

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 14 MARCH 2022

4.00 PM

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

Committee Officer: Niall Jackson
Tel: 01354 622461
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- 1 To receive apologies for absence.
- 2 Previous Minutes. (Pages 3 - 8)
To confirm the minutes of 14 February 2022.
- 3 To report additional items for consideration which the Chairman deems urgent by virtue of special circumstances to be now specified.
- 4 Members to declare any interests under the Local Code of Conduct in respect of any item to be discussed at the meeting.
- 5 Risk Based Internal Audit Plan 2022/23 (Pages 9 - 22)
To approve the internal audit plan and resources for the forthcoming year.
- 6 Annual Governance Statement update (Pages 23 - 28)
To review and note the progress on the Annual Governance Statement action plan.
- 7 Risk Management Strategy and Corporate Risk Register (Pages 29 - 44)

To consider and note the annual review of risk management and corporate risk register.

8 Audit and Risk Management Committee Work Programme (Pages 45 - 48)

For information.

9 Items of Topical Interest.

10 Items which the Chairman has under item 3 deemed urgent.

Friday, 4 March 2022

Members: Councillor K French (Chairman), Councillor Mrs M Davis (Vice-Chairman), Councillor I Benney, Councillor G Booth, Councillor M Cornwell, Councillor Mrs J French, Councillor N Meekins, Councillor J Mockett, Councillor M Purser, Councillor R Skoulding, Councillor S Tierney, Councillor R Wicks and Councillor F Yeulett

AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY, 14 FEBRUARY 2022 - 4.00 PM



PRESENT: Councillor K French (Chairman), Councillor I Benney, Councillor N Meekins, Councillor J Mockett, Councillor M Purser and Councillor R Wicks

APOLOGIES: Councillor Mrs M Davis (Vice-Chairman), Councillor G Booth, Councillor Mrs J French, Councillor S Tierney and Councillor F Yeulett

OFFICERS IN ATTENDANCE: Peter Catchpole (Corporate Director and Chief Finance Officer), Mark Saunders (Chief Accountant), Kathy Woodward (Internal Audit Manager), Stephen Beacher (Head of ICT Digital & Resilience) and Niall Jackson (Member Services)

APPOINTMENT OF A VICE CHAIR

In the absence of Councillor Davies, Councillor Wicks was elected as Vice Chair for the duration of the meeting.

ARMC40/21 PREVIOUS MINUTES.

The minutes of the meeting of 29 November 2021 were confirmed and signed subject to the following comments:

- Peter Catchpole noted an amendment to the minutes so they read “Councillor Wicks questioned the use of imperial and metric measurements and asked whether the necessary correction in procedures **had** been noted and amended”. He also noted that the spelling of Barkley’s needed to be changed to Barclays.

ARMC41/21 AUDITOR ANNUAL REPORT 2020-21

Members considered the Auditor Annual Report 2020-21 presented by Mark Saunders.

Peter Catchpole stated his gratitude for the report and thanked Mark Saunders and the Finance Team for all their work. This was supported by Councillor K French.

Members AGREED to note the contents of the Auditor Annual Report 2020-21.

ARMC42/21 EXTERNAL AUDIT APPOINTMENT PROCESS

Members considered the External Audit Appointment Process presented by Kathy Woodward.

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

- Councillor Benney expressed the view that the decision seemed to be an easy one and that it was clear to see why opting in would be preferred. He explained that it would be expensive and difficult for Fenland District Council to appoint their own auditors and noted that he would be following the recommendation to opt into the Public Sector Audit Appointments. Councillor Meekins agreed with Councillor Benney’s comments.
- Councillor Wicks stated that there had been many obstacles over previous years and commended that the work of the Council and external auditors had moved smoothly this

year. He also stated that he would fully support the recommendation.

Members AGREED to recommend to Council:

- 1. that Fenland District Council opt-in to the PSAA sector led auditor appointment arrangements for the Council, subject to receiving a satisfactory invitation to opt into the PSAA's appointing person arrangements; and**
- 2. to delegate acceptance of the invitation to the Corporate Director & Chief Finance Officer, as the Council's Section 151 Officer.**

ARMC43/21 TREASURY MANAGEMENT STRATEGY STATEMENT, CAPITAL STRATEGY, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2022/23

Members considered the Treasury Management Strategy Statement, Capital Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2022/23 presented by Mark Saunders:

- Mark Saunders informed the Committee that the base bank rate had increased after the report had been published and that they were predicting further increases of between 1 and 1.25 percent in 2022.

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

- Councillor Wicks asked for clarification regarding the temporary investments. He noted that several of them were coming up to their maturity date and presumed that they would be renegotiated for better interest rates. Mark Saunders explained that when the temporary investments mature, they attempt to reinvest them for better interest rates. He noted that the amount of time they are invested for was dependent on the cash flow and that some recent reinvestments had been kept short due to the substantial amount of cash being paid out by the authority in the next month or so. He mentioned that the interest rates had risen slightly but that it was a matter of how quickly they increase.
- Councillor Benney noted that the Council had some long-term loans that could not be paid back earlier and asked how long was left on those loans. Mark Saunders informed the committee that the Council had two loans with the Public Works Loan Board. One was for £2 million which was currently running at running six and seven eighths interest and was taken out on the 3rd February 1994 with a maturity date of 1st February 2029. The other loan was for £2.5 million with a current interest of seven and five eighths percent which was taken out on 13th March 1997 and matures on 13th March 2032. He also noted that the Council had a loan with Barclays of £3.3 million which was taken out on the 18th March 2004 and matures on the 18 March 2054 which was running at 4.7 percent interest. He explained that these were good interest rates when they were fixed and that nobody would have thought that the interest rates would drop as low as they currently are with 50-year loans at only 2.2 percent interest rates currently. Councillor Benney accepted that the rates were good when the loans were taken out.
- Councillor Benney noted that inflation was currently above five percent and that bank rates should be matching this. He also noted that he had recently read that there was a possibility of inflation hitting seven percent. He remarked that this made the current figures on the loans look rather small comparatively. Councillor Benney questioned whether some of the figures were on the optimistic side as they were predicted to remain where they were in the report. Mark Saunders agreed that the inflation forecast was a concern. He noted that it would take a while for inflation to work its way out of the system. He explained that the base rates had been worked into the figures but that over the last 20 years every forecast had been wrong and that he did not think that these would be fully correct either. He noted that

the Council must be careful with where the investments were going and frugal about the level of returns received from these. With regard to the property funds, he noted that the returns would be determined by where they are invested but that the firms they had invested in were good firms and that they were confident that they would provide good returns.

- Councillor Benney noted that with the last bank rate rise they had wanted it to be raised by more than it was and noted that the figures in the report were pessimistic as to where they could go. Mark Saunders noted that there would be a different table in the Council report as the current table outlined their view in December 2021 and explained that this had since been updated and would show an increase in the bank base rates. He explained that no one could be certain on the outcome but that indications pointed towards an increase.

Members AGREED to endorse the strategy detailed in the report to be included in the final budget report for 2022/23.

ARMC44/21 INTERNAL AUDIT PLAN 202122 PROGRESS REPORT Q3

Members considered the Internal Audit Plan 202122 Progress report Q3 presented by Kathy Woodward.

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

- Councillor Benney thanked Katherine Woodward for the report. He noted that with all the business grants that had been administered there would be fraudulent claims from some businesses. He asked whether they were doing any work to track any fraudulent claims in Fenland down and how this was being undertaken if they were. Katherine Woodward informed the committee that they were working with BEIS on this issue and that they had requested examples of Fenland District Council's work. She noted that they had done a lot of prepayment checks on businesses before administering the grants and that they had found no fraudulent cases yet. She explained that they had been able to fund a resource for several days this year to support them with this work. She noted that they had also worked with the National Fraud Initiative who had had supplied some data surrounding bank account details and whether businesses were trading to allow the Council to provide post payment assurance. She also noted that there had been 20 days put aside in the yearly audit plan for post payment assurance work to support the work on business grants. She explained that the post payment assurance work was ongoing and would come to the committee within the year end report. She informed the committee that there had been a few grants paid out in error but that none of these were fraudulent. Peter Catchpole noted that the Council had not been very high up on original Covid grant table in April 2020 which outlined the number of grants administered by Councils across the Country. He pointed out that this was now showing that they had taken the right stance in being vigilant with the checks before administering the grants and noted that it was showing the funds had gone out in the correct fashion.
- Councillor Benney noted that he was aware that they were slightly behind with the grant administration when the pandemic first hit and that it was good news that there had been no fraudulent claims especially with the amount of money that had passed through and the speed in which it had to be distributed. He thanked the team for their work. He also noted that some businesses had sent money back and commended those who turned it down due to being successful enough to manage without the grants.
- Councillor Wicks commended the internal audit team for the period that the report covered and noted that it contained a very positive set of achievements during a tumultuous time

where a new template had to be created to deal with the exceptional circumstances.

- Councillor Hoy asked whether the housing standards data could be shared with the portfolio holders in future when they complete the reports as it was positive to see that there were no concerns despite the recent changes to the process. She noted that it would be useful to know what had been looked at and found in this area. She also asked who decided which processes were audited and enquired as to whether a process could be added as she felt that the collection of fines may need auditing to help understand the process and identify whether any changes could be made. Katherine Woodward noted that she would have a discussion with corporate management team about the possibility of providing the reports on housing standards to the portfolio holders. She explained that they used an audit plan to decide what was audited. She informed the committee that they worked to a five-year plan and that when individual services were audited they attempted to cover all elements. She explained that there was an ongoing audit around corporate debt which was looking at how the Council collected debts across the organisation and noted that there would be a report to the committee and that this would be fed through to all the relevant people to make any necessary changes. Peter Catchpole noted that the internal audit plan came before the committee for sign off. He informed the committee that if there were any areas in which they had concerns there were spare days within the internal audit plan which could be dedicated to examining certain processes where possible. Councillor Hoy thanked them for the information and noted that it was useful to know what had been audited.
- Mark Purser congratulated Katherine Woodward, Mark Saunders, Peter Catchpole and the rest of the team for their hard work during the difficulties of the pandemic.

Members AGREED to note the activity and performance of the internal audit function.

ARMC45/21 RISK REGISTER – QUARTERLY UPDATE

Members considered the Risk Register – Quarterly update presented by Stephen Beacher.

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

- Councillor Benney noted that the risk of funding changes making the Council unsustainable if no action was taken was RAG rated red and that the current risk was also red. He asked what officers were doing to reduce this risk. Peter Catchpole explained that the problem, which had been outlined in current and past budget papers, was that many reviews were still outstanding including the business rates and new homes bonus reviews resulting in several unknowns. He noted that the business rates review would be the most important as it contributed a significant amount of income to the Council. He explained that until there was a level of certainty regarding the reviews there would be little change in the risk and noted that they constantly monitor the situation and discuss the issues with other relevant bodies and were currently doing all they could. Councillor Benney noted that it was the only risk with no mitigation that was still red but accepted that this was out of the Council's hands. He stated that it was reassuring to see the Council doing everything possible to bring the risk down. He stated that it would be nice to think that any loss would be compensated elsewhere if the funds were removed as the changes would affect most Council's in a similar way. Peter Catchpole reiterated that it was the uncertainty that meant it was rated red and noted that it was not a massive concern.

Members AGREED to note the Corporate Risk Register Quarterly update.

ARMC46/21 AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME

Councillor Miss French presented the Audit and Risk Management Committee Work Programme

2021/22 for information:


- Councillor K French noted that there would be no training session before the next meeting.

The Audit and Risk Management Committee Work Programme was noted for information.

5.05 pm

Chairman

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Agenda Item No:	5	
Committee:	Audit and Risk Management	
Date:	14/03/2022	
Report Title:	Risk based Internal Audit Plan 2022/23	

1 Purpose / Summary

In accordance with the Public Sector Internal Audit Standards the Internal Audit Manager has prepared the attached Internal Audit Plan. It considers the areas for audit review and the availability of internal audit resources.

2 Key issues

- The Council's Internal Audit work plan is produced on an annual basis. It is an estimate of the work that can be performed over the financial year. Potential areas of the Council for audit are prioritised based on a risk assessment, enabling the use of Internal Audit resources to be targeted at areas of emerging corporate importance and risk.
- The format of the plan reflects the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2013. The PSIAS were revised and came into effect in April 2017. It also incorporates the governance and strategic management arrangements of Internal Audit resources.
- Following on from the External Assessment completed in December 2017 the Audit plan now includes cross referencing to the Corporate Priorities, which was a suggested improvement made by the assessor.
- There are a total of 362 budgeted productive days for 2022/23.
 - 293 days are allocated to operational audit work. This resource is used to calculate the risk based audit plan. This work contributes to the annual opinion on the effectiveness of the system of internal control, which is reported to the Committee.
 - 62 days are allocated for other productive assurance work. This includes proactive anti-fraud and error work such as the National Fraud Initiative, project based assurance, a contingency for responsive work and following up previous recommendations.
 - 7 days are allocated to external fee earning work
- The risk based plan assumes that the team comprises 2.6 FTE. This level of capacity is sufficient to provide continued internal audit coverage of all key control systems over a 3 – 5 year cycle. Some low risk systems may be audited less frequently in favour of systems with new or changing risks, subject to an ongoing risk evaluation.
- This plan will continue to be flexible to support ongoing and emerging risks that may arise throughout the year.

- The audit plan for 2022/23 is attached at Appendix A.
 - The Assurance rating classification is included at Appendix B.
 - The 'fundamental systems' audit reviews over the next 5 years is included at Appendix C
- The Council has 10 key financial systems, known as 'Fundamental' systems, due to their significance and materiality. Detailed testing provides assurance to the Council's External Auditors in preparation for final accounts compliance. Following repeated years of positive assurance the Committee and the External Auditors agreed an approach that would maximise assurance with the most effective use of resources. This approach will continue to be discussed with the External Auditors, reflecting any changes to the level of risk for these systems.
 - This is illustrated in Appendix C which shows that the Payroll system is reviewed annually, and with the auditing arrangements with ARP, the Council Tax, Business Rates and Housing Benefits are also reviewed annually. The remaining systems will be audited over a three year cycle.

3 Recommendations

The Committee is asked to acknowledge the Internal Audit resources and to consider and note the attached Internal Audit Plan for 2022/23.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden Leader and Finance Portfolio holder
Report Originator(s)	Kathy Woodward – Internal Audit Manager
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Kathy Woodward – Internal Audit Manager
Background Paper(s)	Accounts and Audit Regulations 2015 Public Sector Internal Audit Standards 2016 CIPFA Local Government Application Note 2019 Fenland District Council Corporate Plan Internal Audit Charter

Risk based Internal Audit plan
2022/2023



1 Introduction

- 1.1 This document sets out the Internal Audit risk based plan. It is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council by:
- providing the Chief Executive, Section 151 Officer and Audit and Risk Management Committee with an overall opinion each year on the Council's control environment to support the Annual Governance Statement requirements;
 - preparing audit plans that give suitable priority to the Council's priorities and key risks and concentrate resources on areas that have been identified as being the most vulnerable;
 - providing suggested actions to line management at the conclusion of each piece of audit work that will assist in continuous service improvement and reduce the risks identified;
 - identifying the audit resources required to deliver an audit service that meets required professional standards; and
 - complying with professional standards.
- 1.2 The plan is risk based and covers the organisations existing operations, while adding value by responding to emerging risks and promoting good governance.
- 1.3 The plan will be reviewed at least annually to ensure its continued relevance, both in terms of supporting the council's aims and corporate objectives, and in achieving a professional, modern audit service.
- 1.4 The strategic aims for Internal Audit in 2022/23 are to:
- prepare, maintain and deliver the risk based internal audit plan;
 - proactively promote understanding of risk and control;
 - recommend actions that help systems meet at least adequate levels of control;
 - facilitate provision of assurance for the Annual Governance Statement;
- 1.5 The plan is supported by the teams Service Plan, which is aligned to the Council's Corporate Priorities, and is agreed with the Internal Audit team through the Council's Springboard process.

2 Role of Internal Audit

- 2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 2.2 Fenland District Council has responsibility for ensuring that statutory internal audit arrangements are in place to the Corporate Director & Chief Finance Officer. These arrangements form a key element of the District Council's framework for corporate governance.
- 2.3 The Shared Internal Audit Manager oversees internal audit provision to the District Council on behalf of the Corporate Director & Chief Finance Officer.
- 2.4 The objectives, scope and definitions of Internal Audit are detailed in the Internal Audit Charter.

3 Risk assessment

3.1 The Council's audit plan is based on a risk assessment of all the Council's major systems and other auditable areas. This allows us to prioritise those areas and systems to be included within the plan. Key risk assessment factors include:

<u>Factor</u>	<u>Description</u>
Materiality – Value	The value of annual direct income / expenditure associated with the system / activities
Materiality – Volume	An estimate of the number of transactions processed by the systems / activities per annum
Significance / Profile	The significance of the system to the activities of the Council.
Complexity	The complexity of the systems / activities in terms of their operation and auditability
Change	Recent changes to the system or the likelihood of change to the systems in the audit period planned
Regulatory / Contractual	Extent to which the system / activity is subject to regulation or contractual obligation
External Monitoring	The extent to which a service / activity is monitored or audited by an external body
Prior Audits	Overall rating of last audit and result of follow up.
Susceptibility to fraud and corruption	Opportunity within the system / activity for fraud and corruption to occur.
Staff Turnover	The turnover of staff, especially with key skills.

3.2 The risk assessment, and update of the annual plan, is informed by consultation with key stakeholders, including:

- the Corporate Director & Chief Finance Officer;
- the Corporate Director & Monitoring Officer;
- the Corporate Management Team;
- the Council's team managers;
- the Council's external auditors;
- the Audit and Risk Management Committee.

3.3 Consultation helps ensure that stakeholder's views and risks are reasonably identified and reflected within the plan. Where possible External Audit will place reliance on the work of internal audit, and other external providers of assurance will be referred to help formulate the annual audit opinion. This helps ensure that resources are used to the best effect, and duplication is avoided.

3.4 The plan is also informed by key corporate documents such as:

- Business Plan;
- Medium Term Financial Strategy; and
- the Council's risk registers.

4 Key themes

The key themes, which have driven our assessment of risk and strategic aims are:

Area	Comment
Financial excellence	There is a continued need to ensure value for money is achieved, including financial resilience and the ability to prioritise resources within increasing financial constraints and a changing control environment.
Corporate Governance arrangements	The Internal Audit Manager will independently review and give an opinion on the Council's arrangements for both corporate governance and risk management, to support the production of an annual governance statement to accompany the statement of accounts. The team will maintain an awareness of emerging risks to help provide advice on effective internal controls.
Assurance mapping	Where other well-developed assurance processes exist (e.g. documented Control Risk Self-Assessment reviews, quality management audits, the work of other review or inspection teams) the internal audit team will quality assure these processes and consider how they can deliver a significant contribution to the overall audit opinion of internal control.
Improving information governance	As part of the planned audits the team will help to promote good information and data management practice throughout the organisation.
Risk management	Internal Audit will continue to assist teams identify business risks as part of audits. This will engage our customers in the management and maintenance of their risks and controls at an operational level, and also help identify and escalate concerns to the corporate risk register.
Minimising fraud and error	<p>The Internal Audit team will ensure that the Anti-fraud & corruption policy & strategy reflects best practice and will appraise fraud risks during audits.</p> <p>Internal controls will continue to be tested for effectiveness and the team will participate in data matching exercises, as provided by the National Fraud Initiative, to proactively identify fraud and error.</p>
Corporate priorities	The Corporate plan, and the Council priorities, informs the audit strategy. The annual plan is based on the risk profile of activities supporting the Corporate Plan, and will continuously be revised to reflect any emerging changes to corporate risk.

5 Audit needs and resources

- 5.1 The risk assessment process identifies auditable systems and helps to prioritise the audit plan in consultation with key stakeholders.
- 5.2 Systems assessed as below adequate assurance, during the previous financial year, which are not subject to a planned audit will be considered for a follow up review to assess the effective implementation by management of agreed audit recommendations.
- 5.3 Where common areas of risk are identified across several teams then the use of corporate themed reviews is considered to ensure an approach which is both consistent and makes effective use of resources.
- 5.4 Both the resources and capacity of the Internal Audit Team is considered annually whilst setting the annual plan. The Internal Audit Team has 2.6 full time equivalents.
- 5.5 Unproductive days, such as training and annual leave, are deducted from the total resource to calculate the total number of planned productive days.
- 5.6 Internal Audit team resources will enable all services of the Council to receive audit coverage over a three year period, although realistically some may be considered of such low priority in relation to other areas that they may only be covered in five years.
- 5.7 As a result of the Covid-19 pandemic and the reduction in audits covered during 2020/21 and 2021/22, the coverage over a three year period has been adapted to ensure that all high risk areas and those that have received poor results previously will be prioritised. This mean that some audits may only be covered in five years.
- 5.8 This Internal Audit plan is produced and provides details for a 12 month period. The Internal Audit Manager will review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls. Where work in progress occurs it will be carried forward for completion within resources available in the next year.

6 Audit delivery

- 6.1 The approach of internal audit is to use risk-based reviews, supplemented in some areas by the use of system-based audits and themed reviews. All audits have regard to management's arrangements for: -
- securing the proper, economic, efficient and effective use of resources;
 - achieving key performance indicators, where appropriate;
 - preventing fraud and irregularity.
- 6.2 The internal control system contains 10 key systems known as 'Fundamental' audits. A compliance approach is applied, as there is pre-existing confidence that controls are well designed, but the effective operation of the controls is a material concern. Testing for the effective operation of these controls is completed over a planned three year cycle, although can be audited more frequently if assurance is required. The ARP auditing arrangements have allowed us to gain assurances on an annual basis for Council Tax, Business rates and Housing Benefits. The 'Payroll' system will be reviewed annually to reflect the potential risk of the system. A continuous auditing approach is adopted that spreads the testing throughout the year. This helps to ensure that the work is delivered, and reduces the burden on the customer.
- 6.3 The remainder of the systems are prioritised by their risk based assessment. The approach to each audit is agreed, with the customer, during the planning stage of the audit.
- 6.4 In addition to these planned audits the team will complete other assurance work which adds value to the organisation. Examples include proactive anti-fraud and error work such as fraud risk education and data matching, project based assurance, contingency for responsive work, and following up previous audit recommendations
- 6.5 The PSIAS states that the Internal Audit Manager should consider accepting consulting engagements based on the potential to improve management of risks, add value and improve the organisation's operations. The team will participate in corporate projects that add value by improving governance and controls throughout the Council.
- 6.6 Requests for unplanned work will be considered against capacity to ensure internal audit's independence, and the resource required to provide the annual audit opinion, is not compromised. Any significant additional consulting activities, which impact delivery of the plan, will be communicated to the Committee.
- 6.7 The output of audits completed during the year will inform the annual audit opinion. The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This will be reported through the annual Internal Audit Outturn report which is a key source of assurance for the Annual Governance Statement.

7 Quality and performance

- 7.1 The Internal Audit Service maintains a manual, which sets out the standards to which all audit assignments are completed. It is reviewed and updated to reflect the best practice and professional standards.
- 7.2 The performance of Internal Audit is measured against targets and objectives set out in the Team Service Plan.
- 7.3 At a detailed level each audit assignment is monitored, and customer feedback sought.
- 7.4 There is ongoing performance appraisal and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.
- 7.5 The Corporate Director & Chief Finance Officer shall in accordance with the Accounts and Audit regulations 2015 arrange for an assessment of quality independently of the Internal Audit service. Additionally, an external review of the Internal Audit Service is completed by external assessors every 5 years.
- 7.6 The Internal Audit Service will continue to liaise closely with other internal audit services through the Cambridgeshire Audit Group, the Chartered Institute of Public Finance Accountants, the Institute of Internal Auditors and the ARP shared audit partnership in order to share knowledge of best practice.

Appendix A: Internal Audit plan 2022/23

Audit Title	Risk Rating	Last Audit	Last Audit results	2022/23 days
2021/22 brought forward				30**
Communities				
Housing Options	Medium	2016/17	Substantial	8
Contract Monitoring – Freedom Leisure	Medium	2019/20	Adequate	6
Economy				
Development – Delivery process	Medium	2015/16	Substantial	8
Contract Monitoring - Highways	Medium	2017/18	Substantial	8
economic Development	Medium	2016/17	Substantial	6
Trading Operations – Partner Leases	Medium	2016/17	Adequate	6
Development – Planning Compliance	Medium	2018/19	Substantial	8
Environment				
Play Areas	Medium	2018/19	Substantial	8
Safer Fenland Partnership	Medium	2017/18	Substantial	8
Health – Food Safety	Medium	2017/18	Substantial	8
Public Health Funerals	Medium	NEW		8
Contract Monitoring – Animal Control	Medium	2018/19	Adequate	8
Contract Monitoring – Grounds Maintenance	High	2018/19	Adequate	10
Licences – Animal Welfare	Medium	2018/19	Adequate	6
Licences – Other	Medium	2018/19	Limited	6
Quality Organisation				
ARP Enforcement	Medium	2020/21	Substantial	12
Council Tax (Fundamental)	Medium	2020/21	Adequate	*
Housing Benefits (Fundamental)	Medium	2020/21	Adequate	*
Housing Benefits – Overpayments	Medium	2020/21	Adequate	*
Business Rates (Fundamental)	Medium	2020/21	Adequate	1*
3 C's – Customer Care	Medium	2018/19	Substantial	6
Corporate Assurance – Ethical Controls	Medium	2016/17	Substantial	6
Freedom of Information Requests	Medium	NEW		8
Property Maintenance	Medium	2017/18	Adequate	10
Corporate Assurance – Anti Fraud and Corruption	Medium	2020/21	Ongoing	5
Corporate Assurance – Transparency	Medium	2018/19	Adequate	6

Audit Title	Risk Rating	Last Audit	Last Audit results	2022/23 days
Human Resources – Administration and Policy	Medium	2017/18	Substantial	10
Corporate Projects	Medium			10
Creditors (Fundamental)	Medium	2018/19	Substantial	12
My Fenland	Medium	NEW		15
Electoral Registration	Medium	2018/19	Adequate	6
ICT – Cyber Security	Medium	NEW		6
Corporate Finance – Budgetary Control (Fundamental)	Medium	2019/20	Substantial	8
Payroll – Employee Benefits and Deductions	High	2018/19	Substantial	5
Payroll (Fundamental)	High	2020/21	Substantial	10
Total Risk Based Audits				232
External Audits and Other Work				
Covid-19 Business Grants – Post Payment Assurance	High	New	Ongoing	10
FACT – Validation of Process	High	2019/20	Ongoing	5
Local Authority Trading Company	High	2021/22	Ongoing	10
Water Management Alliance	External	NEW		7
Fraud Work – Investigations and NFI				15
Follow ups				12
Contingency				25
Grand Total				362

* These audits are conducted by our ARP partner authorities, which are reviewed by the Internal Audit Manager of FDC before final reports are issued.

** The brought forward days relates to audits that have been brought forward from the previous years plan, to be completed in 2022/23 as identified in earlier progress reports.

Appendix B: Assurance Ratings:

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 Opinion	Definition
Full Assurance	In our opinion, there is a sound system of internal control that is likely to achieve the system objectives, and which is operating effectively in practice.
Substantial Assurance	In our opinion, there is a sound system of internal control operating, but there are a few minor weaknesses which could put the achievement of system objectives at risk.
Adequate Assurance	In our opinion, there is a sound system of internal control operating, but there are some weaknesses which could put the achievement of system objectives at risk.
Limited Assurance	In our opinion, there is a system of internal control with a number of weaknesses likely to undermine achievement of system objectives, and which is vulnerable to abuse or error.
No Assurance	In our opinion, there is a fundamentally flawed system of internal control that is unlikely to achieve system objectives and is vulnerable to serious abuse or error.


Appendix C: Fundamental audit plan

This is the proposed plan for internal audit reviews of controls considered fundamental to the Council

System Name	2022/23	2023/24	2024/25	2025/26	2026/27	Current Overall assurance rating
Housing Benefits *	✓	✓	✓	✓	✓	Adequate
Council Tax *	✓	✓	✓	✓	✓	Adequate
Business Rates *	✓	✓	✓	✓	✓	Adequate
Capital Finance Planning & Asset Register		✓			✓	Substantial
Debtors and Collection Agency		✓			✓	Substantial
Creditors	✓			✓		Substantial
Corporate Finance - Budgetary Control	✓			✓		Substantial
Cash & Treasury Management			✓			Substantial
Corporate Finance - Management Accounting System			✓			Substantial
Payroll	✓	✓	✓	✓	✓	Substantial

* ARP Auditing arrangements in place allow for an audit to be undertaken every year on these services by our ARP Partner authorities.

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Agenda Item No:	6	
Committee:	AUDIT AND RISK MANAGEMENT	
Date:	14/03/2022	
Report Title:	Annual Governance Statement (AGS) Update 2020/21	

1 Purpose / Summary

- The Annual Governance Statement records actions that can improve the framework for Corporate Governance, and this reports the progress of those actions

2 Key issues

- The Corporate Governance 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.
- 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.
- The Annual Governance Statement reviews the Council's actual governance arrangements with the themes within the Local Code of Governance. Any potential issues are recorded, with an action plan to continuously improve the Council's Governance arrangements.
- The Annual Governance Statement was agreed by the Audit and Risk Management Committee at its meeting 20 September 2021 (minute ARMC28/21). The final version was approved in November as part of the Statement of Accounts (minute ARMC33/21).
- To maximise good governance the Internal Audit Manager has reviewed the current progress against the action plan, attached at Appendix A.
- The action plan will be formally updated in the next Annual Governance Statement for 2021/22, when reported to the Audit and Risk Management Committee later in the year.

3 Recommendations

- The Committee to note the progress made against the actions identified in the Annual Governance Statement for 2020/21.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder Finance
Report Originator(s)	Kathy Woodward – Internal Audit Manager Peter Catchpole – Corporate Director and Chief Finance Officer
Contact Officer(s)	Peter Catchpole – Corporate Director and Chief Finance Officer Kathy Woodward – Internal Audit Manager Mark Saunders - Chief Accountant
Background Paper(s)	Annual Governance Statement 2020/21 (minute ARMC28/33) 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

Appendix A – Update of Governance Issues from 2020/21

	Issue Raised	Summary of action	Update
1	<p>Although in a healthy financial position, the Council still faces continuing financial challenges over the medium term, resulting from changes to central government funding.</p> <p>The Medium Term Financial Strategy presented to Council in February 2021 highlighted the need for further savings of £1.67m up to 2025/26.</p> <p>The impact of Covid-19 will, however, continue to impact on both the current financial year, 2021/22 and over the Medium Term. This is likely to impact on the savings required over the Medium Term.</p> <p>Central government is also undertaking a Fair Funding Review, Business Rates reform and New Home Bonus reform which are now likely to be implemented from April 2022 at the earliest, which will result in changes to Local Government Funding and presents a significant additional risk to this Council's MTFS.</p>	<p>The Chief Finance Officer, with the Chief Executive will review the impact of change upon the Council in conjunction with the Leader and Finance Portfolio Holder and the Cabinet.</p> <p>The Corporate Management Team has put in place heightened monitoring and response arrangements to provide the Cabinet with information regarding the impact of Covid-19 and of future Central Government funding changes.</p> <p>The Council's CSR process has placed the Council in a good position financially however, we will continue to look for more ways to become efficient and effective through looking at different service delivery models.</p> <p>The Corporate Management Team will monitor the available funding, balances and reserves, using robust financial controls to respond to any financial changes and identify joint opportunities for efficiency. The Corporate Management Team will monitor governance arrangements, and communicate shared risks, opportunities, and assurance.</p> <p>The Corporate Management Team will respond to any consultations from Central Government on future funding.</p>	<p>The Corporate management Team (CMT) continues to monitor and keep Cabinet apprised of the impact of funding changes.</p> <p>Cabinet, Overview and Scrutiny and Full Council considered the Medium Term Financial Strategy and General Fund Budget between December 2021 and February 2022 and approved the General Fund Budget for 2022/23. This report highlighted uncertainties over future Central Government Funding that will continued to be monitored.</p> <p>Cabinet and CMT continue to identify and deliver in year efficiency savings through its transformation programme. The savings target for 2021/22 of £295k has been achieved. Given the scale of the savings required and current landscape, this is a considerable achievement and demonstrates the commitment and focus of Cabinet and Officers in delivering a balanced budget.</p> <p>The original shortfall for 2021/22 of £842k, funded from balances, is now projected to be considerably lower at £243k.</p>
2	The Council must be prepared to address any	The Corporate Management Team will	The Corporate Management Team (CMT)

	<p>impacts that may arise as a result of changes in regulation, legislative powers and national policy.</p> <p>Examples that could affect governance arrangements over the Medium Term include:</p> <ul style="list-style-type: none"> • Reforms to the New Homes Bonus, Business Rates and the Fairer Funding Review due in April 2022. • The UK's negotiations and exit from the EU following the referendum on the 23rd June 2016. • The Comprehensive Spending Review scheduled for Autumn 2021. • The Department for Environment, Food and Rural Affairs' consultation on Consistency in Household and Business Recycling Collections • Continuing discussion and an ongoing review by the National Audit Office of local authority's investment activity including investment in property 	<p>respond to changes and will continue, using heightened monitoring and response arrangements, to provide the Cabinet with information regarding the impact of Central Government Policy changes including responding to government consultations.</p> <p>Plans will be put in place to implement any new legislation.</p>	<p>continues to monitor and keep Cabinet apprised of the impact of legislative changes.</p> <p>The risk from legislative changes is recorded in the Council's Corporate Risk Register and will continue to be monitored and reported as new risk are identified.</p> <p>The Spending Review was considered by Cabinet and Full Council as part of the Budget and Council Tax setting process.</p> <p>Many of the examples identified have been delayed as a result of the pandemic, but are being continually monitored by Cabinet and officers</p>
3	<p>The Covid-19 pandemic has given rise to unforeseen challenges in terms of this Council's decision-making machinery and its traditional meeting structure.</p> <p>The Council will be required to continually monitor the financial and operational impacts of Covid-19 throughout 2021/22 and beyond. This has a significant impact on the finances and the ability of the Council and its key delivery partners to maintain key services while business-as-usual status does now seem to be achievable, continuous monitoring of the national situation must continue.</p>	<p>Once regulations were published by government, the Council were able to adopt a procedure for meetings that complied with the legislation and continued the commitment to sound corporate governance.</p> <p>Where possible, key Council services continue to be provided (either directly or remotely) in line with its contingency arrangements.</p> <p>The Council has robust financial monitoring, recording and planning processes but these will need to be developed further to address this challenge.</p>	<p>The Corporate Management Team (CMT) continues to monitor and keep Cabinet apprised of the impact of legislative changes.</p> <p>Meetings continue to be held in a covid safe manner and following the legislative guidance that is in place. As restrictions are eased the operational guidance in place will continue to be reviewed and monitored, ensuring sound corporate governance is in place.</p> <p>Where possible, key Council services continue to be provided (either directly or remotely) in line with its contingency</p>

	<p>Likely consequences for governance will impact upon the immediate recovery of the organisation and the community. Economic recovery and public health impacts will be critical to the direction of the organisation in the future.</p> <p>In addition to this the Council will need to be prepared for mobilisation of the emergency response procedure in the event of a 'future waves' of the virus to protect staff and residents.</p>	<p>The Council monitors central government support initiatives and guidance and engages with its key partners to best provide essential services.</p> <p>Council business continuity arrangements have been mobilised for the maximum number of staff to work remotely in accordance with national guidance.</p> <p>The Corporate Management team, in conjunctions with members of the Council will produce and implement a recovery plan for the organisation, the community, the local economy and the health and wellbeing of the District.</p>	<p>arrangements.</p> <p>The Council's Business continuity arrangements are monitored to ensure we can respond to the evolving situation as restrictions continue to ease.</p> <p>The Corporate Management team, in conjunctions with members of the Council are working to implement a recovery plan for the organisation, the community, the local economy and the health and wellbeing of the District.</p>
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Agenda Item No:	7	
Committee:	Audit and Risk Management Committee	
Date:	14 March 2022	
Report Title:	Risk Management Policy and Strategy Review	

1 Purpose / Summary

- 1.1 To provide an update to the Audit and Risk Management Committee on the latest Risk Management Policy and Strategy.

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 Risk Management Policy and Strategy is reviewed and presented to it annually.
- 2.3 The latest Risk Management Policy and Strategy (**Appendix A**) is attached to this report.

3 Recommendations

- 3.1 The latest Risk Management Policy and Strategy 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 Risk Management Policy and Strategy: minutes of Audit and Risk Management Committee

1 Background / Introduction

- 1.1 This is the latest annual update in respect of the Risk Management Policy and Strategy.

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.

3 Changes to the Risk Management Policy and Strategy

- 3.1 The Risk Management Policy and Strategy has been reviewed by the Corporate Risk Management Group and Corporate Management Team.
- 3.2 There are a number of additions to this latest document, including:
- Definitions of 'Risk' and 'Risk Management'.
 - Risk Appetite and Tolerance Levels
 - Risk Analysis and Scoring
 - Risk Control
- 3.3 Other minor amendments have been made to ensure the document is current and relevant.

4 Next Steps

- 4.1 Officers will continue to bring a reviewed and updated Risk Management Policy and Strategy to Audit and Risk Management Committee on an annual 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.

Risk Management Policy and Strategy

March 2022



Draft

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1 Policy Statement

- 1.1 It is the Council's policy to proactively identify, understand and manage the risks involved in service delivery, and those associated with our plans and strategies, to encourage responsible and informed risk-taking.

2 What is Risk?

- 2.1 Risk is the uncertainty of an event occurring that could have an impact on the achievement of the Council's key objectives.
- 2.2 Risk can arise from possible threats to objectives, as well as failure to take advantage of potential opportunities.
- 2.3 It is the combination of the probability of an event (likelihood) and its effect (impact).

3 What is Risk Management?

- 3.1 Risk Management is the process of understanding and managing the risks that an organisation is inevitably subject to in attempting to achieve its corporate objectives.
- 3.2 It is the process whereby the Council methodically addresses those risks or barriers to achieving its vision and objectives.
- 3.3 Effective risk management optimises the balance between risk and control. In this way the authority will better achieve its corporate objectives and enhance the value of services it provides to the community.

4 Aim of the Strategy

- 4.1 The aim of the strategy is to make risk management an integral part of management and decision-making, aligned with the structure, operations, and processes of the Council.

5 Strategy Objectives and Outcomes

- 5.1 The objectives of this strategy are to:
- ensure risk management remains an integral part of service, strategic and project planning, and decision-making
 - manage risks to facilitate innovation, continuous improvement, and service transformation
 - establish clear roles, responsibilities and reporting lines for risk management

- anticipate and respond to changing social, environmental, and legislative needs as well as changes in the internal environment to minimise injury, damage and losses and maximise opportunity
- ascertain and manage the likelihood and impact of risk, identify mitigating controls, and assign responsibility for control and monitoring of specific risks
- provide a framework for escalating management of risk and allocating resources to identified priority risk areas
- maintain effective partnership arrangements by ensuring that risk management is part of the Council's partnership governance arrangements
- enable shared learning on risk management across the authority
- review the strategy and processes for risk management at least annually

5.2 The direct outcomes of effective risk management will be:

- effective use of resources
- informed decision making
- successful and efficient delivery of projects
- effective response to changes demands and needs
- responsive performance management and identification of priorities
- sound systems of control
- accountability and responsibility for risk and control
- sound workforce planning
- integrated responses to risk and opportunities

6 Risk Appetite and Tolerance Levels

6.1 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.

6.2 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.

- 6.3 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 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.
- 6.4 It is recognised that the tolerance or appetite is subjective and may change according to the environment, and the internal / external drivers. Consequently, it is important, regardless of the terms used, that everyone has a consistent approach to risk taking to prioritise resources effectively.
- 6.5 The Council's 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.
- 6.6 Different risk appetites can be illustrated on a five-by-five matrix using 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.
- 6.7 Once controls are in operation the risks can be scored again to illustrate the residual risk.

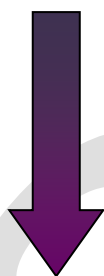
7 Risk Identification

- 7.1 The framework of Risk Management will ensure that risks are identified during both strategic and operational activity in respect of corporate and service priorities, project management, decision-making and policy setting, financial and performance monitoring, and planning.
- 7.2 Risk identification will include partnership working and commissioning. To manage risks effectively the Council will:
- provide assurance that risks associated with working in partnership will be identified, prioritised, and appropriately managed
 - ensure partnerships have effective risk management procedures in place for all parties.

8 Risk Analysis and Scoring

- 8.1 Once the risks have been identified they will need to be assessed.
- 8.2 The Council has adopted a consistent scoring mechanism for all risk identification, as it enables identified risks from other systems to be escalated to the Corporate Risk Register.
- 8.3 This process requires risk owners to assess the level of risk by considering:
- The probability of an event occurring – (Likelihood)
 - The potential severity of the consequences should such an event occur – (Impact)
- 8.4 The risk score is calculated by multiplying the 'likelihood' score by the 'impact' 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

8.5 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

8.6 Both inherent and residual risk scores should be identified to assist in the effective review and monitoring of the controls in place.

8.7 The residual scores are then plotted onto the heat map within the corporate risk register.

9 Risk Control

- 9.1 Action to address significant and material risks must be disclosed in Service Plans and agreed by the Corporate Management Team and the Audit and Risk Management Committee, where appropriate.
- 9.2 Risk control is the process of taking action to minimise the likelihood of the risk event occurring and/or reducing the severity of the consequences should it occur.
- 9.3 There are 3 main options for controlling risk:
- **Risk avoidance** involves the Council opting not to undertake a current or proposed activity because it is considered to be too risky.
 - **Risk reduction** is dependent on implementing mitigating actions which will minimise the likelihood of an event occurring or limit the severity of the consequences should it occur.
 - **Risk transfer** involves transferring liability for the consequences of an event to another body
- 9.4 Most risks can be managed either by minimising the likelihood of the risk occurring and / or reducing the severity of the consequences should the risk occur. Relatively few risks must be avoided or transferred.
- 9.5 Managers must judge which courses of control action are the most appropriate to address each of the risks they have identified, taking advice where appropriate.

10 Monitoring, Reporting and Escalation

- 10.1 A key element of effective risk management is the on-going vigilance and the communication and escalation of risk information to the appropriate management level.
- 10.2 The framework for the reporting and escalation of risk within the Council is based on the organisational structure and normal reporting lines.
- 10.3 Risk owners, along with the Corporate Risk Management Group, will monitor the current assessments of risks as frequently as dictated by changing circumstances.
- 10.4 The Corporate Management Team will be provided with periodic updates on the status of significant risks as part of financial and performance monitoring reports. Likely risk impacts will be quantified at the earliest opportunity.
- 10.5 Audit and Risk Management Committee will receive an update on the current risk position at least bi-annually.

11 Annual Review and Assurance Statement

- 11.1 As part of the annual reporting process, the Corporate Management Team will perform an annual review of the effectiveness of the Council's corporate governance arrangements, including its risk management and internal controls processes over the prevailing financial year.
- 11.2 The outcome of this review will be reported to the Audit and Risk Management Committee and will form the basis of an assurance statement to be published annually in accordance with best practice.

12 Roles and Responsibilities for Managing Risks

Group	Role
Elected Members	Ensure that risks are taken into consideration for Committee and Council decisions.
Audit & Risk Management Committee (ARMC)	Receive risk management reports and take appropriate action to ensure that corporate business risks are being actively managed including reporting to full council at least annually on its assurance work. The Chairman of Audit & Risk Management Committee will receive reports of exceptional risks throughout the year as appropriate.
Corporate Management Team (CMT)	Maintain a formal framework for the management of risks in terms of operational and strategic risks and opportunities.
Corporate Director & Chief Finance Officer	Monitor and promote effective application of strategic risk management across the authority and direct the Risk Management Group as required. Provide awareness and training on Risk Management to Members and Staff as appropriate.
Corporate Risk Management Group (CRMG)	Provide support for the delivery of the risk management strategy across the Council. Promote and advise upon risk management practices across all services of the Council and help to develop a consistent and effective approach to risk management is adopted within relevant Council management functions.

<p>Head of ICT, Digital & Resilience</p>	<p>Monitor and promote effective application of operational risk management across the authority and support the CRMG as required.</p> <p>Provide awareness and training on risk management to Members and staff as appropriately identified via inductions and development programs.</p> <p>Receive intelligence of potential risks and consider the appropriate route for escalation.</p> <p>Inform CMT and the Chairman of ARMC of risks requiring attention.</p> <p>Recommend to CMT and ARMC changes to the Risk Management Framework to maintain its effectiveness.</p>
<p>All Managers</p>	<p>Ensure that risk is managed effectively in each service area in accordance with the corporate framework and to act as a conduit to ensure that the specialist advisers and the CRMG are made aware, as appropriate, of the significant risks faced and the actions proposed.</p> <p>Manage risk effectively in their service areas and to report on how major hazards and risks have been / are being managed.</p>
<p>All Staff</p>	<p>Manage risk effectively in their job and report material hazards / risks to their service managers.</p> <p>Undertake their job with the highest regard for safety, regulatory and policy guidelines, practices, and procedures.</p>

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AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2021/22 – 2022-23

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
14 March 2022				
	Risk Based Internal Audit Plan 2022/23	Annual	Kathy Woodward	To approve the internal audit plan and resources for the forthcoming year
	Annual Governance Statement update	Progress report	Kathy Woodward	To review progress on the AGS action plan
	Risk Management Strategy and Corporate Risk Register	Annual	Stephen Beacher	To consider and note the annual review of risk management and corporate risk register.
July 2022				
	RIPA Annual Update	Annual	Amy Brown	To review and note the use of RIPA in the previous year.
	External Audit Plan 2021/22	Annual	External Auditor	To note the external audit plan for the new financial year.
	Treasury Management Annual Review 2021-22	Annual	Mark Saunders	To consider the overall financial and operational performance of the Council's treasury management activity. This report will be considered by Cabinet and Council.
	Internal Audit Outturn and Quality Assurance Review 2021-22	Annual	Kathy Woodward	To note the work undertaken by Internal Audit during the year, not the Annual Audit Opinion and consider the effectiveness of Internal Audit
	Audit and Risk Management Committee Annual Report 2021-22	Annual	Kathy Woodward	To approve the report to Full Council the commitment and effectiveness of the Corporate Governance Committee's work.
September 2022				
	Draft Statement of Accounts 2021-22	Annual	Mark Saunders	To review and note the draft Statement of Accounts
	Annual Governance Statement 2021-22	Annual	Kathy Woodward	To approve the content of the Annual Governance Statement for inclusion in the published Statement of Accounts 21-22.
	Internal Audit Plan 2022/23 Progress report Q1	Progress report	Kathy Woodward	To consider and note the activity and performance of the Internal Audit function.
	Risk Register - Quarterly update	Progress Report	Stephen Beacher	To review and approve the quarterly risk register.

AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME 2021/22 – 2022-23

Future items (when to be brought to the committee to be determined)

- Anti-Fraud and Corruption Policy and Strategy
- Anti-Money Laundering Policy
- Corporate Debt Policy

Audit and Risk Management Committee Training sessions 2021/22

- Introduction to ARMC June 2021
- Statement of Accounts September 2021
- Risk Management Training November 2021
- External Auditor Appointment Process February 2022

Audit and Risk Management Committee Action Plan

Title	Comments	Due by	RAG
Independent Member appointment	The Committee decided in August 2020 to review the need for an independent member as part of the committee.	July 2022	Not due
Committee Training	Committee Members to discuss training requirements and provide officers with suggested training topics for future meetings.	21 June 2021	Ongoing

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

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