ordinate data protection and information governance activities. It should be attended by staff regularly, have minutes and action plans and report issues and risks to the oversight group.

1.4 Whilst the Council has robust data protection procedures in place, at present there is no structured oversight of information governance. To ensure that we are compliant with the Guidance, it is proposed that the following is set up: -

- **An Information Governance Board** to act as the oversight group. This Board to be made up of:-
  - the SIRO,
  - the DPO,

- Portfolio Holder nominated by the Leader,
- Lead for Corporate HR,
- Representative of Strata,
- Lead for Corporate Communications and IT,
- Representative from the Audit and Governance Committee.

The Terms of Reference to include strategic oversight of data quality, information security, information compliance, records management, training and information sharing/data transparency. A draft Terms of Reference for member approval is attached at Appendix A to this report. The Board to meet on a quarterly basis, to be chaired by the SIRO and to provide an annual report on the work of the Board to the Audit and Governance Committee

- **An information governance working group** to act as the operational group to be made up of the DPO, Assistant Directors (and a manager from any areas reporting directly into a Director) to consider day to day operational issues in relation to information governance including data retention, data breaches, data compliance and data transparency. This group to meet on a bi-monthly basis and to report any issues of concern to the Information Governance Board via the DPO. Meetings to be chaired by the Data Protection Officer.

1.5 Many Councils already have an Information Governance Board including Somerset Council, , South Lakeland Council, Wolverhampton, Dorset and Hounslow Councils. Some of these are “all” officer Boards and some include members. As Data Protection is such a key governance issue, it is recommended that having a Portfolio Holder and member of the Audit and Governance Committee on the Information Governance Board will ensure appropriate member oversight. This will also help to raise awareness of data protection issues across the wider membership.

1.6 Whilst information governance sits with this Committee, there is currently no reference of this in the Committee’s Terms of Reference. In the circumstances, it is also recommended that the Audit and Governance Committee Terms of Reference be amended as part of the Monitoring Officer’s review of the Constitution, to include explicit reference to oversight of Information Governance. Such changes to be recommended to Annual Council.

1.7 The Director of Finance is currently the SIRO with oversight in relation to information governance matters. As information governance sits with the Director of Governance and Licensing, the Executive Leadership Team considers it more appropriate for this role to transfer to the Director of Governance and Licensing. Members are therefore invited to recommend this change in appointment to Full Council for approval.

1.8 The proposals in this report, if endorsed, will ensure that the Council has robust arrangements in place to ensure appropriate oversight of information governance moving forward.

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### **Financial implications:**

There are no direct financial implications from the recommendations in this report.

### **Legal implications:**

There are no substantive legal issues to be added to this report

## **Information Governance Board**

### **Terms of Reference**

#### **Membership**

- Senior Information Risk Owner,
- Data Protection Officer,
- Portfolio Holder for Data Protection,
- Lead for Corporate HR,
- Representative of Strata,
- Lead for Corporate Communications and IT,
- Representative from the Audit and Governance Committee.

**Quorum: 3**

#### **Terms of Reference:**

- Developing an Information Governance strategy and monitoring its effective delivery;
- Identifying and managing information risks;
- Maintaining an Information Asset Register and Record of Processing Activity and supporting associated data asset owners;
- Oversight of information sharing arrangements;
- Receiving reports of information data breaches and security incidents and identifying and implementing areas for improvement;
- Receiving and monitoring the Councils performance in responding to Freedom of Information, Environmental Information Regulation and subject access requests
- Monitoring the Council's Transparency Code compliance;
- Monitoring trends in relation to requests for information
- Producing an annual report to the Executive Leadership Team and the Audit and Governance Committee on the work of the Board

Report to: Audit and Governance Committee

Date of Meeting 18 January 2024

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



## Time for change

### Report summary:

Grant Thornton at the Audit & Governance meeting on 21<sup>st</sup> September presented their Audit Progress report and Sector update which included details of their report "Time for change" - exploring the reasons for delayed publications of audited local authority accounts.

This report recommended actions to bodies involved in the process; government, accounting standards bodies, auditors, local authority finance professionals and audit committees. The report recommended that best practice would be for management and audit committees to consider and address points outlined in proposed checklist and for the Department for Levelling Up, Housing and Communities (DLUHC), Chartered Institute of Public Finance and Accountancy (CIPFA) or the Financial Reporting Council (FRC) set out expectations for the system as whole.

As requested by the Audit & Governance Committee this report considers that checklist, details of the report and checklist can be found here: [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/).

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

That members consider the prepared response to the checklist detailed in this report in particular views are sought on the Audit Committee questions that are included.

### Reason for recommendation:

To support best practice

Officer: Simon Davey, Director for Finance (S151) and Interim Chief Executive (shared role)

Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☒ Council and Corporate Co-ordination
- ☐ Communications and Democracy
- ☐ Economy
- ☒ Finance and Assets
- ☐ Strategic Planning

- ☐ Sustainable Homes and Communities
- ☐ Culture, Leisure, Sport and Tourism

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Medium Risk;

**Links to background information** [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk)

**Link to [Council Plan](#)**

Priorities (check which apply)

- ☐ Better homes and communities for all
- ☐ A greener East Devon
- ☐ A resilient economy

### Checklist from Grant Thornton's about time report:

Management	
Question Raised	Response
Has a timetable been agreed with the auditor, including dates for draft accounts, working papers, and availability of key members of staff?	<p>Now the 2020/21 accounts opinion has been received (November 2023) and treatment of Infrastructure Assets resolved we have now published draft accounts for 2021/22 and 2022/23 will be published by the end of January 2024.</p> <p>Members have approved Year End Outturn reports for these years.</p> <p>A timetable for audit needs to be agreed with Grant Thornton and is the next step.</p>
Is the s151 Officer satisfied that arrangements are in place for robust completion of CIPFA's Disclosure Checklist and that appropriate time has been allowed for robust internal quality assurance before audit?	The CIPFA disclosure checklist is used as part of our planning and preparation of the Statement of Accounts (SoA) completion. This is always completed on the finalising of the Accounts and sufficient time is allocated in our closedown timetable for review.
Is the finance team clear on the information needs of users of the accounts, on their view of accounts preparation materiality and has the clarity of presentation of the accounts been reviewed?	<p>Focus is placed on the Outturn Report which is presented to Members and presented publicly in agenda papers.</p> <p>This reporting is considered timely and relevant. This report is used in the forward to the Accounts and key financial information is reconciled to the audited accounts.</p>

<p>Does the finance team have sufficient capacity to prepare high-quality draft accounts on time? Should support or expertise be sought from outside the organisation?</p>	<p>The preparation of the Accounts is an annual pressure for the team and does compete with other priorities.</p> <p>Expertise is used in areas expected like pension and asset valuations. We also utilise expert independent support in specialised areas.</p> <p>The majority of the statements are prepared by the Finance Team and we have recently restructured to facilitate a specific member of the team being responsible for delivery of the Statement who is clearer of day to day finance duties which has been an issue for team members with differing priorities. This change has been made in the last month.</p> <p>There will be further opportunities through the sharing of our Finance System with two other local authorities and the possibility of sharing key resources to produce technical aspects of the Accounts.</p> <p>The design of the new system is also focused on making year end closedown easier and quicker including the preparation of key financial statements.</p>
<p>Has the need for significant accounting judgements and estimates been thoroughly assessed, especially in light of any organisational changes or significant new transactions? Have assumptions underlying judgements and estimates been properly documented and has the finance team assured themselves over the accuracy and completeness of data inputs to estimation processes?</p>	<p>Reviewed and assessed annually, with significant areas documented.</p>
<p>Has the finance team held a debrief meeting with the external audit team on the previous audit? What changes are needed for the following cycle?</p>	<p>This has been the case in the past and there is an opportunity soon with the recent sign off of the 2020/21 Accounts.</p>
<p>Is the finance team clear on the core working papers the audit team will require?</p>	<p>Yes, working paper requirements are received and allocated to team members. Regular updates/tracker is undertaken. Requirements are also documented and submitted online via shared software application.</p> <p>Within the audit period further queries are requested and completed via email</p>

	correspondence/meeting updates/online requests.
Have the audit and finance teams discussed what work can be done early, outside the peak of post-statements audit fieldwork?	Yes, but further discussion would be helpful.  Finance team preparation begins in January, with particular focus on areas requiring third party/expert input. This early work and discussions also help with managing team member work demands.
<b>Audit Committee</b>	
Does the Audit Committee consider it has the appropriate membership, training and access to professional support to effectively discharge its responsibilities?	Chair has good experience and professionally qualified.  Additional external membership would support the Committee – Appointments need to be progressed.  Initial training given to Committee but it should consider what else is required – Final Accounts understanding, Governance?
Is the Audit Committee assured on the effectiveness of internal control over the preparation of draft accounts?	Reassurance through External and Internal audit.
Has management clearly identified the significant judgements underpinning the financial statements? Does the Committee agree with them?	These are outlined in the Accounting Policies approved annually by the Committee.
Has management clearly identified the need for significant estimates in the accounts? How have the estimates been formed? What alternatives have been considered and have experts been involved where appropriate?	Considered in the Accounting Policies review. This could be enhanced with further explanations when presented.
Has the authority entered into any significant and complex new transactions in the year? If so, what has management done to assure the Committee these will be accounted for appropriately?	No
Does the Committee understand the causes of any significant delays to the audit process? Is there a timetable, with clear accountabilities, in place for resolving delays?	These are updated through the Grant Thornton reports but would further details from Finance Team be useful?

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### **Financial implications:**

There are no financial implications requiring comment

### **Legal implications:**

There are no substantive legal issues to be added to the report.

**Audit and Governance Committee****18 January 2024****Audit and Governance Committee****Forward Plan 2023/24**

<b>Date of Committee</b>	<b>Report</b>	<b>Lead Officer</b>
21 March 2024	<ul style="list-style-type: none"> <li>• Annual Audit Plan 2024/25 and Review of Internal Audit Charter</li> <li>• Internal Audit Plan Progress</li> <li>• Auditor's Annual Report</li> <li>• Audit Findings Report</li> <li>• External Audit Plan</li> <li>• Audit Committee update</li> <li>• Risk Management review – half year review</li> <li>• Partnership Review 2023</li> <li>• Accounting Policies Approval</li> <li>• Strata Annual Internal Audit report</li> <li>• Statement of Accounts including Governance Statement</li> </ul>	<p>SWAP</p> <p>Grant Thornton</p> <p>Management Information Officer</p> <p>Financial Services Manager</p> <p>DAP</p> <p>Director Finance</p>