

Audit and Governance Committee

4 March 2020



Working in partnership with **Eastbourne Homes**

Time and venue:

6.00 pm in the Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG

Membership:

**Councillor Dean Sabri (Chairman); Councillors Robin Maxted (Deputy-Chair)
Helen Burton, Sammy Choudhury, Paul Metcalfe, Md. Harun Miah, Amanda Morris
and Barry Taylor**

Quorum: 2

Published: Tuesday, 25 February 2020

Agenda

1 Minutes (Pages 5 - 8)

To confirm the minutes of the last meeting of the Committee, held on 18 September 2019.

2 Apologies for absence/declaration of substitute members

3 Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct.

4 Questions by members of the public.

On matters not already included on the agenda and for which prior written notice has been given (total time allowed 15 minutes).

5 Urgent items of business.

The Chairman to notify the Committee of any items of urgent business to be added to the agenda.

6 Right to address the meeting/order of business.

The Chairman to report any requests received to address the Committee from a member of the public or from a Councillor in respect of an item listed below and to invite the Committee to consider taking such items at the commencement of the meeting.

- 7 **External Audit of the 2018/19 Statement of Accounts** (Pages 9 - 12)
- 8 **Annual report on the use and governance of covert surveillance powers**
(Pages 13 - 18)
- 9 **Internal Audit Report for the first three quarters of the financial year 2019-20**
(Pages 19 - 28)
- 10 **Draft Internal Audit Plan for 2020/2021** (Pages 29 - 38)
- 11 **Strategic Risk Register Quarterly Review** (Pages 39 - 56)
- 12 **Date of next meeting**

Wednesday 8th July, 6pm, Town Hall.

Information for the public

Accessibility: Please note that the venue for this meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired. This agenda and accompanying reports are published on the Council's website in PDF format which means you can use the "read out loud" facility of Adobe Acrobat Reader.

Filming/Recording: This meeting may be filmed, recorded or broadcast by any person or organisation. Anyone wishing to film or record must notify the Chair prior to the start of the meeting. Members of the public attending the meeting are deemed to have consented to be filmed or recorded, as liability for this is not within the Council's control.

Public participation: Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

Information for councillors

Disclosure of interests: Members should declare their interest in a matter at the beginning of the meeting.

In the case of a disclosable pecuniary interest (DPI), if the interest is not registered (nor the subject of a pending notification) details of the nature of the interest must be reported to the meeting by the member and subsequently notified in writing to the Monitoring Officer within 28 days.

If a member has a DPI or other prejudicial interest he/she must leave the room when the matter is being considered (unless he/she has obtained a dispensation).

Councillor right of address: Councillors wishing to address the meeting who are not members of the committee must notify the Chairman and Democratic Services in advance (and no later than immediately prior to the start of the meeting).

Democratic Services

For any further queries regarding this agenda or notification of apologies please contact Democratic Services.

Email: committees@lewes-eastbourne.gov.uk

Telephone: 01323 410000

Website: <http://www.lewes-eastbourne.gov.uk/>



modern.gov app available

View upcoming public committee documents on your [iPad](#) or [Android Device](#) with the free modern.gov app.

This page is intentionally left blank



Working in partnership with **Eastbourne Homes**

Audit and Governance Committee

Minutes of meeting held in Court Room - Town Hall, Eastbourne on 18 September 2019 at 6.00 pm

Present:

Councillors Robin Maxted (Deputy-Chair, in the Chair), Helen Burton, Sammy Choudhury, Paul Metcalfe, Md. Harun Miah, Amanda Morris, Barry Taylor and Candy Vaughan (as substitute for Dean Sabri)

Officers in attendance:

Jackie Humphrey (Chief Internal Auditor) and Elaine Roberts (Committee Officer)

Also in attendance:

Councillor Robert Smart (Shadow Cabinet Member)

14 Minutes

The minutes of the meeting held on 24 July 2019 were submitted and approved and the Chair was authorised to sign them as an accurate record.

15 Apologies for absence/declaration of substitute members

Apologies were received from Councillor Dean Sabri, Chairman of the Audit and Governance Committee. Deputy Chair, Councillor Maxted, acted at Chair for the meeting.

16 Declarations of Disclosable Pecuniary Interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct.

None.

17 Questions by members of the public.

None received.

18 Urgent items of business.

There were none.

19 Right to address the meeting/order of business.

A request was received from Councillor Smart just before the start of the meeting, regarding the minutes of the last meeting.

Following an invitation by the Chair to address the Committee, Councillor Smart spoke for 10 minutes and voiced his concerns about the delay in publishing the statement of accounts and asked if the Council had met its obligation to publish a notice and provide explanation of the delay. He also raised concerns regarding levels of transparency, citing a £2m transaction from 2017 that he could not find in the 2018 reporting.

The Chair thanked Councillor Smart for his remarks. As the Chief Finance Officer was not present to respond, his comments would be reported to her after the meeting.

20 Internal Audit Report for the first quarter of the financial year 2019-2020

Jackie Humphrey, Chief Internal Auditor, presented the report and the Committee considered the summary of activities of Internal Audit and Counter Fraud for the first quarter of the financial year: 1st April – 30th June 2019.

The Committee raised a query around the figures for the National Fraud initiative. The Chief Internal Auditor explained that cases could vary widely in their complexity, with the more complex often requiring liaison with external bodies such as other local authorities.

The Chair thanked Jackie Humphrey and the Council for their work.

RESOLVED (unanimous) that the report be noted.

21 Strategic Risk Register Quarterly Review

Jackie Humphrey, Chief Internal Auditor, presented the report regarding the Strategic Risk Register, which provides a high level record of the key risks facing the Council.

Following the quarterly review of the Register by the Corporate Management Team, two risk scores were increased. The report and presentation noted and explained these increases to the Committee.

The Committee considered the report. It recognised the influence of the Brexit issue on decision making and noted an expectation that there would be more clarity later this year.

The Chair thanked Jackie Humphrey for the report.

RESOLVED (unanimous): that the report be noted.

The meeting ended at 6.34 pm

Councillor Maxted (Deputy Chair)

This page is intentionally left blank

Report to:	Audit and Governance Committee
Date:	4 March 2020
Title:	Delay to the External Audit of the 2018/19 Statement of Accounts.
Report of:	Homira Javadi, Chief Finance Officer
Ward(s):	All
Purpose of report:	To update members in respect of the delay in issuing the final and audited Statement of Accounts for the 2018/19 year.
Officer recommendation:	That members note and comment on the report.
Reasons for recommendations:	To ensure members of the Committee are aware of the technical issues as to why the final and audited Statement of Accounts has not been published.
Contact Officer(s):	Name: Ola Owolabi Post title: Deputy Chief Finance Officer E-mail: Ola.Owolabi@lewes-eastbourne.gov.uk Telephone number: 01323 415083

1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 state that authorities must publish unaudited statements by 31 May of the financial year immediately following the end of the financial year to which the statement of accounts relates.
- 1.2 Authorities must then publish their annual audited statement of accounts along with the auditor's opinion and report no later than 31 July of the financial year immediately following the end of the financial year to which the statement of accounts relates.
- 1.3 At the Committee on Wednesday, 24th July, the Committee reviewed a letter received from Deloitte (External Auditor), which gave notice that final Accounts reporting would now be expected in the Autumn. The letter, which was circulated ahead of the meeting provides the Committee with an update as to the status of Deloitte work and the proposed steps for completion. That the completion of the audit is expected to be delayed due to accounting issues with respect to the investment in Investment Company Eastbourne Limited ("ICE"). The accounting treatment and valuation of the ICE guarantee contract will require resolution prior to completion of the financial statement audit.

2 Current Position

- 2.1 The Council has complied with the recommended number of changes to address issues identified by auditors in finalisation of the financial statements. The Council also obtained advises from few consultants (Grant Thornton, ArlingClose and Link Asset Management Service) on the accounting treatment and valuation of the ICE guarantee contract. The outcome of these consultations has been shared with Deloitte, and the Council is now waiting for Deloitte technical team to agree the accounting proposal including the completion of the financial statement audit.

- 2.2 A statement regarding delay to the External Audit of the 2018/19 Statement of Accounts has been published on the Council website in compliance with Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. A copy of the statement is attached as **Appendix 1** to this report.
- 2.3 Following further discussions with Deloitte in January 2020, the Council was advised that January and February are the peak times for Deloitte business as a whole. That they have looked for team availability to perform the LDC accounts audit, and have been unable to reallocate resources given Deloitte existing commitments to other clients.
- 2.4 The rescheduling of the final audit will have implications for the Council's finance team and might present other challenges for 2019/20 closures of accounts process. This knock-on impact is currently being worked through by officers with Deloitte to ensure minimum disruption to other work commitments and internal resourcing constraints between January and March 2020.

3 Conclusion

- 3.1 According to the Public Sector Audit Appointments (PSAA), the delay in the audit timetable is not unique to Eastbourne Borough Council, as numbers of other Councils in the Country are also experiencing delays due to either auditors resourcing or technical accounting constraints. A further update on the audit of the Council Statement of Accounts will be provided at the next meeting of the Committee.

4 Financial appraisal

- 4.1 Deloitte has stated that they anticipate the audit delay will lead to additional cost, owing to the complexities and additional work in relation to the ICE guarantee.

5 Legal implications

- 5.1 As stated in section 1.2 above, the delay in final external audit means that Eastbourne Borough Council has not been able to meet its statutory duty of publishing a set of audited financial accounts for 2018/19 by 31st July 2019.

6 Risk management implications

- 6.1 This report is for information only. There are no risk management implications arising from the recommendations in this report.

7 Equality analysis

- 7.1 This report is purely for information and requires no decision from the committee. There are no equality and diversity implications arising from the recommendations in this report.

8 Appendix

- 8.1 Appendix 1 – Eastbourne Borough Council published (web) statements on the delay to the External Audit of the 2018/19 Statement of Accounts.

Eastbourne Borough Council

Delay to the External Audit of the 2018/19 Statement of Accounts

The external audit of the draft statement of accounts for the year ended 31 March 2019 for the Eastbourne Borough Council has not yet been completed. The delay was primarily due to technical accounting issues with respect to the investment in Investment Company Eastbourne Limited ("ICE"), where additional information was required to enable the Council to determine the required accounting entries. This information is currently being gathered, and the Council and the external auditor, Deloitte LLP, will then agree a timetable for the finalisation of the audit.

This situation is covered by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. See attached link:

<http://www.legislation.gov.uk/uksi/2015/234/regulation/10/made>

Therefore, this notification explains, as per paragraph (2a), that the Eastbourne Borough Council is not yet able to publish the audited 2018/19 final statement of accounts for the Council in line with deadline of 31st July 2019, as per paragraph (1). The Eastbourne Borough Council Audit and Governance Committee has been advised of this matter and the final audited accounts will be published as soon as the audit is concluded.

Homira Javadi CPFA, FCCA, ACCA
Chief Finance Officer (Section 151 Officer)

This page is intentionally left blank

Report to:	Audit and Governance Committee
Date:	4 March 2020
Title:	Annual report on the use and governance of covert surveillance powers
Report of:	Assistant Director of Legal and Democratic Services
Ward(s):	All
Purpose of report:	To provide an overview of the Council's use of covert surveillance powers in 2019/20; and to report on the recent external inspection of surveillance governance arrangements.
Officer recommendation(s):	That the Committee– (1) Notes the Council's use of covert surveillance powers during 2019/20. (2) Notes the findings of the Investigatory Powers Commissioner's Office inspection conducted in 2019.
Reasons for recommendations:	The Committee is responsible for overseeing the Council's policy on the use of covert surveillance powers.
Contact Officer(s):	Name: Oliver Dixon Post title: Senior Lawyer and RIPA Monitoring Officer E-mail: oliver.dixon@lewes-eastbourne.gov.uk Telephone number: (01323) 415881

1 Introduction

- 1.1 This report summarises the Council's use of covert surveillance powers and online intelligence gathering during 2019/20.
- 1.2 It also highlights the recommendations of the Investigatory Powers Commissioner's Office (IPCO) following their inspection of Lewes and Eastbourne Councils in December 2019.

2 Legislative and Policy Background

- 2.1 Part 2 of the Regulation of Investigatory Powers Act 2000 ('RIPA') provides for the authorisation by certain public bodies, including Eastbourne Borough Council, of 'directed surveillance'.
- 2.2 'Directed surveillance' is covert surveillance carried out in relation to a specific investigation or operation in such a manner as is likely to result in the obtaining

of private information about any person, other than by way of an immediate response to events or circumstances.

- 2.3 In conducting directed surveillance, the Council must comply not just with RIPA but with the relevant Home Office code of practice and the Council's own policy, links to which are provided in paragraph 12 below.
- 2.4 In procedural terms, the most important steps under RIPA are for the directed surveillance to be authorised internally by a trained and designated senior manager, and for that authorisation to be approved by a justice of the peace, i.e. a magistrate or district judge.
- 2.5 At both stages, the authorising officer and JP must be satisfied that the proposed surveillance is necessary for the prevention or detection of a crime punishable, on conviction, by a custodial sentence of at least six months; and is proportionate to what is sought to be achieved by carrying it out. This involves balancing the seriousness of the intrusion into the privacy of the subject (or any other person who may be affected) against the need for the activity in investigative and operational terms.

3 Governance Arrangements

- 3.1 IPCO provides independent oversight of the use of investigatory powers by intelligence agencies, police forces and other public authorities. Its purpose is to oversee how these powers are used, taking account of the public interest and ensuring that investigations are conducted in accordance with the law.
- 3.2 IPCO's oversight includes the inspection of public authorities. Lewes and Eastbourne Councils are inspected once every three years, most recently in December 2019. The key outcomes of this inspection are set out in paragraph 6 below.
- 3.3 Internally, the Council regulates its use of surveillance powers through specially trained managers, consisting of:
 - RIPA Senior Responsible Officer – Catherine Knight
 - RIPA Monitoring Officer – Oliver Dixon
 - RIPA Authorising Officers – Tim Whelan and Peter Finnis
- 3.4 Surveillance arrangements are also subject to periodic internal audit.

4 Use of Covert Surveillance Powers in 2019/20

- 4.1 During 2019/20, the number of directed surveillance operations authorised by the Council was nil.
- 4.2 The absence of directed surveillance in this and previous years drew the following comment from IPCO in its latest inspection report:

Eastbourne Borough Council has opted not to use RIPA powers for some time. Despite this, it is important that there is regular, ongoing internal oversight of the actual or potential use of these powers, which should continue to be overseen

via the Senior Responsible Officer. Council personnel need to maintain their levels of training, particularly when the powers are used sparingly.

- 4.3 The non-use of directed surveillance powers is in part explained by the strict criteria relating to authorisation, as detailed in paragraph 2.5 above. The Council continues to investigate suspected criminal offences (mainly fraud), breach of tenancy agreements and non-payment of fees or taxes but, in the overriding majority of cases, directed surveillance cannot be justified under RIPA and is therefore not used.
- 4.4 By way of example, in 2019 a Neighbourhood First officer sought authorisation to carry out directed surveillance in Eastbourne in connection with a suspected breach of a community protection notice relating to waste. The authorisation had to be declined because the offence in question was below the 'crime threshold' for RIPA, i.e. was incapable of being punished by a custodial sentence of six months or more. Investigation continued but using lawful overt methods.
- 4.5 The Council's Counter Fraud team use a variety of means to investigate suspected fraud and would seek a directed surveillance authorisation only where (i) all other reasonable lines of enquiry had been pursued, and (ii) the offence in question met the crime threshold.
- 4.6 In 2019, the Counter Fraud team did seek and obtain authority to conduct directed surveillance in connection with a suspected Right to Buy fraud in relation to a property, but in the Lewes district. The team have carried out a number of enquiries on Right to Buy applications relating to council houses in Eastbourne, though in these cases the use of directed surveillance was not warranted.

5 Online Intelligence Gathering

- 5.1 The growth of the internet, and the extent of the information that is now available online, presents opportunities for Council officers to view or gather online information which may assist them in preventing or detecting crime or carrying out other statutory functions.
- 5.2 Counter Fraud officers undertake open source intelligence gathering quite regularly, which can include checks on individuals' social media profiles. To date, however, no online investigation has amounted to directed surveillance and, therefore, has not required authorisation under RIPA. Counter fraud officers are trained in the use of online enquiries, and intelligence gathered is held in a secure case management system.
- 5.3 Officers engaged in debt recovery relating to housing rent, council tax, business rates or overpaid housing benefit may need to research a debtor's social media presence, to trace their whereabouts; or to trace the debtor's employer, for a possible attachment of earnings order.
- 5.4 In addition to its policy on internet and social media research (see link at paragraph 12), the Council has issued designated debt recovery officers with

guidance on the procedure to follow when their research is likely to obtain private information, if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded. Whilst debt recovery is a civil matter and therefore outside the RIPA regime, privacy issues must still be considered and, where necessary, the research must be authorised on the basis of necessity and proportionality. There is a process in place to ensure the Account Management team follows this protocol.

- 5.5 As the process is relatively new and the Account Management team's current priority is with annual billing, their officers have not yet used online tracing via social media. They plan to do so during the next quarter, however.
- 5.6 Account Management officers would turn to online tracing via social media only as a last resort, once all other standard lines of enquiry had been exhausted.

6 IPCO Inspection

- 6.1 In December 2019, an IPCO inspector carried out a detailed on-site inspection of Lewes and Eastbourne Councils' governance arrangements for conducting covert surveillance. This included a review of RIPA policies and procedures; and interviews with (i) personnel responsible for RIPA management, and (ii) officers who conduct the surveillance itself.
- 6.2 The inspection complimented the Councils' standard of documentation relating to the use of RIPA and its social media guidance document for officers.
- 6.3 IPCO found no significant areas of non-compliance with surveillance legislation or the Home Office code of practice. In addition to IPCO's observation mentioned at paragraph 4.2 above, their principal recommendation concerned the deployment of Covert Human Intelligence Sources ('CHIS').

For information, a CHIS is someone who establishes a personal relationship with a person (the suspect) for the covert purpose of obtaining intelligence or disclosing information relating to the behaviour of the suspect. Local authorities such as Eastbourne Borough Council may use CHIS only for the purpose of preventing or detecting crime or for preventing disorder.

- 6.4 IPCO recommends that Eastbourne's RIPA policy provides guidance on the use of CHIS, including arrangements for the appointment of persons fulfilling the role of 'handler' and 'controller' if and when a CHIS is deployed. IPCO further recommend that the policy explains how the role of a CHIS differs from a person volunteering information to the Council.
- 6.5 The RIPA Monitoring Officer (MO) will draft the required amendments and submit the revised policy to Audit and Governance Committee for approval at its next meeting. The RIPA MO will also update the Committee on the Council's proposed response to all other IPCO recommendations and observations.

7 Financial appraisal

- 7.1 The cost of conducting and managing covert surveillance and online intelligence gathering will be met from existing service budgets.

8 Legal implications

- 8.1 As detailed above, the statutory framework for the authorisation of directed surveillance is part 2 of RIPA, supplemented by the relevant Home Office code of practice. Directed surveillance authorised and conducted in accordance with RIPA provides for lawful interference with a person's right under article 8 of the European Convention on Human Rights, namely their right to respect for their private and family life. Failure to comply with statutory requirements may render any directed surveillance unlawful and therefore inadmissible in evidence. As a further consequence, any person subjected to unlawful privacy interference could bring a civil claim against the Council.

Lawyer consulted: 20.02.20

Legal ref: 005383-JOINT-OD

9 Risk management implications

- 9.1 The Council's arrangements for the management of surveillance, in terms of policies, procedures and designated roles (e.g. RIPA MO and RIPA authorising officers) should ensure that activity is fully compliant with RIPA and human rights legislation. Further, the Council will have regard to the recommendations of RIPA inspections conducted by the Investigatory Powers Commissioner's Office, and any internal audits.

10 Equality analysis

- 10.1 There are no equality implications associated with this report.

11 Appendices

- 11.1 None.

12 Background papers

- 12.1 The background papers used in compiling this report were as follows:
- Eastbourne Borough Council covert surveillance policy statement: https://www.lewes-eastbourne.gov.uk/_resources/assets/inline/full/0/257154.pdf
 - Eastbourne Borough Council policy on social media research and investigations: https://www.lewes-eastbourne.gov.uk/_resources/assets/inline/full/0/287120.pdf
 - Home Office Code of Practice on Covert Surveillance and Property Interference (August 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf

Report to	AUDIT AND GOVERNANCE COMMITTEE
Date:	4th March 2020
Title:	Internal Audit Report for the first three quarters of the financial year 2019-2020.
Report Of:	Chief Internal Auditor
Ward(s):	All
Purpose of report:	To provide a summary of the activities of Internal Audit and Counter Fraud for the first three quarters of the financial year - 1st April 2019 to 31st December 2019.
Officer recommendation(s):	That the information in this report be noted and members identify any further information requirements.
Reasons for recommendations:	The remit of the Audit and Governance Committee includes the duties to agree an Annual Audit Plan and keep it under review, and to keep under review the probity and effectiveness of internal controls, both financial and operational, including the Council's arrangements for identifying and managing risk.
Contact:	Jackie Humphrey, Chief Internal Auditor, Telephone 01323 415925 or internally on extension 5925. E-mail address jackie.humphrey@lewes-eastbourne.gov.uk

1.0 Introduction

- 1.1 The quarterly report includes a review of work undertaken by Internal Audit and Counter Fraud. At the end of the financial year the Chief Internal Auditor will state their opinion of the control environment of the authority based on this information.
- 1.2 In March 2019 the Audit and Governance Committee agreed the first annual audit plan to cover work across the two authorities.
- 1.3 As the majority of service areas now provide services to both authorities the results of work carried out by Internal Audit and Counter Fraud will be reported to both committees. However, when any findings relate specifically to one authority then this will be reported to the appropriate council's committee only.

2.0 Review of the work of Internal Audit carried out in the first three quarters of 2019-2020.

2.1 A list of all the audit reports issued in final from 1st April 2019 to 31st December 2019 is as follows:

Benefits and CTR (18/19)	Substantial Assurance
Cash and Bank (18/19)	Substantial Assurance
Council Tax (18/19)	Substantial Assurance
Main Accounting (18/19)	Substantial Assurance
NNDR (18/19)	Substantial Assurance
Treasury Management (18/19)	Substantial Assurance
Creditors (18/19)	Partial Assurance
Housing Rents (18/19)	Partial Assurance
Payroll (18/19)	Substantial Assurance
IT (18/19)	Partial Assurance
Debtors (18/19)	Substantial Assurance
Internet and Telephone Payments	Partial Assurance
HR – Recruitment	Substantial Assurance
HR – Apprenticeships and staff retention	Substantial Assurance
Project Management	Substantial Assurance

NB. These are the Assurance Levels given at the time of the initial report and do not reflect findings at follow up.

2.2 Below are the descriptions of the levels of assurance referred to above.

Assurance Level	Description
Full Assurance	Full assurance that the controls reduce the risk to an acceptable level.
Substantial Assurance	Significant assurance that the controls reduce the level of risk, but there are some reservations; most risks are adequately managed, for others there are minor issues that need to be addressed by management.
Partial Assurance	Partial assurance that the controls reduce the level of risk. Only some of the risks are adequately managed; for others there are significant issues that need to be addressed by management.
Minimal Assurance	Little assurance that the controls reduce the level of risk to an acceptable level; the level of risk remains high and immediate action is required by management.
No Assurance	No assurance can be given. The reasons will be explained thoroughly in the report.

2.3. Appendix A is the list of all reports issued in final during the year which were given an assurance level below “Substantial”. This list includes brief bullet points of the issues highlighted in the reviews which informed the assurance level given.

- 2.4 The work of carrying out the 18/19 annual audits was hindered by training two new members of staff. However, all reviews had been completed by November. From January 2020 work begins on the annual audits for 19/20 and these should be completed in a more timely manner.
- 2.5 This year the scope of the annual audits is also being reviewed as they have not changed for some years. It is important that the working programmes for each audit are up to date and relevant to the work being audited as well as ensuring that controls are in place and working correctly.
- 2.6 Work is still ongoing on the project to review the work that feeds into the Housing Subsidy claim. The aim is to improve the work at the point of input so that fewer errors are made which will enable the subsidy claim to be completed in a more timely manner.
- 2.7 A piece of work was due to be carried out reviewing the issues that had arisen from problems with the implementation of the new housing software and how these were being managed. In a meeting to scope this work the Audit team were asked by the Head of Homes First to carry out an audit review of Housing Needs. Both these pieces of work are now currently underway.
- 2.8 The table below shows the work carried out by the Internal Audit team in the first three quarters of the year by percentage across the main areas services. The style of reporting of our work has changed so that it now reflects that the team is flexible and the work changeable and more responsive to requests for work which are made throughout the year.

Area	% of days on audits	% of days on advice/consultancy etc	% of total audit time
Annual audits	43.5	0	40.65
Claims	34.02	0	31.8
Corporate Services	12.12	70.28	15.91
Regeneration and Planning	7.35	0.3	6.9
Service Delivery	2.51	18.28	3.54
Tourism and Enterprise	0.5	11.14	1.2
TOTAL	100	100	100
% of total audit time	93.48	6.52	100

3.0 Counter Fraud

- 3.1 The team recently lost an experienced criminal investigator who joined Homes First in September. Recruitment for the vacant post has been successful, with the successful applicant being a police officer with 30 years' experience. The Fraud and Audit Liaison Officer has commenced her studies for the Accredited Counter Fraud Specialist qualification which will further enable the team to expand joint corporate projects in new and emerging areas.

- 3.2 The team continue to target the high value and risk areas of tenancy housing while also undertaking other exercises as detailed below:
- 3.3 Housing Tenancy – The team continue to work closely with colleagues in Homes First and legal and there are currently six ongoing sublet/abandonment tenancy cases at various stages. Two properties have returned during this period with a net preventative saving to the authority of £186,000.00 (based on NFI estimate of £93,000.00 valuation for each returned property). Four cases were closed down in this period with no further action.
- 3.4 Tenancy fraud awareness – A joint working campaign has begun with Homes First and the Communication and Engagement team to develop a series of publicity articles via community posters, social media and local press to raise the awareness of social fraud with the public. A fraud awareness poster has been designed and circulated throughout council noticeboards across Eastbourne and Lewes in early January 2020 with a plan to include further publicity within quarterly rent statements to all tenants shortly.
- 3.5 Housing Tenancy Successions – A joint working project has begun to include the Counter Fraud team to verify any applications received for Housing successions. As part of the team's involvement, Homes First will now arrange for an application form to be completed to help prevent a false or fraudulent claim.
- 3.6 Right to Buy – Four cases were checked to prevent and detect fraud and protect each authority against money laundering. Of these applications, two were withdrawn after intervention by the Counter Fraud team resulting in a preventative saving of £154,000 to the authority. There are currently 21 cases (at various stages) under review.
- 3.7 Housing Options – Work has been undertaken with Homes First looking at a number of potentially fraudulent homeless presentations as well as the implementation of using the National Anti-Fraud Network facilities for credit checks for all new applications as a preventative measure. Planned work to look at Housing Allocations is due to begin in January 2020.
- 3.8 Council Tax – the detailed review of Council Tax Exemptions and Disregards has now finished pending the outcomes of a few cases. This involved looking at areas of weakness where reviews have not been completed for some time. 65 cases have so far been found to be incorrect, which has resulted with a net income generated of £46,365.63.
- 3.9 Council Tax Reduction – The team have now completed an exercise reviewing Council Tax Reduction (CTR) applications which have not been re-assessed for over two years. 19 cases have now been closed down in this quarter with a net saving of £23,134.75 to the authority and a preventative saving of £5,509.44.
- 3.10 Housing Benefit – The team have worked closely with the Department for Work and Pensions (DWP) and our colleagues in the benefit section. Unfortunately, due to resources restrictions and training needs, the DWP have been unable to complete the same volume of cases as in previous quarters. This has resulted in the closure of 31 cases with an increase in recoverable Housing Benefit of £9k and a preventative saving of £11k. Joint working with the Case Management

team has also increased the volume of referrals; there are around 100 outstanding cases with the DWP to consider.

- 3.11 National Fraud Initiative – Work continues on the 2018/19 extract using a test sample of 10% of cases, this has been brought about due to the limited results found in previous activities – 1157 cases have been cleared so far with 13 awaiting further investigation with a current value of £18k found in errors (Housing Benefit).
- 3.12 Requests for personal data – the team take an active role in supporting colleagues in other organisations to prevent fraud and tackle criminal activity. In this period we have dealt with 16 requests from the Police and eight from other authorities for disclosure of relevant personal data held by the council.
- 3.13 A table showing the savings made by the Counter Fraud team in the first half of the year 2019-2020 can be found at Appendix B.

4.0 Financial appraisal

- 4.1 There are no financial implications relating to expenditure arising from this report.

Details of savings generated by the Counter Fraud team are included in Appendix B.

5.0 Legal implications

- 5.1 This report demonstrates compliance with regulation 5 of The Accounts and Audit Regulations 2015, which requires Eastbourne Borough Council to 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.

Lawyer consulted 24.01.20

Legal ref: 008905-EBC-OD

6.0 Risk management implications

- 6.1 If the Council does not have an effective governance framework that is subject to proper oversight by Councillors it will not be able to demonstrate that it has in place adequate means to safeguard Council assets and services, and it could be subject to criticism from the Council's external auditor or the public.

7.0 Equality analysis

- 7.1 An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

8.0 Appendices

Appendix A – List of all reports issued in Final during the year which were given an assurance level below “Substantial” with any issues highlighted in the reviews which informed the assurance level given.

Appendix B – Counter Fraud work and savings.

9.0 Background papers

9.1 Audit reports issued throughout the year.

APPENDIX A**Reasons for original assurance levels given (below Substantial)**

N.B. The issues noted here may have been addressed since the original report was issued.

AUDIT REVIEW	ASSURANCE LEVEL	ISSUES NOTED	Level at follow up
Creditors (18/19)	Partial	<ul style="list-style-type: none"> • Knowledge transfer issues – audit carried out at time of change in the Finance section • Authorisation levels – list and Cafi require updating • Purchase orders not being raised at time goods and services are ordered • Too many staff with access to set up new creditors • Evidence of checks made on requests to change bank account details not being retained. 	
Housing Rents (18/19)	Partial	<ul style="list-style-type: none"> • Evidence of checks and authorisation of write offs of debts not systematically retained 	
IT (18/19)	Partial	<ul style="list-style-type: none"> • Some staff set up as Systems Administrators are also staff using Finance Systems • Some password parameters do not require a mix of alpha and numeric characters • PSN Code of Connection Certificate had not been obtained • Joint Disaster Recovery Strategy and Plan needs to be adopted and tested • IT need to address issues highlighted in an IT Health Check carried out by an external company 	
Internet/Telephone Payments	Partial	<ul style="list-style-type: none"> • Lewes District Council is not PCIDSS compliant. • Some staff had their mobile phones on the desk. • The web pages for making payments is not clear enough about which authority the payment is being made to. • Documents are being retained beyond the timescale laid down in the Retention and Disposal Schedule. 	

APPENDIX A

Reasons for original assurance levels given (below Substantial)

N.B. The issues noted here may have been addressed since the original report was issued.

	QUARTER ONE		QUARTER TWO		QUARTER THREE		QUARTER FOUR		YEAR TOTAL	
	Income	Savings	Income	Savings	Income	Savings	Income	Savings	Income	Savings
Tenancy Housing										
Recovery of council properties	£0.00	£186,000.00		£93,000.00		£186,000.00			£0.00	£465,000.00
RTB value saved through intervention	£0.00	£504,800.00		£408,300.00		£154,000.00			£0.00	£1,067,100.00
Housing intervention/fraud				£3,240.00					£0.00	£3,240.00
Revenues										
NNDR	£0.00	£0.00	£2,896.90	£2,896.90					£2,896.90	£2,896.90
Council Tax	£4,933.88		£38,104.77		£8,260.86				£51,299.51	£0.00
Value of ongoing CT increase per week		£1,615.04		£1,398.16	£252.98				£252.98	£3,013.20
Council Tax Penalties					£210.00				£210.00	£0.00
CTR & Housing Benefit										
SPOC Cases			£12,176.70						£12,176.70	£0.00
Council Tax Reduction	£1,044.35		£36,241.01		£23,134.75				£60,420.11	£0.00
CTR weekly incorrect benefit (WIB)		£7,455.04		£551.92		£5,509.44			£0.00	£13,516.40
Housing Benefit	£10,653.55		£5,950.87		£9,120.07				£25,724.49	£0.00
HB weekly incorrect benefit (WIB)		£11,606.40		£252.13		£11,128.32			£0.00	£22,986.85
Income from Adpen collection	£1,714.26								£1,714.26	£0.00
NFI										
Number of open matches									£0.00	£0.00
Number of closed matches									£0.00	£0.00
Awaiting Processing									£0.00	£0.00
Overpayments identified	£4,424.24				£13,639.11				£18,063.35	£0.00
Weekly incorrect benefit identified									£0.00	£0.00
OTHER INVESTIGATIONS										
Procurement									£0.00	£0.00
Internal									£0.00	£0.00
DPA									£0.00	£0.00
Income from court costs									£0.00	£0.00
TOTALS	£22,770.28	£711,476.48	£95,370.25	£509,639.11	£54,617.77	£356,637.76	£0.00	£0.00	£172,758.30	£1,577,753.35

This page is intentionally left blank

Report to:	AUDIT AND GOVERNANCE COMMITTEE
Date:	4 TH MARCH 2020
Title:	Draft internal audit plan for 2020/21
Report of:	Chief Internal Auditor
Ward(s):	All
Purpose of report:	To propose an internal audit plan for 2020/21
Officer recommendation(s):	(1) To consider and agree the proposed plan.
Reasons for recommendations:	The remit of the Audit and Governance Committee includes the duties to agree an Annual Audit Plan and keep it under review and to keep under review the probity and effectiveness of internal controls, both financial and operational, including the council's arrangements for identifying and managing risk.
Contact Officer(s):	Name: Jackie Humphrey Post title: Chief Internal Auditor E-mail: jackie.humphrey@lewes-eastbourne.gov.uk Telephone number: 01323 415925 or internally on extension 5925.

1.0 Introduction

- 1.1 The internal audit function contributes to the council's overall governance arrangements through the audits carried out in the annual internal audit plan.
- 1.2 The annual audit plan includes a number of managed audits which are required to be carried out annually.

2.0 New Approach

- 2.1 During the past few years it has been noted that senior managers are more willing to approach Internal Audit to request various audit reviews be carry out in their areas. As these requests usually involve issues which are a high risk, or are of immediate importance, these have been carried out by the team. There have also been times where an audit review of one area has been proposed but, at the time of scoping the review, the relevant senior manager has requested that the scope be changed to cover a different area with which they have concerns.

- 2.2 It is important that Internal Audit add value to the council and ensure that any emerging areas of concern are considered. The work of the team must add value and be flexible whilst still ensuring that there is an adequate breadth of cover to the work that is carried out.
- 2.3 In order to try to address all these points a new approach to the annual audit plan is being taken this year. The total number of areas that can be audited has been divided into the departments under which they sit. The number of areas by department have then been calculated as a percentage of the total number of areas as shown below:

Department	No of areas	% of total
Regeneration	12	12%
Tourism and Enterprise	9	9%
Service Delivery	36	37%
Corporate Services	41	42%
TOTAL	98	100%

These percentages will then be used to inform the contents of the plan and this is explained in more detail below.

3.0 The Audit Universe

- 3.1 The Audit Universe is the list of all areas across the councils which can be reviewed; this includes areas across both Eastbourne Borough and Lewes District Councils so that a full joint audit plan can be produced.
- 3.2 This universe has been used to develop a risk assessment of these areas. The risks level is calculated taking into account the financial materiality of the area, the system stability (frequency of change) and the internal controls (level of assurance given at the last review).
- 3.3 With the level of transformation that has been happening across both authorities in the last few years it has been difficult to audit all areas that have been subject to changes. Therefore the approach has been to audit areas where there has been a manageable size of change but for more significant change Internal Audit has been involved in or kept track of the programme of change as it occurs. An example of this has been the Housing software system where Internal Audit have kept abreast of work ongoing to sort out issues but will actually carry out an audit review when this work is complete in order to give assurance on whether the system is then working correctly.

4.0 Production of the draft audit plan for 2020/21.

- 4.1 The internal audit plan for each year begins by calculating the number of audit days available. This takes the number of work days of each member of staff less non-chargeable time (e.g. annual leave, public holidays, sick leave, admin etc.). From the remaining days, 36 are allocated for audits for Eastbourne

Homes and 5 for South East Environmental Services Ltd – both of which are paid for.

4.2 There are twelve “managed” audits which have to be undertaken every year as these cover our main financial systems and their controls. The time taken for these days is also taken off the remaining number along with some allocation for special pieces of work, advice, consultancy etc.

4.3 The work on the subsidy claim for Lewes is now being carried out by Branch and Lee and this is being paid for by Service Delivery but the Internal Audit team continue to carry out the testing of the subsidy claim for Eastbourne.

4.4 The Audit Manager and one Auditor are undertaking apprenticeship scheme training with the Institute of Internal Auditors this year which has reduced the audit time available while they undertake the training. Also, there is currently a vacancy in the Audit team which it is envisaged will be filled at the beginning of the new financial year. As this person is likely to require training in the post, and with an actual start date unknown at this stage, this post has been shown as a ¾ post for the year.

4.5 The total number of days available for audits having been arrived at (see Appendix A) these have then been split by the percentages shown at 2.3. This is as follows:

Total days available		382 audit days
Regeneration	12%	46 audit days
Tourism and Enterprise	9%	34 audit days
Service Delivery	37%	142 audit days
Corporate Services	42%	160 audit days

4.6 The risk assessed audit universe was then used to identify the audits to be included on the plan taking into account risk levels and the length of time since an area was last audited. The majority of services are now shared across the authorities so the audit plan reflects this as well. The draft plan therefore is flexible, covers the work in both authorities and reflects the risk levels around internal controls. This draft plan can be found at Appendix B.

4.7 The plan is in place to provide a list of audits that will be carried out if no other work is requested from the team. However, by using the percentage approach when other work is requested, it will be carried out within the time allocated for that department and will mean that one of the lower risk audits will be carried forward to be undertaken within a future audit plan. The aim is to ensure that the breadth of audit work across all areas is maintained whilst still being able to be flexible to requests. Should work be requested that would take the department beyond the percentage allocated then a conversation would be held to decide on the importance of the piece of work being requested.

4.8 Quarterly reporting of the work of Internal Audit will be based on this percentage approach.

5.0 Counter Fraud

- 5.1 The plan for Counter Fraud work has also been based on the time available from Counter Fraud staff across the two authorities.

	Days	Priority
Housing Allocations	65	High
Tenancy Fraud	347	High
Right to Buy	180	High
Council Tax/CTR	78	Medium
Housing Benefit	25	Low
Private Sector Housing/DFG	5	Medium
NNDR	40	Medium
Procurement	15	Low
Data Matching/Other	20	Low

- 5.2 Tenancy fraud work includes building up relationships with Homes First and Account Management in order to elicit more referrals and then to investigate these.
- 5.3 Council Tax and Council Tax Reduction work results in lower amounts of savings than other work. However, these savings are actual cashable savings to the council.
- 5.4 Disabled Facility Grants and Procurement are areas where no fraud work has yet been undertaken so work will be carried out to see how best any investigations can be approached. There has been little work being passed to the Counter Fraud team in respect of Private Sector Housing and Disabled Facility Grants.
- 5.5 Projects to be undertaken within the days listed above include tenancy succession, Council Tax discounts and Housing Applications.
- 5.6 During the year there will be some work carried out by the Counter Fraud Investigations Manager into areas where income can be generated. These will be reviewing the chasing of potential bad debts on rent and deposit loans, and consideration of training a member of staff to be a financial investigator. Having a trained financial investigator would involve some expenditure at first for the training, however they could investigate proceeds of crime from housing fraud etc. and this money can be retained by the council. This would also be a resource that could be offered to other authorities, perhaps for a fixed fee or for a percentage of the monies identified.

6.0 Financial Appraisal

- 6.1 There are no financial implications.

7.0 Legal Implications

- 7.1 This report takes account of regulation 5 of the Audit and Accounts Regulations 2015 which requires the Council to “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.”

Lawyer consulted: 31.01.20

Legal ref: 008935-EBC-OD

8.0 Risk Management Implications

- 8.1 If the council does not have an effective governance framework that is subject to proper oversight by Councillors it will not be able to demonstrate that it has in place adequate means to safeguard council assets and services, and it could be subject to criticism from the council’s external auditor or the public.

9.0 Equality Analysis

- 9.1 An equalities impact assessment is not considered necessary.

10.0 Appendices

- 10.1 Appendix A– Calculation of audit resources for the draft plan.
Appendix B – Draft Audit plan for 2020/2021

11. Background Papers

- 11.1 Audit universe risk assessment.

Jackie Humphrey
Chief Internal Auditor

This page is intentionally left blank

	Head of Service	Audit Man	Senior Auditor	Senior Auditor	Auditor	Auditor	Auditor considered for 3/4 or year
Total days		260	260	260	260	260	210
Non charge		202	94	94	124	77	93
Actual days	100	58	166	166	136	183	117
Gross total	926						
Less EHL	36						
Less SEESL	5						
Total audit days available	885						
Subsidy and subsidy project			140				
Annual audits			183				
Follow ups of audits from previous years			15				
Contingency			40				
Advice/specials			10				
Fraud/Audit projects			15				
Consultancy and CIA projects			100				
Total			503				
Available for operational audits			382				

This page is intentionally left blank

	No of areas		% of universe		Actual days	Rounded days
Regeneration	12		12		45.84	46
Tourism and Enterprise	9		9		34.38	34
Service Delivery	36		37		141.34	142
Corporate Services	41		42		160.44	160
					Total days	382
						382

INTERNAL AUDIT DRAFT PLAN 2020/21

Regeneration and Planning

High	Commercial Ventures	20	46
Medium	Planning	16	
Medium	Prevent and Protect	10	

Tourism and Enterprise

High	Events	17	34
Medium	Catering (Stage Door and EDGC)	17	

Service Delivery

High	Housing Software	20	142
High	Service Charges for Purchased Properties	20	
High	Tenancy Management (including succession and mutual exchanges)	20	
High	Rechargeable Repairs	20	
Medium	Voids Management	15	
Medium	Leaseholder Management and Recharges	17	
Medium	Civil Contingency	15	
Medium	Community Grants	15	

Corporate Services

High	Arrears Collection	20	160
High	Business Continuity Planning and Disaster Recov	20	
High	Contracts	20	
Medium	Implementation of new systems	15	
Medium	Complaints	10	
Medium	Data Protection	15	
Medium	Members Allowances	15	
Medium	Ethics	15	
Medium	IT Security and Networks	15	
Medium	Officers Expenses	15	

382

This page is intentionally left blank

Report to:	Audit and Governance Committee
Date:	4th March 2020
Title:	Strategic Risk Register Quarterly Review
Report of:	Chief Internal Auditor
Ward(s):	All
Purpose of report:	To report to Committee the outcomes of the quarterly review of the register by Corporate Management Team.
Officer recommendation(s):	To receive and note the update to the Strategic Risk Register
Reasons for recommendations:	The Council is committed to proper risk management and to regularly updating the committee with regard to the Strategic Risk Register.
Contact Officer(s):	Name: Jackie Humphrey Post title: Chief Internal Auditor E-mail: Jackie.humphrey@lewes-eastbourne.gov.uk Telephone number: 01323 415925

1 Introduction

- 1.1 The Strategic Risk Register is a high level document that records the key risks facing the council: those risks that would prevent the authority from achieving its overall strategies and objectives.
- 1.2 Maintaining the Strategic Risk Register is a vital part of the governance arrangements of the authority and, as such, it is overseen by the Corporate Management Team who review it on a quarterly basis.
- 1.3 The risk register shows the risk, a description of the risk, the risk score if no action is taken (original risk score), the internal controls put in place to mitigate the risk and the risk score after these controls are in place (current risk score).
- 1.4 The risk register is brought to the committee when any changes have been made to it following review by the Corporate Management Team.

2 February 2020 Review

- 2.1 The Strategic Risk Register was taken to Corporate Management Team on the 11th February 2020 for the latest quarterly review.
- 2.2 SR_002 (changes to the economic environment) and SR_007 (civil contingency)

risk scores were increased owing to the concerns around a No Deal Brexit. Whilst the withdrawal from the European Union has now occurred the full implications are not yet fully understood and so it has been agreed to leave the score at the higher level until more is understood. The reference to “Brexit” has also been altered.

- 2.3 SR_007 has also had the description updated to include a reference to the council being impacted by a viral pandemic. This has been added because of the spread of Covid-19 (coronavirus). It is felt that the mitigating actions listed do not require amending and that the risk level should currently remain the same. However, this will be reviewed if the Covid-19 virus becomes pandemic.
- 2.4 SR_001 (no political and partnership continuity) has had the likelihood original risk score downgraded from a 4 to a 3 now that the December election has taken place.

3 Financial appraisal

- 3.1 There are no financial implications arising from this report.

4 Legal implications

- 4.1 This report demonstrates compliance with regulation 3 of The Accounts and Audit Regulations 2015, which requires the Council to operate a sound system of internal control, including effective arrangements for the management of risk.

Lawyer consulted 18.02.20

Legal ref: 008994-EBC-OD

5 Risk management implications

- 5.1 If the Council does not have an effective risk management framework that is subject to proper oversight by Councillors it will not be able to demonstrate that it has in place adequate means to safeguard Council assets and services, and it could be subject to criticism from the Council’s external auditor or the public.

6 Equality analysis

- 6.1 An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

7 Appendices

- Strategic Risk Register

8 Background papers

None

Strategic Risk Register Position Table (Eastbourne)



Report Type: Risks Report
Generated on: 12 February 2020

Code & Title	SR_000 Strategic Risk Register (Eastbourne)
-------------------------	---

<div> <div>Current Risk Matrix</div> <div> <div>Impact</div> <div> <div>Likelihood</div> </div> </div> </div>	<p>LIKELIHOODIMPACT 1 - Unlikely 1 - Minor 2 - Possible 2 - Moderate 3 - Likely 3 - Significant 4 - Highly Likely 4 - Major 5 - Almost Certain 5 - Critical</p> <p>The numbers relate to the amount of risks currently positioned in each box.</p>

Strategic Risk Register (Eastbourne)



Report Type: Risks Report
Generated on: 12 February 2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
SR_001	No political and partnership continuity/consensus with regard to organisational objectives	Sudden changes of political objectives at either national or local level renders the organisation, its current corporate plan and Medium Term Financial Strategy unfit for purpose.	3	4	12	<u>Reduces Likelihood</u> 1. Create inclusive governance structures which rely on sound evidence for decision making. <u>Reduces Impact</u> 2. Annual review of corporate plan and Medium Term Financial Strategy 3. Creating an organisational architecture that can respond to changes in the environment.	Chief Executive	2	3	6	Amber	05-May-2020
SR_002	Changes to the economic environment makes the Council economically less sustainable	1. Economic development of the town suffers. 2. Council objectives cannot be met.	5	5	25	<u>Reduces Impact</u> 1. Robust Medium Term Financial Strategy reviewed annually and monitored quarterly. Refreshed in line with macro economic environment triennially. 2. Creating an organisational architecture that can respond to changes in the	Chief Finance Officer	5	5	25	Red	05-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						environment. This risk has been given a higher score owing to the uncertainty over impact of withdrawal from the European Union. It will be reviewed once more is known.						
SR_003	Unforeseen socio-economic and/or demographic shifts creating significant changes of demands and expectations.	1. Unsustainable demand on services. 2. Service failure. 3. Council structure unsustainable and not fit for purpose. 4. Heightened likelihood of fraud.	3	4	12	<u>Reduces Impact</u> 1. Grounding significant corporate decisions based on up to date, robust, evidence base. (e.g. Census; Corporate Plan Place Surveys; East Sussex in Figures data modelling). 2. Ensuring community and interest group engagement in policy development (e.g. Neighbourhood Management Schemes; Corporate Consultation Programme)	Director of Service Delivery	3	3	9	Amber	01-May-2020
SR_004	The employment market provides unsustainable employment base for the needs of the organisation	Employment market unable to fulfil recruitment and retention requirements of the Council resulting in a decline in performance	4	4	16	<u>Reduces Likelihood</u> 1. Changes undertaken to increase non-financial attractiveness of EBC to current and future staff. 2. Appropriate reward and recognition policies reviewed	Asst Dir of HR and Transformation	3	2	6	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
		standards and an increase in service costs.				on a regular basis. <u>Reduces Likelihood and Impact</u> 3. Review of organisation delivery models to better manage the blend of direct labour provision. Pursuit of mutually beneficial shared service arrangements.						
SR_005	Not being able to sustain a culture that supports organisational objectives and future development.	1. Decline in performance. 2. Higher turnover of staff. 3. Decline in morale. 4. Increase in absenteeism. 5. Service failure 6. Increased possibility of fraud.	4	4	16	<u>Reduces Likelihood</u> 1. Deliver a fit for purpose organisational culture. 2. Continue to develop our performance management capability to ensure early intervention where service and/or cultural issues arise. 3. Continue to develop communications through ongoing interactions with staff.	Asst Dir of HR and Transformation	3	4	12	Amber	01-May-2020
SR_006	Council prevented from delivering services for a prolonged period of time.	1. Denial of access to property 2. Denial of access to technology/information	3	5	15	<u>Reduces Likelihood</u> 1. Adoption of best practice IT and Asset Management policies and procedures. <u>Reduces Likelihood and Impact</u> 2. Joint Transformation	Chief Executive	2	4	8	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
		3. Denial of access to people				programme has created a more flexible, less locationally dependent service architecture. <u>Reduces Impact</u> 3. Regularly reviewed and tested Business Continuity Plans. 4. Regularly reviewed and tested Disaster Recovery Plan.						
SR_007	Council materially impacted by the medium to long term effects of an event under the Civil Contingencies Act	1. Service profile of the Council changes materially as a result of the impact of the event. 2. Cost profile of the Council changes materially as a result of the impact of the event. 3. Work adversely affected by reduced staff numbers due to effects of pandemic virus.	3	5	15	<u>Reduces Likelihood and Impact</u> 1. Working in partnership with other public bodies. 2. Robust emergency planning and use of Council's emergency powers. <u>Reduces Impact</u> 3. Ongoing and robust risk profiling of local area (demographic and geographic). 4. Review budget and reserves in light of risk profile. This risk has been given a higher score owing to the uncertainty over the withdrawal from the	Asst Dir for Corporate Governance	2	3	6	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						European Union. It will be reviewed once more is known.						
SR_008	Failure to meet regulatory or legal requirements	<p>1. Trust and confidence in the Council is negatively impacted.</p> <p>2. Deterioration of financial position as a result of regulatory intervention/penalties .</p> <p>3. Deterioration of service performance as a result of regulatory intervention/penalties</p>	3	4	12	<p><u>Reduces Likelihood</u></p> <p>1. Developing, maintaining and monitoring robust governance framework for the Council.</p> <p>2. Building relationships with regulatory bodies.</p> <p>3. Develop our Performance Management capability to ensure early intervention where service and/or cultural issues arise.</p> <p>4. Take forward the recommendations of the CIPFA Asset Management report to ensure we meet regulatory/legal requirements regarding the management of property.</p> <p>5. Ensure there is full understanding the impact of new legislation.</p> <p>6. All managers are required to abide by the Council's</p>	Asst Dir Legal and Democratic Services	2	4	8	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						procurement rules. 7. Ensure that fire risk regulations are adhered to and that Fire Risk Assessments are regularly reviewed.						
SR_009	Commercial enterprises that are fully controlled by the authority do not deliver financial expectations or do not meet governance requirements.	1. Unfamiliar activity with staff inexperienced in this area 2. Council finances affected if projects do not meet financial expectations. 3. Reputational damage if governance procedures are inadequate. 4. Failure to abide by company law.	3	4	12	<u>Reduces Likelihood</u> 1. Hire suitably qualified/experienced staff to give legal and specialist support. 2. Appoint Head of Commercial Activities. 3. Ensure that projects meet core principles. 4. Up or re-skill staff to maximise commercial opportunities. 5. Ensure governance processes are set up and adhered to.	Dir of Regeneration and Planning And Dir of Tourism and Enterprise	3	3	9	Amber	01-May-2020
SR_010	The Council suffers a personal data breach by inadequate handling of data	1. Trust and confidence in the Council is negatively impacted. 2. Deterioration of	3	4	12	<u>Reduces Likelihood</u> 1. Ongoing corporate training for data protection. 2. Ensure all staff complete the e-learning Data Protection	Asst Dir Legal and Democratic Service	2	4	8	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
	or by an IT incident	<p>financial position as a result of regulatory intervention/penalties</p> <p>3. Deterioration of service performance as a result of regulatory intervention/penalties</p> <p>4. Increased probability of compensation claims by persons affected by a personal data breach.</p>				<p>course.</p> <p>3. Ensure that the Data Protection Policy is regularly reviewed.</p> <p>4. Ensure the Data Protection Officer is afforded the resources to discharge their statutory functions.</p> <p>5. Ensure that managers regularly remind staff of their responsibilities under data protection, including personal data breach reporting arrangements.</p> <p>6. Ensure the suite of IT policies is kept up to date.</p> <p>7. Ensure that IT security is in place and regularly tested.</p> <p><u>Reduces Impact</u></p> <p>1. Incident management procedures to mitigate loss or breach of data are in place.</p>	s					

Strategic Risk Register Position Table (Eastbourne)



Report Type: Risks Report
Generated on: 12 February 2020

Code & Title	SR_000 Strategic Risk Register (Eastbourne)
-------------------------	---

<div> <div>Current Risk Matrix</div> <div> <div>Impact</div> <div> </div> <div>Likelihood</div> </div> </div>	<p>LIKELIHOODIMPACT 1 - Unlikely 1 - Minor 2 - Possible 2 - Moderate 3 - Likely 3 - Significant 4 - Highly Likely 4 - Major 5 - Almost Certain 5 - Critical</p> <p>The numbers relate to the amount of risks currently positioned in each box.</p>

Strategic Risk Register (Eastbourne)



Report Type: Risks Report
Generated on: 12 February 2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
SR_001	No political and partnership continuity/consensus with regard to organisational objectives	Sudden changes of political objectives at either national or local level renders the organisation, its current corporate plan and Medium Term Financial Strategy unfit for purpose.	3	4	12	<u>Reduces Likelihood</u> 1. Create inclusive governance structures which rely on sound evidence for decision making. <u>Reduces Impact</u> 2. Annual review of corporate plan and Medium Term Financial Strategy 3. Creating an organisational architecture that can respond to changes in the environment.	Chief Executive	2	3	6	Amber	05-May-2020
SR_002	Changes to the economic environment makes the Council economically less sustainable	1. Economic development of the town suffers. 2. Council objectives cannot be met.	5	5	25	<u>Reduces Impact</u> 1. Robust Medium Term Financial Strategy reviewed annually and monitored quarterly. Refreshed in line with macro economic environment triennially. 2. Creating an organisational architecture that can respond to changes in the	Chief Finance Officer	5	5	25	Red	05-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						environment. This risk has been given a higher score owing to the uncertainty over impact of withdrawal from the European Union. It will be reviewed once more is known.						
SR_003	Unforeseen socio-economic and/or demographic shifts creating significant changes of demands and expectations.	1. Unsustainable demand on services. 2. Service failure. 3. Council structure unsustainable and not fit for purpose. 4. Heightened likelihood of fraud.	3	4	12	<u>Reduces Impact</u> 1. Grounding significant corporate decisions based on up to date, robust, evidence base. (e.g. Census; Corporate Plan Place Surveys; East Sussex in Figures data modelling). 2. Ensuring community and interest group engagement in policy development (e.g. Neighbourhood Management Schemes; Corporate Consultation Programme)	Director of Service Delivery	3	3	9	Amber	01-May-2020
SR_004	The employment market provides unsustainable employment base for the needs of the organisation	Employment market unable to fulfil recruitment and retention requirements of the Council resulting in a decline in performance	4	4	16	<u>Reduces Likelihood</u> 1. Changes undertaken to increase non-financial attractiveness of EBC to current and future staff. 2. Appropriate reward and recognition policies reviewed	Asst Dir of HR and Transformation	3	2	6	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
		standards and an increase in service costs.				on a regular basis. <u>Reduces Likelihood and Impact</u> 3. Review of organisation delivery models to better manage the blend of direct labour provision. Pursuit of mutually beneficial shared service arrangements.						
SR_005	Not being able to sustain a culture that supports organisational objectives and future development.	1. Decline in performance. 2. Higher turnover of staff. 3. Decline in morale. 4. Increase in absenteeism. 5. Service failure 6. Increased possibility of fraud.	4	4	16	<u>Reduces Likelihood</u> 1. Deliver a fit for purpose organisational culture. 2. Continue to develop our performance management capability to ensure early intervention where service and/or cultural issues arise. 3. Continue to develop communications through ongoing interactions with staff.	Asst Dir of HR and Transformation	3	4	12	Amber	01-May-2020
SR_006	Council prevented from delivering services for a prolonged period of time.	1. Denial of access to property 2. Denial of access to technology/information	3	5	15	<u>Reduces Likelihood</u> 1. Adoption of best practice IT and Asset Management policies and procedures. <u>Reduces Likelihood and Impact</u> 2. Joint Transformation	Chief Executive	2	4	8	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
		3. Denial of access to people				programme has created a more flexible, less locationally dependent service architecture. <u>Reduces Impact</u> 3. Regularly reviewed and tested Business Continuity Plans. 4. Regularly reviewed and tested Disaster Recovery Plan.						
SR_007	Council materially impacted by the medium to long term effects of an event under the Civil Contingencies Act	1. Service profile of the Council changes materially as a result of the impact of the event. 2. Cost profile of the Council changes materially as a result of the impact of the event. 3. Work adversely affected by reduced staff numbers due to effects of pandemic virus.	3	5	15	<u>Reduces Likelihood and Impact</u> 1. Working in partnership with other public bodies. 2. Robust emergency planning and use of Council's emergency powers. <u>Reduces Impact</u> 3. Ongoing and robust risk profiling of local area (demographic and geographic). 4. Review budget and reserves in light of risk profile. This risk has been given a higher score owing to the uncertainty over the withdrawal from the	Asst Dir for Corporate Governance	2	3	6	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						European Union. It will be reviewed once more is known.						
SR_008	Failure to meet regulatory or legal requirements	<p>1. Trust and confidence in the Council is negatively impacted.</p> <p>2. Deterioration of financial position as a result of regulatory intervention/penalties .</p> <p>3. Deterioration of service performance as a result of regulatory intervention/penalties</p>	3	4	12	<p><u>Reduces Likelihood</u></p> <p>1. Developing, maintaining and monitoring robust governance framework for the Council.</p> <p>2. Building relationships with regulatory bodies.</p> <p>3. Develop our Performance Management capability to ensure early intervention where service and/or cultural issues arise.</p> <p>4. Take forward the recommendations of the CIPFA Asset Management report to ensure we meet regulatory/legal requirements regarding the management of property.</p> <p>5. Ensure there is full understanding the impact of new legislation.</p> <p>6. All managers are required to abide by the Council's</p>	Asst Dir Legal and Democratic Services	2	4	8	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						procurement rules. 7. Ensure that fire risk regulations are adhered to and that Fire Risk Assessments are regularly reviewed.						
SR_009	Commercial enterprises that are fully controlled by the authority do not deliver financial expectations or do not meet governance requirements.	1. Unfamiliar activity with staff inexperienced in this area 2. Council finances affected if projects do not meet financial expectations. 3. Reputational damage if governance procedures are inadequate. 4. Failure to abide by company law.	3	4	12	<u>Reduces Likelihood</u> 1. Hire suitably qualified/experienced staff to give legal and specialist support. 2. Appoint Head of Commercial Activities. 3. Ensure that projects meet core principles. 4. Up or re-skill staff to maximise commercial opportunities. 5. Ensure governance processes are set up and adhered to.	Dir of Regeneration and Planning And Dir of Tourism and Enterprise	3	3	9	Amber	01-May-2020
SR_010	The Council suffers a personal data breach by inadequate handling of data	1. Trust and confidence in the Council is negatively impacted. 2. Deterioration of	3	4	12	<u>Reduces Likelihood</u> 1. Ongoing corporate training for data protection. 2. Ensure all staff complete the e-learning Data Protection	Asst Dir Legal and Democratic Service	2	4	8	Amber	01-May-2020

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
	or by an IT incident	<p>financial position as a result of regulatory intervention/penalties</p> <p>3. Deterioration of service performance as a result of regulatory intervention/penalties</p> <p>4. Increased probability of compensation claims by persons affected by a personal data breach.</p>				<p>course.</p> <p>3. Ensure that the Data Protection Policy is regularly reviewed.</p> <p>4. Ensure the Data Protection Officer is afforded the resources to discharge their statutory functions.</p> <p>5. Ensure that managers regularly remind staff of their responsibilities under data protection, including personal data breach reporting arrangements.</p> <p>6. Ensure the suite of IT policies is kept up to date.</p> <p>7. Ensure that IT security is in place and regularly tested.</p> <p><u>Reduces Impact</u></p> <p>1. Incident management procedures to mitigate loss or breach of data are in place.</p>	s					