

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 22 JULY 2024

4.00 PM

**COUNCIL CHAMBER, FENLAND HALL,
COUNTY ROAD, MARCH**

Committee Officer: Jo Goodrum
Tel: 01354 622285
e-mail: memberservices@fenland.gov.uk

- 1 To appoint a Chairman for the Municipal Year
- 2 To receive apologies for absence.
- 3 To appoint a Vice Chairman for the Municipal Year
- 4 Previous Minutes. (Pages 3 - 8)

To confirm the minutes of the meeting held 25 March 2024.
- 5 To report additional items for consideration which the Chairman deems urgent by virtue of special circumstances to be now specified.
- 6 Members to declare any interests under the Local Code of Conduct in respect of any item to be discussed at the meeting.
- 7 Interim Value for Money Report 22/23 (Pages 9 - 30)

To receive the external auditors report on the Value for Money arrangements for 2022/23.
- 8 Verbal Update on 'reset and recover' approach on Local Government audits

To receive a verbal update from our External Auditors on the approach to Local Government audits.

9 Draft Annual Governance Statement 2023/24 (Pages 31 - 48)

To review and approve the draft Annual Governance Statement for publication.

10 Internal Audit Outturn and Quality Assurance Review (Pages 49 - 64)

To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2023/24. To provide the Audit Manager's annual opinion on the system of internal audit control and to consider the effectiveness of Internal Audit.

11 Risk Register - Quarterly Update (Pages 65 - 92)

To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.

12 Audit and Risk Management Committee Annual Report 2023/24 (Pages 93 - 102)

To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee's work from 1 April 2023 to 31 March 2024.

13 Audit and Risk Management Committee Work Programme (Pages 103 - 108)

To set the programme of works for the year to be kept under review quarterly.

14 Items of Topical Interest.

15 Items which the Chairman has under item 5 deemed urgent.

Friday, 12 July 2024

Members: Councillor G Booth, Councillor G Christy, Councillor Mrs J French, Councillor K French, Councillor S Harris, Councillor J Mockett and Councillor S Tierney

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 25 MARCH 2024 - 4.00 PM



PRESENT: Councillor K French (Chairman), Councillor S Harris, Councillor G Booth and Councillor G Christy

APOLOGIES: Councillor J Mockett (Vice-Chairman)

OFFICERS IN ATTENDANCE: Mark Saunders (Chief Accountant), Sian Warren (Deputy Chief Accountant), David Thacker (Interim Internal Audit Manager) and Jo Goodrum (Member Services & Governance Officer)

GUESTS: Mark Hodgson and Claire Sulam from Ernst & Young

ARMC34/23 PREVIOUS MINUTES

The minutes of the meeting held on the 12 February 2024 were confirmed and signed as an accurate record.

ARMC35/23 LOCAL AUDIT MARKET POSITION AND GOVERNMENT PROPOSALS (VERBAL UPDATE)

Members received a verbal update from Mark Hodgson from Ernst & Young (EY) with regards to the Local Audit Market Position and Government proposals.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth thanked Mark Hodgson for the update and hopes that the deadlines that he has referred to can be met, asking what assurances can be given in that regard. Mark Hodgson stated that he is very confident that his team will be able to adhere to the deadlines as he is now fully resourced with staff and the risks detailed in the plan are the ones that his team are working on. He made the point that over the last few years there have been some left field items that have come through at the last minute which did cause auditors problems. Mark Hodgson stated that at the present time, and with the plan going forwards, he is confident but added that clearly there is an element on having draft sets of accounts to audit and working papers to do but he stressed that his team are back on track for a normal audit year.

Members noted the Local Audit Market Position and Government Proposals report.

ARMC36/23 2023/24 PROVISIONAL AUDIT PLAN

Mark Hodgson for Ernst & Young (EY) presented the Provisional Audit Plan for 2023/24 report to members.

Members asked questions, made comments, and received responses as follows:

- Councillor Christy asked for further detail with regards to the planning materiality figure of 2% and he asked how that figure is derived or why that number is chosen. Mark Hodgson explained that there is a global audit methodology which EY use and they have a range

from which they can select and within the public sector the range goes from 0.5% through to 2%. He added that 2% is at the higher end where consideration is given as to what stakeholder's requirements are in terms of assurance at that level that would gain sufficient assurance. Mark Hodgson stated that when considering the £1.4m which is associated to the Council and when referring to stakeholders that means Council taxpayers, Central Government and any other body who has an interest in the Council's set of accounts. He explained that gross expenditure is deemed to be on the basis upon which is more appropriate for the public sector as the Council is a service providing organisation. Mark Hodgson explained that salaries are included as they are a major cost and, therefore, it is an expenditure basis as opposed to an asset basis and when considering the two together that is how the figure of 2% gross expenditure is reached.

- Councillor Booth stated that when reviewing the risks that have been identified, members have raised concerns previously with regards to Fenland Future Ltd (FFL) which has been set up and he stated that he is aware that there have been investments undertaken to provide returns to the Council, questioning why that has not been listed as a risk. He stated that as it is a new area and, in his view, it would fall under the umbrella of the investment activity, and he asked Mark Hodgson for his view. Councillor Booth added that the committee have mentioned previously that they would like to have assurances that FFL is operating as it should. Mark Hodgson explained that with regards to the operation of FFL, in his view, that would fall under the value for money arrangements which was covered in the work undertaken for 21/22 and as a result EY were comfortable with the overall arrangements. He stated that this is a provisional audit plan due to the fact that information can be submitted to EY at any point in time and at the point when discussions took place there were significant transactions expected prior to the year-end which would necessitate the group accounts needing to be prepared and when you consolidate FFL into the Council's discussions earlier he has now been led to believe that there is the possibility that group accounts may be required which will be dependent on any transactions between now and 31 March 2024. Mark Hodgson added that the risk profile can be revisited before the audit once a draft set of accounts are reviewed and if group accounts are required and consolidation is part of that then it would automatically become an audit risk area and, therefore, it would be designated as either significant inherent dependent on quantum but he anticipates that further discussions will take place and it may become an audit risk in an updated plan before the audit takes place. Mark Hodgson stated that the two combined will provide members assurance in November.
- Councillor Booth stated that it is his understanding that there have been 2 large investments through FFL over the last couple of years. Mark Saunders stated that FFL are working on two large developments of Council owned land which has been transferred to FFL and completion is imminent but not before the end of March. He added that as it stands the land is still owned by the Council and not by FFL and the only element that has gone through the accounts of FFL to date is the cost of obtaining outline planning permission and other associated preliminary work. He added that looking forwards when transactions start to go through the account then a separate set of group accounts will be required and then can be incorporated into the Councils' financial statements.
- Councillor Booth referred to the pension liability valuation and added that a lot of work is invested into it and it is something that continually changes with stock market movements. He made the point that whilst it is a green risk at the current time, could there be any potential for the amount of work in that area to be reduced given the fact that there is governance and controls in place. Mark Hodgson stated that at the current time it is a valuation at a point in time which is driven by a significant amount of work at the pension fund which is linked to a number of assumptions that they actually make which are linked to thresholds for returns and interest and inflation rates. He added that it is very complicated and there cannot be a reduction in audit work because there is still the requirement to get sufficient assurance over the balance at the 31 March. Mark Hodgson explained that CIPFA are consulting on potential changes to the financial framework and one element of potential change is pensions with the potential going from full international reporting standards down

to FRS102, which is more limited reporting standards which in practical terms means that there is a significant reduction of the number of pages within a set of accounts. Mark Hodgson explained that as the international standards are currently drafted the requirements still require full assurance.

- Councillor Christy referred to the report which details the associated fees, and he made the point that they appear to be quite substantial, and he asked for the differences between the years 22/23 and 23/24 to be explained. Mark Hodgson stated that the fees shown for 23/24 are for the first year of the new contract that public sector audit appointments have let for the new round and the contract reflects the cost of performing an International Standards on Auditing (ISA) with all the regulatory requirements that are now incumbent of an audit. Mark Hodgson explained that the figure on the right is the old contract and when it was introduced there were fewer regulatory requirements but that was the baseline fee and ever since that fee was introduced there has been a significant additional fee levied in each of the years which almost closes the gap between the two but that is not shown in the document due to the fact that the scale fee is what is actually published formally by Public Sector Audit Appointments. Mark Hodgson explained that if the scale fee is added to what has been charged to complete an audit in 2021/22 the figure will be that which is shown in the report in the left-hand column.

Members noted the 2023/24 Provisional Audit Plan.

ARMC37/23 ANTI-MONEY LAUNDERING POLICY

David Thacker, Interim Audit Manager, presented the Anti-Money Laundering Policy to the committee.

Members asked questions, made comments, and received responses as follows:

- Councillor Booth stated that it is a worthwhile policy and is one that should be in place, and it is a subject matter he is aware of due to working previously within a financial environment. He added that one of the aspects which does not appear to have been mentioned was with regards to the Joint Money Laundering Steering Group who provide guidance predominantly for financial institutions, however, it may prove useful to refer to it. Councillor Booth made the point that with regards to staff training, one of the associated offences with money laundering is tipping off and the offence carries a five year prison sentence and, therefore, when undertaking staff training, there needs to be assurances that the level of training is adequate as staff need to be clear and have an understanding of what their obligations are under the legislation. David Thacker stated that work will be undertaken to adapt the training for staff accordingly and he added that he does agree with the issue of tipping off. Councillor Booth made the point that the point that he was making that it maybe colleagues not working in a financial role where the issue may arise. David Thacker stated that the training session will be rolled out to all staff, and it is likely to be made a mandatory training session.

Members agreed to APPROVE the Anti-Money Laundering Policy.

ARMC38/23 RISK BASED INTERNAL AUDIT PLAN 2024/25

David Thacker presented the Risk Based Internal Audit Plan 2024/25.

Members asked questions, made comments, and received responses as follows:

- Councillor Christy stated that there does not appear to be any audits which focus on ICT security and given recent cyber-attacks which have been reported he asked David Thacker for his view. David Thacker stated that cyber security appears on the list for the current audit year, and he is just about to finalise a report on cyber security with the Head of ICT and an update will be provided to the committee at the meeting in July. Councillor Christy

asked whether an audit on cyber security can be undertaken more frequently, and David Thacker stated that it is something that he can follow up and he added that it was question of resources, however, he needs to ascertain from the Corporate Management Team whether cyber security should be included as a key fundamental annual audit. David Thacker added that being aware of the training is a key aspect and to ensure that all staff undertake annual cyber training because users are the most vulnerable to cyber-attacks. He explained to the committee that the work of audit is adaptable and if an issue arises it can be added onto the programme of audits and, if necessary, it can be audited annually.

- Councillor Booth explained that with regards to the reactive work that can be undertaken there are only 20 days for contingency which are shown in the audit plan which, in his view, does not appear to be sufficient time and effectively only enough time for one extra audit. He made the point that members have previously recommended that more contingency time should be factored into the audit plan, but he interprets from the report that the audits shown need to be undertaken to provide the levels of assurance that are needed at the current time. David Thacker explained that it is necessary to ensure that a good breadth of coverage is included which is based on factors which include the alignment to the Council plan. He made the point that the role of audit is where value can be added, and he explained that he has changed the number of days per audit to ensure that auditors have enough time to conduct a comprehensive risk-focused audit. David Thacker made the point that best practice from internal audit planning comes down to not setting a rigid 12-month plan as things can change and, therefore, it is a flexible plan and it can be reviewed again in 6 months. David Thacker explained that the plan before committee has been agreed by the Corporate Management Team as a good coverage, but flexibility is key.
- Councillor Booth stated that he has always said that the plan should be adaptive and not set in stone so that it can be amended as necessary. He asked whether the contract monitoring of highways has been considered as he has raised concerns previously with regards to street lighting in the past and he recalls that should have been undertaken last year. David Thacker explained that he has spoken to Mark Greenwood, Head of Assets and Projects, regarding this and it has been agreed that this will be reviewed in the forthcoming municipal year and likely to be in quarter 2. Councillor Booth asked whether that could be seen as being too soon as it is his understanding that the street lighting provider is currently being reviewed with an imminent decision being made and he questioned whether it would provide enough time to obtain an understanding on how a new contract is operating if the provider could be changing. David Thacker agreed to provide feedback to Councillor Booth as the work of audit needs to align with the work being undertaken by the Transformation Team so that it is not disruptive for the services and the work is either undertaken in tandem or as far apart as possible.

The committee acknowledged the Internal Audit resources and noted the draft Internal Audit Plan for 2024/25.

ARMC39/23 ANNUAL GOVERNANCE STATEMENT UPDATE 2022/23

David Thacker presented the Annual Governance Statement Update for 2022/23.

The committee agreed to note the progress made against the actions identified in the Annual Governance Statement for 2022/23.

ARMC40/23 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME

Members considered the Audit and Risk Management Committee Workplan.

Mark Saunders stated that there will be the requirement to incorporate the various tasks which will be undertaken for the External Audit Report and the Statement of Accounts which will be incorporated in the workplan once it is agreed with Ernst & Young.

Members noted the workplan and for it to be updated as appropriate.

ARMC41/23 ITEMS OF TOPICAL INTEREST.

There were no items of topical interest.

4.45 pm

Chairman

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Fenland District Council Interim Value for Money Arrangements Report

Year ended 31 March 2023

30 April 2024

30 April 2024



Audit and Risk Management Committee Members
Fenland District Council
Fenland Hall, County Road
March, Cambridgeshire
PE15 8NQ

Dear Audit and Risk Management Committee Members

2022/23 Interim Value for Money Arrangements Report

We are pleased to attach our Interim Value for Money (VFM) arrangements commentary report, for Fenland District Council. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for the audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit and Risk Management Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Risk Management Committee meeting on 22 July 2024.

Yours faithfully

A handwritten signature in blue ink that reads "MARK HODGSON".

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Enc.

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/auditquality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to Audit and Risk Management Committee and management of Fenland District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Risk Management Committee and management of Fenland District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Risk Management Committee and management of Fenland District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this Interim Commentary is to explain the work we have undertaken during the period 01/04/2022 to 31/03/2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit year 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the Council's Value for Money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.

Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the management and key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and identified a significant risk related to 'Governance - How the Council ensures that it makes informed decisions and properly manages its risks' as part of our risk assessment procedures. We set out our planned response to address this risk in the table below

Description of risk identified	Work planned to address the risk of significant weakness
<p>The Council did not publish its Draft Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023). The unaudited statements were published 9 February 2024.</p> <p>The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<p>Reviewing the Council's Statement of Accounts publishing arrangements.</p>

Executive Summary (continued)

Reporting

Our interim commentary for 2022/23 is set out over pages 10 to 12. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2022/23.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2021/22 Auditor's Annual Report and have been updated for 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council , and its members and senior management and its affiliates, including all services provided by us and our network to the Council , its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



02

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

During 2022/23 the Council continued to manage the impact on its finances from a number of key issues such as general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The final outturn on the Council's General Fund for the year was a surplus of £0.800 million, compared to revised budgeted surplus of £0.069 million. The difference predominantly related to costs that were budgeted for but which ultimately were not incurred, or additional income receipts from Central Government. There was a net underspend on services of £0.731 million which is spread across a number of individual services. This was caused by a variety of reasons, including staffing vacancies, higher than budgeted income from Central Government as part of Business Rates and other Covid support, and higher management fees received from Freedom Leisure.

A total of £1.2 million of planned and approved Capital Spending costs were underspent at the year-end, due to slippages or delays in the Capital Programme, and re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. These costs will therefore carry forward into the 2023/24 capital program.

During the year, the Council have continued to revisit and monitor medium term financial plans to ensure they have sufficient resources to deliver services. The published financial information shows a balanced budget for the financial year 2023/24 and 2024/25. Subsequent to this year, the Council forecasts a funding gap of £2.728 million by the end of 2027/28. The Council continues to develop transformation programmes that will help them achieve balanced budgets in the long term.

At the 31 March 2023, the Council held a General Fund balance of £2 million, which is at the minimum level of the General Fund balance set by the Council's Section 151 Officer. Together with further Earmarked General Fund Reserves of £11.25 million (including a Budget Equalisation Reserve of £1.866 million), this provides a level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services. However, given that Earmarked Reserves are set aside for a specific purpose, it maybe that Council priority areas, for which these reserves are earmarked may need to be realigned.

Therefore, the Council should continue its assessment of the annual savings requirement and identify the relevant schemes to achieve those annual savings requirements. This must go alongside the monitoring of the delivery of identified schemes, to ensure that the planned savings are achieved and flow in line with the projections. Together, this approach should minimise the further use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

The Council have continued to manage governance considerations in response to the pandemic, including in partnership working and delivery of services with other local authorities. The development of the Council's Medium Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. The Council reviewed the Budget Report in February 2022, with the Medium Term Financial Strategy updated during the year. Both documents were taken to the Cabinet and Overview and Scrutiny Panel before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the underpinning governance arrangements for the year. The Head of Internal Audit concluded that for the 2022/23 financial year, 'adequate assurance' may be awarded over the adequacy and effectiveness of the Council's overall internal control environment

The Council chose not to publish its Statement of Accounts by the target dates outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2023). The unaudited statements were published on the 9 February 2024. The Council did set out in its statutory notice, published on Council's website, the reasons for not being able to publish the draft Statement of Accounts by the 31 May date. The delay was caused by prioritising the closure of the 2021/22 Statements of Accounts audit, and gaining confirmation of brought forward balances from the 2021/22 audit, that in turn impacted the preparation of the 2022/23 Statement of Accounts. As context, the Finance team was not fully staffed between October 2022 until the Deputy Chief Accountant position was filled in April 2023.

The Council did properly advertise and held the inspection period for members of the public to inspect the Statement of Accounts in line with Accounts and Audit Regulations 2015. We confirm that the 2022/23 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2022/23 financial year. Whilst we raised the issue above, as a significant risk of weakness (See page 6) we are satisfied that the Council did appropriately set out the reasons for the delay within its Statutory notice, and did subsequently publish the 2022/23 Statement of Accounts as soon as was practicable.

Whilst we raised the issue above, as a significant risk of weakness (See page 6) we are satisfied that the Council did appropriately set out the reasons for the delay within its Statutory notice, and did subsequently publish the 2022/23 Statement of Accounts as soon as was practicable, after the conclusion of the 2021/22 audit.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to ensure that it makes informed decisions and properly manages its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Business Plan sets out the Council's ambitions and priorities. The Business Plan has corporate priorities which are then cascaded down into service and service team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

The Chief Executive presents the progress against the Council's Performance Indicators annually to the Overview and Scrutiny Committee. This is informed by Management meetings that the Chief Executive chairs with the Heads of Services throughout the year. Performance reporting is maintained against the corporate priorities, with regular reporting on performance and finances taken to the full Authority throughout the year to continuously monitor performance. The Overview and Scrutiny Committee also reviews other areas on an ad-hoc basis during the year, to ensure key performance areas are being monitored. The Council has consistently secured Customer Service Excellence accreditation. This demonstrates how the Council uses external and internal feedback to drive improvement in the quality of the services its customers receive.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



03

Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The development of the Council's Medium-Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are developed through a close working relationship between officers and members, which ensures the Council's financial plan takes into account member priorities and service developments of which officers are aware. The Business Plan and MTFS are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. Regular portfolio-holder briefings with the Leader and Finance Portfolio Holder ensure members are fully apprised of relevant developments at an early stage.

The MTFS and the Business Plan go out to officers in December each year and are finalised in February as part of the budget-setting process.

How the body plans to bridge its funding gaps and identifies achievable savings

The published budget presents a balanced forecast for the next financial year (2023/24), and a projected shortfall of £2.3 million by the end of 2027/28. The Council holds a Budget Equalisation Reserve - which exists solely to cover deficits in future years should the Council wish to do so.

The updated shortfall places even more emphasis on achieving savings and/or additional income, for example, through the Transformation Programme Agenda two (TA2), which is currently being developed. The Legacy Projects from this project are identified to deliver savings amounting to £2m over the medium term.

This is part of the 'My Fenland' transformation programme that the Council put in place in 2019. In the first two phases, 'My Fenland' has significantly reduced the size of the establishment by streamlining existing processes through improved use of technology. The Transformation Programme Agenda one (TA1) is on track to deliver over £1 million savings over the medium term. The next phase of 'My Fenland' has started to examine which tasks undertaken in the planning team could be moved into the My Fenland area. The 'My Fenland' programme is constantly evolving in terms of what savings can be achieved. There is a steering group made up of senior officers in place

Additionally, the Council is making good progress as part of the implementation of its Commercial and Investment Strategy, which involves the generation of additional sources of income to reduce the need for savings to be found.

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Arrangements in place

The Council has been successful in identifying grant funding to deliver investment in the District. By harnessing external funding, the Council is able to deliver members' priorities without depleting reserves or resorting to external borrowing. The Council has established a 'Budget Equalisation Reserve' to help smooth out any volatility in the Council's budget position over the medium term. This reserve had a balance of £1.867 million as of 31 March 2023.

The Council has a Business Plan in place, which presents the corporate objectives as follows:

- ▶ Support vulnerable members of our community
- ▶ Promote health and wellbeing for all
- ▶ Work with partners to promote Fenland through Culture and Heritage
- ▶ Deliver a high-performing refuse, recycling and street-cleansing service
- ▶ Work with partners and the community on projects that improve the environment and our streetscape
- ▶ Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion
- ▶ Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland
- ▶ Promote and enable housing growth, economic growth and regeneration across Fenland
- ▶ Promote and lobby for infrastructure improvements across the district

This Business Plan is reviewed and updated every year. When the Annual Report is produced each year, it links back to the Council's performance indicators and provides a traffic-light rating. The Council also detailed its projects that it plans to implement for 2023/24. The Council also set the improvement of its organisation in the delivery of its services and had specific plans on Governance, Financial Control and Risk Management, Transformation and Efficiency, Performance Management, Consultation and Engagement, Excellent Customer Service and Equalities.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

This is built into the business planning process. The Capital Strategy is developed alongside the Medium Term Financial Strategy. There is some cross-working with the Combined Authority and the County Council on policy areas where there might be some cross-over, such as transport, or social care. The Council is also part of the Anglia Revenues Partnership, which helps foster a joined-up approach to issues linked to welfare benefits.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council prepares an amended budget in December, which goes to Cabinet for review. This will include the revised projections for the current financial year, and updates members on financial developments since the February budget. The Finance Team will reflect on discussions with the Heads of Service and provide a revised projection for each Service. There are no formal Performance Reports presented to Cabinet or any other Committee, but the finance team produces Portfolio Holder Briefing reports and these are discussed at the Council. Financial risks would be identified at Corporate Management Team discussions with the Head of Human Resources and Organisational Development, and they would be included in the Council's Risk Register

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council has a Risk Register in place. The Head of ICT, Digital and Resilience has overall responsibility for the Risk Register. The register is considered at management level and taken to the Audit and Risk Management Committee.

The risk register is presented 4 times a year to the Audit and Risk Management Committee. Individual officers would have the responsibility for monitoring the risks to their services.

The Council has an Internal Audit function in place, which is led by a CIPFA-qualified Internal Audit Manager. The Internal Audit Plan for the year was presented and discussed at the Audit and Risk Management Committee. Internal Audit also present regularly to the Committee throughout the year about their progress against the plan and the outcome of their audits, culminating in the Head of Internal Audit Opinion for the financial year.

How the body approaches and carries out its annual budget setting process

Meetings are held between the Finance team and all Heads of Service to discuss individual Service budgets in detail. Detailed discussions also take place between the Finance Team and the Leader and Finance Portfolio Holder during the budget setting process.

The draft budget is considered by Cabinet in December prior to be being considered by the Overview and Scrutiny Committee in January. The meeting in January includes a detailed examination of proposals relating to fees and charges. Consultation for the budget also takes place via the Council's website at the start of each year. The final Budget is approved by Cabinet and Council in February each year.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Budget monitoring information is circulated every other month to the Corporate Management Team and the Heads of Service. This includes projections for the year-end position as well as information concerning the year-to-date. Prior to being distributed, the monitoring information is subject to detailed review by the Deputy Chief Accountant and/or the Chief Accountant.

Monitoring information is discussed at monthly meetings throughout the year between the Finance Team and the Leader and Portfolio Holder for Finance.

Portfolio holder briefing reports include performance against Performance Indicators, and updates about events going on in the Council. These reports are prepared quarterly and are discussed at meetings of the Full Council.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The Council employs a qualified solicitor who advises CMT on the legal implications of all proposed decisions. All Cabinet reports get circulated to the Corporate Management Team (CMT). CMT includes the Monitoring Officer, Chief Executive, and the S151 officer so they would input whether additional consideration needs to be included.

The Full Council is the key decision-making body. Every elected member of the Council is able to attend these meetings and has a vote on all decision items. A decision also requires a majority of voting members approval in order to be passed. At the Cabinet level, there is a call-in process for decisions, whereby after the decision is taken there is an opportunity to call-in. No decision can be implemented until this period has elapsed. This process is detailed in the Council's Constitution.

The Council merged its Staff Committee and Corporate Governance Committee in December 2020, and renamed it the Audit and Risk Management Committee with staffing matters being determined by the Audit and Risk Management Determination Sub-Committee, so that the governance responsibilities are appropriately demarcated from the decision making role it has for Staff related matters. The Terms of Reference also include the responsibility to consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

The Audit and Risk Management Committee meets five times a year. The Committee is comprised of appropriately skilled members. Training is provided to members, and the Finance team works with the Chair of the Committee to identify training needs. Members can ask via the Chair for their training needs to be considered.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The Council has outlines Codes and Protocols, which include a Code of Conduct For Members and a Code of Conduct for Employees. There is a Gifts and Hospitality Register. Committee meetings all have a standing agenda item for the formal declarations of interests. Declarations for related party transactions are done annually, and this is overseen by Member Services and updated into the Council's website.

The Monitoring Officer is legally responsible for monitoring the compliance of the Council's policies. The Monitoring Officer deals with any complaints that are raised. The Council has a formal whistleblowing policy in place, with appropriate prominence on the Council's website and for staff. The Council's policies are reviewed and updated on a regular basis

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

How financial and performance information has been used to assess performance to identify areas for improvement

Financial and performance information has been central to the My Fenland process. Call data was analysed to identify the number of calls being handled per hour which indicated the opportunity to reduce the headcount without negatively impacting on the service staff receive. Regular exercises are in place to ensure that services which the Council provides to residents recover the associated costs.

Financial performance is reported in the context of budget-setting and approval of the outturn, although additional information would be provided if necessary to take forward projects where additional resources need to be allocated. More performance information is contained in the quarterly Portfolio Holder Briefing reports produced, and these link back to the Business Plan.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for ARP with representatives from each of the five Councils that constitute the Partnership. The Joint Committee meets quarterly and they consider performance against key areas, they monitor the ARP risk register, and consider any other items of relevance to their service delivery.

The Council is also a member of CNC Building Control, a partnership of five local authority building control departments that provides building control services to the Council and other members. A member of the Council's Corporate Management Team attends all CNC Building Control Partnership board meetings.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for the ARP with representatives from each of the five councils that constitute the Partnership. The Joint Committee meets quarterly, and they consider performance against key areas, monitor the ARP risk register, and consider any other items of relevance to their service delivery.

The Council is also a member of CNC Building Control, a partnership of five Local Authority building control departments that provides building control services to the Council and other members. A member of the Council's Corporate Management Team attends all CNC Building Control Partnership board meetings.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022 to 2023.

Reporting criteria considerations

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

Arrangements in place

The Council has a full-time Procurement Manager who reports to the Head of Legal and Governance. Officers are regularly reminded of the Council's procurement policies at management team meetings and via briefings on the website. The Procurement Manager actively review purchase orders to confirm procurement has been undertaken in line with Council policy and statutory requirements.

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ED None

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Agenda Item No:	9	
Committee:	Audit and Risk Management	
Date:	22 July 2024	
Report Title:	Annual Governance Statement 2023/24	

1 Purpose / Summary

- 1.1 Regulation 6(1) of the Accounts and Audit Regulations 2015, requires the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations.

2 Key issues

- 2.1 The Accounts and Audit Regulations have been updated to bring them closer to corporate governance requirements in the private sector, and elsewhere in the public sector. The latest version applies to the financial year beginning on 1st April 2016. Within the regulations, there is still a requirement to produce an AGS which should be approved in advance of the statement of accounts. The AGS should be prepared in accordance with proper practices, which reflects the approach already adopted by this Council.
- 2.2 The principles of good governance contained within the CIPFA Guidance on Delivering Good Governance (2016 Edition) have been reflected in the AGS. The guidance outlines the following principles for achieving good governance:
- Behaving with integrity;
 - Demonstrating a strong commitment to ethical values and respecting the rule of law;
 - Ensuring openness and comprehensive stakeholder engagement;
 - Defining outcomes in terms of sustainable economic, social and environmental benefits;
 - Determining the interventions necessary to achieve the intended outcomes;
 - Developing the entities capacity;
 - Managing risks and performance through robust internal control and strong public financial management; and
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 2.3 The Audit and Risk Management Committee approved a Local Code of Governance for the Council (minute CG22/06). This sets out the Policy within which a framework for governance of the Council is monitored.
- 2.4 Each year a statement is produced which assesses compliance of the Council's actual governance arrangements with the themes within the Local Code of Governance. This statement is commonly referred to as the Annual Governance Statement, which itself

includes “Governance Issues” arising in the year to which it refers and an action plan to address those issues.

- 2.5 An AGS has been produced for the year 2023/24, which summarises the position for the year in respect of governance and internal control, and again highlights any “Governance Issues”.
- 2.6 The statement is signed by the Chief Executive, Chief Finance Officer and Leader of the Council as further assurance of the standard of governance that has been achieved by the Council. The statement must accompany the Council’s financial statements.

3 Recommendations

The Committee considers the content of the AGS and approves its content for inclusion in the Council’s published statement of accounts 2023/24.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	N/A
Report Originator(s)	David Thacker – Interim Internal Audit Manager
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Amy Brown – Head of Governance and Legal Services Deborah Moss – Head of Internal Audit David Thacker – Interim Internal Audit Manager
Background Paper(s)	CIPFA Delivering Good Governance in Local Government CIPFA Addendum to Good Governance in Local Government CIPFA Code of Practice for Internal Audit Accounts and Audit Regulations 2015 FDC Local Code of Governance

FENLAND DISTRICT COUNCIL

2023-24 ANNUAL GOVERNANCE STATEMENT

1. **Scope of Responsibility**

Fenland District Council (FDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively, providing value for money. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, FDC is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

FDC has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.fenland.gov.uk or can be obtained from the Chief Finance Officer. This statement explains how FDC has complied with the Code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement (AGS).

2. **Definition of Corporate Governance**

Corporate Governance generally refers to the processes by which an organisation is directed, controlled, led, and held to account.

Good Governance in the public sector means “achieving the intended outcomes while acting in the public interest at all times”.

In undertaking all Council work, and exercising community leadership responsibilities, the Council will have regard for the four principles of good corporate governance.

- Openness
- Inclusivity
- Integrity
- Accountability

3. The Governance Framework

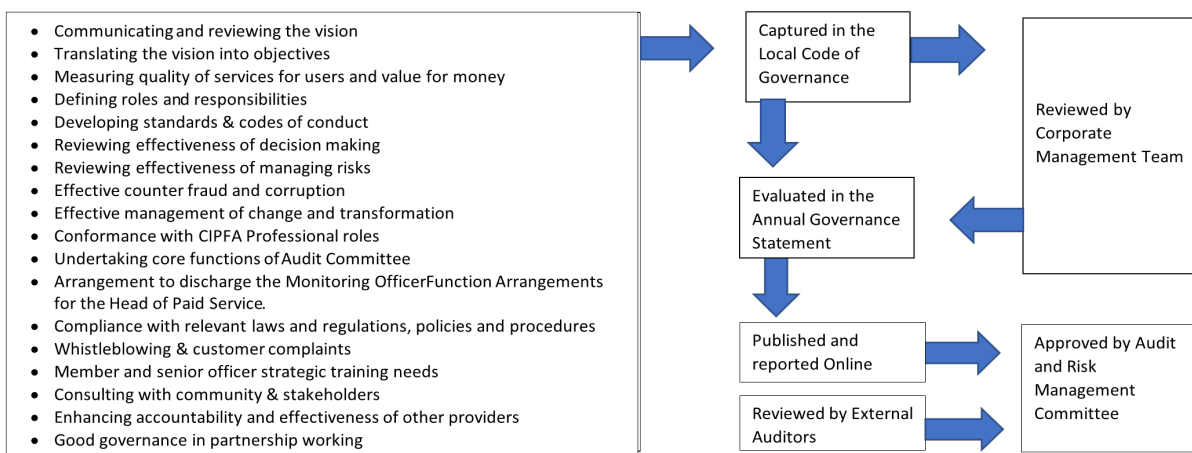
Our governance framework comprises the culture, values, systems, and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice, and management processes.

The Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an AGS.

This AGS meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council’s governance framework, which incorporates the Local Code of Governance adopted by the Council covering six themes, underpinned by the supporting principles contained within the “CIPFA/SOLACE Framework for delivering good governance in Local Government (2016 Edition)”.

Elements of the Framework

The key elements of the systems and processes that comprise the authority’s governance arrangements are as follows:



The Governance Framework for 2023-24 supports the Council’s aims and objectives. which are published on our website in the Business Plan. The vision states:

“The outcomes we focus on, the actions we’ll deliver through working collaboratively with our partners and communities are what change people’s lives for the better and for the long-term. They help to improve opportunities for everyone and make Fenland an even better place to live, work and raise a family.”

The Business Plan sets out our Priority Areas with specific and measurable actions. Performance against the Business Plan is published in the Annual report and is available on the website.

Local Code of Governance

We are responsible for ensuring that there is a sound system of governance which incorporates the systems of internal control.

The governance framework is recorded in our Local Code of Governance, which is underpinned by the 7 principles of good governance as set out in CIPFA / SOLACE publication 'Delivering Good Governance in Local Government Framework 2016'. The principles are:



Roles and Responsibilities

Governance Structures	Roles and Responsibilities
Council	The Council agrees the budget and policy framework, such as the Business Plan, Medium Term Financial Strategy, including the General Fund Budget and Council Tax levels and the Commercial and Investment Strategy. Further details are published on our website.
Cabinet	The Cabinet is the Council’s principal decision-making body, charged with implementing the budget and policy framework agreed by the Council. Further details are published on our website.
Corporate Management Team (CMT)	The management team structure includes a CMT of a Chief Executive, Corporate Directors and Assistant Directors and is supported by an operational Management Team. Both teams consider policy formulation and future planning.
Audit and Risk Management Committee (ARMC)	The ARMC plays a vital role in overseeing and promoting good governance, ensuring accountability, and reviewing how things are done. It provides an assurance role to the Council by examining areas such as audit, risk, internal control, anti-fraud, and financial accountability. The ARMC exists to challenge the way things are being done, making sure the right processes are in place. It works closely with Internal Audit and Senior Management to continually improve the governance, risk, and control environment. Meeting details and minutes are published on the website.
Conduct Committee	The Conduct Committee is in place to promote and maintain high standards of conduct by all members. It reviews formal complaints, ensures compliance with requirements for ethical standards, provides advice on conduct matters. Conduct complaints are reviewed by the Monitoring Officer/Deputy MO, the Chairman of Committee and the Independent Person to decide what should happen next.
Overview and Scrutiny Committee	The Overview and Scrutiny Committee monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district. This may be services directly provided by the Council or services provided through partnership working arrangements and makes recommendations for improvement. Meeting details and minutes are published on the website.

Other Review and Assurance Mechanisms

Management have helped to review the Local Code of Governance and inform the AGS. In addition, assurances can be provided from other sources, as detailed below:

Head of Internal Audit Opinion

The Head of Internal Audit provides an independent opinion on the overall adequacy of the effectiveness of the Council’s governance, risk management and control (GRC) arrangements and

the extent to which the Council can rely on it. This has been considered in the development of the AGS.

The Internal Audit Annual Report will be presented to the Audit and Risk Management Committee in July 2024. This report outlines the key findings of the audit work undertaken during 2023-24 and other sources of assurance that were used to support the Annual Audit Opinion, including any areas of significant weakness in the control environment.

From the audit reviews undertaken, no areas were identified where it was considered that, if the risks highlighted materialised, would have a major impact on the organisation. In each instance where it has been identified that the control environment was not strong enough or was not complied with sufficiently to prevent risks to the organisation, recommendations have been issued to further improve the system of internal control and compliance. The implementation of the actions is followed up by Internal Audit and is reported to Management Team and the ARMC.

It is the opinion of the Head of Internal Audit that, considering all available evidence, **Reasonable** assurance can be given over the adequacy and effectiveness of the Council's overall internal control risk and governance arrangements during the financial year 2023-24.

External Audit

The externally appointed auditors, Ernst & Young, issued their annual audit results report in September 2023 which provided an unqualified opinion on the 2021-22 statement of accounts and the Council's arrangements to secure economy, efficiency, and effectiveness in its use of resources. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

4. Review of effectiveness

FDC has responsibility for conducting, at least annually, a review of the effectiveness of its GRC arrangements. The review of effectiveness is informed by the work of the CMT and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the GRC arrangements are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

Principle	Review of effectiveness for the 2023-24 Financial Year
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.</p>	<ul style="list-style-type: none"> • Codes of Conduct for Council Members. All members are required to sign and registration of interest with 28 days of acceptance of office and all Council meetings require a declaration of interest to be disclosed. • Staff codes of conduct, capability and disciplinary procedures, anti-fraud and corruption policy, Whistleblowing policy, anti-money laundering policy, Values statement, and competency framework. • Training is provided for Members to support them in their roles, and they are encouraged to attend a variety training. • Specific legal and regulatory requirements and/or Standards and Codes of Practice are maintained by staff for membership of relevant professional bodies, including continuing professional development, e.g., Port Health, Food Safety and Health & Safety regulation with relevant CPD hours documented. • Up to date register of gifts and hospitality • Complaints Complements or Comments policy • The Constitution, including terms of reference for committees, and compliance requirements with relevant laws. • Compliance with CIPFA’s statement on the role of the Chief Finance Officer • Monitoring Officer provision • Recording of legal advice provided • Statutory guidance is followed. • The Overview and Scrutiny Panel established a Task and Finish group to undertake a comprehensive review of the Council’s key performance indicators with reference to the strategic priorities set out in the Business Plan. The results of the group were presented, and accepted by Cabinet, as part of the consultation of the Business Pan 2024-25.
<p>B. Ensuring openness and comprehensive stakeholder engagement.</p>	<ul style="list-style-type: none"> • The Council’s policies and governance framework are published on the Council’s website including: <ul style="list-style-type: none"> – The Constitution – The Council’s Business Plan – Annual Report – Agenda and reports for all meetings within the Council’s decision-making framework – Cabinet work programme – Annual budget & Medium-Term Financial Forecast – Fees and Charges – Pay Policy and Gender Pay Gap Statements

- Record of Executive Decisions
- Information required under the Transparency Code
- Annual Statement of Accounts

- The Council regularly carry out consultations on major policy initiatives which is conducted in an open way with all consultations available on the Council's website.
- Equality position statement reinforces how we will publish information to demonstrate compliance with the equality duty.
- The Council has an up-to-date Freedom of Information Act 2000 publication scheme in place on its website with links to information and guidance for stakeholders.
- The Council publicised all news and events on our website and social media, shared with all local news outlets and with Town and Parish Councils, to inform the community and businesses of the work and services carried out by the Council. In June 2023, the Council launched an online Fenlander newsletter that highlights all the key news stories and events from the month.
- Contracts are managed with a partnership approach and decisions are made in an open and transparent way, including open book accounting processes
- The Council has a consultation strategy and a communications strategy and uses channels such as the website and community hubs to consult on activities relevant to the community including planning, licensing, policy, and development. Examples of significant consultation exercises carried out during 2023/24 included:
 - Draft Business Plan & Budget
 - Community Survey – Alcohol PSPO renewal
 - Statement of Community Involvement
 - Housing Enforcement
 - March Railway Station Redevelopment
 - Annual Customer Satisfaction Survey
 - Polling District Review
- The Council adopted the Local Plan on 8 May 2014, which involved participation from numerous stakeholders and is currently under review. Details are published on the Council's website including an emerging Local Plan, which was agreed by Council in 2022.
- Customer Service Excellence (CSE) accreditation
- A scheme is in place within the Council's Constitution to have public participation at Member meeting. Therefore, meetings of the Council and

	<p>its Committees are open to members of the public to attend, with agendas and minutes being publicly available on the Council’s website. Also, Committee meetings can now be viewed on You tube to engage with stakeholders via different mediums.</p>
<p>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<ul style="list-style-type: none"> • The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. • The Council, through its Business Plan establishes its objectives by consultation with its key partners and the public as well as with reference to statutory duties, local needs, and national priorities. The Business Plan communicates the Council’s vision of its purpose and intended outcomes for citizens and service users. • The Business Plan has corporate priorities which are then cascaded down to team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council’s Annual Report. • Option appraisals are undertaken for all key decisions and are a standard part of the operations. • An active review of Service Plans is carried out during the year by Senior Management. • Service quality is measured via customer communication channels and by measurement of performance indicators. • The Council also approved the Economic Growth Strategy Refresh for 2022-2025 • The Council has adopted and implemented the Local Plan 2014-2034. Details are published on the Council’s website. Consultation was undertaken, and a proactive role was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local Plan, a draft of which was agreed by Members in 2022. • The Council has commenced a review of homelessness to update our Homelessness and rough sleeping action plan strategy for approval this financial year. • The Council has a Carbon Reduction and Climate Adaptation Plan, which was approved by Cabinet and Council in December 2022. The key aims are: <ul style="list-style-type: none"> • Reducing the Council’s Energy & Fuel use - Projects relating to the internal day to day running of the Councils services. These contribute the 'Council for the Future' agenda by ensuring that service delivery processes are continually refined to reduce energy and fuel use and to ensure that the Council's operational accommodation is able to meet changing business and working needs. • Supporting homes to reduce energy use and encourage active travel - Ensuring homes are warm, cheap to heat, comfortable and healthy places in which to live, encouraging active travel and transport options across Fenland#.

	<ul style="list-style-type: none"> • Building resilience - Ensuring Communities remain resilient and thrive. • Protecting our Environment - Work closely with all sections of the community to maintain and enhance the district. • Further monitoring and reporting.
<p>D. Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>	<ul style="list-style-type: none"> • Although in a healthy financial position, the Council still faces continuing financial challenges over the medium term, resulting from changes to central government funding. The Medium-Term Financial Strategy presented to Council in February 2024 highlighted the need for further savings of £2,728k up to 2028/29. • The development of the Commercial and Investment Strategy has the potential to generate additional significant returns over the medium term, through the trading company Fenland Future Ltd (FFL). <p>To ease pressure on the impacts of emergency interim accommodation on Council budgets and to reduce the time spent by families in B&B the Council has secured grant funding with top up FDC funding to purchase 33 properties to help provide a broader range of temporary accommodation for our homelessness households. Also a procurement process to encourage best value on the costs charged for emergency interim accommodation.</p> <ul style="list-style-type: none"> • Cabinet also considered reports and proposals regarding the council Transformation programme to ensure continued achievement of outcomes through the efficient use of resources and improvements to service delivery. • The Overview & Scrutiny Committee considers the effective delivery of Council priorities and recommends interventions and remedies as appropriate. O&S are consulted on major issues pre- implementation e.g., budget, business plan, major policy changes (garden waste charging). It then provides a review role especially on major partnerships such as ARP, Freedom, Clarion. Other internal changes through portfolio holder updates that go to O&S. • Consideration of alternative courses of action for all decision making is undertaken. • The Assistant Director of Legal & Governance is engaged in wider discussions with client teams on options for resourcing larger legal projects and higher profile actions to ensure these are resourced as efficiently as possible e.g., making use of the EM Lawshare framework discounted rates; considering alternatives to prosecution; considering the terms of a Public Space Protection Order; resourcing and managing appropriate external legal support for the projects.
<p>E. Developing the authority's capacity, including the capability of its leadership and individuals within it.</p>	<ul style="list-style-type: none"> • The Human Resource team lead on the development of the workforce planning and organisational development and training plan, supported by annual service planning. Within this each service undertakes an annual succession planning process to ensure the development and nurturing of future skills and knowledge. • The Council has a clear scheme of delegation contained within the standing orders and financial regulations which are reviewed by the Monitoring officer to ensure compliance. These are embodied in the Constitution. • Staff and members have access to induction programmes and training courses to support and develop their roles, which also include

	<p>personal development plans that are reviewed at least annually.</p> <ul style="list-style-type: none"> • The Council has approved practices and protocols for the management and processing of data ensuring that training is routinely updated to reflect current and evolving requirements. • Both the Leader and the Chief Executive have clearly defined and distinctive leadership roles, who provide a check and balance for each other responsibility and have established an effective relationship to maintain effective communication. • The Council, where possible, collaborates with other authorities to share information and best practice and third parties, e.g., Cambridge and Peterborough Chief Executive group and subsequent groups. • CMT actively carries out reviews of their services and plans during the year. • The Council regularly makes use of ‘benchmarking’ exercises and other research to support corporate priorities and work. • The Council’s constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to whom decision making powers are delegated.
<p>F. Managing risks and performance through robust internal control and strong financial management</p>	<ul style="list-style-type: none"> • Cabinet and the Audit and Risk Committee considered the 2021/22 financial statements and the Council’s corporate objectives, performance indicators and Corporate Risk Register • The Council has a Risk Management Strategy that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Risk Management Strategy is reviewed annually by Audit and Risk Management Committee. The Council has a Risk Management Group who are responsible for highlighting, assessing risks and applying a Red, Amber, Green (RAG) status to risks for consideration by the Corporate Management Team and ultimately by the Audit and Risk Management Committee, which is done three times a year. <ul style="list-style-type: none"> • The Council has established a new Corporate Governance Group (CGG) with appropriate terms of reference to enable the Council to deliver its priorities and objectives in an effective manner by ensuring effective governance, decision making, risk management and compliance with Fenland District Council’s Constitution and associated policies. The CGG has responsibility to escalate in a timely manner significant issues that have impacted or could impact the delivery of priorities and objectives to the Corporate Management Team (CMT) or Management Team (MT) and, as appropriate, the Audit & Risk Management Committee (ARMC). • The Council has a Port Marine Safety Code to manage potential major risks related to Marine Services. It is linked to the Council’s Business Continuity Plan as referenced above and is also regularly updated. A Port Management Group is responsible for monitoring and managing

	<p>safety issues and a Duty Holder and Designated Person is appointed to review the safety management system and associated risks.</p> <ul style="list-style-type: none"> • The Councils Overview and Scrutiny Committee received performance reports on Housing Enforcement Policy, Creativity & Culture Strategy, Commercial Investment Strategy and Investment Board, Customer Complaints (3c's) process, Business Plan, Budget Report, Fees & Charges and Corporate Priorities of Communities, Planning and Transformation & Communications. They also welcomed partnership updates from Public Health, Clarion Housing, Wisbech Rail update and CPCA Growth Service & Impact on Economic Development in Fenland. • Internal Audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Audit and Risk Management Committee. Internal Audit also provides an annual opinion on the effectiveness of the Council's governance, risk management and internal control environment. This assurance is obtained from involvement with relevant governance, risk management and internal review groups and outcomes from audit reviews carried out within the year. • The Audit and Risk Management Committee adopted new terms of reference in 2020/21 and produce an annual report demonstrating compliance with best practice guidance. • ICT Disaster Recovery and business continuity plans have been reviewed, updated and documented in the Service Plans. • ICT follows End User Device (EUD) guidance issued by National Cyber Security Centre (NCSC) when implementing security solutions and endpoint operating systems. Council IT infrastructure is audited annually, and results passed to NCSC for review and further guidance on actions to take to maintain compliance (including annual PSN assessment). ICT also received a certificate of assurance relating to NCSC Cyber Essentials Plus Scheme in October 2023. • Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. The Council has a Data Protection Officer with resilience provided via a s.113 Agreement with Peterborough City Council.
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p>	<ul style="list-style-type: none"> • The Council received an unqualified opinion on the Statement of Accounts for 2021/22, which were approved in September 2023. • Agendas and minutes of Committee meetings are publicly available on the Council's website and Committee meetings, where possible, are open to the public for contribution and attendance. • An Overview and Scrutiny Committee is in place to monitor and review performance, review and/or scrutinise decisions proposed to be made, review policy and strategy with a view to securing continuous improvement. • The Council is mostly compliant with the Local Government Transparency Code. The Council has commenced a programme to ensure compliance with all the mandatory publication requirements of the code. The Corporate Management Team own the elements of the code which are specific to their services while the Corporate Governance group have oversight. • On the Council's website there is a Freedom of Information Act page to enable members of the public to have access to all recorded information held by the Council.

- Decisions are recorded and published on the Council’s website.
- As part of the Councils transformation programme, more forms have become available on the website and an increase in use has demonstrated the success of this project.
- The Annual report has been refreshed and is now more readable and understandable to our stakeholders. This report includes information on performance, value for money and the stewardship of resources.
- The Annual Governance Statement is discussed and owned by the Council’s Management Team and is discussed with both officers and members periodically throughout the year.
- The Council has an effective Internal Audit function that provides assurance and makes recommendations to improve performance. The function conforms with the CIPFA statement on the Role of the Head of Internal Audit and the Public Sector Internal Audit Standards.
- The Council has approved the Public Sector Audit Appointments Ltd to appoint external auditors on our behalf for 2023/24 onwards.

	<p><i>process, and where the policy is published.</i></p> <p><i>A new webpage was developed to include all current external facing policies: Policies and Strategies - Fenland District Council . We are currently working on centralising all internal facing policies on the intranet.</i></p>		Completed
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Further Improvements from the AGS 2023-24:

Governance Issue	Action	Lead Officer	Target Date
Principle F: Managing risks and performance through robust internal control and strong financial management	<p>The CGG plans to work on Assurance Mapping to assist with strengthening the governance framework in the Council.</p> <p>It aims to ensure that the Council can demonstrate adequate assurance over the given year to complement the assurance work conducted by the Internal Audit function.</p>	Amy Brown, Assistant Director	31 December 2024

5. Conclusion

Having completed the processes set out above to review the effectiveness of the Council’s governance framework, we are satisfied that we have sufficient assurance regarding the effectiveness of the framework in place and the governance issues identified are as set out above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

6. Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council’s governance framework, by the Audit and Risk Committee. Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Fenland District Council to ensure effective internal control is maintained. We are also satisfied that there are no significant governance issues during 2023-24.

Signed:

Peter Catchpole
Corporate Director and Chief Finance Officer


Signed:

Paul Medd
Chief Executive

Signed:

Councillor Chris Boden
Leader, Fenland District Council

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Agenda Item No:	10	
Committee:	Audit and Risk Management	
Date:	22 July 2024	
Report Title:	Internal Audit Outturn and Quality Assurance Review	

1 Purpose / Summary

- To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2023-24.
- To provide the interim Internal Audit Manager’s annual opinion on the system of internal control.
- To consider the effectiveness of Internal Audit.

2 Key issues

- Public Sector Internal Audit Standards (PSIAS or Standards) have been issued to set the standard of internal auditing in the public sector. These standards are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations 2015. The Chartered Institute of Public Finance and Accountancy (CIPFA) has provided an additional Local Government Application Note (LGAN). Both documents constitute ‘proper practices’ in internal control as per the Accounts & Audit Regulations 2015.
- Under the Accounts and Audit Regulations 2015, the Council “*must conduct a review of the effectiveness of the system of internal control*”.
- The work of Internal Audit forms part of the assurance provided to Councillors and Management Team and supports the Annual Governance Statement (AGS).
- The PSIAS state that the Internal Audit Manager “*must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement*”.

This report fulfils that requirement.

- The LGAN states that the Internal Audit Annual Report should include both the Annual Audit Opinion, and the results of the continuous quality assurance and improvement program (QAIP).
- Regulation 5 (1) of the Accounts and Audit Regulations 2015 requires that relevant authorities must undertake an effective Internal Audit to evaluate the effectiveness of its governance, risk management and control (GRC) processes, taking into account PSIAS or guidance. A continuous QAIP is undertaken so that the Council continues to provide an effective Internal Audit service.

3 Recommendations

- To note the outturn for Internal Audit for 2023-24, which highlights the audits that were completed as per the agreed Internal Audit Plan, and their associated

assurance ratings and also the additional assurances gained from other sources of work completed in house and externally to support the Annual Audit Opinion.

- To note the Interim Internal Audit Manager’s opinion on the “adequacy” of GRC processes.

Wards Affected	All
Forward Plan Reference	Not applicable
Portfolio Holder(s)	Not applicable
Report Originator(s)	David Thacker – Interim Internal Audit Manager
Contact Officer(s)	Peter Catchpole - Corporate Director & Chief Finance Officer Amy Brown – Assistant Director & Deputy Monitoring Officer Deborah Moss – Head of Internal Audit David Thacker – Interim Internal Audit Manager
Background Paper(s)	Internal Audit Plan 2023-24 Internal Audit Progress Report Q3 Public Sector Internal Audit Standards CIPFA PSIAS Local Government Application Note 2019 Accounts and Audit Regulations 2015 CIPFA Statement on the role of the Head of Internal Audit CIPFA Guidance – Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope

4 Background / Introduction

- 4.1 This report includes details, for the year 2023-24, of: -
- the coverage provided by Internal Audit; and
 - the Interim Internal Audit Manager's opinion on levels of GRC across the Council.
 - the independent review of the effectiveness of the Internal Audit team.
- 4.2 The Interim Internal Audit Manager was appointed in May 2023 on a short-term contract, which was extended to the end of the financial year. Hence, the Interim Internal Audit Manager has been in place for virtually all of 2023-24. However, a permanent Head of Internal Audit was appointed and commenced in May 2024.
- 4.3 The Interim Internal Audit Manager has a professional reporting line to the Corporate Director & Chief Finance Officer, the responsible officer for duties under Section 151 of the Local Government Act 1972, and to the Assistant Director & Deputy Monitoring Officer. The Internal Audit service provides assurance to Senior Management regarding levels of GRC for systems for which they are responsible.
- 4.4 Full details of the Internal Audit objectives are contained within the Internal Audit Charter, the update of which was approved by the Audit and Risk Management Committee on 24 July 2023 (ARMC6/23).

5 Internal Audit Outturn

- 5.1 The annual Internal Audit Plan is formulated in advance of the Council year, following an assessment of risks inherent to services and systems of the Council based on Internal Audit and Management knowledge at that time. During the period that follows, changes in the control environment may occur, for example: -
- introduction of new legislation/regulations,
 - changes of staff,
 - changes in software,
 - changes in procedures and processes,
 - changes in service demand,
- 5.2 Audit and Risk Management Committee approved the Internal Audit Plan 2023-24 on 20 March 2023 (ARMC28/22).
- 5.3 However, following the appointment of the Interim Internal Audit Manager in May 2023, the Audit Plan was reviewed, revised and then submitted to the Audit and Risk Management Committee for approval on 26 September 2023 (ARMC16/23). The revision was based on better alignment with the Council's Plan and the Corporate Risk Register plus areas of concern highlighted by Management Team, which was consulted in June/July 2023.
- 5.4 In respect of the Internal Audit resources, the Internal Audit Apprentice, who qualified as an auditor in May 2023, resigned in June and left the Council at the end of July 2023 with no immediate replacement. So, with the part-time term-time auditor unavailable from mid-July to the start of September, it was agreed that Internal Audit would not be able to deliver any audit work during August and the Audit Plan was adjusted accordingly.
- 5.5 In order to deliver the revised Audit Plan, it was agreed that an Interim Internal Auditor would be hired on a six-month contract to the end of the financial year. Hence, an experienced contract auditor started on 1 October 2023, which brought the Internal Audit team back to previous resource levels.

- 5.6 As a consequence of resource disruption, Internal Audit had completed only 6 (25%) of the original 24 planned audits for 2023-24 by the end of Q2. However, following the revision to cover a broad spectrum of audits over the Council's corporate objectives and the recruitment of an interim auditor, Internal Audit completed all 19 planned audits, which, including the 4 from the ARP Audit Partners, the Interim Internal Audit Manager believes enables an appropriate assessment for the Annual Audit Opinion to be made.
- 5.7 In addition to the planned audit work further assurances have been obtained by the team as follows:
- Care and Repair Disabled Facilities Grants declaration
 - Grant Funding declarations, including Test and Trace schemes and COMF funding
 - National Fraud Initiative work
 - Fraud Investigation work
 - Risk Management Group
 - Major Project support and advice
 - Follow up reviews on outstanding recommendations
- 5.8 Also, this is the fifth year of the shared auditing arrangements for Anglia Revenues Partnership (ARP) functions that cover Council Tax, Housing Benefits and Business Rates on behalf of several local authorities including the Council.
- 5.9 Further assurances have been obtained from external organisations to support the Internal Audit Opinion, by providing assurance of the following areas:
- Department for Levelling Up, Housing & Communities (DLUHC) – Levelling Up Fund Second Line of Defence (Deep Dive) Review Report – March High Street – **satisfactory.**
 - National Cyber Security Centre (NCSC) – Cyber Essentials Plus Scheme – **fully compliant.**
 - ICT – Public Service Network (PSN) compliance certificate – **fully compliant.**
 - Designated Person Report: Audit of the Marine Safety Management System of Nene Ports – **93.8%** conformity with achievable measures.
 - International Ships and Port Security (ISPS) – Port (of Wisbech) Facility Security Audit – **overall good.**
 - Customer Service Excellence (CSE) – **reaccreditation.**
 - Air Quality Strategy / Action Plan – **submitted to DEFRA.**
- 5.10 Appendix A lists the processes and systems audited in the financial year and the number of recommendations made for each audit. Appendix B highlights the status of recommendations agreed from previous years' audits.
- 5.11 Audit work includes testing of system controls, and this has not highlighted any significant fraud. Any errors or irregularities that have been identified have been resolved during the course of the audit and/or Management action plans have been agreed with the system owners including timescales for improvement appropriate to the level of risk. These action plans will be followed up by Internal Audit with Management.
- 5.12 A key performance objective of the team was to complete 'fundamental' audits, which are considered key financial systems. Historically these systems had continued to operate to a satisfactory standard and were evaluated as having substantial assurance. Four 'fundamental' audits, concerning ARP Enforcement, Council Tax, Housing Benefit and Business Rates, required review in the 2023-24 Plan, all of which were carried out by the larger Councils as part of the SLA covering audits of the Anglia Revenues Partnership (ARP) that administers Revenues & Benefits on behalf of several local authorities including FDC.
- 5.13 The Internal Audit activity was conducted free from interference in determining the scope of internal auditing, performing work and communicating results throughout the year.

6 Annual Internal Audit Opinion on the Internal Control Environment

- 6.1 The Council is required to report in its annual statutory financial statements an assessment as to the adequacy of the GRC arrangements. This is referred to as the Annual Governance Statement (AGS).
- 6.2 Information for this purpose is drawn from many sources one of which is the work of Internal Audit in that financial year, and up to the date of the approval of the annual accounts. All audits have been conducted in conformance with the PSIAS.
- 6.3 As part of the AGS evaluation, an assurance mapping exercise takes place which documents and establishes additional sources of assurance.
- 6.4 The annual Audit Opinion concludes on the overall adequacy and effectiveness of the Council's framework of GRC.
- 6.5 Based on the work that Internal Audit has performed the Interim Internal Audit Manager's opinion for 2023-24 is that **there is "REASONABLE" assurance as to the adequacy and effectiveness of internal controls, the risk management and governance arrangements.** Management has adopted plans for improvement in control, and within appropriate timescales that will be followed-up to ensure further improvement is delivered. Potential risks and opportunities for further improvement have been incorporated into Management action plans.
- 6.6 On the basis of the work undertaken during the year, it is considered that the key systems operate in a sound manner and that there has been no fundamental breakdown in control resulting in material discrepancy. However, the Interim Internal Audit Manager's opinion can only provide a reasonable, not absolute, level of assurance as to the adequacy and effectiveness of these systems.
- 6.7 This has been further supported by the external auditor (Ernst & Young) "Annual Audit Results Report", as reported to Audit and Risk Management Committee at minute ARMC11/23, which stated that an opinion was pending as the work had not yet been finalised. However, the audited Statement of Accounts 2021-22 (ARMC 12/23) stated that the Council's financial statements gave a true and fair view of the accounts and were prepared properly.

7 Review of the effectiveness of Internal Audit

- 7.1 Regulation 5 (1) of the Accounts and Audit Regulations 2015 requires that relevant authorities must undertake an effective Internal Audit to evaluate the effectiveness of its GRC processes, taking into account PSIAS or guidance.
- 7.2 DCLG guidance on the Accounts and Audit Regulations cites proper practice in relation to Internal Audit in local authorities:
 - All Public Sector Internal Audit teams are required to comply with the Public Sector Internal Audit Standards (PSIAS) issued by the Institute of Internal Auditors (IIA). CIPFA issued a mandatory 'Local Government Application Note' (LGAN) intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
 - CIPFA has also issued guidance on the 'role of the Head of Internal Audit in Local Government' which supplemented the Code.
- 7.3 The Internal Audit Charter, the Risk-Based Internal Audit Plan and delivery, are based on these professional standards. Performance monitoring is also supplemented through frequent interaction between the Interim Internal Audit Manager and the Corporate Director & Chief Finance Officer and Assistant Director & Deputy Monitoring Officer. Audit and Risk Management Committee have also increased their oversight of the delivery of

the Audit Plan through quarterly monitoring of performance including number of audits completed and number of and rating of recommendations.

- 7.4 The external quality assessment (EQA) process was conducted in November 2022 by an assessor from TIAA, which identified several issues for improvement. Of the six issues raised, two have been completed and the others, including IT Audit (which is dependent on an Audit Strategy), are in progress.
- 7.5 The EQA endorsed compliance with the PSIAS and the LGAN. This has continued and the results for 2023-24 can be seen in Appendix C.

8 Effect on Corporate Objectives

- 8.1 The delivery of an effective Internal Audit Service is a key factor in maintaining an adequate level of internal control in the Council and contributes to a Quality Organisation.

9 Conclusions

- 9.1 The Council has maintained an effective Internal Audit function which demonstrates a commitment to comply with the PSIAS, and the CIPFA LGAN, as standards of good quality.
- 9.2 The Internal Audit function has provided audit and assurance work throughout the year to form an opinion on the effectiveness of internal control. There are no serious concerns highlighted and this assurance will form evidence for the production of the AGS, which should accompany the Statement of Accounts.

Appendix A: Audits completed

Audit	Overall opinion	High	Medium	Low	Recommendation Theme
* Anglia Revenues Partnership (ARP) – Enforcement	Adequate	1	7	1	The high-risk issue related to systems access. Reviews are 6-monthly, which could impact security. The medium-risk issues mainly relate to payment collection and cash transactions.
* Business Rates (NNDR)	Adequate	-	4	4	There are no high-risk recommendations. The medium-risk issues relate to annual billing, payment collection, reliefs, exemptions & discounts and arrears.
* Council Tax Billing and Benefits	Adequate	-	9	9	There are no high-risk recommendations. The medium-risk recommendations relate to Council Tax refund process, Self Employed claimants, reconciliations and system access controls.
* Council Tax Recovery and Housing Benefit Overpayments	Adequate	-	-	-	No issues were identified.
Cash & Treasury Management (2022/23) To gain assurance that that the Council has robust procedures and guidance in place with relation to bank reconciliations, Treasury management and cash collection.	Adequate	1	-	-	The high-risk recommendation relates to the collection and handling of cash, which should be incorporated in a Cash Collection Policy.
Housing Options (2022/23) To gain assurance that that the Council has robust procedures and guidance in place for the monitoring,	Adequate	-	4	-	There were no high-risk recommendations. The medium risk recommendations relate to the high usage of B&B, non-compliance with

recording and payment of housing option services.					procurement rules for accommodation, removal, storage, and cleaning, a potential breach of DLUHC guidance for delayed housing of 8 households (resolved) and an outdated homelessness strategy.
Development Services - Planning To gain assurance that the Council has robust procedures and guidance in place and that the governance, risk and financial elements of the Planning Strategy and process are efficient and effective.	Adequate	-	3	-	There were no high-risk recommendations. The medium-risk issues relate to required support re planning policy, s106 & ecology, resources (dependency on agency staff) and a lack of risk register in the service plan.
Trading Operations - Estates To gain assurance that the key business objectives for the service, as covered by the audit scope, provide the basis for ensuring that the strategy, management and admin of Council property is efficient & effective.	Adequate	1	4	-	The high-risk issue relates to the lack of an Asset Management Plan (a repeat from 2019/20). The medium-risk issues relate to fragmented asset management, a lack of a structured estates system, the current portfolio spreadsheet and the application process.
Trading Operations – Cemetery Income To gain assurance that the administration of cemetery income is monitored and managed efficient and effectively.	Adequate	-	2	-	There were no high-risk issues raised. The medium risk issues relate to debt monitoring by the Bereavement team to assist Finance and a lack of documented procedures.
Public Health Funerals To gain assurance that the Council is fulfilling its obligation to provide a public health funeral as required and that robust policies and procedures are in place to ensure a recourse of public funds.	Adequate	1	1	-	The high-risk issue relates to a lack of inventory and open access to cash and valuables in the Base safe. This has been resolved. The medium risk issue relates to a lack of documented procedures.
Licences – Animal Welfare	Substantial	-	-	-	No issues were identified.

<p>To gain assurance that the Council has robust procedures and guidance in place demonstrating appropriate licensing of activities involving animals.</p>					
<p>Licences - Other</p> <p>To gain assurance that the Council has robust procedures and guidance in place demonstrating appropriate issuance and monitoring of Licenses – Other, which includes Scrap Metal Dealer Licenses, Small Society Lottery Registrations, Street Collections, House to House collections and Gambling Act Licenses.</p>	Adequate	-	1	-	<p>There were no high-risk issues.</p> <p>The medium-risk issue related to implementing a regular control check over potentially unlicensed operators. This has been resolved.</p>
<p>Corporate Assurance – Information & Data Management</p> <p>To gain assurance that the Council has a robust framework in place for the Council’s information and data management, demonstrating compliance with the General Data Protection Regulations and the Data Protection Act 2018, and to assess the effectiveness of the governance, risk management and internal control (GRC) framework for information and data management.</p>	Adequate	-	4	1	<p>There are no high-risk recommendations.</p> <p>The medium risk recommendations related to data classification, updating the information asset register, staff completing data protection e-learning and documenting procedures.</p>
<p>Capital Financing and Asset Management</p> <p>To gain assurance that the key business objectives for administering the capital investment of the Council, as covered by the audit scope are met appropriately, including:</p> <ul style="list-style-type: none"> • Capital planning (investment and rationing) • Asset Register monitoring and accounting 	Adequate	-	2	-	<p>There were no high-risk issues.</p> <p>The medium-risk issues relate to a lack of formal reconciliation between the asset register and insurance and a lack of documented procedures (a repeat of a 2019 issue).</p>

<p>Corporate Assurance - Transparency</p> <p>To gain assurance that the Council has robust procedures, guidance and publications in place demonstrating compliance to the Local Government Transparency Code 2015.</p>	Adequate	-	2	-	<p>There were no high-risk issues.</p> <p>The medium risk issues relate to missing data sets for publication per the Transparency Code and also the timeliness and accuracy of the data published. These have been resolved.</p>
<p>Debtors & Collection Agency</p> <p>To gain assurance that there are appropriate levels of internal controls for the administration of debtors and collection and that it is monitored and managed efficient and effectively.</p> <p>The review also included a follow-up on the previous Internal Audit in 2019, that included one medium priority and two low priority recommendations.</p>	Limited	3	5	1	<p>The high-risk issues relate to an outdated Corporate Debt Policy, a lack of sundry debtor resources and the sundry debtors chasing process.</p> <p>The medium-risk issues relate to sundry debtor reporting, exceptional debt management, ex-staff debt management (resolved), credit balances and sundry debtor write offs.</p>
<p>Port Berthings – Special Audit</p> <p>To gain assurance that the Port of Wisbech, Cross Keys Marina and other vessel berthing locations in Fenland have robust policies and procedures in place with relation to the administration of the berthing of vessels. This includes the appropriate management of income and record keeping and appropriate governance arrangements in place as per legislation.</p>	Limited	3	5	-	<p>The high-risk issues relate to debt recovery, staff vessels and use of the workshop. These have been resolved.</p> <p>The medium-risk issues relate to invoice generation, enforcement of the Wisbech Yacht Harbour T&C, Port Governance, potential loss of income over weekends and cash payments.</p>
<p>Freedom of Information Act Requests</p> <p>To gain assurance that the Council has a robust framework in place demonstrating compliance with the Freedom of Information Act 2000 and to assess the effectiveness of the governance, risk management and internal control (GRC) framework in managing the Freedom of Information requests.</p>	Adequate	-	4	1	<p>The medium-risk issues relate to outstanding and overdue FOI requests exceeding statutory timeframes, adoption and maintenance of a Publication Scheme, a lack of formal training and awareness and a lack of performance reporting.</p>

<p>ICT Cyber Security</p> <p>To gain assurance that that there are appropriate levels of governance, risk management and internal controls for cyber security across the Council.</p> <p>With councils making more local public services available digitally, getting more of their workforce online and planning greater collaboration and integration work with partner organisations, reviewing and reinforcing current cyber security arrangements is a key priority for local authorities. A cyber-attack can be very disruptive, leading to the loss of data, as well as disruption to the running of council services. A ransomware attack has the additional threat of financial loss.</p> <p>ICT has rolled out corporate training for cyber security, which staff have been mandated to complete, via an online learning platform developed by Hut Six, specialists in information security awareness training.</p>	Adequate	1	5	-	<p>The high-risk issue relates to a lack of cyber security training completed by staff (a repeat from 2022).</p> <p>The medium-risk issues relate to a lack of completed Cyber Security Plan, the new staff / member induction process & Acceptable Use Policy, governance and reporting, annual penetration testing and the Active Directory.</p>
<p>Emergency & Business Continuity Planning</p> <p>To gain assurance that Emergency Planning and BCP are in place, in particular, governance, communication, structure, identification of risks, continuity of services and exercises are conducted.</p>	Adequate	-	3	1	<p>There were no high-risk issues.</p> <p>The medium-risk issues relate to the Corporate and Service BCPs needing updating, incident & action tracking and cascading of EP incidents through the gold/silver/bronze groups.</p>
<p>Contracts Register</p> <p>To gain assurance that there are appropriate levels of governance, risk management and internal controls for the administration of the Council's contract register and that it is monitored and managed efficiently and effectively.</p>	Adequate	-	4	-	<p>There were no high-risk issues.</p> <p>The medium-risk issues relate to work and services starting prior to the contract being finalised, a lack of secure central repository, a lack of planning for future contracts and a lack of contract management policy and guidance.</p>
<p>Safeguarding (Follow Up)</p>	Substantial	-	2	-	<p>The medium-risk issues relate to</p>

To gain assurance that the issues from the previous audit in 2021/22 have been implemented.					safeguarding training and e-learning.
CCTV (Follow Up) To gain assurance that the issues from the previous audit in 2021/22 have been implemented.	Adequate	-	2	-	The medium-risk issues relate to the shared service agreement with PCC and the Quadrant maintenance agreement.

Audits marked with * have been undertaken by other Councils and reviewed by Fenland District Council Interim Internal Audit Manager as part of the Quality Assurance process. The recommendations relate to the partnership as a whole and will not be reported upon in quarterly progress reports.

An assurance rating is applied, when a system or process is reviewed, which reflects the effectiveness of the control environment.

The text below is an indication of the different assurance ratings used:

Assurance	Description
Full	There is a sound system of control designed to proactively manage risks to objectives.
Substantial	There is a sound system of control, with further opportunity to improve controls which mitigate minor risks.
Adequate	There is a sound system of control, with further opportunity to improve controls which mitigate moderate risks.
Limited	There are risks without effective controls, which put the objectives at risk.
None	There are significant risks without effective controls, which put the objectives at risk. Fraud and/or error are likely to exist.

Appendix B – Recommendation progress 2020/21, 2021/22, 2022/23 and 2023/24

Total Recommendations 2020/21				
	High	Medium	Low	Total
Total Recommendations	3	21	23	47
Total Complete	3	20	21	44
Outstanding	0	0	0	0
Overdue	0	1	2	3

- This data includes recommendations made from our ARP Audit Partners who conducted audits for the partnership. These have all been completed or superseded by the audits of 2021/22.

The overdue medium-risk recommendation relates to CCTV – a Maintenance Agreement – which relies on Peterborough CC and is nearing finalisation, according to the Assistant Director for Community Safety.

Total Recommendations 2021/22				
	High	Medium	Low	Total
Total Recommendations	4	31	34	69
Total Complete	4	28	31	63
Outstanding	0	3	3	6
Overdue	0	0	0	0

- This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The outstanding medium risk actions relate to Corporate Finance - Procurement. Delays in implementation are attributed to the ongoing revision of procurement legislation for the UK.

Total Recommendations 2022/23				
	High	Medium	Low	Total
Total Recommendations	5	13	13	31
Total Complete	3	13	13	29
Outstanding	0	0	0	0
Overdue	2	0	0	2

- This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

The overdue high-risk actions relate to the Trading Operations – Port Commercial & Marine audit in respect of an agreed operating lease with LCC (due July 2024) and the Construction Industry Scheme audit in respect of being non-compliant

with IR35 rules for two subcontractors. An HR code of practice is being discussed with Management.

Total Recommendations 2023/24				
	High	Medium	Low	Total
Total Recommendations	10	53	5	68
Total Complete	4	11	0	15
Outstanding	6	42	5	53
Overdue	0	0	0	0

- This table does not include the recommendations made in relation to the ARP audits, conducted by partner authorities as they are reported to their respective authorities at this stage.

There are no overdue high-risk or medium-risk actions. All outstanding actions are being monitored with the auditee on a regular basis.

Appendix C: Summary of Internal Audit Effectiveness per PSIAS

					Compliance		
		Cat	Category of checklist	Comments	C	P	N
	Mission of Internal Audit	1	To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.	Audit Charter	C		
	Definition of Internal Auditing	2	Definition of Internal Auditing	Audit Charter	C		
Core Principals	The Core Principals are based on conformance with the Code of Ethics (Integrity, Seven Principles of Public Life)	3.1	Demonstrates integrity	Declaration of Interests	C		
		3.2	Demonstrates Competence and due professional care	Qualification	C		
		3.3	Is objective and free from undue influence	Reporting Lines	C		
		3.4	Aligns with the strategies, objectives, and risks of the organisation	Audit Plan	C		
		3.5	Is appropriately positioned and adequately resourced	Audit Plan		P	
		3.6	Demonstrates quality and continuous improvement	Progress Reports		P	
		3.7	Communicates effectively	Progress Reports	C		
		3.8	Provides risk-based assurance	Audit Plan	C		
		3.9	Is insightful, proactive, and future-focused	Audit Plan	C		
		3.10	Promotes organisational improvement	Audit Plan	C		
Code of Ethics		4.1	Integrity	QA review	C		
		4.2	Objectivity	QA Review	C		
		4.3	Confidentiality	QA Review	C		
		4.4	Competency	QA Review	C		
		4.5	Seven Principles of Public Life	QA Review	C		
Attribute	These address the characteristics of organisations and parties performing internal audit activities	5.1	1000 Purpose, Authority and Responsibility	QA Review	C		
		5.2	1100 Independence and Objectivity	QA Review	C		
		5.3	1200 Proficiency and Due Professional Care	QA Review	C		
		5.4	1300 Quality Assurance and Improvement Programme	QA Review	C		
Performance	These describe the nature of internal audit activities and provide quality criteria against which the performance of these services can be evaluated.	6.1	2000 Managing the Internal Audit Activity	Audit Manual	C		
		6.2	2100 Nature of Work	Audit Manual	C		
		6.3	2200 Engagement Planning	Audit Manual	C		
		6.4	2300 Performing the Engagement	Audit Manual	C		
		6.5	2400 Communicating Results	Audit Manual	C		
		6.6	2500 Monitoring Progress	Audit Manual	C		
		6.7	2600 Communicating the Acceptance of Risks	Audit Manual	C		
					26	2	

C = Conforms: P = Partial: N = Not conforming

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Agenda Item No:	11	
Committee:	Audit and Risk Management Committee	
Date:	22nd July 2024	
Report Title:	Corporate Risk Register Review	

1 Purpose / Summary

- 1.1 To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register.

2 Key Issues

- 2.1 The Council's Risk Management Strategy ensures the effective maintenance of a risk management framework by:-
- embedding risk management across core management functions;
 - providing tools to identify and respond to internal and external risk;
 - linking risks to objectives within services and regularly reviewing these.
- 2.2 The Audit and Risk Management Committee has asked that the Council's Corporate Risk Register is reviewed and presented to it quarterly.
- 2.3 The latest Corporate Risk Register (**Appendix A**) is attached to this report.

3 Recommendations

- 3.1 The latest Corporate Risk Register is agreed as attached at Appendix A to this report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden – Leader and Portfolio Holder for Corporate Governance
Report Originator(s)	Stephen Beacher – Head of ICT, Digital & Resilience
Contact Officer(s)	Paul Medd – Chief Executive Peter Catchpole –Corporate Director & Chief Finance Officer Stephen Beacher – Head of ICT, Digital & Resilience
Background Paper(s)	Previous reviews of the Corporate Risk Register: minutes of Audit and Risk Management Committee

1 Background / Introduction

1.1 This is the latest quarterly update in respect of the Corporate Risk register.

2 Considerations

2.1 The Council has seven considerations when considering risk:-

- Performance – can we still achieve our objectives?
- Service delivery – will this be disrupted and how do we ensure it continues?
- Injury – how do we avoid injuries and harm?
- Reputation - how is the Council's reputation protected?
- Environment – how do we avoid and minimise damage to it?
- Financial – how do we avoid losing money?
- Legal – how do we reduce the risk of litigation?

2.2 Members and Officers share responsibility for managing risk:-

- Members - have regard for risk in making decisions
- Audit and Risk Management Committee – oversee management of risk
- Corporate Management Team – maintain strategic risk management framework
- Risk Management Group – Lead Officers across the Council promote risk management and a consistent approach to it
- Managers – identify and mitigate new risks, ensure teams manage risk
- All staff – manage risk in their jobs and work safely.

2.3 Risk is scored by impact and likelihood. Each have a score of 1-5 reflecting severity. The overall score then generates a risk score if no action is taken, together with a residual risk score after mitigating action is taken to reduce risk to an acceptable level.

2.4 The level of risk the Council deems acceptable is the “risk appetite”. The Council accepts a “medium risk appetite” in that it accepts some risks are inevitable and acceptable whereas others may not be acceptable.

2.5 Managers consider risks as part of the annual service planning process. Each service has a risk register with the highest risks being reported at a strategic level, forming the Corporate Risk Register. The Corporate Management Team, supported by the Risk Management Group, ensures that the highest risks are regularly reviewed and mitigating action undertaken.

2.6 The Corporate Risk Register is very much a “living document”; the Audit and Risk Management Committee reviews it quarterly.

2.7 Where exceptional new risks present themselves, they can be referred to Audit and Risk Management Committee urgently as appropriate.

- 2.8 Risk appetite has been considered. The Council takes a medium risk appetite, accepting that the current climate in Local Government is subject to great change and that some risks are necessary in order for the Council to move forward and continue to deliver high quality, cost-effective services.

As a result of this, in some instances it is not possible to significantly reduce residual risk. Having said this, some decisions may need to be made in a timely manner and this could increase risk appetite accordingly. The Council's overall risk appetite should be reviewed regularly.

- 2.9 Risk awareness is embedded across the Council, and it is important that risk awareness and management is integral to the Council's culture. To achieve this, risk awareness and training are important.
- 2.10 It is important that Members have regard for risk when considering matters and making decisions at Council, Cabinet and Committees. In addition, Audit and Risk Management Committee must take a strategic overview of risk and consider the highest risks to the Council as set out in the Corporate Risk Register.

3 Changes to the Corporate Risk Register

- 3.1 The Risk Register has been reviewed by the Corporate Risk Management Group and Corporate Management Team.
- 3.2 Mitigating actions and progress have been updated.
- 3.3 Commentary regarding all risks and action being taken to ensure current risks are minimised has been updated in the Risk Register.
- 3.4 All updates are highlighted in green.
- 3.5 The register also includes some narrative around the Risk Management Process (at section 2); the Monitoring and Escalation Framework (at section 4); the Risk Appetite and tolerance levels; and a heat map showing all the residual risks at page 28.
- 3.6 In the July 2024 update, a number of similar risks have been combined reducing the overall total to 14. The Corporate Risk Management Group felt this would be an acceptable improvement to simplify the Corporate Risk Register as a number of the previous risks were very similar.
- 3.7 The below detail explains which risks have been combined. Previous risk scores have been combined with the highest combined score being used for the new risk.
- 1) Previous risk numbers 1 '*Legislative changes*' and 17 '*Legislative changes in national political priorities*' have been combined to create risk 24 '*Change in Government Priorities or Legislation*'.
 - 2) Previous risk numbers 8 '*Funding changes make Council unsustainable*' and 12 '*Failure of external investment institutions*' have been combined to create risk 25 '*Financial Impact due to External Factors*'.
 - 3) Previous risk numbers 4 '*Loss of access to data / systems required for service delivery*' and 7 '*Lack of access to Council premises prevents services being delivered*' have been combined to create risk 23 '*Business Continuity / Disaster Recovery*'.
 - 4) Previous risk numbers 5 '*Insufficient staff to provide Council services*' and 16 '*Service provision affected by organisational change*' have been combined to create risk 22 '*Resourcing*'.

5) Previous risk numbers 9 '*The Council's ability to cope with a natural disaster*' and 21 '*The Council's failure to deal with an infectious disease and/or a pandemic situation*' have been combined to create risk 27 '*Natural Disaster / Pandemic*'.

6) Previous risk numbers 14 '*Failure to achieve required savings targets*' and 18 '*Capital funding strategy failure*' have been combined to create risk 26 '*Financial Management*'.

3.8 In the July 2024 update, the Corporate Risk Management Group have also renamed the remainder of the risks, as below:

1) Risk 3 has changed from '*Failure of contractors / suppliers working on the Council's behalf*' to '*Procurement & Contract Management*'.

2) Risk 6 has changed from '*Breach of ICT security, ICT failure, causing loss of service*' to '*Cyber Resilience*'.

3) Risk 10 has changed from '*Major health and safety incident*' to '*Health & Safety*'.

4) Risk 11 has changed from '*Fraud and error committed against the Council*' to '*Fraud*'.

5) Risk 13 has changed from '*Failure of Governance in major partners or in the Council as a result of partnership working*' to '*Partnership Working*'.

6) Risk 15 has changed from '*Over-run of major Council projects in time or cost*' to '*Project Management*'.

7) Risk 19 has changed from '*Poor communications with stakeholders*' to '*Communications & Engagement*'.

8) Risk 20 has changed from '*Failure of the Council's Commercialisation and Investment Strategy*' to '*Commercial & Investment Strategy*'.

3.9 There is one change in residual risk score in July 2024. This can be seen against risk 26 (Financial Management) where the score has increased from 12 to 16. This has been increased because the savings expected against the transformation programme may not be realised.

4 Next Steps

4.1 Officers will continue to bring a reviewed and updated Corporate Risk Register to Audit and Risk Management Committee on a regular basis.

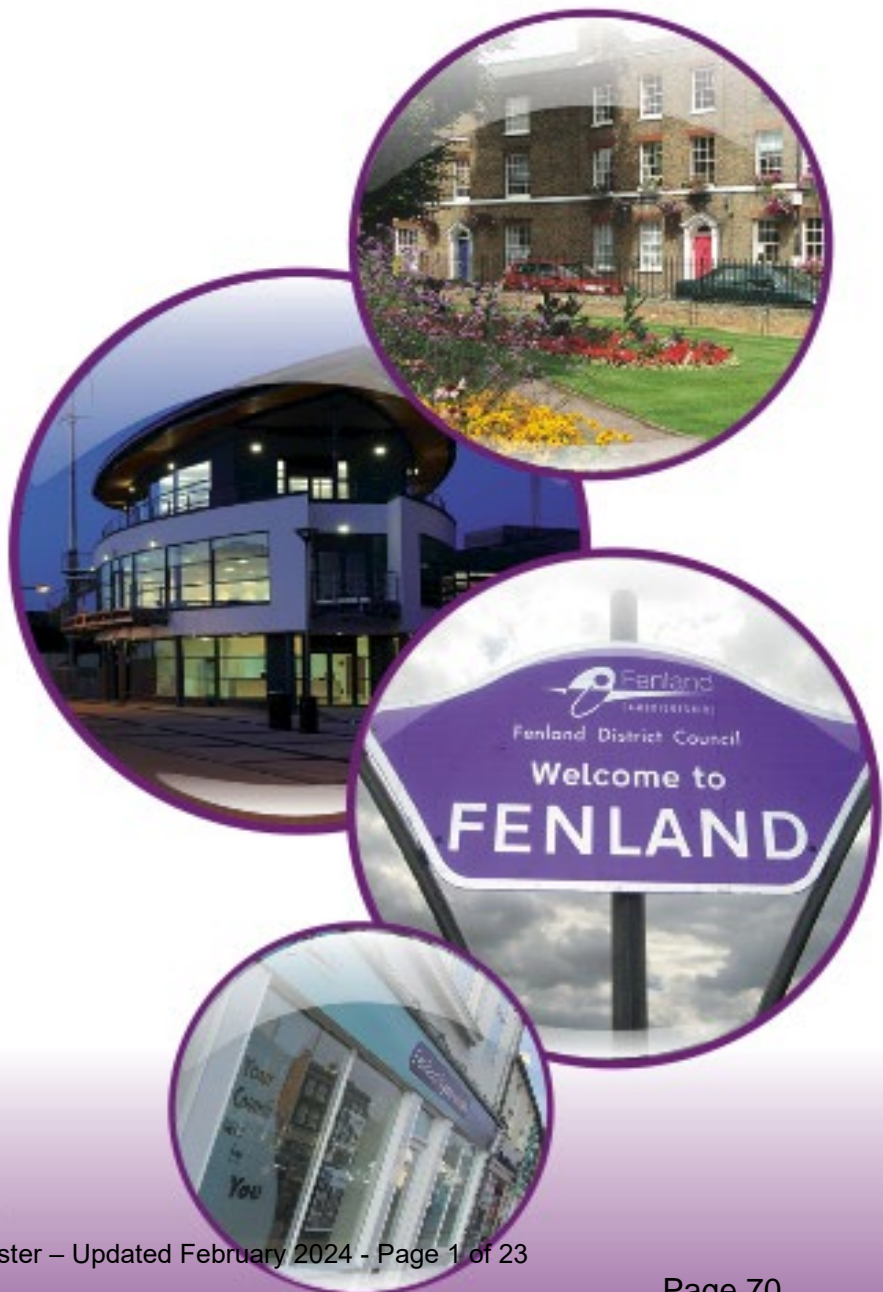
5 Conclusions

5.1 The risk management process provides assurance for the Annual Governance Statement, which is substantiated by reports from the Council's External Auditors in their issuance of an unqualified audit opinion.

5.2 Regular review (and updating as appropriate) of the Risk Management Strategy and Corporate Risk Register will further build the assurance required above.

Corporate Risk Register

Reviewed and updated July 2024



1 Introduction

- 1.1 This is the latest Corporate Risk Register. Please refer to the Council's Corporate Risk Strategy for further information about how the Council approaches risk management. Actions and comments for each risk have been revised and other changes are highlighted in green.

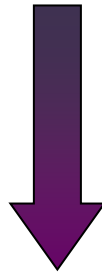
2 Risk Management Process

- 2.1 Risk Management is designed to identify what could affect the achievement of objectives, and to plan a proportionate response.
- 2.2 The Council's approach to Risk Management is documented within the Risk Management Framework. It aims to ensure that risks are identified for both strategic and operational activity. This includes:
- corporate and service priorities;
 - project management;
 - decision-making and policy setting; and
 - financial and performance monitoring and planning.
- 2.3 The Risk Management Framework provides tools to manage risks for the different types of system and control environment, such as the Corporate Risk Register to capture and summarise significant and strategic risks; team risk registers which help inform service planning and actions; risk and hazard identification documents are shared with management as appropriate during audit reviews; and health and safety risk assessments which are updated annually by teams.
- 2.4 The frequency and mechanism for monitoring risks reflects the type of monitoring system, and the pace of changing circumstances, for example:
- Project risks will be recorded in project risk registers and are reviewed frequently throughout the project's life.
 - Operational risks are identified through audit and inspection work and are assigned dates and ownership.
 - Operational risks are identified through service planning and are linked to the service plan actions. These are typically monitored monthly through team meetings as part of the Councils Performance Management framework.
- 2.5 The Annual Governance Statement records governance actions, which are reviewed biannually as good practice. The Corporate Risk Register comprises strategic and significant risks. The register can both inform and reflect risks recorded in other risk management systems. It may refer to more detailed analysis of risks, presented to committees, such as the Medium-Term Financial Strategy. Appropriately, mitigation may be linked to specific actions recorded and monitored through service plans, or committee forward plans.
- 2.6 Risks are categorised and scored according to their impact and likelihood. This activity allows managers, to prioritise resources to mitigate them. Strategic and significant risks are defined by the Councils risk appetite.
- 2.7 The outcomes of this process are reported to the Audit and Risk Management Committee at least twice each year in the form of the attached Corporate Risk Register.
- 2.8 The review of the Risk Management Framework, Policy and Strategy, will be reported to the Audit and Risk Management Committee at least annually. The Risk Management process, and register, will provide assurance for the Annual Governance Statement.

3. How Risks Are Scored

- 3.1 The Council has adopted a consistent scoring mechanism for all risk identification, as it enables risks identified from other systems to be escalated to the Corporate Risk Register.
- 3.2 The probability - “likelihood”, and effect - “impact”, of each risk must be identified in order to help assess the significance of the risk and the subsequent effort put into managing it.
- 3.3 The risk score is calculated by multiplying the impact score by the likelihood score:

IMPACT	
Score	Classification
1	Insignificant
2	Minor
3	Moderate
4	Major
5	Catastrophic



LIKELIHOOD	
Score	Classification
1	Highly unlikely
2	Unlikely
3	Possible
4	Probable
5	Very likely

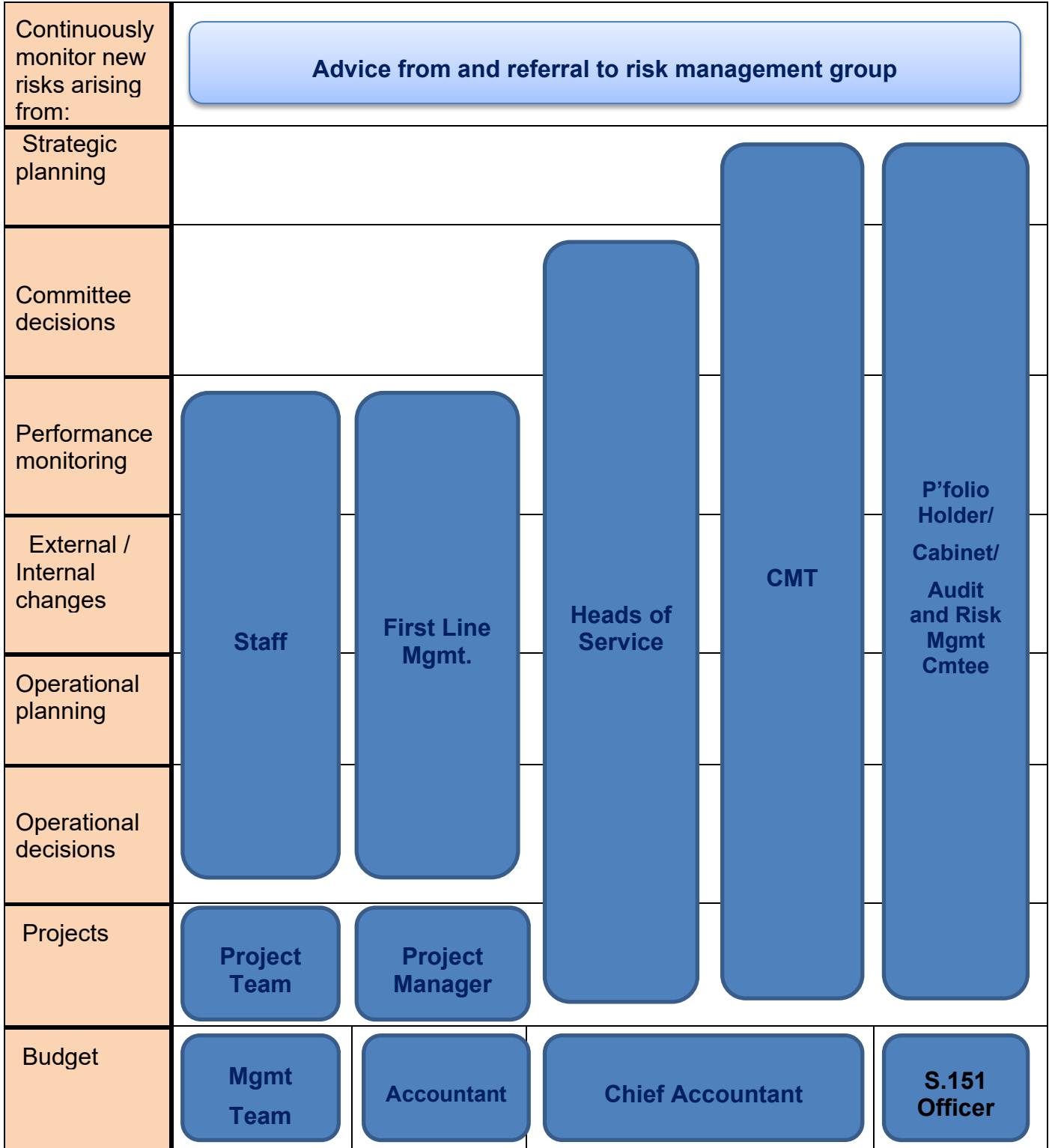
IMPACT x LIKELIHOOD = RISK SCORE

3.4 The impact and likelihood of risks is scored with regards the below levels:-

Score	1	2	3	4	5
Criteria	Insignificant impact	Minor impact	Moderate Impact	Major Impact	Catastrophic Impact
Performance	Objectives still achieved with minimum extra cost or inconvenience	Partial achievement of objectives with compensating action taken or reallocation of resources.	Additional costs required and or time delays to achieve objectives – adverse impact on PIs and targets.	Unable to achieve corporate objectives or statutory obligations resulting in significant visible impact on service provision such as closure of facilities.	Unable to achieve corporate objectives and/or corporate obligations.
Service Delivery	Insignificant disruption on internal business – no loss of customer service.	Some disruption on internal business only – no loss of customer service.	Noticeable disruption affecting customers. Loss of service up to 48 hours.	Major disruption affecting customers. Loss of service for more than 48 hours.	Loss of service delivery for more than seven days.
Physical	No injury/claims.	Minor injury/claims (first aid treatment).	Violence or threat or serious injury/claims (medical treatment required).	Extensive multiple injuries/claims.	Loss of life.
Reputation	No reputational damage.	Minimal coverage in local media.	Sustained coverage in local media.	Coverage in national media.	Extensive coverage in National Media.
Environmental	Insignificant environmental damage.	Minor damage to local environmental.	Moderate local environmental damage.	Major damage to local environment.	Significant environmental damage attracting national and or international concern.
Financial	Financial loss < £200,000	Financial loss >£200,000 <£600,000	Financial loss >£600,000 <£1,000,000	Financial loss >£1,000,000 <£4,000,000	Financial loss >£4,000,000
Legal	Minor civil litigation or regulatory criticism	Minor regulatory enforcement	Major civil litigation and/or local public enquiry	Major civil litigation setting precedent and/or national public enquiry	Section 151 or government intervention or criminal charges

4. Monitoring and Escalation Framework

4.1 The following diagram illustrates the key stakeholders for different classification of risk management:



5.0 Risk Appetite and Tolerance Levels

- 5.1 Risk appetite and tolerance is the amount of risk an organisation is prepared to accept, or be exposed to at any point in time. It can indicate where action is required to reduce risk to an acceptable level, plus opportunities for positive outcomes which can be monitored.
- 5.2 The Council has adopted the approach and definitions used by CIPFA and the Institute of Risk Management:

Risk Appetite

“The amount of risk an organisation is willing to seek or accept in the pursuit of its long-term objectives”.

An example may be consideration of the funds or resources that an organisation is prepared to invest in a venture where success is not guaranteed but that would yield benefits.

Risk Tolerance

“The boundaries of risk taking outside which the organisation is not prepared to venture in the pursuit of its long-term objectives”.

An example may be a Treasury Management Strategy that rules out certain types of investment options.

- 5.3 Typically an individual’s perception of an acceptable risk is the same irrespective of which definition is used. Differences may occur where risks cannot be controlled or completely eliminated. For example, political and legislative change is an external driver which cannot be fully mitigated. In this instance the risk tolerance, and ability to manage the risk, may be greater than risk appetite.
- 5.4 It is recognised that the tolerance or appetite is subjective, and may change according to the environment, internal and external drivers. Consequently, it is important, regardless of the terms used, that everyone has a consistent approach to risk taking to prioritise resources effectively.
- 5.5 The Councils risk appetite is set by the Corporate Management Team (CMT) and is reviewed periodically. This provides guidance to everyone on acceptable levels of risk taking, to encourage a consistent approach to risk management.
- 5.6 Different risk appetites can be illustrated on a five-by-five matrix as three levels: high, medium and low. The Council is risk aware and the current level is determined by CMT as medium. This provides guidance that any inherent risk scored at 15 or greater is to be considered for the Corporate Risk Register.
- 5.7 Once controls are in operation the risks can be scored again to illustrate the residual risk.

6. The Corporate Risk Register at a Glance

6.1 Please see below for a summary of current risks and their scores. More detail follows in section 7 of this document, in which the individual risks are ordered by severity of current risk, in descending order.

Ref	Risk	Risk if no action			Change	Current risk			Change	Page in register
		Impact	Likelihood	Score		Impact	Likelihood	Score		
25	Financial Impact due to External Factors (Funding changes which make the Council unsustainable / failure of external investment institutions) This is a new risk which combines the previous risks 8 and 12.	5		25		4	5	20		9
3	Procurement & Contract Management (Failure of contractors/suppliers working on the Council's behalf)	4		16		4	4	16		10
27	Natural Disaster / Pandemic (The Council's ability to cope with a natural disaster / pandemic) This is a new risk which combines the previous risks 9 and 21.	5		25		4	4	16		11
26	Financial Management (Failure to achieve savings targets / capital funding strategy / the Council's commercialisation and investment strategy) This is a new risk which combines the previous risks 14 and 18.	5	5	25		3 4	4	12 16		12
6	Cyber Resilience (Loss of ICT provision)	5	5	25		4	3	12		13
24	Change in Government Priorities or Legislation (New or amended legislation / change of priorities) This is a new risk which combines the previous risks 1 and 17.	5	5	25		3	4	12		14

23	Business Continuity / Disaster Recovery (Response to a localised operational issue) This is a new risk which combines the previous risks 4 and 7.	5	5	25		4	3	12		15
22	Resourcing (Service provision affected by organisational change / insufficient staff) This is a new risk which combines the previous risks 5 and 16.	4	5	20		3	4	12		16
10	Health & Safety (Major health and safety incident)	4	4	16		3	3	9		17
11	Fraud (Fraud and error committed against the Council)	5	4	20		3	3	9		18
13	Partnership Working (Failure of Governance in major partners, or in the Council, as a result of partnership working)	4	5	20		3	3	9		19
19	Communication & Engagement (Poor communications with stakeholders)	4	5	20		3	3	9		20
20	Commercial & Investment Strategy (Failure of the Council's commercialisation and investment strategy)	5	4	20		3	3	9		21
15	Project Management (Over-run of major Council projects in time or cost)	4	5	20		3	2	6		22

7 Corporate Risk Register

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
25	<p>Financial Impact due to External Factors</p> <p>(Funding changes which make the Council unsustainable / Failure of External Investment Institutions)</p> <p>Risk</p> <ul style="list-style-type: none"> • Funding changes make Council unsustainable. • Failure of external investment institutions. • The current impact of inflation and how this may present additional pressures to the Council's overall finances. <p>Effects</p> <ul style="list-style-type: none"> • Economic changes, imposed savings requirements, changes to local government funding systems. • Financial management of NNDR, CTS leads to change in income /spending making Council unsustainable. • Failure of external investment institutions affecting availability of funds or return on investment reducing cash flow and resource availability. 	5	5	25	<ul style="list-style-type: none"> • S151/ Chief Finance Officer. • Financial Regulations & Standing Orders. • Appropriately trained staff. • MTFS. • Professional economic forecasts. • Community consultation on service priorities. • Our Council for the Future programme. • Political decisions linked to budget strategies. • CMT efficiency planning. • Modernising Council Services transformation programme. • Introduction of Transformation Agenda 2 (TA2). • Executive steer of service /capital priorities. • Review fees /changes. • Reserves. • Financial Management System. • Budget monitoring. • Policy for maximum investment/ borrowing levels limits liability. • Credit ratings. • Financial management. • Reserves. • Insurance. • Medium Term Financial Strategy. • Treasury Management Strategy. 	4	5	20	<p>Peter Catchpole</p> <p>MS/SW</p>	<ul style="list-style-type: none"> • Using intelligence to model and plan for future changes and risks and move away from reliance on Govt funding to balance our budget. • Regular monitoring of current position and reporting to Members. • Workforce planning covers all scenarios. • Inclusion in national working groups, modelling and lobbying for funding system after RSG ceases. • Sharing Council's Efficiency Plan with the Government allows guaranteed multi-year grant settlement raising funding certainty. • Shared services and partnership working • Pursuing all opportunities for external funding • Commercial and Investment Strategy. • Effective Treasury Management strategy. Robust auditing of processes and policies. 	<p>We closely monitor information received from government and relevant interest groups and sector representatives regarding anticipated changes in the financing of local government. Our Medium-Term Financial Plan articulates the key risks to the Council arising from potential changes in the current arrangements. The MTFP forecasts the gap between the cost of delivering Council services and the resources available, including any planned use of Council reserves.</p> <p>The Fair Funding Review and Business Rate Retention Scheme are still delayed.</p> <p>The Council has an agreed Commercialisation and Investment Strategy which will enable the Council to generate additional income. This provides a framework to determine which investment opportunities can be taken forward. Some income-generating investments have been made. However, the challenging economic outlook, particularly in respect of inflation and rising financing costs, is likely to reduce, at least in the short-term, the commercial viability of some planned investments.</p> <p>Each service is required to review and identify any opportunities for transformation, commercialisation and efficiency. The Council has now delivered Phase 2 of the 'Modernising Council Services' programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme.</p> <p>It is unclear to what extent government will be able and willing to provide any level of financial support in response to the current economic challenges. To mitigate against significant rises in IDB levies additional funding is expected in 2024-25.</p> <p>The Treasury Management Strategy is subject to review by the Audit and Risk Management Committee prior to being considered and approved by Cabinet and Full Council in February each year. An annual report and a mid-year report are produced during the year for members' consideration in accordance with reporting requirements set out by CIPFA and the Council's treasury management position is regularly reviewed. The Council complies with relevant sector best practice.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
3	<p>Procurement & Contract Management</p> <p>Risk</p> <ul style="list-style-type: none"> • Failure of contractors / suppliers working on the Council's behalf. <p>Effects</p> <ul style="list-style-type: none"> • Failure of contractor or partners to deliver services or meet agreed performance objectives leads to additional costs or failed objectives. 	4	4	16	<ul style="list-style-type: none"> • Procurement processes, including financial aspects/ contract standing orders / equality standards. • Contract process – creation of robust contracts. • Accountability and risk ownership documented. • Service Level Agreements. • Contract monitoring. • Trained/skilled staff. • Project management. • Relationship Management. • Business Continuity Plans. 	4	4	16	<p>CMT</p> <p>All Mgrs</p>	<ul style="list-style-type: none"> • Regular monitoring of contracts and performance by Managers. • Ensure that contracts have risk registers and mitigation in event of contract failure. • Ensure all contractors have reviewed and refreshed their business continuity arrangements and plans in light of the pandemic. • Individual Council services share their own contingency to cover for contractor failure, and this is part of the Business Continuity Plan for each Service Area. • Potential contractors and suppliers are always checked for financial stability and business continuity by the Accountancy/ Procurement teams before contracts are let. 	<p>FDC has arrangements in place to manage / monitor the performance of the Tivoli Grounds Maintenance contract and the Freedom Leisure contract.</p> <p>All other shared services/contracts have a full review and governance process in place to ensure ongoing delivery and performance standards.</p> <p>The cost of living and energy crises form a significant challenge to the leisure business. Freedom Leisure and FDC are monitoring the situation closely and are working together to mitigate impact on the services provided to the local community in Fenland.</p> <p>Refresher training on procurement to be delivered to all awarding managers.</p> <p>Process of due diligence checks to be implemented for all relevant contracts and/or suppliers.</p> <p>For the 10,000 tonnes of Dry Mixed Recycling collected each year, from August 2024, the Council will have in place a rolling 6-month contract for the tipping and bulking of the dry mixed recycling collected and needs to make arrangements for a more permanent solution.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
27	<p>Natural Disaster / Pandemic</p> <p>(The Council's ability to cope with a natural disaster / pandemic)</p> <p>Risk</p> <ul style="list-style-type: none"> • The Council's ability to cope with a natural disaster, or a pandemic / infectious disease situation. • Failure to maintain robust emergency planning procedures. <p>Effects</p> <ul style="list-style-type: none"> • Natural disaster: malicious or accidental incident affects support required by civilians or disrupts existing Council services. 	5	5	25	<ul style="list-style-type: none"> • Emergency plan. • Emergency planning exercises beyond the district. • Business continuity plans. • Regular exercise and joint public sector workshops for Emergency Planning. • Emergency Planning Communications Strategy. • Review of approach with partner organisations as a result of lessons learned. • Local Resilience Forum. • Additional resources. • Covid Gold group. • Working with key partner agencies (Public Health, CPLRF, ARP etc.) • Supporting delivery of Business grants and self -solation payments. • Agile working, all relevant staff are enabled to work remotely. • Ongoing communications with public and workforce. 	4	4	16	CMT SB	<ul style="list-style-type: none"> • Regularly test Emergency Management Plan • Test Service Business Continuity Plans. • Ensure key emergency planning staff attend regular liaison meetings and training. • Ongoing management response group and regular conference call and action planning. • Regularly test Emergency Plan • Test Service Business Continuity Plans. • Ensure key emergency planning staff attend regular liaison meetings and training. • Ongoing management response group and regular conference call and action planning • Support vaccination programmes. • Enduring transmission programmes. 	<p>The Council's Emergency Management and Rest Centre Plans have been updated and we have increased and trained the number of volunteer rest centre staff available.</p> <p>Internal Audit have carried out a review of our Business Continuity processes.</p> <p>The Council retain the use of the four Leisure Centres for rest centre locations.</p> <p>The Council has implemented a rota for senior officers to be 'on call' at Gold (Strategic), Silver (Tactical) and Bronze (Operational) levels to respond in the event of an emergency.</p> <p>The Council's response to any such situation will complement and support the coordinated CPLRF and Public Sector response to any such incident.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
26	<p>Financial Management</p> <p>(Failure to achieve saving targets / capital funding strategy / the Council's commercialisation and investment strategy)</p> <p>Risk</p> <ul style="list-style-type: none"> • Failure to achieve required saving targets. • Capital funding strategy failure. <p>Effects</p> <ul style="list-style-type: none"> • Failure to achieve efficiency savings, or to maximise income. • Failure to achieve performance targets may result in greater than budgeted costs and potential risk of Council not being able to set a balanced budget. • Financial risks of capital funding shortfalls leading to increased burden to the Council. • Potential for marginal deficit in capital programme if future funding is not realised. 	5	5	25	<ul style="list-style-type: none"> • Heightened analysis of budgets and services by CMT • Implement Service Transformation • Implement Procurement Strategy • Corporate plan • Pursue action to increase income streams. • Performance Management Framework • Budget and performance monitoring • Robust workforce planning and project management • Council for the Future programme • Corporate Asset Team • CMT monitoring of capital receipts/effect on capital programme. • Regular Cabinet review, member with responsibility for assets. • Additional funding opportunities identified and pursued. • Project lead monitors site valuations. • Marketing and identification of potential land purchases, flexibility of planning guidance. 	3 4	4	12 16	<p>Peter Catchpole</p> <p>MS/SW</p>	<ul style="list-style-type: none"> • Robust control of corporate Transformation Plan. • Regular progress reports and assurance to Members. • Organisational and Service transformation programme • Transformation and Recovery Plans • Forward planning and horizon scanning. • Regular high-level monitoring of direction of travel and mitigation required. • Asset Management Plan. • Asset Disposal Strategy. 	<p>Delivery of Council Efficiency targets continue including delivering savings planned for in the Council's annual budget and medium-term financial strategy.</p> <p>A significant shortfall between the net budget requirement and resources available still exists over the medium-term. The extent of this gap was re-appraised in autumn 2023 as part of the budget-setting process and was reported to Cabinet and Council in February 2024.</p> <p>The Council has now started delivering the Transformation Agenda 2 (TA2) programme which is expected to deliver significant savings over the Council's current MTFP period and will be critical in enabling the Council to set a balanced budget over the medium-term.</p> <p>As part of the Council's Transformation Programme, the Council has recognised that this is an opportune time to commence a full Accommodation Review, which could contribute significantly to future savings requirements. Hybrid working is now commonplace across the Council resulting in limited occupation of our main office accommodation which presents new possibilities for the Council. The Council has undertaken a condition survey for Fenland Hall which indicates a requirement for significant capital and revenue investment in Fenland Hall. The Council have now undertaken the Accommodation Strategy Outline Business Case and have arrived at two options which need to be considered by members. Whilst some costs will be unavoidable and will need to be built into updated financial forecasts, the timeframe and degree of priority will vary according to which option is taken forward.</p> <p>The Council's capital funding programme is regularly reviewed by Officers and by Cabinet.</p> <p>The current projected funding deficit will be met by borrowing and the relevant annual financing cost has been included in the Council's Medium Term Financial Plan. A significant number of projects are included which will need to be delivered in the short to medium term to address the Council's statutory responsibilities and/or deliver against agreed strategic objectives. A particular challenge exists where grant funding is received prior to going out to tender and then is insufficient to cover the full cost of planned works. The regular project meetings chaired by the Chief Executive ensure there is an ongoing discussion of project financing and consideration given to other funding options and re-scoping of projects.</p> <p>A further specific challenge relates to future costs concerning the port infrastructure and backlog maintenance of the property portfolio. Members are aware that whilst the associated costs are not yet factored into the capital programme and medium financial plan the impact is likely to be significant. The options for cost-avoidance and reduction will depend on significant strategic decisions to be taken as part of the budget-setting process.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
6	<p>Cyber Resilience</p> <p>(Loss of ICT provision)</p> <p>Risk</p> <ul style="list-style-type: none"> • Breach of ICT security, ICT failure, or cyber-attack, causing loss of service. <p>Effects</p> <ul style="list-style-type: none"> • Major ICT hardware / software failure, or attack (such as viruses, hacking, or malware) causes disruption to services, or a breach of security. • Financial penalties due to data loss. • Reputational damage. 	5	5	25	<ul style="list-style-type: none"> • Anti-virus software. • Geographically distributed servers. • Tested disaster recovery plan. • Back-ups stored off-site. • Secondary power supply. • Revised security policies. • Service business continuity plans include manual operation. • All council employees undertake cyber-security training annually. 	3	4	12	<p>Peter Catchpole</p> <p>SB/AB</p>	<ul style="list-style-type: none"> • Effective auditing of systems and data held. • Data backed-up securely off-site. • Regular penetration testing. • Likelihood of a breach is reduced by above mitigation. 	<p>The Council subscribes to the National Cyber Security Centre's (NCSC) Web Check service that helps public sector organisations fix website threats. This service regularly scans public sector websites to check if they are secure. NCSC have advised that the Fenland Council site is secure.</p> <p>Council ICT systems and website are as secure as possible with current anti-attack software and processes up to date. When vulnerabilities are made known by software vendors, software is updated to reduce the risk of malicious attack.</p> <p>The likelihood score reflects the increase globally of cyber-crime.</p> <p>Our ICT infrastructure and processes are accredited against the PSN Code of Connection, PCI DSS, and Cyber Essentials Plus certification.</p> <p>Internal and external independent penetration testing is carried out annually to demonstrate our processes and security stance are adequate.</p> <p>An internal audit of our preparedness to protect our systems and data has recently been completed and recommendations from this are being implemented.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
24	<p>Change in Government Priorities or Legislation</p> <p>(New or amended legislation / change of priorities)</p> <p>Risk</p> <ul style="list-style-type: none"> • Change in legislation. • Change in government priorities. • Significant legal challenge. • Risk of GDPR breach and ICO sanction / fine. • Risk of administrative, or other challenge in relation to the Council's overall governance / acts / omissions. <p>Effects</p> <ul style="list-style-type: none"> • Changes in national political priorities may result in immediate changes that require additional resource to achieve and fail to reflect priorities determined by consultation. 	5	5	25	<ul style="list-style-type: none"> • Monitoring Officer. • Horizon scanning by Legal /CMT /Management Team. • Service Manager responsibilities. • Financial & workforce planning. • Membership of professional/ Local Govt bodies aids horizon scanning. • Management of change approach to mitigate significant impact to organisation and its staff. • Detailed project plans to change implementation. • Respond to consultations on new legislation. • Insurance. • Financial planning. • Workforce planning. • Monitoring by CMT and resultant. • Cabinet reports. • Clear corporate planning and regular performance monitoring. • Effective service/ financial planning. • Respond to national consultation on key policy change. • Membership of LGA as a Council Outside Body. 	3	4	12	CMT PM/AB	<ul style="list-style-type: none"> • Use intelligence to identify impending changes and their effects. • Ensure staff trained and procedures changed. • Use professional networking to identify best practice for responding to change. • We respond to government consultations on changes to legislation or policy to influence its development. • Dedicated GDPR Officer. • Operate in accordance with best practice. • Seek specialist external legal advice where required. • Effective working with other local authorities. • Understanding and acting on intelligence from LGA, CIPFA and other local government sources. • Resources identified, approved and implemented without delay. • Horizon scanning via professional bodies. • Joint/collaborative working. 	<p>The likelihood of legislative change remains high. We are keeping a watching brief as any changes are announced.</p> <p>We are monitoring expected legislative changes which may arise after the introduction of the Procurement Act which will replace the current EU law-based procurement regulations and lay down new rules and procedures for selecting suppliers and awarding contracts.</p> <p>Officers continue to horizon-scan for legislative changes and their effects.</p> <p>The Council has in house senior legal advice as well as through its links with external organisations such as EM Lawshare and PCC Legal. Specialist external advice will be sought in relation to complex/technically challenging matters as appropriate.</p> <p>The Council has a dedicated GDPR Officer, and each service is required to have a dedicated GDPR lead.</p> <p>The Elections Bill 2021 includes additional requirements relating to: Voter identification; Postal and Proxy voting measures; Clarification of undue influence; Accessibility of Polls; Overseas Electors; EU Voting and Candidacy Rights; The Electoral Commission; Notional Expenditure; Political Finance; Intimidation: New Electoral sanction; and Digital Imprints.</p> <p>New procurement legislation is expected in the coming months. unknown. Officers are keeping a watching brief and will update Management team and members when the impacts become known.</p> <p>The Environment Act included changes to waste collection and treatment for implementation from 2025-2027. This will involve changes in how we are funded and what is expected of us as a local authority collecting domestic and commercial waste and recycling. The remaining lack of clarity for Cambridgeshire is part of the risk at present.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
23	<p>Business Continuity / Disaster Recovery</p> <p>(Response to a localised operational issue)</p> <p>Risk</p> <ul style="list-style-type: none"> Lack of access to Council premises preventing service delivery. Failure of ICT systems. Resources become unavailable. <p>Effects</p> <ul style="list-style-type: none"> Disruption of service provision. The Council has undertaken a condition survey of Fenland Hall and significant repairs are needed. Failure to secure and manage data leads to loss / corruption / inaccuracy of data, resulting in disruption to services and breaches of security. 	5	5	25	<ul style="list-style-type: none"> Alarm and security systems. Fire drills. Business continuity plans. Emergency planning network. ICT disaster recovery and offsite testing. Relocation procedures - critical and support services. Geographically distributed sites. Remote working. Statutory building inspection and checks. Corporate Business Continuity Plans. Carrying out necessary works to rectify urgent issues. Monitoring the number of staff working from Fenland Hall to ensure the situation doesn't impact service delivery. 	4	3	12	Peter Catchpole SB/MG/AB	<ul style="list-style-type: none"> Effective auditing of systems and data held. Data backed-up securely off-site. Regular penetration testing. Regular review of business continuity plans. Disaster Recovery testing is undertaken at regular intervals. Additional ICT resource has been recruited. Regularly testing of Emergency Plan. Ensure key emergency planning staff attend regular liaison meetings and training. Provision of 'drop down' facilities for staff. 	<p>An additional internet feed to Fenland Hall has been installed to improve resilience.</p> <p>Resilience has been built into most of our ICT infrastructure.</p> <p>Consideration is given, when a new system is procured or replaced, as to whether it would be more appropriate to host this within the cloud in terms of resilience, capacity, performance, and cost.</p> <p>The Council has an Information Asset Register of all records it holds in both paper and electronic form, worked with IT system suppliers and conducted a staff awareness campaign to ensure that staff understand and are compliant with GDPR.</p> <p>The majority of information held by the Council is held with a legal basis for holding such as election and Council Tax records. All staff undergo GDPR training, and opportunities for further Member training in this area are currently being explored.</p> <p>An additional internet feed to Fenland Hall has been installed to improve resilience.</p> <p>The likelihood score reflects the increase globally of cyber-crime.</p> <p>The Council's internet and email protocols have been updated.</p> <p>All Council employees are undertaking Cyber security training.</p> <p>Further resilience has been built into the remote access infrastructure.</p> <p>Emergency plans – ongoing programme of review, testing and training of staff involved in a response.</p> <p>Plans regularly checked and tested with emergency planning exercise conducted at intervals.</p> <p>Improved ICT systems provide better/increased opportunities for remote/agile working.</p> <p>Office-based staff have the necessary equipment to be able to work away from the office, with access to Council systems, which allows us to maintain the delivery of Council services.</p> <p>All key/priority services have individual Business Continuity measures in place to maintain service delivery.</p> <p>The Council has implemented Pay Point, which has enabled our resident to pay their bills (by cash or card) in a much greater number of more local rural locations across the district.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
22	<p>Resourcing</p> <p>(Service provision affected by organisational change / insufficient staff)</p> <p>Risk</p> <ul style="list-style-type: none"> Service provision affected by organisational change, or insufficient staff, to provide Council services. Increased competition from other employers within the same workforce pool. Insufficient leadership and/or management capacity. <p>Effects</p> <ul style="list-style-type: none"> Constraints to effective workforce planning may lead to poor standards of service, or disruption to service. Service transformation can help build resilience but could also lead to a loss of qualified and knowledgeable staff exposing the council to risk of service failure or legal challenge. Service provision, or performance, affected by organisational change, industrial action, or staff sickness resulting in complaints, poor performance, or possible further costs. 	4	5	20	<ul style="list-style-type: none"> Learning & Development framework / Training. Working environment / culture. Staff Committee. MTSP. Flexible working. Established suite of people policies & procedures. Business continuity plans. Management training. 121s / Springboards / staff development. Service planning process. Access to interim staff. Effective sickness management. Effective governance structures. Working environment/culture. Audit & Risk Management Committee. Consultation with Management, Trade Union and Staff Partnership group (MTSP). Flexible working. Established suite of people policies & procedures. Management training. Robust HR management procedures. Regular performance monitoring. Project management processes. 	3	4	12	CMT SA / All Mgrs	<ul style="list-style-type: none"> Ensure all services have effective workforce plans incorporated into Service Plans, which ensure all work is prioritised. Effective succession planning. Effective use of project management approaches/ principles when delivering priorities/ strategies. Robust management of all organisational change. Business continuity plans for each service. Culture of Council remains effective. Workforce planning, which includes succession planning for key roles and talent management. A comprehensive programme of health surveillance for groups of employees who work in certain service areas (e.g. refuse drivers, workshop, port staff, etc.) Trained Mental Health First Aiders. Stress awareness / resilience training. Staff engagement and consultation processes. 	<p>All services are required to publish service plans, learning requirements and workforce plans to ensure teams are staffed according to current establishment and to take account of priorities and longer-term trends.</p> <p>All service Business Continuity Plans have been updated to ensure that key, priority and statutory services can be maintained in the event of a significant loss of staff through illness or absence.</p> <p>Almost all office-based staff have the necessary equipment to be able to work from home, which will maintain the delivery of a significant number of Council services. Other key/priority services have individual Business Continuity measures in place to maintain service delivery.</p> <p>Even with mitigation in place the challenges of attracting, recruiting and retaining staff is becoming increasingly difficult.</p> <p>As part of the Transformation programme, individual service reviews have commenced and will consider this issue as part of the process.</p> <p>All organisational changes must be supported by a full rationale and business cases and are considered by senior management; Proposed changes are subject to a consultation process, and then progressed by a wider project group to ensure all service provision issues are considered and managed. This project management approach is maintained for all such changes/programmes, and is supported by communication, engagement and training support for staff groups affected.</p> <p>The Council has a health and wellbeing programme in place which supports the existing suite of Policies, Codes of Practices and processes, this includes a wide range of support to help promote and encourage their good health and wellbeing.</p> <p>Actions agreed from the most recent wellbeing survey include:</p> <ul style="list-style-type: none"> All managers will be invited to attend a two-day Mental Health First Aid course. All employees will be invited to a half-day Mental Health Awareness course. All new employees will be required to attend the training as part of their induction to the Council. Upskilling our managers to assist in the management of a remote workforce and support the wellbeing of their teams.

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
10	<p>Health & Safety</p> <p>(Major health and safety incident)</p> <p>Risk</p> <ul style="list-style-type: none"> • Major health and safety incident. <p>Effects</p> <ul style="list-style-type: none"> • Major health and safety incident at leads to costs for inquiry, disruption to service, and possible prosecution. 	4	4	16	<ul style="list-style-type: none"> • Health and Safety Policy / Codes of Practice. • Quarterly meetings of Council Health & Safety (H&S) Panel. • H&S Management System based on HSG65 (Plan, Do, Check, Act). • H&S audits in all services. • Specialist H&S Advisor. • Corporate wide H&S training. • Insurance. • Aligned Port health and safety arrangements. • Port Management Group and annual independent audit. • Robust sickness management processes. 	3	3	9	CMT SA	<ul style="list-style-type: none"> • Health and safety standing item on relevant team meetings. • All services represented on H&S Panel meetings. • Ensure equipment inventory and inspections are up to date. • Collation of all Service Risk Assessment Registers. • All high-risk areas have increased systems of management in place, e.g. Port Safety Management Group. • Statutory building/equipment inspection programmes in place. 	<p>A thorough Health and Safety regime at the Council ensures that the residual risk remains carefully managed.</p> <p>Programme of targeted health and safety refresher training is in place as per service specification.</p> <p>Health and safety e-learning courses developed and rolled out on the Council e-learning platform.</p> <p>Health and Safety performance is monitored regularly.</p> <p>Flu jabs are being provided for employees and we also provide a Health Cash Plan scheme for staff (at no cost to the Council).</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
11	<p>Fraud</p> <p>(Fraud and error committed against the Council)</p> <p>Risk</p> <ul style="list-style-type: none"> • Fraud and error committed against the Council. <p>Effects</p> <ul style="list-style-type: none"> • Potential for fraud, corruption, malpractice, or error, by internal or external threats. • Immediate financial loss which could harm reputation, and lead to additional costs or penalties. 	4	4	16	<ul style="list-style-type: none"> • Anti-fraud & corruption policy/ strategy • Financial Regulations / Standing Ord • Codes of conduct • Appropriately trained staff • Appropriate culture and risk awareness • Segregation of duties • Supported financial mgt system • Budget monitoring regime • Internal Audit review of sys /and controls • Bribery & corruption / fraud risk assessments • Indemnity insurance • Whistle-blowing procedure • Annual Governance Statement • ARP fraud resource • National Fraud Initiative 	3	3	9	<p>Peter Catchpole / Carol Pilson</p> <p>PC</p>	<ul style="list-style-type: none"> • Increase staff vigilance • Fraud awareness training for Managers • Raise profile internally and externally for successful prosecutions 	<p>The Council works with the NFI on assurance to achieve annual compliance.</p> <p>The Council has assisted with each annual National Fraud Initiative, cross-matching information with records held nationally.</p> <p>The Fraud team within the Anglia Revenues Partnership (ARP) continue to work on this area.</p> <p>A fraud awareness training programme for all staff is being finalised and is planned to be delivered virtually.</p> <p>Financial regulations are currently being updated to ensure they are available to new and current staff.</p>

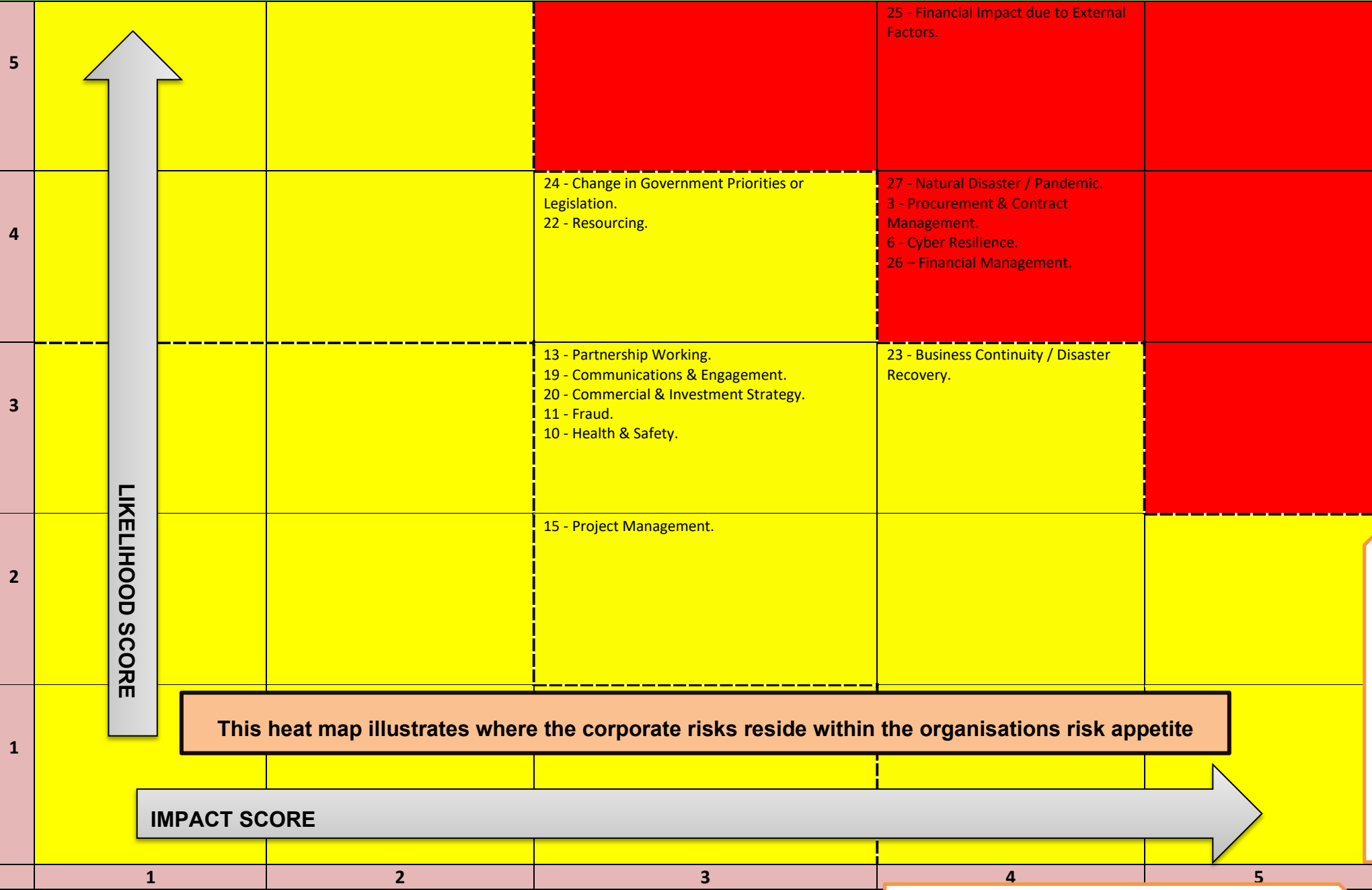
Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
13	<p>Partnership Working</p> <p>(Failure of Governance in major partners, or in the Council, as a result of partnership working)</p> <p>Risk</p> <ul style="list-style-type: none"> • Failure of governance in major partners, or in the Council, as a result of partnership working. <p>Effects</p> <ul style="list-style-type: none"> • Partnership governance not adopted or followed leading to unachieved priorities or poor performance by major partner agencies (Cambs. and Peterborough Combined Authority, Anglia Revenues Partnership, CNC Building Control, Shared Planning, CCTV). 	4	5	20	<p>Cabinet and O&S, bi-annual stakeholder events ensure accountability.</p> <ul style="list-style-type: none"> • ARP Joint Committee and Operational Improvement Board, Cabinet, O&S, joint risk registers • CNC Joint Members Board, Cabinet plus O&S • Shared Planning Board, Cabinet plus Overview and Scrutiny, joint performance indicators • Project plans / perf monitoring shared risk registers. • PCCA Membership. 	3	3	9	<p>Carol Pilson / Peter Catchpole</p> <p>All Mgrs</p>	<ul style="list-style-type: none"> • Assurance that governance models correctly followed and in the Council's interests. • Support Members in governance of partnership bodies. • Ensure that the Council's interests are protected as Members of the Combined Authority and as Officers working on joint projects. • Ensure all Partners have robust Business Continuity Plans in place. • GDPR compliance • Robust ICT governance processes 	<p>The Annual Governance Statement being reported to Audit & Risk Management Committee shows the Council is in a strong governance position.</p> <p>Scrutiny of key partners and contract monitoring takes place on an annual basis and Cabinet members sit on Boards to ensure the effective delivery of partnership arrangements.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
		Impact	Likelihood	Score		Impact	Likelihood	Score			
19	<p>Communication & Engagement</p> <p>(Poor communication with stakeholders)</p> <p>Risk</p> <ul style="list-style-type: none"> • Poor communications with stakeholders. <p>Effects</p> <ul style="list-style-type: none"> • Poor communication with stakeholders, or staff, leads to poorly informed direction of resources, or lack of support for change. • Reputational damage. • Staff turnover. • Increased sickness absence. 	4	5	20	<ul style="list-style-type: none"> • Internal and external regular publications • Staff and management meetings • Regular staff communication from the Chief Executive • Key stakeholder networks for consultation • Forums for perceived hard to reach groups. • Co-ordinated press releases • Comments, Compliments and Complaints monitoring and reporting procedure. • Customer Service Excellence accreditation • Consultation strategy • MTSP 	3	3	9	CMT DW/SA	<ul style="list-style-type: none"> • CSE Action Plan. • Staff survey and Wellbeing survey • Public consultations on key issues. • 3cs refresher training • Team meetings • “What’s Breaking” communication and Vlog updates from the Chief Executive to all staff. • Use of social media communication mediums • Fully updated website. 	<p>The Council’s CSE performance is assessed each year by an external expert. The Council has a dedicated project team to ensure ongoing progress against CSE requirements/actions across all service areas to ensure consistent and effective communication to our customers.</p> <p>All change projects are supported by a robust project management approach, which includes a communication programme to ensure that stakeholders are fully informed.</p> <p>Regular Chief Executive’s vlog to provide staff with updates on Council projects, share information about the organisation and its day-to-day business, and to be used as an opportunity to answer questions.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
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20	<p>Commercial & Investment Strategy</p> <p>(Failure of the Council's commercialisation and investment strategy)</p> <p>Risk</p> <ul style="list-style-type: none"> Commercial uncertainties associated with decisions taken as part of the Council's Commercial and Investment Strategy. <p>Effects</p> <ul style="list-style-type: none"> Reputational damage. Financial loss. Impact on services, staff, or community. 	5	4	20	<ul style="list-style-type: none"> Robust oversight and governance arrangements. Expert professional advice. Robust budget management. Thorough project management and business cases process. 	3	3	9	<p>CMT</p> <p>PC / MS / DH / AG</p>	<ul style="list-style-type: none"> All governance requirements have been put in place and will be robustly reviewed going forward. Fenland Future Ltd (FFL) has been constituted, with all appropriate governance requirements in place. Dedicated external expert resources are identified and procured to support where required. Annual audit on all governance arrangements. 	<p>This risk will be closely monitored to enable any new actions for mitigation to be identified and put in place.</p> <p>The Council's Commercial and Investment Strategy has a scoring matrix to inform all potential investment opportunities, which are considered fully by the Investment Board before they are ratified.</p> <p>Full business cases for all identified opportunities are taken to the Investment Board for consideration. This includes deciding on the delivery methodology. i.e. FDC or FFL and resource required to deliver each project.</p> <p>FFL's Business Plan was approved by the Council's Investment Board. Project plans setting out the preferred delivery routes for each of FFL's major projects have been prepared and the two sites now have outline planning permission. Work has progressed on the delivery models needed to develop them.</p>

Reference	Risk and effects	Risk if no action			Mitigation	Current risk			Risk Owner	Actions being taken to manage risk	Comments and progress of actions
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15	<p>Project Management</p> <p>(Over-run of major Council projects in time or cost)</p> <p>Risk</p> <ul style="list-style-type: none"> Over-run of major Council projects in terms of time or cost. <p>Effects</p> <ul style="list-style-type: none"> Failure to manage projects effectively leads to over-runs of time, or cost, or failure to achieve project aims. Reputational damage. 	4	5	20	<ul style="list-style-type: none"> Project Management methodology. Contract Standing Orders & Financial Regulations. Service plans. Budgetary control. Management, Cabinet and Portfolio Holder oversight Forecasting. Horizon scanning. Amended ways of working; models have changed with remote working but remain effective. 	3	2	6	CMT	<ul style="list-style-type: none"> Robust project management. Effective risk registers for projects. All projects have a CMT sponsor with experienced management membership. Project Management Board oversight. Legal due diligence around Grant Agreements. 	<p>Effective project management remains a Council priority.</p> <p>Major projects are closely monitored by CMT and Cabinet members and progress is reported to Council via Portfolio Holder briefings.</p> <p>The Council has now delivered Phase 2 of the Transformation programme which is on target to deliver significant savings over the Council's current MTFP period. We have now started delivering the next phase of this transformation programme.</p> <p>Governance arrangements around project management have been reviewed and rolled out.</p> <p>New project management software is being introduced to help manage major projects.</p>


Heat Map – Residual Risk



This heat map illustrates where the corporate risks reside within the organisations risk appetite

Risk Appetite

Risk Appetite

Agenda Item No:	12	
Committee:	Audit and Risk Management	
Date:	22 July 2024	
Report Title:	Audit and Risk Management Committee Annual Report	

1 Purpose / Summary

To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee's work from 1 April 2023 to 31 March 2024.

2 Key issues

2.1 A good Corporate Governance framework helps the Council to deliver its Corporate Priorities.

The role of the Audit and Risk Management Committee includes:

- providing independent assurance of the adequacy of the governance, risk management framework and the control environment (GRC), plus
- independently scrutinising the Authority's financial and non-financial performance and overseeing the financial reporting process.

2.2 The Committee has taken action to ensure that its members are adequately informed on key themes of the Governance Framework via regular reports including:

- Governance
- Internal Control
- Risk Management
- Anti-Fraud & Corruption and Anti-Money Laundering policies
- Accounts and policies; and
- Treasury Management.

2.3 The External Auditors provided the Statement of Accounts 2021-22 in September 2023, the Annual Auditor's Report 2021-22 in November 2023 and the Provisional Audit Plan 2023-24 in March 2024.

2.4 The Committee has been fundamental in the review and maintenance of the Council's Governance Framework.

2.5 In addition to the report attached the Committee Chair has completed a review of the committee's effectiveness using a checklist compiled by CIPFA, supported by the Interim Internal Audit Manager. This was a recommendation made by the external quality assessment and endorsed by Corporate Governance (now Audit and Risk Management) Committee in February 2018. The completed checklist is attached as Appendix A

3 Recommendations

It is recommended that Committee agree the Audit and Risk Management Committee Annual Report for 2023-24 to be forwarded to Full Council.

Wards Affected	All
Forward Plan Ref	Not applicable
Portfolio Holder(s)	
Report Originator(s)	David Thacker – Interim Internal Audit Manager
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Amy Brown – Assistant Director & Deputy Monitoring Officer Deborah Moss – Head of Internal Audit David Thacker – Interim Internal Audit Manager Mark Saunders - Chief Accountant
Background Paper(s)	Audit and Risk Management Committee minutes CIPFA Position Statement on Audit Committees 2022 Audit Committees – Practical Guidance for Local Authorities and Police (CIPFA 2018)

APPENDIX A

Annual report of the Audit and Risk Management Committee

April 2023 - March 2024



1 What is corporate governance?

1.1 Corporate Governance in Fenland District Council is an essential part of the Council's standards for transparent and informed management and decision-making. It provides assurance of the adequacy of the risk management framework and the control environment, independent scrutiny of the Authority's financial and non-financial performance and to oversee the financial reporting process.

2 Responsibilities of the Committee

2.1 The Committee's purpose identified in the terms of reference states:

The purpose of our Audit and Risk Management Committee is to provide independent assurance to the members and other parties of the adequacy of the Council's governance, risk management framework and the internal control environment. It provides independent review of Fenland District Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees Internal Audit and External Audit, helping to ensure efficient and effective assurance arrangements are in place. It also ensures the Council is managing the risk of ensuring services have the resources to deliver on the Council's statutory responsibilities and corporate priorities whilst recognising the Council's financial position.

3 Members' Commitment to the Committee in 2023-24

3.1 The Committee is committed to delivering governance oversight for the Council and meetings included development briefings, and items of topical interest, to maintain knowledge and awareness of the Council's governance framework. Examples were:

- the role of the Committee, Officers and the annual work plan
- interpretation of Annual Financial Statements
- the role of Internal Audit in Local Government. Update report on audits completed is provided which includes the number of and theme of recommendations
- reports on the Corporate Risk Register
- reports on policies including the Regulation of Investigatory Powers Act (RIPA); and
- reports from External Audit.

3.2 Members' attendance statistics for the 5 meetings in the year were as follows:

Member	Attendances
Councillor Kim French (Chair)	5
Councillor Stuart Harris (Deputy)	2
Councillor Jason Mockett	3
Councillor Gary Christy	4
Councillor Gavin Booth	3

Councillor Steve Tierney	2
Councillor John Clark	1
Councillor Dr Haq Nawaz	1

3.3 Although the Statement of Accounts 2021-22 was presented in September 2023 Audit and Risk Management Committee members received no training to develop and enhance their understanding of them.

3.4 Training for Members of the Audit and Risk Management Committee is routinely discussed when reviewing the Committee's Work Plan for the year. All members are invited to submit their ideas and suggestions for relevant topics for training or briefing sessions, that will continue to develop their skills or support identified gaps in knowledge.

4 Work programme and outcomes

4.1 The Committee considered the matters in the table below as part of its work programme for 2023-24

Programme	Outcome
Annual Governance Statement 2022-23	<p>The Authority has a statutory duty to publish a statement as to the level of effectiveness its governance and internal control framework.</p> <p>The Audit and Risk Management Committee was able to consider the sources of assurance and approve the content of the Statement prior to its publication with the Financial Accounts.</p> <p>The statement included an action plan which was reviewed during the year to ensure that governance and control framework weaknesses were addressed.</p> <p>This has helped the Council to proactively identify and manage governance and control risks that could affect Corporate Priorities. Examples include changes in legislation, finance and Government policy.</p>

Programme	Outcome
Internal Audit work programme	<p>The Audit and Risk Management Committee received reports, from the Internal Audit Manager, for review of the:</p> <ul style="list-style-type: none"> • Risk based annual Audit Plan and Charter, • Performance Outturn 2022-23, • Interim Internal Audit Manager's opinion on the overall adequacy and effectiveness of the Council's control environment, and • Progress updates on delivery of the annual Audit Plan <p>These reports demonstrate that the Council has arrangements in place to comply with the Accounts and Audit Regulations, to maintain an adequate and effective Internal Audit and system of internal control.</p>
Risk Management Framework	<p>The Committee received regular updates on the Corporate Risk Register, discussed emerging risks, and completed an annual review of the Risk Management Strategy.</p> <p>This provided assurance that significant risks are identified and managed for the Council.</p> <p>In addition, Members requested additional items to be considered which led to some changes to the risk register which have been implemented.</p>
Policies	<p>The Committee was presented with a few new/updated policies to approve that enhance governance, support risk management and reinforce controls:</p> <ul style="list-style-type: none"> • Anti-Fraud and Corruption • Anti-Money Laundering • RIPA
Treasury Management	<p>The Committee received reports throughout the year on the Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision Policy, Annual Investment Strategy and financial performance.</p> <p>This provided assurance that the Council's assets are managed in accordance with the CIPFA Code of Practice on Treasury Management.</p>
External Audit	<p>The Committee received reports throughout the year from the External Auditors, EY, on the Statement of Accounts 2021-22, the Annual Auditor's report 2021-22 and the Provisional Audit Plan for 2023-24.</p> <p>This enhances the understanding of the Council's finances.</p>

APPENDIX A

**Fenland District Council
Audit and Risk Management Committee Self-Assessment Exercise**

For the year 2023-24

No	Issue	Y	P	N	Evidence/ Comment	Action Required
AUDIT COMMITTEE PURPOSE AND GOVERNANCE						
1	Does the authority have a dedicated audit committee?	Y			Referred to as the Audit and Risk Committee	
2	Does the audit committee report directly to full council? (applicable to local government only)	Y				
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			The Audit and Risk Management Committee has a Terms of reference that follow CIPFA's guidance on Audit Committees	
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			The committee's Terms of Reference are documented in the Council's Constitution, which is available on the website, where officers and members can access relevant documentation. The revised Terms of Reference were agreed at Full Council in May 2023.	
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			The committee supports the authority by following the Nolan Principles adopted by the authority and ensuring to the best of their ability that the corporate plan and strategic goals of the authority are adhered to.	
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y			The Audit and Risk Management Committee reports to Council and provides an annual report to Council. Throughout the year other members of the Council may request to attend meetings.	
FUNCTIONS OF THE COMMITTEE						
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	Y			The Committee's Terms of Reference were updated in 2023 and now cover all areas identified in CIPFA's Position Statement	
	good governance	Y				

	assurance framework, including partnerships and collaboration arrangements	Y				
	internal audit	Y				
	external audit	Y				
	financial reporting	Y				
	risk management	Y				
	value for money or best value	Y				
	counter fraud and corruption	Y				
	supporting the ethical framework	Y				
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			The Audit and Risk Management Committee completes an annual report, which encompasses this review. The committee also considers as part of its annual work the Annual Governance Statement and Corporate Risk Register. The Committee regularly receives reports from Internal Audit, External Audit and reviews the financial statements.	
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Y			The committee reviews Treasury Management reports and has oversight of the annual report.	
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y			A review of the Terms of Reference has been completed.	
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y				
MEMBERSHIP AND SUPPORT						
12	Has an effective audit committee structure and composition of the committee been selected?	Y			The current Committee is separate from the Executive. The current membership has an appropriate mix of knowledge and skills, and the size is not unwieldy. The	A report remains under ongoing review

	<p>This should include:</p> <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement) 				<p>mix of members from each political party is in line with current policies.</p> <p>The Committee requested that the item be included on the Committee's action plan to review the need and requirement on an annual basis.</p>	
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?				Not applicable	See 12 above
14	Does the chair of the committee have appropriate knowledge and skills?	Y			<p>The current Chair of the Committee has the appropriate subject knowledge for the position. Members of the Committee have a financial and risk background and are given opportunity to freely discuss matters with fellow members of the Committee. Officers attending the meetings are always available for advice to the chair if required.</p> <p>Training is given to all members of the Audit and Risk Management Committee to ensure appropriate skills are up to date and relevant.</p>	
15	Are arrangements in place to support the committee with briefings and training?	Y			Training for members of the Committee is given to members on specific subjects (mainly technical areas – AGS, Statement of Accounts etc) prior to the official meetings taking place when requested.	
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y			<p>The Committee membership is formed from members with financial backgrounds, historical knowledge of the authority, knowledge from other authorities resulting in a varied mix of experience and knowledge.</p> <p>A formal assessment has taken place as part of the selection process for the year.</p>	
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	Y			All meetings are attended by a mixture of officers, including the Corporate Director / S151 officer, external audit, Chief Accountant, Head of Governance and Internal Audit Manager	

18	Is adequate secretariat and administrative support to the committee provided?	Y			Relevant officers attend meeting to facilitate secretarial and administrative support to the Committee.	
EFFECTIVENESS OF THE COMMITTEE						
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y			The Chairman of the Audit Committee presents an annual report to the Council and receives feedback from the Executive.	
20	Are meetings effective with a good level of discussion and engagement from all the members?	Y			All members are encouraged to be involved fully at all meetings. Relevant officers are invited to attend meetings to provide greater detail to help discussions and engagement.	
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Y			The Committee engages with the relevant responsible officers when discussing risks and action plans. Examples of this are the AGS, Corporate Risk Register, Treasury Reports and policies.	
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Y			All reports presented to the Committee for approval are discussed and actions minuted on suggested improvements. These actions are reviewed by the officers to ensure they are followed up on and discussed at the following meeting.	
23	Has the committee evaluated whether and how it is adding value to the organisation?	Y			No formal evaluation has taken place, but the annual audit committee effectiveness report considers this to some degree. The Committee regularly challenges all the reports submitted, which are documented in the minutes.	
24	Does the committee have an action plan to improve any areas of weakness?	Y			An action plan for the Committee was introduced to monitor actions and is included as part of the workplan	Continue to monitor the action plan and how it adds value to the organisation.
25	Does the committee publish an annual report to account for its performance and explain its work?	Y			Audit and Risk Management Committee Annual Report.	

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

22 July 2024	Interim Value for Money Report 2022/23	Annual	External Auditors - EY	To receive the external auditors report on the Value for Money Arrangements for 2022/23
	Verbal update on 'reset and recover' approach on Local Government audits	Annual	External Auditors - EY	To receive an update from our External Auditors on the approach to Local Government audits.
	Draft Annual Governance Statement 2023/24	Annual	David Thacker	To review and approve the draft annual AGS for publication. Regulation 6(1) of the Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations
	Internal Audit Outturn and Quality Assurance Review	Annual	David Thacker	To provide the Audit and Risk Management Committee with an overview of the work undertaken by Internal Audit during 2023/24. To provide the Audit Manager's annual opinion on the system of internal control. To consider the effectiveness of Internal Audit.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Audit and Risk Management Committee Annual Report 2023/24	Annual	David Thacker	To report to Full Council the commitment and effectiveness of the Audit and Risk Management Committee's work from April 2023 to March 2024.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair/Peter Catchpole	Information Purposes
23 September 2024	Corporate Risk Register Review – POSSIBLE DEFERMENT TO NOV	Quarterly	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the Council's Corporate Risk Register

Agenda Item 13

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

	External Audit Plan	Annual	External Audit	
	Internal Audit Plan 2024/25– Quarterly Update Q2	Progress report	Deborah Moss	To consider and note the activity and performance of the Internal Audit function.
	Draft Statement of Accounts 2023/24	Annual	Mark Saunders	To review and approve the draft Statement of Accounts 2023/24
	Whistleblowing Policy	Annual	Sam Anthony	
	Audit and Risk Management Committee Work Programme	Quarterly	Chair/Deborah Moss	Information Purposes
18 November 2024	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year review	6 monthly	Mark Saunders	To review the activity for first 6 months of the year and to provide members a update on matters pertinent to the Councils Treasury Management Strategy.
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Internal Audit Plan 2024/25– Quarterly Update	Progress report	Deborah Moss	To consider and note the activity and performance of the Internal Audit function.
	Audit and Risk Management Committee Work Programme	Quarterly	Chair/Deborah Moss	
10 February 2025	Annual Audit Letter 2022/23 & 2023/24	Annual	External Audit	To note the independent external auditors, Ernst &Young (EY), Annual Audit Letter.
	Audit Results Report 2023/24	Annual	External Audit	To receive the Audit Results Report on the 2023/24 external audit
	Final Statement of Accounts 2023/24	Annual	Mark Saunders	To approve the final Statement of Accounts for 2022/23

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

	Letter of Representation 2023/24	Annual	Peter Catchpole/Mark Saunders	To approve and sign the Letter of Representation for 2023/24
	Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2025/26	Annual	Mark Saunders	To endorse the strategy to be included in the final budget report
	Risk Register – Quarterly update	Quarterly	Stephen Beacher	To review and approve the quarterly risk register.
	Internal Audit Plan 2024/25 Progress report Q3	Quarterly	Deborah Moss	To consider and note the activity and performance of the Internal Audit function
	Audit and Risk Management Committee Work Programme	Quarterly	Deborah Moss	Information Purposes
17 March 2025	Risk Based Internal Audit Plan 2024/25	Quarterly	Deborah Moss	To approve the internal audit plan and resources for the forthcoming year
	Annual Governance Statement Update 2023/24		Deborah Moss	To review and note the progress on the Annual Governance Statement action plan arising from 2023/24.
	Risk Management Policy & Strategy Review and Corporate Risk Register	Annual	Stephen Beacher	To provide an update to the Audit and Risk Management Committee on the latest Risk Management Policy and Strategy. To consider and note the annual review of risk management and corporate risk register.
	RIPA Annual Update			To review the Council's use of the Regulation of Investigatory Power Act 2000 (RIPA).
	Audit and Risk Management Committee Work Programme	Quarterly	Deborah Moss	Information Purposes.

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Future items *(when to be brought to the committee in 2024/25 to be determined)*

- Whistleblowing Policy September 2024
- Risk Management Policy & Strategy Review March 2025
- Independent Member at ARMC ? Due again at September 2024?

Cyclical Items *(not due this year unless policy or legislation changes require amendments prior to review date)*

- External Auditor Appointment Process Dec – Feb 2027
- Corporate Debt Policy (4 Years) February 2028
- Anti-Fraud & Corruption Policy and Strategy (4 Years) July 2027
- Anti-Money Laundering Policy (4 Years) November 2027
- Internal Audit Charter (3 years) July 2026

Annual Items

- RIPA Policy and Annual Update Annual
- Treasury Management Strategy Statement and Annual Investment Strategy Annual and Mid-year Review
- Internal Audit Annual Plan Annual
- Internal Audit Annual Report and Annual Opinion Annual
- ARMC Annual Report Annual
- Audit Results Report Annual
- Statement of Accounts Annual
- Letter of Representation Annual
- Annual Governance Statement Annual
- External Auditor's Report Annual
- Provisional External Audit Plan Annual
- Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy Annual
- Annual Governance Statement Update Annual
- Treasury Management Annual Review Annual

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024/25

Quarterly Items (each meeting)

- Internal Audit Progress Report Quarterly
- Corporate Risk Register Update Quarterly

Audit and Risk Management Committee Training sessions 2024

- Statement of Accounts – Mark Saunders TBC
- Risk Register – Stephen Beacher TBC

Audit and Risk Management Committee Action Plan

Title	Comments	Due by	RAG
Independent Member appointment	A report was presented to the committee in July 2022, with the committee agreeing in principle to progress with an independent member appointment to ARMC. Further report outlining skills analysis and job description to be brought back to ARMC for recommendation to Council.	TBC	Not due yet
Committee Training	Committee Members to discuss training requirements and provide officers with suggested training topics for future meetings.	Ongoing	

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2024

Abbreviations Used in Audit & Risk Management Committee

AGS	Annual Governance Statement
ARG	Additional Restrictions Grant
ARP	Anglia Revenue Partnerships
BCP	Business Continuity Planning
BEIS	The Department for Business, Energy and Industrial Strategy
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Commercial Investment Strategy
CMT	Corporate Management Team
CNC	CNC Building Control
CPCA	Cambridgeshire & Peterborough Combined Authority
CPE	Civil Parking Enforcement/
CPLRF	Cambridgeshire & Peterborough Local Resilience Forum
CTS	Council Tax Support
DFG	Disabled Facilities Grants
DPA	Data Protection Act
CSR	Comprehensive Spending Review
FFL	Fenland Future Ltd
GDPR	General Data Protection Regulations
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
LGA	Local Government Association
LGSS	Local Government Shared Services
LRSG	Local Restrictions Support Grants
MHCLG	Ministry of Housing Communities and Local Government
MoU	Memorandum of Understanding
MRP	Minimum Revenue Provision
MTFP	Medium Term Financial Plan
MTSP	Management, Trade Union & Staff Partnership
NFI	National Fraud Initiative
NNDR	National Non-Domestic Rates
OIB	Operational Improvement Board (ARP)
OLTL	Other Long-Term Liabilities
PPA	Post Payment Assurance
PSAA	Public Sector Auditor Appointments
PSIAS	Public Sector Internal Audit Standards
PWLB	Public Works Loan Board
RIPA	Regulation of Investigative Powers