

**Audit and Standards  
Committee  
14 March 2022**



Lewes District Council

Time and venue:

10.00 am in the Ditchling & Telscombe Rooms - Southover House, Lewes

Membership:

**Councillor Julian Peterson (Chair); Councillors Adrian Ross (Vice-Chair)  
Christine Brett, Phil Davis, Isabelle Linington, Sean MacLeod and  
Christine Robinson**

Quorum: 4

*Published: Friday, 4 March 2022*

## **Agenda**

**1 Minutes (Pages 5 - 8)**

To confirm and sign the minutes of the previous meeting held on 17 January 2022 (attached herewith).

**2 Apologies for absence/declaration of substitute members**

**3 Declarations of interest**

Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct.

**4 Urgent items**

Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972.

**5 Written questions from councillors**

To deal with written questions from councillors pursuant to Council Procedure Rule 12.3 (page D8 of the Constitution).

**6 External Audit Updates 2018/19 and 2019/20**

A verbal report of the External Auditor, Deloitte.

**7 Treasury Management Report (Pages 9 - 26)**

Report of the Chief Finance Officer.

**8 Draft Internal Audit Plan for 2022/23 (Pages 27 - 34)**

Report of the Chief Internal Auditor.

**9 Internal Audit and Counter Fraud Work Quarterly Report (Pages 35 - 58)**

Report of the Chief Internal Auditor.

**10 Strategic Risk Register Quarterly Review (Pages 59 - 70)**

Report of the Chief Internal Auditor.

**11 Date of next meeting**

To note that the next meeting of the Audit and Standards Committee is scheduled to be held on Monday, 4 July 2022 in the Telscombe Room Southover House (TBC), Southover Road, Lewes, BN7 1AB, commencing at 10:00am.

## **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:**

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### **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:**

A member of the Council may ask the Chair of a committee or sub-committee a question on any matter in relation to which the Council has powers or duties or which affect the District and which falls within the terms of reference of that Committee or Sub-Committee.

A member must give notice of the question to the Head of Democratic Services in writing or by electronic mail no later than close of business on the fourth working day before the meeting at which the question is to be asked.

**Other 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.

## Democratic Services

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

**Email:** [committees@lewes-eastbourne.gov.uk](mailto:committees@lewes-eastbourne.gov.uk)

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## Audit and Standards Committee

**Minutes of the meeting held in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, BN7 1AB, on 17 January 2022 at 10:00am**

**Present:**

Councillors Julian Peterson (Chair), Adrian Ross (Vice-Chair), Christine Brett, Phil Davis, Isabelle Linington and Christine Robinson

**Officers in attendance:**

Jennifer Norman (Committee Officer, Democratic Services)  
Ola Owolabi (Deputy Chief Finance Officer, Corporate Finance)

**39 Minutes**

The minutes of the meeting held on 15 November 2021 were submitted and approved, and the Chair was authorised to sign them as a correct record, subject to the amendment of Minute No 37 to include the following text:

*The Vice-Chair requested that the schedule of capital outlays to keep capital in reserve be included in future Treasury Management reports to be reviewed by the Committee. Officers agreed.*

**40 Apologies for absence/declaration of substitute members**

Apologies for absence were received from Councillor Sean MacLeod and the Council's Chief Finance Officer, Homira Javadi.

**41 Declarations of interest**

There were none.

**42 Urgent items**

There were none.

**43 Written questions from councillors**

There were none.

**44 Arrangements for Appointing External Auditors**

The Committee considered the report which outlined the timeline and options available to the Council in appointing an External Auditor when the current arrangements reach their end.

The Deputy Chief Finance Officer (DCFO) presented the report and its findings, explaining in detail the three options that were available and associated risks in respect of the Council appointing its External Auditor for the five financial years from 2023/24.

The DCFO highlighted that Council officers could write (if the Committee decided) to the Secretary of State to express concerns in relation to the appointment process of External Auditors by the PSAA (Public Sector Audit Authority), following previous communications by senior officers with the Local Government Association (LGA) and the PSAA.

The DCFO further highlighted the 2021 independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities. In response to the review, the DCFO explained that from 1 April 2023, the only role the PSAA would have in future was the auditor procurement and monitoring contracts, as all other responsibilities would now be undertaken by the Government's newly formed Audit Reporting Governance Authority (ARGA).

Following the presentation of the report by the DCFO, the Chair thanked officers for their continued efforts and hard work, including arranging additional briefing sessions for Members in respect of the PSAA arrangements. The Chair also thanked members of the Committee for their diligence and continued engagement in what had been a lengthy and challenging process.

It was requested that if Option 3 was recommended by this Committee and agreed by Full Council, the members of the Committee had the opportunity to review the officers' letter to the Secretary of State prior to its official submission. In addition, it asked that assurance be given by the PSAA that it had noted the Councils' request for a different auditor and would continue to monitor the completion of the outstanding audits. The DCFO agreed.

The Committee queried if Deloitte, the Council's External Auditor, had begun the 2019/20 audit. The DCFO explained that Deloitte had not yet begun the Council's 2019/20 audit, and that he would request that Deloitte attend the Committee's next meeting on 14 March 2022 to provide an update and an audit plan.

The Committee asked whether the Council should submit a press release in respect of its discussions surrounding the appointment of its External Auditor. The DCFO confirmed he could liaise with the Council's Press Officer after the Council decision, and could circulate a copy in draft to members of the Committee.

The Committee agreed to recommend option 3, to join the PSAA's sector led national scheme, as members of the Committee felt that there were no other viable options due to the possible unacceptable risks and potential costs to the Council.

**Resolved:**

That Full Council be recommended to approve the Committee's decision to accept Public Sector Audit Appointments' (PSAA's) invitation to opt into the sector-led option for the appointment of external auditors from 1 April 2023, as set out in Option 3 in paragraph 3.3 of the report.

**45 Treasury Management**

The Committee considered the report which provided details regarding the Treasury Management Activity for the period 1 November to 31 December 2021.

The Deputy Chief Finance Officer (DCFO) summarised the report and its findings, highlighting some changes to prudential indicators, as set out in section 6 of the report.

It was asked if the schedule of capital outlays to keep capital in reserve could be included in future Treasury Management reports to be reviewed by the Committee. The DCFO agreed and explained that in the meantime he would liaise with the Committee Officer in order to circulate a spreadsheet to Committee members which contained detailed breakdown of the capital programme.

The Committee queried whether the breakdown of the capital programme would show planned developments in respect of capital expenditure for Lewes Housing and Aspiration Homes, including the current forecast. The DCFO explained that Lewes Housing and Aspiration Homes would not be included, as they were separate entities and had separate programmes.

**Resolved:**

That it be noted that the Treasury Management activity for the period 1 November to 31 December 2021 has been in accordance with the approved Treasury Strategies.

**46 Date of next meeting**

That it be noted that the next meeting of the Audit and Standards Committee was scheduled to commence at 10:00am on Monday, 14 March 2022, in the Ditchling and Telscombe Rooms, Southover House, Southover Road, Lewes, BN7 1AB.

The meeting ended at 10:52am.

Councillor Julian Peterson (Chair)

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<b>Report To:</b>	<b>Audit and Standards Committee</b>
<b>Date:</b>	<b>14 March 2022</b>
<b>Report Title:</b>	<b>Treasury Management</b>
<b>Report of:</b>	<b>Chief Finance Officer</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To present details of recent Treasury Management activity</b>
<b>Officer Recommendations:</b>	<b>To note and recommend that Council accepts that Treasury Management Activity for the period 1 November to 31 December 2021 has been in accordance with the approved Treasury Strategies.</b>
<b>Reasons for recommendations:</b>	<b>Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council.</b>
<b>Contact Officer(s):</b>	<b>Name: Ola Owolabi Post title: Deputy Chief Finance Officer E-mail: <a href="mailto:ola.owolabi@lewes-eastbourne.gov.uk">ola.owolabi@lewes-eastbourne.gov.uk</a> Telephone number: 01273 485083</b>

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## **1. Introduction**

- 1.1 The Council's approved Treasury Strategy Statement requires the Audit and Standards Committee to review details of Treasury Strategy transactions against the criteria set out in the Strategy and make observations to Cabinet as appropriate.
- 1.2 The Treasury Strategy Statement also requires the Audit and Standards Committee to review a formal summary report detailing the recent Treasury Management activity before it is considered by Council, in accordance with best practice and guidance issued by the Chartered Institute of Public Finance and Accountancy.
- 1.3 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit & Standards Committee before they were reported to the full Council.
- 1.4 Treasury Management is an integral part of the Council's overall finances and the performance of this area is very important. Whilst individual years obviously matter, performance is best viewed on a medium / long term basis. The action taken in respect of the debt portfolio in recent years has been extremely beneficial and has resulted in savings. Short term gains might, on occasions, be sacrificed for longer term certainty and stability.

- 1.5 The criteria for lending to Banks are derived from the list of approved counter parties provided by the Council’s Treasury Management advisors, Link Asset Services. The list is amended to reduce the risk to the Council by removing the lowest rated counterparties and reducing the maximum loan duration.

## 2. Treasury Management Activity

- 2.1 The timetable for reporting Treasury Management activity in 2021/22 is shown in the table below. This takes into account the timescale for the publication of each Committee agenda and is on the basis that it is preferable to report on activity for complete months. Any extraordinary activity taking place between the close of the reporting period and the date of the Audit and Standards Committee meeting will be reported verbally at that meeting.

Meeting date	Reporting period for transactions
26 July 2021	2020/21 Annual Report
27 September 2021	1 April to 31 July 2021
15 November 2021	1 August to 31 October 2021
14 March 2022	1 November to 31 December 2021
25 July 2022	2021/22 Annual Report (up to 31 March 2022)

### 2.2 Fixed Term Deposits pending maturity

The following table shows the fixed term deposits held between 1 November to 31 December 2021 and identifies the long-term credit rating of counterparties at the date of investment. It is important to note that credit ratings are only one of the criteria that are taken into account when determining whether a potential counterparty is suitable. All the deposits met the necessary criteria the minimum rating required for deposits made in terms of long-term A- (Fitch).

Ref	Counterparty	Date From	Date To	Days	Principal £	Int Rate %	Long-term Rating
252021	Royal Borough of Windsor & Maidenhead	29 Oct 21	28 Feb 22	122	5,000,000	0.03	*
252121	DMO	18 Oct 21	01 Nov 21	14	2,000,000	0.01	*
252221	DMO	25 Oct 21	08 Nov 21	14	8,000,000	0.01	*
252321	DMO	29 Oct 21	03 Dec 21	35	5,000,000	0.02	*

\*UK Government body and therefore not subject to credit rating

### 2.3 Fixed Term Deposits which have matured in the reporting period

The table below shows the fixed term deposits which have matured between 1 November to 31 December 2021, in maturity date order. It is important to note that the table includes sums reinvested and that in total the Council’s investments have not increased by £69m over this period.

Ref	Counterparty	Date From	Date To	Days	Principal £	Int. Rate %	Long-term rating
250221	Warrington BC	07 Jun 21	17 Aug 21	71	5,000,000	0.02%	*
250721	RB Windsor & Maidenhead	30 Jul 21	29 Oct 21	91	5,000,000	0.03%	*
251221	Debt Management Office	29 Jul 21	26 Aug 21	28	9,000,000	0.01%	*
251321	Debt Management Office	24 Aug 21	10 Sep 21	17	8,000,000	0.01%	*
251421	Debt Management Office	26 Aug 21	09 Sep 21	14	8,000,000	0.01%	*
251521	Debt Management Office	01 Sep 21	15 Oct 21	44	8,000,000	0.01%	*
251621	Debt Management Office	09 Sep 21	28 Sep 21	19	8,000,000	0.01%	*
251721	Debt Management Office	15 Sep 21	27 Sep 21	12	2,000,000	0.01%	*
251821	Debt Management Office	28 Sep 21	28 Oct 21	30	8,000,000	0.01%	*
251921	Debt Management Office	01 Oct 21	25 Oct 21	24	8,000,000	0.01%	*
250221	Warrington BC	07 Jun 21	17 Aug 21	71	5,000,000	0.02%	*
250721	RB Windsor & Maidenhead	30 Jul 21	29 Oct 21	91	5,000,000	0.03%	*
251221	Debt Management Office	29 Jul 21	26 Aug 21	28	9,000,000	0.01%	*
<b>Total</b>					<u>69,000,000</u>		

\*UK Government body and therefore not subject to credit rating

At no stage did the total amount held by any counterparty exceed the approved limit set out in the Investment Strategy. The average rate of interest earned on deposits held in the period 1 November to 31 December 2021 was 0.013%, which was below the average bank base rate for the period of 0.10%.

#### 2.4 Use of Deposit accounts

In addition to the fixed term deposits, the Council has made use of the following interest bearing accounts in the period covered by this report, with the average amount held being £3.199m generating interest of approximately £0.3k.

	Balance at 31 December 2021 £'000	Average balance £'000	Current interest rate %
Santander Business Reserve Account	£5,000	£5,000	0.02
Lloyds Bank Corporate Account	£3,328	£2,121	0.00
Lloyds Bank Call Account	£2,710	£2,476	0.01

#### 2.5 Use of Money Market Funds

Details of the amounts held in the two Money Market Fund (MMF) accounts used by the Council are shown below. The approved Investment Strategy allows a maximum investment of £10m in each fund, and at no time was this limit exceeded.

	Balance at 31 December 2021 £'000	Average balance £'000	Average return %
Goldman Sachs Sterling Liquid Res. Fund	£0,000	0,000	0.00
Deutsche Managed Sterling Fund	£0,001	0,001	0.00

## 2.6 Treasury Bills (T-Bills)

There were no Treasury Bills held as at 31 December 2021, and there was no activity in the period.

## 2.7 Secured Investments

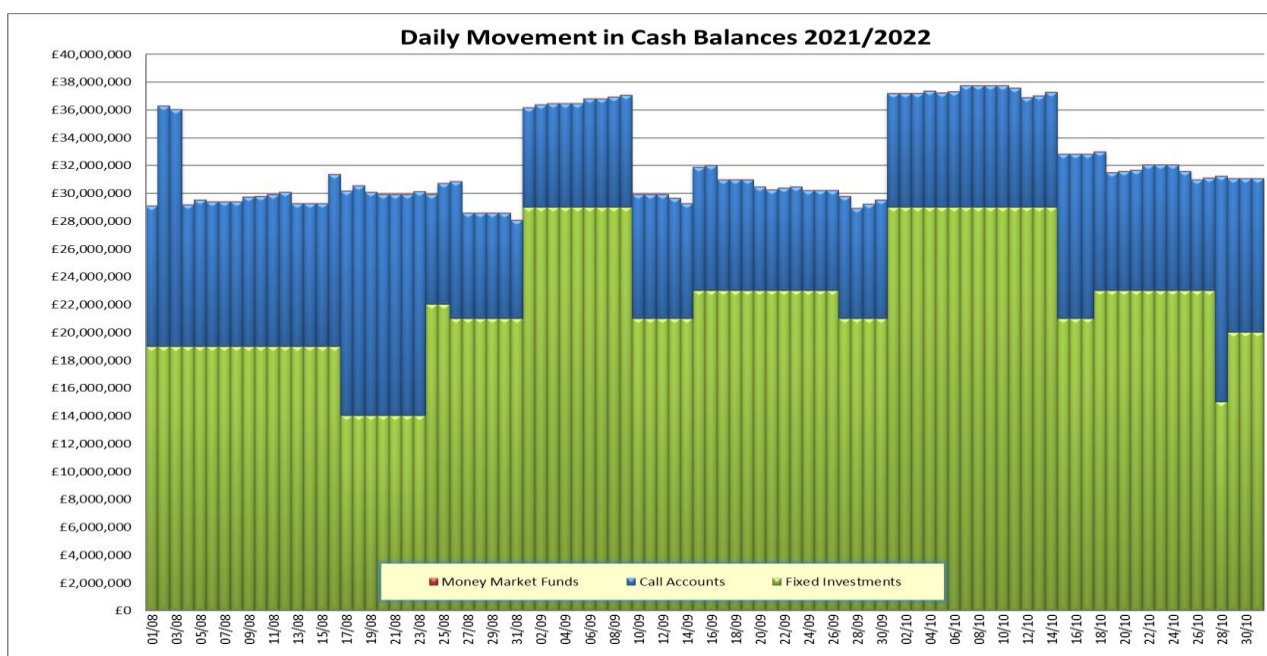
There were no Secured Investments as at 31 December 2021.

## 2.8 Tradeable Investments

There were no Tradeable Investments as at 31 December 2021, and there was no activity in the period.

## 3. Overall investment position

3.1 The chart below summarises the Council's investment position over the period 1 November to 31 December 2021. It shows the total sums invested each day as Fixed Term deposits, amounts held in Deposit/call accounts.



3.2 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return,

minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 3.3 In the light of the pandemic crisis and the likelihood of unexpected calls on cash flow the Council continues to hold significant balances in bank call accounts, which have same day availability. This liquid cash was diversified over several fixed term deposit/call accounts to manage both credit and liquidity risks.

#### **4. Annual Investment Strategy**

- 4.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business

- 4.2 The Treasury Management Strategy Statement (TMSS) for 2021/22 which includes the Annual Investment strategy, was approved by the Full Council on Monday, 22 February 2021. It sets out the Council's investment priorities as being:

- Security of Capital;
- Liquidity;
- Yield.

Approved limits within the Annual Investment Strategy were not breached during the period ending 31 December 2021, except for the balance held with Lloyds Bank, which exceeded the £5m limit for 18 days during the period.

- 4.3 Investment rates available in the market have continued at historically low levels. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short-term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

- 4.4 As shown by the interest rate forecasts in section 5.2, it is now difficult to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen weakly since Bank Rate was cut to 0.10%. Given this environment and the fact that Bank Rate may only rise marginally before the second half of 2023, investment returns are expected to remain low.

- 4.5 As for money market funds (MMFs) and the Inter-local authority lending, borrowing rates have declined due to the surge in the levels of cash seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur.

#### **5. Borrowing**

- 5.1 The current account with Lloyds Bank generally remained within credit limits throughout most of the period and the Council's long term borrowing in the reporting period is £56.673m.

## Interest Rate Forecast

- 5.2 The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.
- 5.3 The latest forecast on 20th December is compared below to the last forecast (29th September) in the previous quarter. A comparison of these forecasts shows that PWLB rates have fallen, more so in the longer maturities, and show a speed up in the rate of increase in Bank Rate as inflation is now posing a greater risk.

Link Group Interest Rate View 20.12.21														
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

Link Group Interest Rate View 29.9.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

- 5.4 Additional notes by Link on this forecast table: -

- LIBOR and LIBID rates will cease from the end of 2021. Work is currently progressing to replace LIBOR with a rate based on SONIA (Sterling Overnight Index Average). In the meantime, Link forecasts are based on expected average earnings by local authorities for 3 to 12 months.

- Link forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short term cash at any one point in time.

5.5 The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged until it raised it from 0.10% to 0.25% at the MPC meeting of 16th December 2021.

#### 5.6 **A summary overview of the future path of Bank Rate**

- In December 2021, the Bank of England became the first major western central bank to put interest rates up in this upswing in the current business cycle in western economies as recovery progresses from the Covid recession of 2020.
- The next increase in Bank Rate could be in February or May, dependent on how severe an impact there is from Omicron.
- If there are lockdowns in January, this could pose a barrier for the MPC to putting Bank Rate up again as early as 3<sup>rd</sup> February.
- With inflation expected to peak between 5 and 6% in April, the MPC may want to be seen to be active in taking action to counter inflation on 5<sup>th</sup> May, the release date for its Quarterly Monetary Policy Report.
- However, rising gas and electricity prices last October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflationary pressures.
- On the other hand, consumers are sitting on around £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
- The December 2021 MPC meeting was more concerned with combating inflation over the medium term than supporting economic growth in the short term.
- Bank Rate increases beyond May are difficult to forecast as inflation is likely to drop sharply in the second half of 2022.
- However, the MPC will want to normalise Bank Rate over the next three years so that it has its main monetary policy tool ready to use in time for the next downturn; all rates under 2% are providing stimulus to economic growth.
- We have put year end 0.25% increases into Q1 of each financial year from 2023 to recognise this upward bias in Bank Rate - but the actual timing in each year is difficult to predict.
- Covid mutations remain a major potential downside threat in all three years as we ARE likely to get further mutations. How quickly can science come up with a mutation proof vaccine, or other treatment, – and for them to be widely administered around the world?

#### 5.7 **A new era – a fundamental shift in central bank monetary policy**

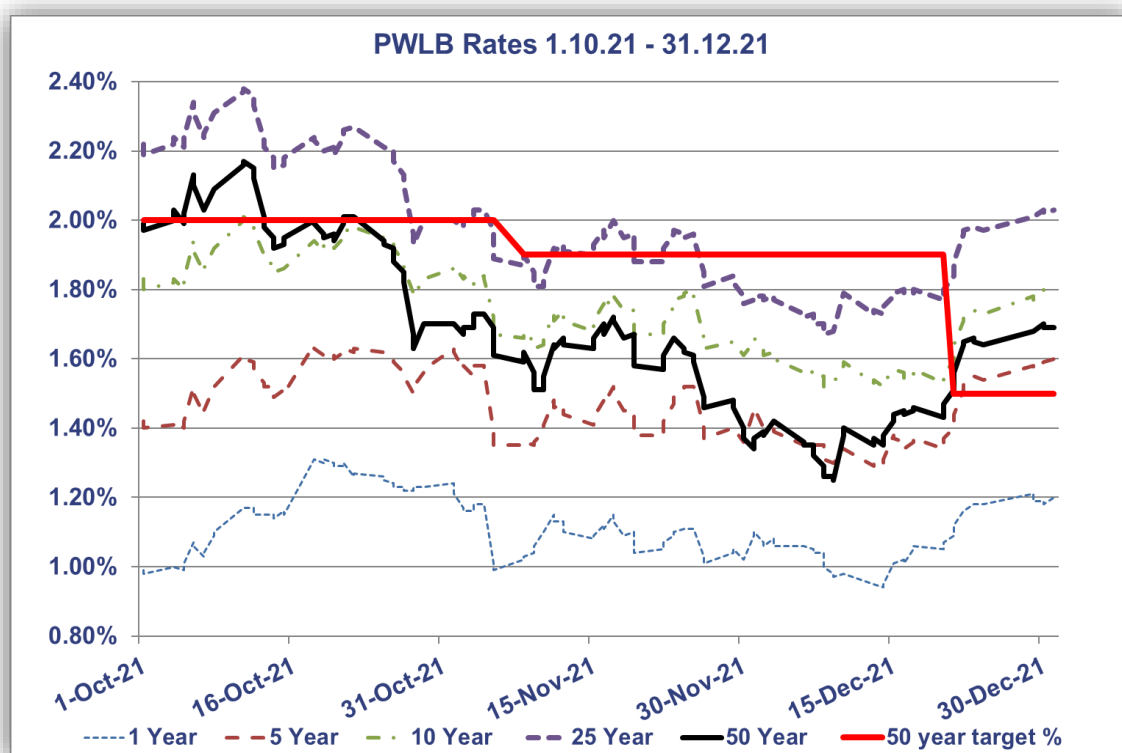
One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the ECB, to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target

rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum” employment in its entirety’ in the US before consideration would be given to increasing rates.

**PWLB maturity certainty rates year to date to 31<sup>st</sup> December 2021**

5.8 Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September before falling again during quarter 3 until rising once more in the last ten days of the year. The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August, returned to 2.00% at the end of September until falling to 1.90% in early November and then falling again to 1.50% in December

**Quarter to 31st December 2021**



**Debt Rescheduling**

5.9 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt.

5.10 However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). The reasons for any rescheduling to take place will include:

- The generation of cash savings and / or discounted cash flow savings.



- Helping to fulfil the treasury strategy.
- Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. No debt rescheduling has therefore been undertaken to date in the current financial year.

## 6 Compliance with Treasury and Prudential Limits

6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS. As at 31 December 2021, the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

Treasury Prudential Indicators	2021/22 Estimate Indicator	2021/22 Projected Outturn	RAG Status/Reason
Authorised limit for external debt (CS 4.2.4)	£143.3m	£143.3m	GREEN
Operational boundary for external debt (CS 4.2.4)	£130.2m	£130.2m	GREEN
Gross external debt (CS 4.2.2)	£91.7m	£56.67m	GREEN
Capital Financing Requirement (CS 2.3.4)	£119.7m	£89.9m	GREEN
Debt vs CFR under/(over) borrowing	£28.0m	£33.23m	GREEN
Investments (Average)	£2.9m	£3.2m	GREEN
Investment returns expectations	0.10%	0.013%	AMBER
Upper limit for principal sums invested for longer than 365 days			
<i>Maturity structure of fixed rate borrowing - upper limits:</i>			
Under 12 months	25%	25%	GREEN
12 months to 2 years	40%	40%	GREEN
2 years to 5 years	50%	50%	GREEN
5 years to 10 years	75%	75%	GREEN
10 years and above	100%	100%	GREEN
Capital expenditure (CS 2.1.3)			
General Fund	£10.8m	3.1m	GREEN

Treasury Prudential Indicators	2021/22 Estimate Indicator	2021/22 Projected Outturn	RAG Status/Reason
HRA	£34.3m	1.1m	GREEN
Commercial Activities/ non- financial investments	£24.0m	7.3m	GREEN
<i>Ratio of financing costs to net revenue stream (CS 8.1.1):</i>			
Proportion of Financing Costs to Net Revenue Stream (General Fund)	5.9%	5.9%	GREEN
Proportion of Financing Costs to Net Revenue Stream (HRA)	10.08%	10.08%	GREEN

Key: CS – 2021/22 Capital Strategy Appendix 1

### Revisions to CIPFA Codes

6.2 CIPFA published revised Prudential and Treasury Management Codes in December 2021. The Prudential Code takes immediate effect although detailed reporting requirements may be deferred until the 2023/24 financial year. The main changes from previous codes include:

- Additional reporting requirements for the Capital Strategy.
- For service and commercial investments, in addition to assessments of affordability and prudence, an assessment of proportionality in respect of the Authority's overall financial capacity.
- Forward looking prudential code indicators must be monitored and reported to members at least quarterly.
- A new indicator for net income from commercial and service investments to net revenue stream.
- Inclusion of the liability benchmark as a treasury management prudential indicator.
- Excluding investment income from the definition of financing costs.
- Credit and counterparty policies should set out the Authority's policy and practices relating to Environmental, Social and Governance (ESG) investment considerations.
- Additional focus on the knowledge and skills of officers and elected members involved in decision making.

## 7. Non-treasury investments

7.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return). The non-treasury investment activity includes loans to Council-owned companies or the purchase of property assets for the purpose of income generation.

7.2 **Lewes Housing Investment Company** - a wholly owned subsidiary of the Council. Incorporated in July 2017, LHIC was set up to acquire, improve and let residential

property at market rents. The 2021/22 Capital programme includes £2.4m as commercial loan funding to facilitate property purchases. At 31 December 2021, there had been no draw down of the loan facility.

A working capital facility of £100,000 has been agreed, at an interest rate of 2% above Base Rate. At 31 December 2021, £1,065 of the working capital facility had been drawn down to cover administrative expenses.

- 7.3 **Aspiration Homes LLP** - a limited liability Partnership owned equally by Lewes District Council and Eastbourne Borough Council. Incorporated in June 2017, AH has been set up for the purpose of developing housing to be let at affordable rent. The Capital programme includes £17.4m as commercial loan funding to AH to facilitate the purchase and construction of property. At 31 December 2021, £3,175,990 had been drawn down.

A working capital facility of £100,000 has been agreed, at an interest rate of 2% above Base Rate. At 31 December 2021, £20,000 of the working capital facility had been drawn down.

## 8. Environmental, Social and Governance Investment - update

- 8.1 The Cabinet at its meeting on 4 February 2021 approved the 2021/22 Treasury Management and Investment Strategy, which include Non-Specified investments in Green Energy Bonds and/or other ESG products that met the Council's internal and external due diligence criteria.
- 8.2 While a wide range of ESG investment are currently limited, there are expectation that more banks and funds providing specific products over the coming years. As this area continues to develop and become more prominent, the Council in conjunction with the treasury management advisor (Link Asset Services) will continue to monitor ESG investment opportunities within the parameters of the Council's counterparty criteria and in compliance with the MHCLG Investment Guidance (i.e., prioritising security, liquidity before yield).
- 8.4 Potential Approach to ESG Investing - The Council might consider options for various investments in short/medium-term investments with institutions that will ring fence the use of such funds for ESG related matters and/or continue to explore alongside its treasury advisors other ethical investing options, including -
- Green Bond Purchasing Programme.
  - Green and Sustainable Product Framework.
  - Sustainability Notice Account - a deposit comprising the green and social projects.
  - Multi-asset pooled funds - 'all in one' solution for most long-term investors.

## 9. Economic Background

- 9.1 As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged and a detailed economic commentary on developments during period ended 31 December 2021 is attached as **Appendix A**.

## **10. Financial Appraisal**

10.1 All relevant implications are referred to in the above paragraphs.

## **11. Risk Management Implications**

11.1 The risk management implication associated with this activity is explained in the approved Treasury Management Strategy. No additional implications have arisen during the period covered by this report.

## **12. Equality Analysis**

12.1 This is a routine report for which detailed Equality Analysis is not required to be undertaken.

## **13. Legal Implications**

13.1 There are no legal implications from this report

## **14. Environmental sustainability implications**

14.1 This report notes the treasury management performance of the Council. There are no anticipated environmental implications from this report that would affect the Council's sustainability policy. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the treasury activities and highlights compliance with the Council's policies previously approved by members.

## **15. Appendices**

15.1 Appendix A - Detailed economic commentary.  
Appendix B – Glossary/Local Authority Treasury Management Terms.

## **16. Background Papers**

16.1 Treasury Strategy Statements 2021/22.

### **Link Treasury Services Limited - Detailed economic commentary on developments during quarter ended 31 December 2021**

**During the quarter ended 31<sup>st</sup> December 2021 (*quarter 3 of financial year 2021/22*):**

- *GDP rose 0.1% in October as product/labour shortages held back output;*
- *There were signs of faster GDP growth in November, before surging COVID-19 cases in December hit activity;*
- *Inflation jumped to a nine-year high of 5.1% in November;*
- *Bank Rate rose from 0.10% to 0.25% in December;*
- *Gilt yields and sterling fell, before both turned a corner in recent weeks.*

**Q4 had a weak start in October, with the economy eking out GDP growth of only 0.1% m/m.** That was much lower than the 0.6% m/m growth in September and reflected falls in output in hospitality (-5.6% m/m), energy (-2.8% m/m) and mining (-5.0% m/m). In fact, without the boost from more face-to-face doctor appointments and the vaccine programme, GDP would have contracted in month-on-month terms.

**There were some signs that activity gained some momentum in November.** That seems to have been driven mainly by faster growth in consumer spending amid stronger-than-usual Black Friday sales and anecdotal reports that households brought forward some of their Christmas shopping. In November, retail sales jumped by 1.4% m/m, households' unsecured borrowing rose by a healthy £1.2bn, and survey data pointed to resilience in other sectors too, despite continued supply chain disruptions and shortages.

**But any improvement in activity probably proved short-lived.** The surge in COVID-19 cases caused by the Omicron variant prompted the government to impose 'Plan B' restrictions from mid-December, which included guidance to work from home and COVID-19 passports for some hospitality venues. Timely data indicated that households changed their behaviour in response to the risk of infection, even without the imposition of formal restrictions limiting social interactions. For example, restaurant attendance was hit hard in the run-up to Christmas, while journeys on public transport fell. That chimes with the fall in December's flash PMIs, which pointed to a big drop in services output.

**That prompted the government to announce a new £1bn support package for consumer-facing businesses in retail and hospitality** as those sectors lost earnings over the Christmas period due to heightened virus caution and the 'Plan B' measures. With eligible businesses able to receive grants of up to £6,000, that should have helped to cushion some of the blow. That said, the measures are much less generous than the support offered earlier in the pandemic and crucially don't include a furlough scheme, so businesses are unlikely to have avoided a hit to their balance sheets entirely.

As it stands, our forecast is for GDP growth in December of -0.1% m/m. But we suspect that the fall could be larger than that. Indeed, the flash composite PMI for December was consistent with GDP growth of -1.5% m/m. Although we suspect that is a little pessimistic, a more conservative estimate of -0.5% m/m would pull down our forecast for Q4 as a whole to +0.7% q/q. That would delay the return of GDP to its pre-virus level, pushing it back from January 2022, (as we had expected), into Q2.

**Trade flows have continued to recover amid the fading of Brexit trade frictions and some easing in supply chain disruptions.** So far, the recovery in exports has lagged imports. But this divergence may be starting to lessen. Excluding oil and erratics, export values grew by 1.6% m/m in October, while import values grew by 0.7% m/m. By contrast, although total trade with the EU remains well below pre-crisis levels, the recovery in export values to the EU has been *faster* than that of imports. Indeed, export values were 5.3% below their Q4 2019 average in October 2021, while imports were 9.6% below. What's more, these data predate the full customs checks for imports that came into force on 1<sup>st</sup> January 2022. That's one of the reasons why we think that, while Brexit explains some of the shortfall in UK trade, pandemic effects have also played a big role. That implies the underperformance of UK exports may lessen as the pandemic fades.

**At the same time, CPI inflation surged to a 10-year high of 5.1% in November.** Some of the rise was due to one-off factors, such as the 5.1% m/m increase in fuel prices on the back of the surge in oil prices in October. But there was evidence of more persistent price pressures too. Food inflation added 0.1ppts to overall inflation, which reflected higher costs faced by suppliers. Higher second-hand car inflation and rising housing rents also contributed. Meanwhile, another rise in core producer output price inflation from 7.1% to 7.9% in November suggests that shortages are still boosting prices further up the inflation pipeline.

**Our forecast is for inflation to hover near its current level until it peaks at 5.2% in April 2022, before falling back sharply in the second half of next year.** But the risks to this forecast are firmly to the upside. The 15% rise in utility prices that we have pencilled in for next April now looks optimistic, with a much bigger rise a real possibility. If the Omicron variant prompts a worsening in global supply chain disruptions, that could mean inflation falls back more slowly than we anticipate.

**The end of the furlough scheme on 30<sup>th</sup> September seems to have had a temporary, limited impact on the labour market.** In October, the single-month data showed that LFS employment fell by 240,000 while unemployment rose by 75,000. That nudged up the ILO unemployment rate from 3.9% in September to 4.2%. But the weekly data showed that unemployment was falling again by the end of the month. And the fall in the claimant count and rise in PAYE employment in November suggest the labour market soon strengthened again. Meanwhile, growth in average weekly earnings has fallen in recent months. But we estimate that underlying earnings growth held steady at close to pre-pandemic rates. Admittedly, the hit to consumer-facing services in December may have slowed the labour market recovery as firms struggled with lost earnings in the run-up to Christmas. But we don't expect it to have derailed the recovery entirely.

**The Bank of England surprised us and many others with a hike to Bank Rate at the December Monetary Policy Committee (MPC) meeting from 0.10% to 0.25%.** We had expected the Bank would wait for more information on the impact of Omicron before raising rates. But a series of strong data releases on the labour market and inflation in the run-up to the meeting seem to have worried the Bank. And the minutes of the meeting indicated



that, despite acknowledging the downward impact on GDP from Omicron, the MPC was more concerned about the upside risks to inflation. At the same time, the Bank dropped any reference to inflation being expected to be below the 2% target in two years' time, which it had used at its November meeting to imply that the market pricing of Bank Rate at that time was too high. That suggests to us that the Bank is now contemplating raising interest rates further than it was at its November meeting. But the Bank retained its guidance that only a "modest tightening" in monetary policy would be needed, so we doubt the shift in its thinking has been dramatic. Assuming that a typical policy tightening cycle involves rates rising by 25bps four times per year, we think that a "modest" tightening will be slower than that. That has prompted us to raise our Bank Rate forecast next year. We expect two more hikes to Bank Rate – the first 25bps in May and the second 25bps in August – taking Bank Rate to 0.75% by the end of the year. While that's a bit higher than our previous forecast of 0.50%, it is still less than the tightening to almost 1.25% that investors are discounting by end of 2022. That's because we expect GDP growth in the first half of 2022 to be weaker and inflation to fall back faster in the second half than the Bank expects.

**The sharp rise in gilt yields at the start of Q4 on expectations of higher interest rates was quickly reversed following the November MPC meeting after investors' expectations of a hike to Bank Rate was disappointed.** But the 10-year yield has risen again in recent weeks to reach 1.00%, up from roughly 0.70% in mid-December, following encouraging signs that the Omicron variant may not lead to as many hospitalisations as initially feared. We expect the 10-year yield to drift a little higher in the coming years, albeit not by much, to reach 1.25% by end-2023. That's underpinned by our more dovish Bank Rate forecast compared to investors and our view that **upward pressure on gilts from higher US Treasury yields will be more limited than we previously thought.**

**In fact, we have recently revised down our end-2022 and end-2023 forecasts for the 10-year US Treasury yield by 25bp each, to 2.00% and 2.25%, respectively.** That's still marginally more tightening than is discounted by investors, but we think the Fed's recent hawkish pivot in the face of higher inflation means that the policy rate will not need to rise as far further ahead as we had once assumed. Indeed, the rise in inflation in the US to 6.8% in November, up from 6.2% in October, probably marks the peak.

**Meanwhile, sterling weakened throughout most of Q4 as investors discounted the murkier outlook for GDP growth.** Admittedly, the pound has strengthened again in the past few weeks. But we suspect this will prove short-lived and forecast a further softening in the pound against both the dollar and the euro to \$1.25 and €1.16 respectively by end-2022 (from \$1.34 and €1.20 currently). That's mainly based on our view that the Bank will disappoint investors' rate expectations to a greater extent than the Fed or the ECB.

**Finally, the FTSE 100** has risen by nearly 7% since the start of Q4, with much of the gain in the past few weeks prompted by investors' more optimistic assessment of the risks posed by Omicron. In fact, the extent of the recent rise in the FTSE 100 means that the index is now not far off our end-2022 forecast of 7,600 and could suggest the scope for further gains is limited. Nonetheless, UK equities still look favourably valued compared to gilt yields and the S&P 500, which may prove to be an upside for the FTSE 100.

## GLOSSARY

### Local Authority Treasury Management Terms

Terms	Descriptions
<b>Bond</b>	A certificate of long-term debt issued by a company, government, or other institution, which is tradable on financial markets
<b>Borrowing</b>	Usually refers to the stock of outstanding loans owed, and bonds issued.
<b>CFR</b>	<p>Capital Financing Requirement. A council's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed.</p> <p>The CFR increases with capital expenditure and decreases with capital finance and MRP.</p>
<b>Capital gain or loss</b>	An increase or decrease in the capital value of an investment, for example through movements in its market price.
<b>Collective investment scheme</b>	Scheme in which multiple investors collectively hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
<b>Cost of carry</b>	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
<b>Counterparty</b>	The other party to a loan, investment or other contract.
<b>Counterparty limit</b>	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
<b>Covered bond</b>	Bond issued by a financial institution that is secured on that institution's assets, usually residential mortgages, and is therefore lower risk than unsecured bonds.



<b>Terms</b>	<b>Descriptions</b>
<b>CPI</b>	Consumer Price Index - the measure of inflation targeted by the Monetary Policy Committee.
<b>Deposit</b>	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
<b>Diversified income fund</b>	A collective investment scheme that invests in a range of bonds, equity and property in order to minimise price risk, and also focuses on investments that pay income.
<b>Dividend</b>	Income paid to investors in shares and collective investment schemes. Dividends are not contractual, and the amount is therefore not known in advance.
<b>DMADF</b>	Debt Management Account Deposit Facility – a facility offered by the DMO enabling councils to deposit cash at very low credit risk. Not available in Northern Ireland.
<b>DLUHC</b>	Department for Levelling Up, Housing and Communities ( <i>formerly known as Ministry of Housing, Communities &amp; Local Government - MHCLG</i> ).
<b>DMO</b>	Debt Management Office – an executive agency of HM Treasury that deals with central government’s debt and investments.
<b>Equity</b>	An investment which usually confers ownership and voting rights
<b>Floating rate note (FRN)</b>	Bond where the interest rate changes at set intervals linked to a market variable, most commonly 3-month LIBOR or SONIA
<b>FTSE</b>	Financial Times stock exchange – a series of indices on the London Stock Exchange. The FTSE 100 is the index of the largest 100 companies on the exchange, the FTSE 250 is the next largest 250 and the FTSE 350 combines the two
<b>GDP</b>	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
<b>Income Return</b>	Return on investment from dividends, interest and rent but excluding capital gains and losses.
<b>GILT</b>	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
<b>LIBID</b>	London interbank bid rate - the benchmark interest rate at which banks bid to borrow cash from other banks, traditionally 0.125% lower than LIBOR.

<b>Terms</b>	<b>Descriptions</b>
<b>LIBOR</b>	London interbank offer rate - the benchmark interest rate at which banks offer to lend cash to other banks. Published every London working day at 11am for various currencies and terms.  Due to be phased out by 2022.
<b>LOBO</b>	Lender's Option Borrower's option
<b>MMF</b>	Money Market Funds. A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to Constant Net Asset Value (CNAV) and Low Volatility Net Asset Value (LVNAV) funds with a Weighted Average Maturity (WAM) under 60 days which offer instant access, but the European Union definition extends to include cash plus funds
<b>Pooled Fund</b>	Scheme in which multiple investors hold units or shares. The investment assets in the fund are not held directly by each investor, but as part of a pool (hence these funds are also referred to as 'pooled funds').
<b>PWLB</b>	Public Works Loan Board – a statutory body operating within the Debt Management Office (DMO) that lends money from the National Loans Fund to councils and other prescribed bodies and collects the repayments. Not available in Northern Ireland.
<b>Quantitative easing (QE)</b>	Process by which central banks directly increase the quantity of money in the economy to promote GDP growth and prevent deflation. Normally achieved by the central bank buying government bonds in exchange for newly created money.
<b>SONIA</b>	Sterling overnight interest average – a benchmark interest rate for overnight deposits.
<b>Short-dated</b>	Usually means less than one year
<b>Total return</b>	The overall return on an investment, including interest, dividends, rent, fees and capital gains and losses.

<b>Report to:</b>	<b>Audit and Standards Committee</b>
<b>Date:</b>	<b>14th March 2022</b>
<b>Title:</b>	<b>Draft internal audit plan for 2022/23</b>
<b>Report of:</b>	<b>Chief Internal Auditor</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To propose an internal audit plan for 2022/23</b>
<b>Officer recommendation(s):</b>	<b>To consider and agree the proposed plan.</b>
<b>Reasons for recommendations:</b>	<b>The remit of the Audit and Standards 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.</b>
<b>Contact Officer(s):</b>	<b>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.</b>

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## **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 draft audit plan is taken to both the Corporate Management Team and the Audit and Standards Committee for consideration and approval.

## **2.0 Approach to setting the plan.**

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 carried 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 ensure adequate coverage, 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. The table below shows the number of areas listed in

the universe for each department which has then been calculated as a percentage of the total.

**Calculation of each department as a percentage of the whole council**

Department	No of areas	% of total
Regeneration	15	10%
Tourism and Enterprise	18	12%
Service Delivery	58	39%
Corporate Services	59	39%
<b>TOTAL</b>	<b>150</b>	<b>100%</b>

These percentages have then been 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 Lewes District and Eastbourne Borough Councils so that a full joint audit plan can be produced. Whilst many services are now delivered jointly, there are still some which are relevant to only one council and these are identified as such where appropriate.

**4.0 Production of the draft audit plan for 2022/23.**

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, training, 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 by the companies.

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 Audit Manager is undertaking a Leadership apprenticeship and one Auditor is completing an apprenticeship scheme training with the Institute of Internal Auditors. This has reduced the audit time available while they undertake the training. Also a new member of staff joined the team in January 2022 and while the majority of training will take place during the last quarter of 21/22 some training will take place in 22/23. Another Auditor post is currently being advertised so time has been added to the plan for this post but at a reduced level because of the initial training that will need to be undertaken. The time of the Audit Manager is further reduced as she is providing the training to the new staff.

4.4 The total number of days available for carrying out audit reviews is then calculated and this can be seen at Appendix A. The calculation currently takes

into account the Auditor position which is currently being advertised. It is hoped that this post will be filled by the beginning of the new financial year. If it is not then the plan will need to be adjusted to account for this.

- 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:

**Calculation of total audit days available for the plan**

<b>Total days available</b>		326 audit days
Regeneration	10%	33 audit days
Tourism and Enterprise	12%	39 audit days
Service Delivery	39%	127 audit days
Corporate Services	39%	127 audit days

- 4.5 The universe is the starting point for developing the annual audit plan. Current issues facing the councils are considered and any relevant areas in the universe will be considered for auditing. Equally, any priorities or initiatives for the councils will be considered in the same way.
- 4.6 Once the audits that affect the objectives of the councils have been considered, the rest of the universe is looked at and consideration given to other areas of higher risk, areas that haven't been audited for some time, and new areas added. Any that are considered as being due for review are added to the list based on the percentages at 2.3 and the number of days available.
- 4.7 Time has been put aside for auditing Tourism. However, most of the Tourism functions are for Eastbourne and the recent Local Government Finance Review from Cipfa /Department Levelling Up, Housing and Communities for Eastbourne Borough Council has stated that the council should rely less on Tourism. A full review of this area is therefore being undertaken. The time set aside for auditing Tourism has therefore not been allocated to any specific review at this time. The situation will be monitored and consideration will be given to monitor the ongoing review or to carry out targeted audits later in the year.
- 4.8 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.
- 4.9 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.
- 4.10 The work of the team will be reported quarterly to the Audit and Standards Committee.

## **5.0 Financial Appraisal**

5.1 There are no financial implications.

## **6.0 Legal Implications**

6.1 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.”

## **7.0 Risk Management Implications**

7.1 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.

## **8.0 Equality Analysis**

8.1 An equalities impact assessment is not considered necessary.

## **9.0 Appendices**

9.1 Appendix A– Calculation of audit resources for the draft plan.  
Appendix B – Draft Audit plan for 2022/2023

## **10. Background Papers**

10.1 Audit universe

**Jackie Humphrey**  
**Chief Internal Auditor**

## Appendix A – Internal Audit Draft New Year Plan

### Calculations of auditor days available for the plan

	Audit Manager	Auditor 1	Auditor 2	Auditor 3	Auditor 4
Total days	261	261	261	261	261
Non charge	230	101	109	129	129
Actual days	<u>31</u>	<u>160</u>	<u>152</u>	<u>132</u>	<u>132</u>

### Total days available less audit days provided to other companies

Total of Auditor days available	607
Less Eastbourne Homes Limited	36
Less South East Environmental Services Limited	<u>5</u>
<b>Net Total audit days available</b>	<b><u>566</u></b>

### Calculating days available for operational audits

Net total audit days available	566
Less days for Annual audits	205
Less days for Follow ups of audits from previous years	<u>35</u>
<b>Available for operational audits</b>	<b><u>326</u></b>

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**Audit days available split per areas' percentage of the council**

	No of areas	% of universe	Actual days	Rounded days
Regeneration	15	10	32.63	33
Tourism and Enterprise	18	12	39.12	39
Service Delivery	58	39	127.14	127
Corporate Services	59	39	127.14	127
<b>Total days</b>			<b>326.03</b>	<b>326</b>

**INTERNAL AUDIT DRAFT PLAN 2021/22**

<b>Regeneration and Planning</b>	
North Street Quarter	10
Section 106 Agreements	15
Performance Management Software (controls)	8
<b>Total days Regeneration and Planning</b>	<b>33</b>

<b>Tourism and Enterprise</b>	
Tourism and Enterprise	39
<b>Total days Tourism and Enterprise</b>	<b>39</b>

<b>Service Delivery</b>	
Safes and Keys	10
Health and Safety	20
Household Support Fund	15
Newhaven Port	15
Bulky Waste	10
Allocations and Lettings System	10
Aids and Adaptations	15
Shared Ownership/Resales	12

Appendix B – Internal Audit Draft New Year Plan

Green Consultancy	20
<b>Total days Service Delivery</b>	<b>127</b>

<b>Corporate Services</b>	
Manager Responsibilities/Training	20
Risk Management	20
Cloud Computing	12
Data Protection	15
Crisis Management/Emergency Planning	10
Invoice Handling - Flow Matrix	10
DocuSign	10
Key IVR	10
Governance of council companies	20
<b>Total days Corporate Services</b>	<b>127</b>

<b>Report to:</b>	<b>AUDIT AND STANDARDS COMMITTEE</b>
<b>Date:</b>	<b>14<sup>th</sup> March 2022</b>
<b>Title:</b>	<b>Internal Audit and Counter Fraud Report for three quarters of the financial year 2021-2022 – 1<sup>st</sup> April to 31<sup>st</sup> December 2021.</b>
<b>Report of:</b>	<b>Chief Internal Auditor</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To provide a summary of the activities of Internal Audit and Counter Fraud for three quarters of the financial year 2021-2022 – 1<sup>st</sup> April to 31<sup>st</sup> December 2021.</b>
<b>Officer recommendation(s):</b>	<b>That the information in this report be noted and members identify any further information requirements.</b>
<b>Reasons for recommendations:</b>	<b>The remit of the Audit and Standards 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.</b>
<b>Contact Officer(s):</b>	<b>Name: Jackie Humphrey Post title: Chief Internal Auditor E-mail: jackie.humphrey@lewes-eastbourne.gov.uk Telephone number: 01323 415925</b>

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## **1 Introduction**

- 1.1 The remit of the Audit and Standards 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.
- 1.2 The quarterly report includes a review of work undertaken by Internal Audit and Counter Fraud.
- 1.3 This report summarises the work carried out by Internal Audit and Counter Fraud across the first three quarters of the financial year 2021-22.

## **2 Review of the work of Internal Audit carried out in the first three quarters of the financial year 2021-22**

- 2.1 During the year to date 16 final reports and 16 follow up reports have been issued. In the last quarter 9 final reports, 7 follow up reports and 3 draft reports have been issued.
- 2.2 A list showing all the reports issued during the year, along with assurance levels given, can be found at Appendix A. This list also shows audit reviews carried

out in the last financial year where follow ups are still being carried out. Lines greyed out are showing that follow ups are not being carried out.

- 2.3 Where there are outstanding recommendations after a follow up has been carried out, these are listed at Appendix B. This table also gives the feedback from managers made at the last follow up review.
- 2.4 There are two audit reviews which have outstanding recommendations following two follow ups and one following three follow ups. All three had follow up reviews carried out in December and further reviews will be carried out in three months. A summary of these follows but full details are contained in Appendix B.
- Business Continuity Planning – Third follow up:
- Writing of the plans was to be carried out by East Sussex County Council. However, the officer there has left and the work is now to be carried out by the councils' own Emergency Planning Officer.
- Procurement – Second follow up:
- Work is reported as ongoing. The Strategic Procurement Manager post was part-time but has been made full-time as of January 2022.
- Members Allowances – Second follow up:
- Owing to Covid restrictions few claims have been presented so there has been little, or nothing, to test at follow up.
- 2.5 At the beginning of the financial year the work of the team was impacted by carrying a vacancy and the absence of a team member for an extended period. This highlighted the lack of resilience within the team. The request to fill the vacant post was therefore agreed and recruitment was carried out in October, with the new Auditor taking up the post on 10<sup>th</sup> January 2022.
- 2.6 At the same time the structure of the Internal Audit team was reviewed following the checking of the Benefits Subsidy Claim work being handed back to Customer First. This work was a substantial part of the Senior Auditor role. The review was undertaken to ensure the internal audit service had the appropriate structure and resources to effectively deliver the internal audit remit in line with the Public Sector Internal Audit Standards. The outcome of the review was that, due to the substantial part of the Senior Auditor role being lost, the post was no longer required and resources could be better deployed to provide more cost-effective auditing hours, whilst delivering a more resilient and professional service.
- 2.7 Following consultation, this was agreed, and the new structure came into effect on 1<sup>st</sup> January 2022. A recruitment exercise for the newly formed Auditor post is currently ongoing.
- 2.8 Once the team is fully resourced, and initial training has been completed, further reviews of ways of working will be carried out. This will be carried out to ensure that the ways that audits are planned, carried out and reported are also up-to-date, professional and provide the best service possible.
- 3 Review of the work of Counter Fraud carried out in the first three quarters of the financial year 2021-22**
- 3.1 Cases have continued to be built and monitored during the easing of lockdown restrictions, with the team responding to new and emerging fraud risks following the release of Covid-19 support packages to businesses and individuals.

- 3.2 A trial at Chichester Crown Court was heard in December 2021 where a former Lewes District Council tenant was found guilty of two counts of fraud for two separate Right to Buy applications. The sentence hearing is due to be heard in late January 2022 with publicity of the result to be released soon afterwards. The property has already been returned to the council following a successful civil court case in 2021. The Counter-Fraud, Legal and Homes First teams put a significant amount of work into this case which is only the second ever Right To Buy criminal prosecution made by the council.
- 3.3 Housing Tenancy – The team continue to work closely with colleagues in Homes First and Legal to build on the existing investigations and find possible solutions in response to Covid-19 restrictions and the backlog HM Courts are currently facing. There are 47 ongoing sublet/abandonment tenancy cases at various stages. Three cases were closed during this period.
- 3.4 Right to Buy – There continues to be a steady volume of applications. 12 cases are currently being checked to prevent and detect fraud and protect the authority against money laundering. Two applications were stopped, resulting in a saving of £169,200 to the authority with another application to be confirmed withdrawn once crown court sentencing is decided. 13 cases which have either been approved for sale or have withdrawn still require a home visit, however with a changing Covid-19 situation the safety of tenants and officers has taken priority and therefore verification visits have been delayed.
- 3.5 Housing Applications – The team are working directly with colleagues in Homes First to implement additional counter-fraud measures to ensure the limited housing stock that is available will only be allocated to those in genuine need.
- 3.6 National Non-Domestic Rates – As part of the review of Small Business Grant Fund applications discrepancies of Small Business Rate Relief and liable rate payer have been found. This has resulted in changes to business rate bills with a net income of £58,244.62 generated to the authority. Seven cases have been closed during the year with a number still under review.
- 3.7 Council Tax – Seven cases have been investigated during the third quarter with a net recoverable income of £823.52 generated for the authority and a preventative saving of £5158.40. A review of Council Tax exemptions/disregards is also planned to begin during the 4<sup>th</sup> quarter.
- 3.8 Council Tax Reduction – Three cases were closed in this period with a recoverable overpayment of £850.42 from one claim.
- 3.9 Housing Benefit – The team continue to work closely with the Department for Work and Pensions (DWP) and our colleagues in the benefit section. Due to resources restrictions and pressing need to assess Universal Credit applications, the DWP have limited their capacity to investigated Housing Benefit. However, this has begun to change, with 26 cases closed in this period generating recoverable Housing Benefit overpayments of £56883.76 and a preventative saving of £8323.20.
- 3.10 National Fraud Initiative - The 2020/21 exercise is ongoing with the team currently prioritising data matching for the Covid-19 business grants. 23 cases were closed during this period with one incorrectly paid grant found to the value of £10,000 (any monies recovered are transferred back to Central Government so have not been included in the table of savings at Appendix C).
- 3.11 Data Protection Requests – The team take an active role in supporting colleagues in other organisations to prevent fraud and tackle criminal activity.

During this period the team have dealt with 11 DPA requests from the Police and other authorities. In addition, 10 Gas Safety checks were completed on council properties where the tenant has not responded.

- 3.12 Four allegations were received from the general public were closed down due to either insufficient information/contact details or the matter did not relate to a council concern.
- 3.13 Following on from the government's announcement to support businesses through the Covid-19 pandemic, the team have been working closely with the revenues specialists to prevent and investigate fraudulent applications. The team are currently continuing undertaking post verification work as requested by the Department for Business, Energy and Industrial Strategy. This includes sample checking on each of the grant schemes and reviewing applications where only one grant has been applied for as this has been identified as an area of higher risk of fraud. A report providing an update on this work will be provided separately.
- 3.14 One of the team was selected as a finalist for the 'Outstanding Investigator' category at the 2021 'Tackling Economic Crime Awards' held in December. These awards are independent and aim to recognise outstanding contributions in tackling all areas of economic crime – the awards showcase the very best organisations, teams, individuals, and initiatives across the public and private sector.
- 3.15 A table showing the savings made by the Counter Fraud team in the first three quarters of 2021-2022 can be found at Appendix C.

#### **4 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 C.

#### **5 Legal implications**

- 5.1 This report is for noting only and therefore the Legal Services team has not been consulted on the content of it.

#### **6 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 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 Environmental sustainability implications**

- 8.1 Not applicable

#### **9 Appendices**

- 9.1 Appendix A – Audit reports issued and follow ups

Appendix B – Recommendations outstanding after follow ups  
Appendix C - Counter Fraud savings.

**10 Background papers**

10.1 Internal Audit reports issued throughout the year.

**Jackie Humphrey**  
**Chief Internal Auditor**

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### Key to assurance levels

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.

### Follow Up Reports Issued In Current Year For Audits Completed In Previous Years

AUDIT	FINAL ASSURANCE LEVEL	FIRST FOLLOW-UP DATE	FIRST FOLLOW UP ASSURANCE LEVEL	SECOND FOLLOW-UP DATE	SECOND FOLLOW UP ASSURANCE LEVEL	THIRD FOLLOW-UP DATE	THIRD FOLLOW- UP ASSURANCE LEVEL
IR35 (Off-Payroll working)	No	01.07.21	Minimal	30.11.21	Full	N/A	N/A
Members Allowances	Substantial	14.07.21	Substantial	22.12.21	Substantial	Not yet due	Not yet due

Appendix A – Quarterly Report On Internal Audit and Counter Fraud Work

AUDIT	FINAL ASSURANCE LEVEL	FIRST FOLLOW-UP DATE	FIRST FOLLOW UP ASSURANCE LEVEL	SECOND FOLLOW-UP DATE	SECOND FOLLOW UP ASSURANCE LEVEL	THIRD FOLLOW-UP DATE	THIRD FOLLOW- UP ASSURANCE LEVEL
Procurement	Partial	26.07.21	Partial	16.12.21	Partial	Not yet due	Not yet due
Business Continuity Planning	Minimal	21.05.21	Partial	19.08.21	Partial	20.12.21	Partial
Arrears Collection	Partial	06.09.21	Partial	Ongoing	Not yet due	Not yet due	Not yet due
Implementation of Housing Software	Partial	10.09.21	Substantial	Ongoing	Not yet due	Not yet due	Not yet due
Leaseholder Management and Recharges	Partial	10.09.21	Partial	Ongoing	Not yet due	Not yet due	Not yet due
Rechargeable Repairs	Partial	20.09.21	Full	N/A	N/A	N/A	N/A
Fly Tipping	Partial	22.09.21	Partial	Ongoing	Not yet due	Not yet due	Not yet due
Internet/Intranet/Telephone Payments	Partial	21.10.21	Partial	One recommendation is outstanding as it falls within the remit of the Business Improvement Through Document Management project this will be progressed through that project.			
Officers Expenses	Substantial	09.11.21	Substantial	Not yet due	Not yet due	Not yet due	Not yet due

### Audit Reports Issued In Current Year

AUDIT	FINAL DATE	FINAL ASSURANCE LEVEL	FIRST FOLLOW-UP DATE	FIRST FOLLOW UP ASSURANCE LEVEL	SECOND FOLLOW-UP DATE	SECOND FOLLOW UP ASSURANCE LEVEL	THIRD FOLLOW-UP DATE	THIRD FOLLOW-UP ASSURANCE LEVEL
Building Control	14.01.21	Full	N/A	N/A	N/A	N/A	N/A	N/A
Council Tax 20-21	16.04.21	Substantial	N/A	N/A	N/A	N/A	N/A	N/A
Payroll 20-21	02.06.21	Substantial	N/A	N/A	N/A	N/A	N/A	N/A
Revs and Bens Computer System	09.07.21	Full	N/A	N/A	N/A	N/A	N/A	N/A
Benefits 20-21	24.08.21	Substantial	N/A	N/A	N/A	N/A	N/A	N/A
Creditors 20-21	07.09.21	Partial	N/A	N/A	N/A	N/A	N/A	N/A
Housing Rents 20-21	19.10.21	Partial	N/A	N/A	N/A	N/A	N/A	N/A
Treasury Management 20-21	20.10.21	Substantial	N/A	N/A	N/A	N/A	N/A	N/A
Main Accounting 20-21	01.12.21	Substantial	N/A	N/A	N/A	N/A	N/A	N/A
Debtors 20-21	01.12.21	Partial	N/A	N/A	N/A	N/A	N/A	N/A
Furloughing	06.12.21	Full	N/A	N/A	N/A	N/A	N/A	N/A
Regeneration Projects	06.12.21	Substantial	Not yet due	Not yet due	Not yet due	Not yet due	Not yet due	Not yet due
Love Clean Streets App	16.12.21	Partial	Not yet due	Not yet due	Not yet due	Not yet due	Not yet due	Not yet due

### Draft Reports Issued In the Current Year That Are Awaiting Responses

<b>AUDIT</b>	<b>Draft issued</b>
Film Liaison Unit	14.12.21
IT 20-21	14.12.21
HR - Covid New Ways of Working	16.12.21
Information Governance	20.12.21

## OUTSTANDING RECOMMENDATIONS FROM AUDIT REPORTS WHICH REMAIN OUTSTANDING AFTER FOLLOW UP

### COLOUR KEY

High Risk
Medium Risk
Low Risk

### REPORTS ISSUED 20/21

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
IR35 (Off Payroll Working)	No	8	6	0	30.11.21	Second	Full	0	0	0	N/A	N/A	N/A
Members Allowances	Substantial	0	3	0	22.12.21	Second	Substantial	0	2	0	Apr-22	All expenditure must be evidenced by official VAT receipts. Where expenditure includes VAT, reimbursement must be claimed through the creditors system.	<u>Audit Comment</u> No claims including VAT had been made by the time of the follow up so this could not be checked
												All expenditure must be charged to the correct general ledger code.	<u>Audit Comment</u> Testing at follow up revealed one claim had been incorrectly coded
Procurement	Partial	0	11	0	16.12.21	Second	Partial	0	9	0	Apr-22	A Procurement Strategy must be written, adopted and disseminated.	Due to working pressures this has not progressed however, it has been agreed that the Strategic Procurement Manager role will be made permanent from 1st January 2022. This should help facilitate its progress however, the appointment has not yet been formalised by the issue of a contract.

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												<p>A Procurement Forward Plan must be written, adopted and disseminated.</p>	<p>In progress, a number of business plans have been received to support the developments of the forward plans. There is potential for this to be incorporated into the Community Wealth Building Officer role.</p>
												<p>Performance against the Procurement Forward Plan must be monitored and reported.</p>	<p>The comments from the last follow up apply and the Strategic Procurement Manager has monitored savings and social value commitments against the procurements which he has managed.</p> <p><u>Audit comment:</u> Responsibility for updating the contract register going forward must be identified.</p>
												<p>Policies and procedures must clearly state that Corporate contracts must be publicised around the Council.</p>	<p>Councils are required to publish transparency data about their contracts on a quarterly basis. Although the councils' contract registers are published on the website, they are incomplete and the data in some cases is inaccurate.</p> <p><u>Audit comment:</u> Responsibility for updating the contract register going forward must be identified.</p>

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												<p>Policies and procedures must clearly state that where corporate contracts exist these, and no other company, must be used.</p>	<p>Amendments to the Contract Procedure Rules are still being worked on.</p>
												<p>Creditor expenditure must be regularly reviewed and investigated to highlight opportunities to put contracts in place and identify failure to use current corporate contracts.</p>	<p>Spend analysis is completed on an annual basis.</p> <p><u>Audit comment:</u> To ensure that expenditure out of contract is identified promptly spend analysis should be completed on a more regular basis.</p>
												<p>Non-compliance of raising purchase orders must be monitored and persistent offenders reported to the head of the relevant service area.</p>	<p>We are reviewing available resources to be able to implement this new initiative including assigning the new interim systems accountant to this task to ensure compliance.</p>
												<p>A note must be added to guidance on raising invoices reminding officers to: • check the contracts register to consider whether their order could fall under the remit of a supplier with whom the organisation has an outstanding contract. Where a corporate contract exists these, and no other company, must be used • prompt officers to consider using suppliers already set up on the creditors</p>	<p>Guidance for raising purchase orders will be updated to remind officers to check the contracts register for the supply of goods and services.</p>

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												system for a similar product	
												The ability to expand the "Types" facility within Creditors must be investigated and if possible use of "Types" implemented across EBC, LDC, EHL and SEESL.	A meeting with the Strategic Procurement Manager will be arranged to consider the use of "Types" and whether this would work.
Business Continuity Planning	Minimal	4	0	0	20.12.21	Third	Partial	2	0	0	Apr-22	Business Continuity Plans for both councils must be completed and adopted as soon as possible.	The County Emergency Planning Officer was going to assist in training our Heads of Service (HOS) to complete their Business Impact Assessments. However the officer has now left and our Emergency Planning Officer, who has undertaken a week's intensive training course on business continuity will be undertaking the training of HOS with the Emergency Planning Officer and Regulatory Services Lead and Emergency Planning Officer in the New Year.
												Business Continuity Plans for every department must be completed and adopted as soon as possible.	The County Emergency Planning Officer was going to assist in training our Heads of Service (HOS) to complete their Business Impact Assessments. However the officer has now left and our Emergency Planning Officer, who has



Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
													undertaken a week's intensive training course on business continuity will be undertaking the training of HOS with the Emergency Planning Officer and Regulatory Services Lead and Emergency Planning Officer in the New Year.
Arrears Collection	Partial	2	2	3	06.09.21	First	Partial	2	1	3	Ongoing	Action must be taken to investigate the possible recovery of old debts.	The Income Maximisation and Welfare Team (IMWT) will need to balance the recovery and management of older debts against in-year collection performance to ensure any shift in resource to collect and write off legacy debt doesn't impact on in year performance and income levels. Two different recovery strategies are under consideration for overpaid housing benefit collection to support the IMWT in managing and collecting both new and aged debt.
												Where appropriate consideration must be given to writing off old debts as irrecoverable.	A report setting out the options for dealing with overpaid housing benefit, including statute barred debt will be considered by CMT.
												Consideration should be given to aligning all income and recovery departments under the management of	This is being considered outside of the Customer First Resolution Team restructure and is subject to wider conversations.

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												Customer First / Account Management	
												An overarching corporate arrears collection strategy must be drawn up and adopted, under which the separate policies for the individual debt streams sit, to ensure council departments responsible for collecting monies are acting in accordance with approved guidelines.	The Fair Debt Policy will be reviewed and updated to take account of the changes in the organisation and the Breathing Space legislation.
												A review of the terms of Debtor accounts should be undertaken to ascertain if it is possible or practical to add interest to unpaid invoices.	Via the relevant Strategic Property Boards, we agreed that we could enter into payment plans with tenants of up to 6 months on a case by case basis during the pandemic and we have not added interest on to those amounts due. Leases sometimes allow provision that we could add interest if we feel the situation is relevant, but the reality is that, particularly over the last 18 months, tenants have been struggling to such a degree that increasing the rent they owed would have likely seen them fail – leaving us with bigger issues of empty units.

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												Investigation should be undertaken to ensure Aged Debt Analysis reports are available for all income streams and used for monitoring recovery of arrears.	Ongoing investigations are taking place.
Implementation of Housing Software	Partial	2	0	1	10.09.21	First	Substantial	1	0	0	Ongoing	Resources must be made available to ensure constructive communication and cohesive working across the teams enables knowledge sharing to produce the required report parameters.	The councils' approach to report writing has been consolidated through the recent reshaping exercises in Business Planning and Performance and IT BAU. A Recruitment Authorisation Form will shortly be submitted to CMT to consider a new, more resilient and sustainable approach to report writing. The work to explore how the Change Agents and/or a solution sprint could help with this work is currently being scoped.
Leaseholder Management and Recharges	Partial	0	2	0	10.09.21	First	Partial	0	2	0	Ongoing	The Leaseholder Charges, Handbook, Legal and General Leasehold scheme and Permission for Alterations form must be made available on the councils' website, for LDC Leaseholders.	Material for both authorities secured and initial draft compilation 30% complete. Aim to have 1st draft ready by end of Q3 for consultation with leasehold panel. Several policy and procedure documents currently in draft, to be reviewed & agreed with senior managers & resident panels by end of Q4.

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												A review should be undertaken for all leases, to ensure that a copy is retained and electronically stored.	Land registry accounts now secured for team members so they can obtain lease copies as and when required. New team assistant to start obtaining missing leases in bulk towards the end of Q4. Electronic database established to capture essential elements of each lease including start, end and renewal dates.
Fly Tipping	Partial	0	7	0	22.09.21	First	Partial	0	7	0	Ongoing	The councils must develop a fly-tipping policy and strategy.	Due to recent reshaping delivery this has not yet been undertaken. New Head of Neighbourhood First role will take this forward with Neighbourhood First Manager when appointed and Senior Specialist Adviser (Waste) and the Lead for Waste
												The current procedures must be reviewed to ensure that they are up to date and include the following: • accurately recording evidence of the fly tip • all investigation steps taken • all enforcement action taken	Neighbourhood First Manager post is due to be recruited to as part of reshaping delivery. Neighbourhood First Team leaders can ensure procedures are updated
												Procedures must be put in place to monitor the following: • administration of fly-tipping • decision making • penalty notices issued • record of payments received • action taken when payments are not received	Neighbourhood First Manager post is due to be recruited to as part of reshaping delivery. Neighbourhood First Team leaders can ensure processes are reviewed

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												Standard fly-tipping letters must be reviewed, aligned and made available for use by all officers in Neighbourhood First.	Neighbourhood First Manager to take forward once recruited
												Photographic evidence and copies of letters must not be stored in officers' personal folders. Arrangements must be made for this information to be stored in a central location using a uniform approach.	Neighbourhood First Manager to take forward once recruited
												A plan of regular anti fly-tipping campaigns must be established to target different types of fly-tipping to include residents, traders, and those operating businesses from home.	Neighbourhood First Manager to take forward once recruited
												Consideration must be given to reinstating meetings with other local authorities and organisations to share knowledge, methods of working and discuss what action can be taken to target fly-tipping and raise awareness in the community.	Neighbourhood First Manager to take forward once recruited
Officers Expenses	Substantial	2	2	11	09.11.21	First	Substantial	0	1	5	Mar-22	The Reimbursement of Officers Expenses via Creditors claim form must be updated to include a link to up to date relevant council rules.	There has been staff availabilities issues and I will suggest the deadlines are extended.

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												Officers expenses claims forms should be amended to have a tick box to be completed to show that a VAT receipt has been attached and a disclaimer that expenses claims may be questioned if there is no VAT receipt or the receipt is illegible.	There has been staff availabilities issues and I will suggest the deadlines are extended.
												Consideration should be given to listing the most regularly used detail codes on the instructions tab of the Officers Expenses claim form. (e.g. travel, subsistence, equipment etc) and a note to cross reference this put onto the form itself.	There has been staff availabilities issues and I will suggest the deadlines are extended
												The mileage claim form must be changed to ask for the total mileage as calculated by AA route planner and not ask for mileometer readings. A screen dump of the AA route planner showing the route and total mileage should also be asked for on the claim and no claim processed unless a screen dump was sent with the claim.	The claim form on the Hub has not been updated regarding mileage calculation and Head of HR confirmed that they were not aware of any mileage calculation claim form changes.

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
												<p>Claims for off-peak travel between Lewes and Eastbourne must be paid at the post 9am return rail fare once the appropriate Easit discount has been applied regardless of whether the officer claiming used the Easit discount in accordance with the Travel Policy.</p>	To be raised at the next Senior Manager Forum.
												<p>Detail codes quoted on expense claim forms must be checked, prior to payment being made, to ensure that where the claim is relates to an obvious cost (e.g. subsistence) the correct code has been used.</p>	To be raised at the next Senior Manager Forum.

**REPORTS ISSUED 21/22**

No follow ups yet due

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## INCOME AND SAVINGS ACROSS THE CURRENT FINANCIAL YEAR

Areas of savings	QUARTER ONE		QUARTER TWO		QUARTER THREE		QUARTER FOUR		YEAR TOTAL	
	Income	Savings	Income	Savings	Income	Savings	Income	Savings	Income	Savings
<b>Tenancy Housing</b>										
Recovery of council properties	0	£93,0000	0	£279,000.00	0	0	0	0	£0.00	£372,000.00
Right To Buy value saved through intervention	0	0	0	£84,000.00	0	£169,200.00	0	0	£0.00	£253,800.00
Housing intervention/fraud	0	0	0	0	0	0	0	0	£0.00	£0.00
<b>Revenues</b>										
National Non Domestic Rates	£63,582.19	0	£130,428.28	0	£58,244.62	0	0	0	£252,255.09	£0.00
Council Tax	£4,170.46	0	£4,045.04	0	£823.52	0	0	0	£9,039.02	£0.00
Value of ongoing Council Tax increase per week	0	£17,836.16	0	£2,995.52	0	£5,158.40	0	0	£0.00	£25,990.08
Council Tax Penalties	0	0	0	0	0	0	0	0	£0.00	£0.00
<b>CTR &amp; Housing Benefit</b>										
Council Tax Reduction	0	0	£1,445.48	0	£850.42	0	0	0	£2,295.90	£0.00
Council Tax Reduction weekly incorrect benefit	0	0	0	0	0	£1,384.64	0	0	£0.00	£1,384.64
Housing Benefit	0	0	£3,276.91	0	£56,883.73	0	0	0	£60,160.64	£0.00
Housing Benefit weekly incorrect benefit	0	0	0	£3,371.20	0	£8,323.20	0	0	£0.00	£11,694.40
Income from Administrative penalty collection	0	0	0	0	0	0	0	0	£0.00	£0.00
<b>NFI</b>										
Overpayments identified	0	0	0	0	0	0	0	0	£0.00	£0.00
Weekly incorrect benefit identified	0	0	0	0	0	0	0	0	£0.00	£0.00
<b>TOTALS</b>	<b>£67,752.65</b>	<b>£110,836.16</b>	<b>£139,195.71</b>	<b>£369,966.72</b>	<b>£116,802.29</b>	<b>£184,066.24</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£323,750.65</b>	<b>£664,869.12</b>

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<b>Report to:</b>	<b>Audit and Standards Committee</b>
<b>Date:</b>	<b>14<sup>th</sup> March 2022</b>
<b>Title:</b>	<b>Strategic Risk Register Quarterly Review</b>
<b>Report of:</b>	<b>Chief Internal Auditor</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To report to Committee the outcomes of the quarterly review of the register by Corporate Management Team.</b>
<b>Officer recommendation(s):</b>	<b>To receive and note the update to the Strategic Risk Register</b>
<b>Reasons for recommendations:</b>	<b>The Council is committed to proper risk management and to regularly updating the committee with regard to the Strategic Risk Register.</b>
<b>Contact Officer(s):</b>	<b>Name: Jackie Humphrey Post title: Chief Internal Auditor E-mail: Jackie.humphrey@lewes-eastbourne.gov.uk Telephone number: 01323 415925</b>

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## **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 Process**

- 2.1 The Strategic Risk Register is the top level of the risk management process. Whilst the Strategic Risk Register is considered quarterly at the Corporate Management Team, this is simply a review of the register itself.
- 2.2 There are many different risks and pieces of work that feed into the Strategic Risk Register. These are managed and monitored on a day to day basis within the relevant sections and departments.
- 2.3 The quarterly meeting of the Corporate Management Team to discuss the Strategic Risk Register allows the relevant Director/Assistant Director to provide feedback on risks in their area. This information is then used to consider changes that may need to be made to the Strategic Risk Register.
- 2.4 The Corporate Management Team will also carry out “horizon scanning” at these meetings: considering issues that are arising and considering whether they need to be included in the register.

### **3 February 2022 Review**

3.1 The Strategic Risk Register was taken to Corporate Management Team on 2<sup>nd</sup> February 2022 for the quarterly review.

3.2 Risks SR\_022 (Changes to the economic environment) and SR\_023 (Unforeseen socio-economic and/or demographic shifts) both had the following mitigating action:

“Council seeking funding from DEFRA to set up new service for inspecting imports”

Also, risk SR\_023 had the following mitigating action:

“The council is currently in ongoing discussions with Central Government around financial support to cover costs related to expenditure on responses to the Covid-10 pandemic”

Corporate Management Team agreed that these were no longer relevant and therefore these have been removed from the risk register.

3.3 The scores of all the risks were also considered and it was decided that no scores required updating.

3.4 The changes can be seen on the Strategic Risk Register at Appendix A.

### **4. Financial appraisal**

4.1 There are no financial implications arising from this report.

### **5. Legal implications**

5.1 This report is for noting only and therefore the Legal Services team has not been consulted on the content of it.

### **6. Risk management implications**

6.1 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.

### **7. 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. Appendices**

8.1 Appendix A - Strategic Risk Register

### **9. Background papers**

9.1 None

Jackie Humphrey  
Chief Internal Auditor

## Strategic Risk Register (Lewes)

**Report Type:** Risks Report

**Generated on:** 08 February 2022

### Key to scoring risk levels

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Likelihood</b>	Unlikely	Possible	Likely	Highly Likely	Almost Certain
<b>Impact</b>	Minor	Moderate	Significant	Major	Critical

Likelihood x impact score - 1 to 4 - Low risk – Green

Likelihood x impact score - 5 to 12 - Medium risk – Amber

Likelihood x impact score - 15 to 25 - High risk - Red

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
SR_021	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.	4	4	16	<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	03-May-2022
SR_022	Changes to the economic environment makes the Council economically less sustainable	1. Economic development of the town suffers. 2. Council objectives cannot be met. 3. Council will need to provide a new service for inspecting imports at the port. 4. Covid-19 has had a serious impact on the council's finances. 5. The council's Recovery and Reset programme fails to meet its objectives.	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 environment. 3. Working with the port authority to provide support, advice and to help explore funding options.  <u>Reduces Likelihood</u>	Chief Financial Officer	4	5	20	Red	03-May-2022

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						4. Regular monitoring of the progress and outcomes of the Recovery and Reset programme.						
SR_023	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. 5. Failure to support Newhaven Port Authority in changes could result in an economic downturn in the town.	5	5	25	<u>Reduces Likelihood and 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) 3. Working with the Port Authority to provide support, advice and to help explore funding options.	Director of Service Delivery	3	3	9	Amber	03-May-2022
SR_024	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 standards and an increase in service costs.	4	4	16	<u>Reduces Likelihood</u> 1. Changes increase non-financial attractiveness of LDC to current and future staff. 2. Appropriate reward and recognition policies reviewed on a regular basis.	Asst Director for HR and Transformation	3	2	6	Amber	03-May-2022

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						<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_025	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. 7. The council's Recovery and Reset programme fails to meet its objectives.	4	4	16	<u>Reduces Likelihood</u> 1. Deliver a fit for purpose organisational culture. <u>Reduces Likelihood and Impact</u> 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. 4. Regular monitoring of the progress and outcomes of the Recovery and Reset programme.	Asst Director for HR and Transformation	3	4	12	Amber	03-May-2022



Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
SR_026	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. Denial of access to people	5	5	25	<u>Reduces Likelihood</u> 1. Adoption of best practice IT and Asset Management policies and procedures. <u>Reduces Likelihood and Impact</u> 2. The council 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.	Chief Executive	2	4	8	Amber	03-May-2022
SR_027	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.	5	5	25	<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).	Chief Executive	2	4	8	Amber	03-May-2022

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
		4. Emergency caused by a climate change event.				4. Review budget and reserves in light of risk profile. <u>Reduces Likelihood</u> 5. Adoption of, and action to implement, the council's Climate Change and Sustainability Strategy						
SR_028	Failure to meet regulatory or legal requirements	1. Trust and confidence in the Council is negatively impacted. 2. Deterioration of financial position as a result of regulatory intervention/penalties. 3. Deterioration of service performance as a result of regulatory intervention/penalties	3	4	12	<u>Reduces Likelihood</u> 1. Developing, maintaining and monitoring robust governance framework for the Council. 2. The Council has adopted and published an Asset Management Strategy (AMS) that set out how the Council uses its land and property assets effectively to deliver its service and the rules by which the Council can purchase assets in the future. These strategies are updated on a yearly basis as part of the Capital and Medium-Term Financial Strategies. 3. Ensure there is full understanding the impact of new legislation.	Chief Executive	2	4	8	Amber	03-May-2022

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						<p>4. All managers are required to abide by the Council's procurement rules.</p> <p><u>Reduces Likelihood and Impact</u></p> <p>5. Building relationships with regulatory bodies.</p> <p>6. Develop our Performance Management capability to ensure early intervention where service and/or cultural issues arise.</p> <p>7. Ensure that fire risk regulations are adhered to and that Fire Risk Assessments are regularly reviewed.</p>						
SR_029	Commercial enterprises that are fully controlled by the authority do not deliver financial expectations or do not meet governance requirements.	<p>1. Unfamiliar activity with staff inexperienced in this area.</p> <p>2. Council finances affected if projects do not meet financial expectations.</p> <p>3. Reputational damage if governance procedures are inadequate.</p> <p>4. Failure to abide by company law.</p>	5	5	25	<p><u>Reduces Likelihood</u></p> <p>1. Hire suitably qualified/experienced staff to give legal and specialist support.</p> <p>2. Up or re-skill staff to maximise commercial opportunities.</p> <p><u>Reduces Likelihood and Impact</u></p> <p>3. Ensure that projects meet core principles.</p>	Director of Regeneration and Planning And Chief Executive	3	3	9	Amber	03-May-2022

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						4. Ensure governance processes are set up and adhered to.						
SR_030	The Council suffers a personal data breach by inadequate handling of data or by an IT incident	1. Trust and confidence in the Council is negatively impacted. 2. Deterioration of financial position as a result of regulatory intervention/penalties 3. Deterioration of service performance as a result of regulatory intervention/penalties 4. Increased probability of compensation claims by persons affected by a personal data breach.	3	4	12	<u>Reduces Likelihood</u> 1. Ongoing corporate training for data protection. 2. Ensure all staff complete the e-learning Data Protection course. 3. Ensure that the Data Protection Policy is regularly reviewed. 4. Ensure the Data Protection Officer is afforded the resources to discharge their statutory functions. 5. Ensure that managers regularly remind staff of their responsibilities under data protection, including personal data breach reporting arrangements. 6. Ensure the suite of IT policies is kept up to date. 7. Ensure that IT security is in place and regularly tested. <u>Reduces Impact</u> 8. Incident management procedures to mitigate loss	Chief Executive	2	4	8	Amber	03-May-2022

Appendix A – Strategic Risk Register

Code	Title	Description	Likelihood	Impact	Original Risk Score	Internal Controls	Risk Owner	Likelihood	Impact	Current Risk Score	Traffic Light	Next Review Date
						or breach of data are in place.						

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