

Public Document Pack

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A meeting of the **Corporate Governance & Audit Committee** will be held in Committee Room 2, East Pallant House on **Thursday 28 March 2019 at 9.30 am**

MEMBERS: Mrs P Tull (Chairman), Mrs P Plant (Vice-Chairman), Mr J Brown, Mrs N Graves, Mrs P Hardwick, Mr F Hobbs, Mr S Lloyd-Williams, Mr K Martin, Mr S Morley and Mr P Wilding

AGENDA

- 1 **Chairman's Announcements**
Any apologies for absence that have been received will be noted at this point.
- 2 **Approval of Minutes** (Pages 1 - 6)
The committee is requested to approve the minutes of its ordinary meeting on 10 January 2019.
- 3 **Urgent items**
The chairman will announce any urgent items that due to special circumstances are to be dealt with under the Late Items agenda item.
- 4 **Declarations of Interest**
These are to be made by members of the Corporate Governance and Audit Committee or other Chichester District Council members present in respect of matters on the agenda for this meeting.
- 5 **Public Question Time**
The procedure for submitting public questions in writing by no later than 12:00pm the day before the meeting is available [here](#) or from the Democratic Services Officer (whose contact details appear on the front page of this agenda).
- 6 **Certification of Claims and Returns Annual Report 2017-18** (Pages 7 - 20)
The committee is requested to consider the attached report from Ernst & Young LLP summarising the results of work on the Council's 2017-18 claims and returns
- 7 **Audit Planning Report Year Ended 31 March 2019 - EY** (Pages 21 - 56)
The Committee is requested to consider and note Ernst & Young LLP's Audit Planning Report for the year ending 31 March 2019.
- 8 **2018-19 Accounting Policies** (Pages 57 - 62)
The committee is requested to consider this report and approve the accounting policies to be applied to prepare the Council's 2018-19 financial statements
- 9 **Carry Forward Requests** (Pages 63 - 65)
That the Committee considers and recommends to Cabinet the requests for budgets to be carried forward to 2019-20 totalling £75,000
- 10 **Audit Report, Position Statements, Progress Report, Audit Plan 2019/2020** (Pages 67 - 89)

The committee is requested to consider the Audit Reports, the Position Statements, Progress Report and the 2019/2020 Draft Audit Plan

- 11 **Strategic Risk Management Update** (Pages 91 - 131)
That the Committee notes the current strategic risk register and the internal controls in place, plus any associated action plans to manage those risks, and raises any issues or concerns; and

That the Committee notes both the high scoring programme board and organisational risks, and the mitigation actions in place, and raises any issues or concerns.

- 12 **Exclusion of the Press and Public**
The Committee is asked to consider in respect of the following item(s) whether the public, including the press, should be excluded from the meeting on the grounds of exemption under Parts I to 7 of Schedule 12A of the Local Government Act 1972, as indicated against the item and because, in all the circumstances of the case, the public interest in maintaining the exemption of that information outweighs the public interest in disclosing the information. **The reports dealt with under this part of the agenda are attached for members of the Corporate Governance & Audit Committee and senior officers only (salmon paper).**

11. Strategic Risk Management Update

Appendix 1(b) - Information relating to cyber-attacks to the authority

Appendix 2(b) – Information relating to the recycling support payment income

- 13 **Report on Potential Liabilities of the Council** (Pages 133 - 135)
The Committee is requested to note the potential liabilities of the Council.

14 Late items

The committee will consider any late items as follows:

- a) Items added to the agenda papers and made available for public inspection
- b) Items that the chairman has agreed should be taken as a matter of urgency by reason of special circumstances to be reported at the meeting

NOTES

1. The press and public may be excluded from the meeting during any item of business where it is likely that there would be disclosure of “exempt information” as defined in section 100A of and Schedule 12A to the Local Government Act 1972.
2. Restrictions have been introduced on the distribution of paper copies of supplementary information circulated separately from the agenda as follows:
 - a) Members of the Corporate Governance & Audit Committee, the Cabinet and Senior Officers receive paper copies of the supplements (including appendices).
 - b) The press and public may view this information on the council’s website here [here](#) unless they contain exempt information.
3. The open proceedings of this meeting will be audio recorded and the recording will be retained in accordance with the council’s information and data policies. If a member of the public enters the committee room or makes a representation to the meeting, they will be deemed to have consented to being audio recorded. If members of the public have any queries regarding the audio recording of this meeting, please liaise with the contact for this meeting at the front of this agenda.
4. Subject to the provisions allowing the exclusion of the press and public, the photographing,

filming or recording of this meeting from the public seating area is permitted. To assist with the management of the meeting, anyone wishing to do this is asked to inform the chairman of the meeting of their intention before the meeting starts. The use of mobile devices for access to social media is permitted, but these should be switched to silent for the duration of the meeting. Those undertaking such activities must do so discreetly and not disrupt the meeting, for example by oral commentary, excessive noise, distracting movement or flash photography. Filming of children, vulnerable adults or members of the audience who object should be avoided.

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Minutes of the meeting of the **Corporate Governance & Audit Committee** held in Committee Room 2 - East Pallant House on Thursday 10 January 2019 at 9.30 am

Members Present: Mrs P Tull (Chairman), Mrs P Plant (Vice-Chairman), Mr J Brown, Mrs N Graves, Mrs P Hardwick, Mr F Hobbs, Mr S Lloyd-Williams, Mr S Morley and Mr P Wilding

Members not present: Mr K Martin

In attendance by invitation:

Officers present: Mrs H Belenger (Divisional Manager for Financial Services), Mr N Bennett (Divisional Manager for Democratic Services), Mr M Catlow (Group Accountant (Technical and Exchequer)), Miss L Higenbottam (Democratic Services) and Mr S James (Principal Auditor)

222 **Chairman's Announcements**

(Please note that due to traffic problems the meeting did not start until 9.37am).

Apologies had been received from Mr Martin.

223 **Approval of Minutes**

RESOLVED

That the minutes of the meeting held on 16 October 2018 were agreed and signed as a correct record.

224 **Urgent items**

There were no urgent items.

225 **Declarations of Interest**

There were no declarations of interest.

226 **Public Question Time**

There were no public questions.

227 **2018-19 Treasury Management half-year report**

Mr Catlow introduced the item. He explained that a half-year report is required by both the Committee and the Cabinet. He drew attention to table three outlining the position of external pooled funds and confirmed his recommendation for a 2019/20 review of the those funds. He clarified that the Local Authority Property Fund had recovered costs but due to wider economic factors the fair value currently remained below cost value.

Mr Catlow responded to members questions. He confirmed the property fund capital loss was just below 1% and M&G shows a current capital loss of 4.4% and he also clarified a total current capital loss of £430,000 for all pooled funds. In response to members concerns about ensuring the right investments are made with the right group of people. He confirmed that due diligence applies and the fund managers were subject to interview regarding their choice of funds to ensure the most appropriate match is made. He then clarified that the reserve is designed to cover against any potential losses so the mechanisms are in place to allow movement of funds if required. With regard to Brexit he explained the preparations for funds located outside of the UK which includes the option to move funds to banks and other local authorities with local authorities viewed as lower risk in the present market.

Mr Catlow confirmed that he felt comfortable that appropriate, sensible processes had been followed in choosing the council's current investments. He added that now is an appropriate time to carry out a review of the investments currently held.

Following a request Mr Catlow agreed to introduce a column to table three of section 5.5 of the report to provide detail of the total investment income is also shown.

After further discussion members concluded that they wished the Cabinet to agree a review of the current pooled fund investments discussed.

RECOMMENDATION TO THE CABINET

That the Cabinet considers the Treasury Management activity and performance for 2018-2019 to date and agrees that a review of the associated investments be carried out.

228 **Draft Treasury Management and Capital Strategies 2019-20**

Mr Catlow introduced the item. He explained that the council's Treasury Strategy incorporates the council's risk appetite statement and wider investment strategy with both covering treasury and non-treasury investments. He confirmed that CIPFA have added a requirement to prepare a Capital Strategy to summarise the detail contained in other reports including the capital and project programme and the five year financial strategy. The document is therefore intended to provide a concise, accessible view of the authorities approach to capital investment and treasury management with a focus on risk management.

Mr Catlow explained that the Cabinet is expected to consider the report on 5 February 2019 prior to approval being sought from Full Council for the final contents

of the strategy before the beginning of the new financial year. He highlighted the glossary provided at appendix five which explains some of the financial terminology. He explained that CIPFA and MHCLG's focus for the revised guidance had been to expand the purview of the treasury and investment strategies to cover a broader range of non-treasury investments (largely commercial and service based investments and loans) as well as promoting a greater emphasis on risk management and governance arrangements for wider non-treasury investments.

Mr Catlow then clarified that he had prepared the strategy to capture the proposals discussed at the member workshop prior to Christmas with the most significant changes outlined in appendix one including:

- Proportionality
- Treasury investment limits
- Operational and authorised boundaries for debts

Mr Catlow and Mrs Belenger responded to members questions. Mr Catlow confirmed that the guidance provided to officers is not very clear on what can be classified as commercial property. With regard to the request for a graph detailing the value of commercial assets across a number of years Mr Catlow explained that he would need to refer to the Estates team. With regard to assessing whether appropriate investment judgements are being made Mrs Belenger explained that as part of balancing the budget investment opportunities are considered in line with the council's investment protocol. With regard to the reason for increasing pool funds from £20 million to £35 million Mr Catlow explained that it allows for possibility of increased investment rather than the necessity. With reference to page 17 of the agenda pack he clarified that it should read £30 million limit not £10 million limit. Mrs Belenger explained that the £1 million to be invested in unrated banks includes building societies.

Mr Catlow also confirmed that the council is debt free and there are no current plans to change that status. He explained that if the council is required to loan money it is on a short term basis for operational purposes such as payment of a precept where funding is late. He also confirmed that the framework for treasury management is delegated to the Section 151 Officer with members given the opportunity to consider the allowed limits. Mrs Belenger added that the reason for the Section 151 Officer to take out a loan for the council would be solely in relation to cash flow management and to require additional levels of approval would not be practical for operational reasons. Mr Catlow added that on a daily basis a treasury officer assesses the council's financial position and informs a senior officer if there is requirement to obtain a short term loan. Every decision must be documented on a daily decision sheet.

The Committee discussed the idea of setting a trigger point for the amount that can be invested rather than setting a cap. Mrs Belenger agreed that officers would consider this option as part of future financial strategies but for this coming financial year a balance would need to be built in. Mr Catlow agreed that consideration could be given to shifting the focus to the proportion of income from taxation. Members suggested a change to the proportionality paragraph on page 26 of the Strategy which officers were to include in the draft Strategy to be considered by the Cabinet and this is reflected.

With regard to page 36 of the agenda pack Mr Catlow agreed to remove the word 'property' from the grey box relating to security. In addition the non-treasury investment box should read 'Authority may purchase assets'.

RECOMMENDATION TO THE CABINET

1. That the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy and relevant Indicators for 2019/20 be recommended to the Council for approval subject to officers amending the proportionality paragraph as agreed by the Committee.
2. That the Council's Capital Strategy for 2019/20 – 2022/23 be recommended to the Council for approval.
3. That the Committee requests officers to investigate the proportionality indicator recommended by the MHCLG guidance and report back to a future meeting.

The Committee took a short break.

229 Budget Review Task and Finish Group feedback

Mrs Tull introduced the item. She explained that the Budget Task and Finish Group (TFG) had met in December to discuss the budget variations as they stood at that time. The following areas were covered:

- Services
- Pay settlements
- Pay protection funding
- Residents services
- Grants to parish council's
- Growth services (including the leisure contract)
- Housing

Mrs Belenger added that the papers set out the high level base budget for 2018/19 and the variations to build the 2019/20 budgets due to service pressures and new service items. She explained that the financial settlement from the government had now been received a week later than anticipated but the result had confirmed that the council will have a balanced revenue budget. She explained that the budget will be taken to the Cabinet meeting in February.

There were no questions.

RESOLVED

That the oral report from the Budget Task and Finish Group 2018 be noted.

230 Audit Follow Up, Positions Statements and Progress Report Audit Plan

Mr James introduced Louise Northcott the new senior auditor. He then outlined the item and explained that since the 2016 car parks audit new machines had been introduced which have back office function which impacts the reconciliation process.

The audit team will therefore follow up the new system as part of the 2019/20 audit plan.

Mr James then explained that following the initial General Data Protection Regulations (GDPR) the council has made good progress in meeting the requirements of the regulations. The audit team regularly liaise with the Monitoring Officer to ensure both parties are content with the implementation methods. Mr Bennett (Monitoring Officer) confirmed that he found the monthly discussions most helpful.

Mr James then outlined the plans for the Business Continuity position statement audit. Following the restructure and subsequent creation of the Divisional Manager posts it was felt that time would be required to allow these changes to bed in prior to undertaking the audit review of the council's Business Continuity Plan. The audit team will therefore follow up with the Divisional Managers as part of the 2019/20 audit plan. Mr James indicated that there were robust processes in place following discussion with the Corporate Health and Safety Manager.

Mr James concluded by explaining that as the audit team is now fully staffed he hoped the 2018/19 audit plan could be successfully completed but would keep the Committee informed of any adjustments required.

RESOLVED

That the Audit Reports, Follow Ups, Position Statement and progress against the audit plan be noted.

231 Constitutional Amendment

Mr Bennett introduced the item. He clarified that section 5.1 of the report should read 'anti' not 'antic' and page 90 of the agenda pack should be disregarded. He explained that the report details small consequential changes made by the Monitoring Officer such as job titles and changes to statutes. The Constitution TFG had agreed with the scope to apply the delegated authority to the Monitoring Officer subject to an annual update report to the Committee.

There were no questions.

RESOLVED

That the amendments to the Constitution made by the Monitoring Officer in the period May 2013 to January 2019 be noted.

232 Late items

There were no late items.

The meeting ended at 11.59 am

CHAIRMAN

Date:

Certification of claims and returns annual report 2017-18

Chichester District Council

December 2018

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Agenda Item 6

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the top right corner of the logo.

Building a better
working world



Members of the Corporate Governance and Audit Committee

Chichester District Council
East Pallant House
1 East Pallant
Chichester
West Sussex
PO19 1TY

December 2018

Dear Corporate Governance and Audit Committee Members

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Chichester District Council's 2017-18 claims.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified reporting accountants to certify the claims and returns submitted to them. From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. For 2017-18, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions.

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

We welcome the opportunity to discuss this report with you on 10 January 2019 as well as understand whether there are other matters which you consider may influence our certification.

Yours faithfully

Kevin Suter

For and on behalf of Ernst & Young LLP

Contents



In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Corporate Governance and Audit Committee and management of Chichester District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance and Audit Committee, and management of Chichester District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance and Audit Committee, and management of Chichester District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Housing benefits subsidy claim



Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£34,703,940
Amended/Not amended	Amended – subsidy reduced by £35 with final value of certified claim of £34,703,940
Qualification letter	Yes
Fee – 2017-18	£13,577
Fee – 2016-17	£14,031

Recommendations from 2016-17	Findings in 2017-18
The level of error related to overpayment classification was high. We would recommend the Council conduct refresher training with assessors and conduct quality checks in this area.	Similar findings were identified in 17-18. Further details of these findings are included in section 5.

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires reporting accountants to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the certification of previous years claims. We found errors and carried out extended testing in several areas.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

Rent Allowance cases:

Misclassification of overpayments

We did not identify any cases where expenditure was misclassified between eligible and local authority error overpayments. However, due to known issues in 2016/17 we undertook 40+ testing. Further testing identified four cases where expenditure was misclassified between eligible and local authority error overpayments by a value of £1,169. There was no impact on benefit paid to the claimant but this type of error would result in the incorrect subsidy being claimed from the DWP. We reported these findings and the extrapolated value of these errors, £48,012, to the DWP in our qualification letter.

The potential impact of this matter is significant to the Council. Should the DWP judge that subsidy has been overpaid and decide to adjust the certified claim for the value of the extrapolated error, the impacts would be:

- ▶ a decrease in subsidy of £19,205 as a result of reclassifying the overpayments from eligible to local authority; and
- ▶ a further decrease in subsidy of £119,661. The DWP award full subsidy for local authority and administrative delay overpayments if the total does not exceed a threshold. The impact of this adjustment would increase the total above the lower threshold resulting in the stated loss in subsidy.

Housing benefits subsidy claim (cont...)

Earned Income errors

We identified one case where earned income had been incorrectly calculated causing an overpayment of benefit with total value of £1. Extended testing was performed to the sub population of cases which have earned income. The testing identified two further overpayment of benefit with total value of £57 and four underpayments of benefit. For these cases, amendments have been made to individual claims in 2018-19, ensuring that the benefit paid to claimants has been corrected. We reported these findings and the extrapolated value of the overpayment errors, £1,596, to the DWP in our qualification letter;

Earned Income evidence

In our extended testing for Earned Income errors we also identified six cases where there was insufficient supporting evidence to reperform the calculation of earned income. This is as a result of the Authority using the WURTI/VEP system, and being under the impression that all data would be retained, as in CIS. However when VEP was introduced all interest dates were overridden meaning that earlier data in some cases is no longer available. As a consequence, the Authority have changed their procedures and Officers now download a PDF of VEP data that has been used and scan this against the claim as evidence of earnings.

We have included this issue in our qualification letter as we have been unable to obtain the evidence to ensure the earned income is correct. Should the Department decide that the failure to produce this evidence means that subsidy has been overpaid, the extrapolated effect, would be to reduce cells 102,103, 113 and 114 by £97,315, £78,005, £2,294 and £29,775 respectively with the corresponding entry in cell 113 of £407,389;

Missing claim forms

We identified four cases, with total value £20,580, where the claim form could not be traced and the Council was unable to produce evidence that claim form was received. This was due to the original claim form, which pre-dated 2006, being destroyed in a fire at the Council's storage archive. As in prior years we reported this matter to the DWP in our qualification letter. Should the Department decide that the failure to produce this evidence means that subsidy has been overpaid, the effect of these errors is to overstate cell 094 with a corresponding overstatement of cell 102 £17,862 and cell 095 £2,718; and

Misclassification of tenancy

We identified one case where benefit had been misclassified as a cell 095 regulated tenancy, rather than in cell 110. We have not undertaken further testing as both cells attract subsidy at 100% and there is no impact on the amount of subsidy claimed.

The Authority will review all claims included in cell 095 to ensure they are correctly classified. We reported this finding to the DWP as an observation in our qualification letter.

Housing benefits subsidy claim (cont...)

Non HRA (Housing Revenue Account) Rent Rebate cases:

Misclassification of overpayments

We did not identify any cases where expenditure was misclassified between technical overpayments and either full subsidy or local authority error overpayments. However, due to known issues in 2016/17 we undertook 40+ testing.

Further testing identified one case where expenditure was misclassified between technical overpayments and eligible overpayments by a value of £8. There was no impact on benefit paid to the claimant but this type of error would result in the incorrect subsidy being claimed from the DWP. We reported this finding and the extrapolated value of this error, £11, to the DWP in our qualification letter;

Earned Income evidence

In our extended testing we identified three cases where there was insufficient supporting evidence to reperform the calculation of earned income. This is as a result of the Authority using the WURTI/VEP system as discussed within the Rent Allowances section, above.

Should the Department decide that the failure to produce this evidence means that subsidy has been overpaid, the effect would be to reduce cells 023 by £8,005 and cell 028 by £25 with the corresponding entry in cell 026 of £8,030. For non-HRA cases our testing covered the whole subpopulation and therefore an extrapolation was not required;

Overpayment allocation

We identified three cases where the overpayment had been incorrectly split within Northgate. This resulted in technical overpayments being overstated by £143, and a corresponding understatement of eligible overpayments. The Authority have raised a query with DWP in respect of this error and are still awaiting a response. Until a response has been received the Authority has declined to undertake any further testing. Due to the different subsidy rates for technical and eligible overpayments, if the overpayments are incorrectly classified, it will mean the Authority has underclaimed subsidy. We reported these findings to the DWP as an observation in our qualification letter;

Underclaiming subsidy.

We identified two instances where the Council had underclaimed subsidy.

One case where technical overpayment had been understated by a total value £484. The error arose through the system inappropriately netting down technical overpayment when a claimant moved from a Non HRA Rent Rebates property into a Rent Allowances property. This error will never have an impact on benefit paid to the claimant or subsidy recovered from the DWP; and

One case where an overpayment had been incorrectly classified as LA error and administrative delay by a total value of £71. The overpayment had arisen due to an update to earned income from an RTI. There was a delay in processing and the overpayment had been placed in cell 026. However, as this is an RTI update, the Authority had a 4 week grace period in which to process the change. The change has been processed within this time frame.

We reported both issues to the DWP as observations in our qualification letter.



02

2017-18 certification fees





2017-18 certification fees

The PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim. For 2017-18, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) and are available on their website (www.psa.co.uk).

Claim or return	2017-18	2017-18	2016-17
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	13,577	7,847	14,031

The increase in the actual fee from the indicative is a result of the additional work that we had to perform as a result of the errors reported in section 1. In the 2015/16 claim there were fewer errors, and therefore, less extended testing.



03

Looking forward



Looking forward

2018/19 and beyond

From 2018/19, the Council is responsible for appointing their own reporting accountant to undertake the work on their claims in accordance with the instructions determined by the relevant grant paying body.

As your appointed auditor for the financial statements audit, we are pleased that for 2019 the Council has appointed us to act as reporting accountants in relation to the Grant Claims.

We welcome this opportunity to continue undertaking this work for the Council providing a seamless quality service, drawing on vast array of experienced and knowledgeable public sector professionals in these areas, whilst realising the synergies and efficiencies that are achieved by undertaking both the audit and grant work.



04

Summary of recommendations



Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
<p>The level of error related to overpayment classification remained high.</p> <p>We would recommend the Council continues to conduct refresher training with assessors and conduct more stringent quality checks in this area. We would also recommend that the Council undertakes spot checks on high value overpayments, to ensure the correct classification and reduce the risk of subsidy being withheld as a result of the level of errors exceeding the thresholds set the DWP</p>	Medium	<p>We have recently put all assessors onto an overpayments training session. To build on this we will develop the checking regime to ensure that we see improvements in this area. As part of our recent restructure we appointed a systems specialist, part of whose role is to develop quality assurance particularly around subsidy issues. We will aim to get processes in place by the end of the year, we have already made good progress on this with the introduction of Northgate performance software. However this will be built upon to ensure that we are focusing our checking resources on the areas of greatest concern. These processes will focus on checking overpayments over £500 to ensure that they are correctly classified. I will be the person responsible for this with the support of the Benefits Principal Systems Administrator and the Principal Benefits Officer.</p>	1 April 2019	Marlene Rogers
<p>The Council should review all claims included in cell 095 regulated tenancies to ensure they are correctly included within this classification.</p>	Medium	<p>The claims for the County owned Gypsy & Traveller transient site will be identified within cell 095. These claims were given the tenure type PTEN RT as this tenure type gave the desired level of subsidy as well as preventing the requirement for these claims to be sent to the Rent Officer for an opinion on the level of rent. These cells should appear in cell 110. This cell on the claim form should be used when the cases attract full subsidy but do not sit elsewhere within the subsidy claim. I am unclear whether Northgate has a mechanism to enable this to happen automatically, my assumption would be not. However this will be investigated, as well as perhaps claim flagging within Northgate. This will make it easier at end of year to manually shift the values for this expenditure into the correct cell, should it be determined that this cannot be an automated process. Again this will be developed and implemented by the end of the financial year, by myself and the Benefits Principal Systems Administrator, committing to ensuring the that 2018/19 claim is correct.</p>	1 April 2019	Marlene Rogers

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ED None

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Chichester District
Council
Audit planning report
Year ended 31 March 2019

February 2019



Members of the Corporate Governance and Audit Committee
Chichester District Council
East Pallant House
1 East Pallant
Chichester
PO19 1YT

4 February 2019

Dear Corporate Governance and Audit Committee Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Corporate Governance and Audit Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

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

We welcome the opportunity to discuss this report with you on 28 March 2019 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter
For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Corporate Governance and Audit Committee and management of Chichester District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance and Audit Committee, and management of Chichester District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Corporate Governance and Audit Committee and management of Chichester District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2018/19 audit strategy



Overview of our 2018/19 audit strategy

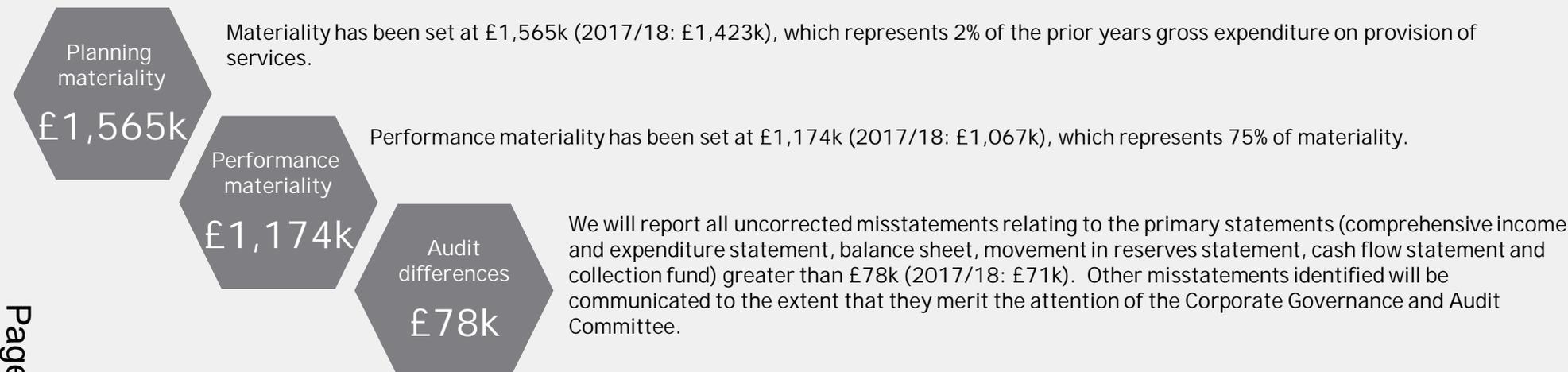
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Corporate Governance and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Capitalisation of revenue expenditure	Fraud risk	No change in risk or focus.	Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. Our judgement is the significant risk at the Council relates to the improper capitalisation of revenue expenditure.
Pension Liability Valuation	Inherent risk	No change in risk or focus.	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council. The Council's pension fund asset is a material estimated balance and the Code requires that this asset be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.
Valuation of Land and Buildings	Inherent risk	No change in risk or focus.	The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.
NDR Appeals Provision Valuation	Inherent risk	No change in risk or focus.	The Non Domestic Rates Appeals Provision is a material balance in the financial statements which requires a number of assumptions and judgements. In the prior year we have identified an error above our audit differences threshold.
New Accounting Standards	Inherent risk	New risk identified this year.	IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts) applies from 1 April 2018. We will assess the impact of these new standards to determine whether they have been appropriately implemented by the Council.

Overview of our 2018/19 audit strategy

Materiality



Overview of our 2018/19 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- § Our audit opinion on whether the financial statements of Chichester District Council give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended; and
- § Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- § Strategic, operational and financial risks relevant to the financial statements;
- § Developments in financial reporting and auditing standards;
- § The quality of systems and processes;
- § Changes in the business and regulatory environment; and
- § Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.



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02 Audit risks



Our response to significant risks

We have set out the significant risks identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

	What is the risk?	What will we do?
<p>Capitalisation of revenue expenditure</p> <p>Financial statement impact</p> <p>Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income and expenditure accounts. We are focussing our testing on capital additions (£7,689m in 2017/18) and Revenue expenditure funded from capital under statute (REFCUS) (£1,840m in 2017/18).</p>	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund.</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>The manipulation of capitalising expenditure could occur through management override of controls.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Journals testing - we will use our testing of Journals to identify transactions moved from revenue to capital. ▶ For significant additions and REFCUS we will examine invoices, capital expenditure authorisations, leases and other data that support these additions and expenditure. We review the sample selected against the definition of capital expenditure in IAS 16. <p>To further respond to the risk of management override we will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. ▶ Reviewing accounting estimates for evidence of management bias. ▶ Evaluating the business rationale for significant unusual transactions

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?

Pension Liability Valuation

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by West Sussex County Council.

The Council's pension fund deficit is a material estimated liability and the Code requires that this asset be disclosed on the Council's balance sheet. At 31 March 2018 this totalled £3,291k.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Valuation of Land and Buildings

The fair value of Property, Plant and Equipment (PPE) represents a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What will we do?

We will:

- Liaise with the auditors of West Sussex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to West Sussex County Council.
- Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We will:

- Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre) and challenge the key assumptions used by the valuer;
- Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE.
- Review assets not subject to valuation in 2018/19 to confirm that the remaining asset base is not materially misstated; and
- Test accounting entries have been correctly processed in the financial statements.

Other areas of audit focus (continued)

What is the risk/area of focus?

NNDR Appeals Provision

The Non Domestic Rates Appeals Provision is a material balance in the financial statements which requires a number of assumptions and judgements. In addition, in the prior year we have identified an error above our audit differences threshold.

IFRS 9 Financial instruments

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year and will change:

- How financial assets are classified and measured;
- How the impairment of financial assets are calculated; and
- The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.

What will we do?

We will:

- Review the calculation of the provision for accuracy.
- Consider the work performed by the Council expert, Analyse Local and understand the assumptions used in their calculation.
- Perform post year-end review of appeals settled to determine whether the revised rateable value and effective date of the appeal are in line with the provision.
- Ensure the Council has amended the provision for any Business Rate reliefs awarded.

We will:

- Assess the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- Consider the classification and valuation of financial instrument assets;
- Review new expected credit loss model impairment calculations for assets; and
- Check additional disclosure requirements.

Other areas of audit focus (continued)

What is the risk/area of focus?

IFRS 15 Revenue from contracts with customers

This new accounting standard is applicable for local authority accounts from the 2018/19 financial year.

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of practice on local authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised.

The impact on local authority accounting is likely to be limited as large revenue streams like council tax, non domestic rates and government grants will be outside the scope of IFRS 15. However where that standard is relevant, the recognition of revenue will change and new disclosure requirements introduced.

What will we do?

We will:

- Assess the authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19. This will include Local Authority Trading Companies consolidated into the Authority's Group Accounts, if applicable;
- Consider application to the authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- Check additional disclosure requirements.



03

Value for Money Risks





Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- § Take informed decisions;
- § Deploy resources in a sustainable manner; and
- § Work with partners and other third parties.

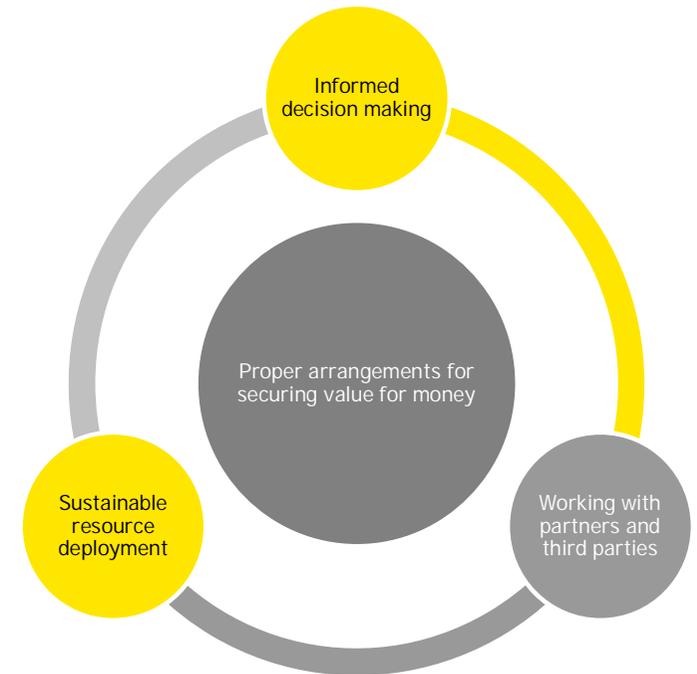
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. At the time of our planning, this has resulted in no significant risks relevant to our value for money conclusion.



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04

Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2018/19 has been set at £1,565k. This represents 2% of the Council's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Corporate Governance and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £1,174k which represents 75% of planning materiality.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Corporate Governance and Audit Committee, or are important from a qualitative perspective.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and
- Substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Corporate Governance and Audit Committee.

Internal audit:

We review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

Our Audit Process and Strategy (continued)

Earlier deadline for production of the financial statements

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the accounts by 31 July.

These changes provide risks for both the preparers and the auditors of the financial statements:

- The Council now has less time to prepare the financial statements and supporting working papers. Risks to the Council include slippage in delivering data for analytics work in format and to time required, late working papers and internal quality assurance arrangements.
- As your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit. Risks for auditors relate to delivery of all audits within same compressed timetable. Slippage at one client could potentially put delivery of others at risk.

To mitigate this risk we will require:

- good quality draft financial statements and supporting working papers by the agreed deadline;
- appropriate Council staff to be available throughout the agreed audit period; and
- complete and prompt responses to audit questions.

If you are unable to meet key dates within our agreed timetable, we will notify you of the impact on the timing of your audit, which may be that we postpone your audit until later in the summer and redeploy the team to other work to meet deadlines elsewhere.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere.

To support the Council we will:

- Work with the Council to engage early to facilitate early substantive testing where appropriate.
- Provide an early review on the Council's streamlining of the Statement of Accounts where non-material disclosure notes are removed.
- Facilitate faster close workshops to provide an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2018/19 financial year.
- Work with the Council to improve the use of EY Client Portal, this will:
 - Streamline our audit requests through a reduction of emails and improved means of communication;
 - Provide on-demand visibility into the status of audit requests and the overall audit status;
 - Reduce risk of duplicate requests; and
 - Provide better security of sensitive data.
- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.



06

Audit team



Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The area where either EY or third party specialists provide input for the current year audit is:

Area	Specialists
Pensions disclosure	EY Actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07 Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19.

From time to time matters may arise that require immediate communication with the Corporate Governance and Audit Committee and we will discuss them with the Corporate Governance and Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	November		
Walkthrough of key systems and processes	December		
	January		
Testing of routine processes and controls Interim audit testing	February		
Testing of routine processes and controls Interim audit testing	March	Corporate Governance and Audit Committee	Audit Planning Report Interim Audit Update
	April		
Year end audit Audit Completion procedures	May		
Year end audit Audit Completion procedures	June		
	July	Corporate Governance and Audit Committee	Audit Results Report Audit opinions and completion certificates
	Autumn	Corporate Governance and Audit Committee	Annual Audit Letter

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08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage	Final stage
<p>▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;</p> <p>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;</p> <p>▶ The overall assessment of threats and safeguards;</p> <p>▶ Information about the general policies and process within EY to maintain objectivity and independence.</p> <p>▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard</p>	<p>▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</p> <p>▶ Details of non-audit services provided and the fees charged in relation thereto;</p> <p>▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;</p> <p>▶ Written confirmation that all covered persons are independent;</p> <p>▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;</p> <p>▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and</p> <p>▶ An opportunity to discuss auditor independence issues.</p>

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, we have not undertaken any non-audit work. We plan to undertake the Housing Benefit Assurance Process, and the fee is less than the 70% limit.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. From 2018-19, the Council is responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance has now been published and the Council has appointed EY as its reporting accountant from 2018-19 for a period of one year, subject to the agreement of an engagement letter.

The specific testing of individual benefit claims and associated subsidy calculations undertaken in respect of this Agreed Upon Procedure (AUP) engagement is distinct and separate to any work we have or will undertake on the financial systems of the Authority. The results of the AUP testing is not reflected in the amounts included/disclosed in the financial statements.

In respect of the checking of benefit system parameters, this work is common across our external audit procedures and this AUP engagement. However, our external audit is concluded prior to this AUP engagement. Therefore the external audit conclusion is therefore not reliant upon the conclusion of our AUP engagement.

No advice will be given in relation to accounting treatment. The report we provide will be prepared or given solely for the purposes of the agreed upon procedures engagement described above and will not be used or relied upon for any other purposes.

Relationships, services and related threats and safeguards

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2018

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

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



09

Appendices



Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
	£	£	£
Total Fee - Code work	37,799	37,799	50,069
Total audit	37,799	37,799	50,069
(Housing Benefits Assurance Process)	10,820	n/a	13,577
Total other non-audit services	10,820	n/a	13,577
Total fees	48,619		63,646

All fees exclude VAT

Notes:

(1) Our 2018/19 Code work includes additional planned procedures highlighted in section two of this report to address the new accounting requirements of IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. As at the date of our planning report the Council is yet to evidence their assessment of the impact of these standards, and so we cannot currently quantify the expected scale fee variation for these additional procedures. We will agree this with management, depending on the identified impact of the new standards and any additional fee is subject to agreement by the PSAA.

(2) Our 2017/18 Housing Benefit Certification final fee includes £5,730 in respect of additional work required to review and capture extended testing undertaken due to errors identified during our testing and the impact on the qualification letter. The proposed additional fee is yet to be agreed with management and is subject to approval by the PSAA.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Required communications with the Audit Committee

We have detailed the communications that we must provide to the Corporate Governance and Audit Committee

 Our Reporting to you

Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Corporate Governance and Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process 	Audit results report

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Required communications with the Audit Committee (continued)

			 Our Reporting to you	
Required communications	 What is reported?	 When and where		
Page 52	Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements 	Audit results report	
	Financial statements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management 	Audit results report	
	Fraud	<ul style="list-style-type: none"> • Enquiries of the Corporate Governance and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud 	Audit results report	
	Related parties	<ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	Audit results report	

Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Planning Report</p> <p>Audit Results Report</p>	
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures 	<p>Audit results report</p>	
Consideration of laws and regulations	<ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Corporate Governance and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Corporate Governance and Audit Committee may be aware of 	<p>Audit results report</p>	
Internal controls	<ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit 	<p>Audit results report</p>	

Appendix B

Required communications with the Audit Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report	
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report	
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	Audit planning report Audit results report	
Certification work	Summary of certification work undertaken	Certification report	

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. Reading other information contained in the financial statements, the Corporate Governance and Audit Committee reporting appropriately addresses matters communicated by us to the Corporate Governance and Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

Chichester District Council

Corporate Governance and Audit Committee

28 March 2019

2018-19 Accounting Policies

1. Contacts

Report Authors:

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David Cooper, Group Accountant

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2. Recommendation

The committee is requested to consider this report and approve the accounting policies to be applied to prepare the Council's 2018-19 financial statements.

3. Background

- 3.1. In following the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code), the Council complies with the requirements of International Financial Reporting Standards (IFRS) except where CIPFA has agreed that departures from these standards are necessary and permissible in the context of local government, or to comply with the statutory framework that the sector is subject to.
- 3.2. The Code specifies the principles and practices required to prepare a Statement of Accounts which gives a true and fair view of the financial position and transactions of a local authority.
- 3.3. The Code is reviewed continuously and is normally updated annually. The 2018/19 Code has been developed by the CIPFA/LASAAC Local Authority Code Board and has effect for financial years commencing on or after 1 April 2018.

4. Changes to the Council's 2018-19 financial statements and accounting policies

- 4.1. CIPFA/LASAAC introduced two new accounting standards in the 2018/19 Code. These are:
 - IFRS 9 Financial Instruments
 - IFRS 15 Revenue from Contracts with Customers

A summary of the changes introduced by these new standards, and the principals that are recommended for inclusion in the Council's accounting policies, are included in the Appendix.

- 4.2. The adoption of these new IFRS in the 2018/19 Code does constitute a change in accounting policy which would normally require restatement of the previous year's accounts, but the Code contains provisions for transitional arrangements which only require adjustments to 1st April 2018 opening balances rather than full prior-year restatement.
- 4.3. Other than the necessary updates for these new standards, the Council's existing accounting policies, last approved by the Committee in March 2018 remain unchanged.
- 4.4. Continuing the practice outlined for last year's financial statements, officers intend that the accounting policies and disclosure notes in the Council's Financial Statements are focussed on information that is important to the presenting of a 'true and fair' view to service users and stakeholders.
- 4.5. In practice this means that;
 - (a) For accounting policies, only those that are material to a reader's interpretation of the accounts will be included.
 - (b) For disclosure notes, unless the note is qualitatively material (see paragraph 4.7) or required by statute, the note will not be prepared or will be replaced by a shorter text disclosure
- 4.6. In determining if a disclosure note contains material information or not, both qualitative and quantitative aspects of materiality will be considered. There appears to be no reason to alter the Council's previously determined quantitative materiality level of £1,000,000 for the total of any income, expenditure, assets or liabilities disclosed in a single note.
- 4.7. Similarly, there continue to be a number of disclosures that, even though they involve relatively small sums, are considered to be of particular interest to users and stakeholders and therefore will be retained. These disclosures are considered to be qualitatively material and are proposed as:
 - (a) Members' allowances
 - (b) Officers' remuneration
 - (c) External Audit Costs
 - (d) Related Parties
 - (e) Termination benefits
 - (f) Market risk exposure for Financial Instruments
 - (g) Investment property income and expenditure
- 4.8. For 2018-19 the above principals are particularly important in light of the focus of the Code's application of IFRS15. In applying these requirements, it is important to recognise that the Council's core function is not the generation of revenue and profits, but rather the democratic provision of public services, supported by a mixture of taxation revenues and other income sources. Although the Council does generate revenue from exchange transactions in the form of fees and charges, and this may be of some interest to a reader of the Council's financial statements, it is not the principal focus of the users' attention as it is for private

sector financial statements.

5. Streamlining the Accounts

- 5.1. The Committee may wish to note that, the elements of the Council's Statement of Accounts for 2017-18, and the wider governance approach used, including the equivalent of this report last year, was cited as a good practice in the CIPFA publication 'Streamlining the accounts: Guidance for Local Authorities'.

6. Resource and legal implications

- 6.1. The Council is required by the Accounts and Audit Regulations to comply with CIPFA's Code of Practice for Local Authority Accounting in preparing its accounts.

7. Consultation

- 7.1 Not applicable

8. Community Impact and Corporate Risks

- 8.1. Other than as set out in paragraph 6.1, none.

9. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other		X

10. Appendices

- 10.1. Appendix – Draft accounting policy principles to be applied – IFRS9 and IFRS15

11. Background Papers

- 11.1. None.

APPENDIX - Draft accounting policy principles to be applied – IFRS9 and IFRS15

IFRS 9: Financial Instruments

IFRS 9 Financial Instruments has replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 reclassifies financial assets and focusses on recognising how financial instruments are used by the Council in determining their accounting treatment.

The two most consequential changes for the Council Accounting Policies are set out below

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council has not to date designated any Financial Assets as FVOCI.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument)

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where the authority makes material loans at less than market rates (soft loans), a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables, and contract assets and trade receivables with a significant financing component.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses.

Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

For trade and contract receivables without a significant financing component the Council has applied a simplified approach consistently to calculate expected credit losses, under which impairment losses are automatically based on lifetime expected credit losses, removing the need to consider changes in credit risk since initial recognition.

IFRS15 Revenue from contracts with customers

Local authorities are required to set out their accounting policies in relation to revenue from contracts with service recipients in accordance with the Code's requirements for the presentation of financial statements.

For accounting purposes, the Council defines revenue as "income arising as a result of the Council's normal operating activities". This is a subset of the Council's income, as income includes gains which may or may not arise from normal operating activities, such as gains relating to the revaluation of non-current assets, gains on the disposal of non-current assets and gains on financial assets measured at fair value.

In recognising revenue from contracts, the Council will differentiate between the following:

- Exchange Transactions, in which the Council directly receives consideration of approximately equal value for the provision of assets or services, or has liabilities extinguished in return for these goods or services; and,
- Non-exchange Transactions where the Council receives value from another entity without directly giving approximately equal value in exchange; or where the Council gives value to another entity without receiving approximately equal value in exchange.

For non-exchange transactions the Council will continue to recognise revenue using its existing accounting policy, ie

- it is probable that the economic benefits associated with the transaction will flow to the authority, and
- the amount of the revenue can be reliably measured.

For revenues from exchange transactions arising from contracts, revenue will be recognised in a way that reflects the pattern in which goods or services are transferred to service recipients and performance obligations are fulfilled, in accordance with the Code, subject to the practical expedient set out below.

For services where the recipient consumes continuing services as they are provided (generally these are the routine and recurring activities undertaken by the Council on a regular basis) the Council will, where appropriate, apply the practical expedient set out in

paragraph B16 of IFRS15. Where appropriate, the Council will recognise revenue when it has a right to invoice for services or goods provided. This largest area of income that this expedient covers relates to the Council's commercial and domestic waste collection services.

Where the Council makes charges in advance for individual services carried out in fulfilment of a statutory or contractual responsibility (for example as a licensing authority or planning authority) these charges will be recognised when the Council's performance obligation is discharged. Applying the overriding concept of materiality, where the difference in revenue recognised using this approach and that recognised using the approach for non-exchange transactions is judged not material the Council will employ the latter approach.

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

28 MARCH 2019

Carry Forward Requests

1. Contacts

Report Author:

David Cooper, Group Accountant,

Tel: 01243 534733 E-mail: dcooper@chichester.gov.uk

2. Recommendation

2.1 That the Committee considers and recommends to Cabinet the requests for budgets to be carried forward to 2019-20 totalling £75,000.

3. Background

- 3.1 In accordance with Financial Regulations, at the end of each financial year the Committee may determine that unspent balances of a specific nature may be carried forward into the following financial year.
- 3.2 Unspent balances at the year-end normally revert to general balances and are taken into account when considering the budget strategy for future years. Exceptionally, however, the Committee may take the view that an underspend arises from circumstances outside the control of the budget manager and that it is in the Council's best interests to carry forward a budget.
- 3.3 The Council is required to issue its Statement of Accounts by 31 May, and approve and publish its audited accounts by 31 July. As a consequence of this earlier deadline the Accountancy Service implemented a number of initiatives to accelerate the closedown process. This included the bringing forward of approvals for carry forward requests.

4. Outcomes to be achieved

- 4.1 The approved carry forward of unspent 2018-19 budgets into the 2019-20 financial year.

5. Proposal

- 5.1 The Council's financial system provides budget managers with easy access to the financial data relating to their approved budgets. As a result, managers no longer need to rely on the Accountancy Service to provide them with up to date financial information as they are able to self-service the system for themselves. Therefore budget managers are now better placed to be able to forecast their year-end budgetary position earlier than before.

- 5.2 All carry forward requests agreed by this Committee, are agreed in principle, subject to the funds being available and unspent at the year end. It may be necessary to claw-back the approval if it is found that the budget requested to be carried forward has been spent or the income not received when the Council's outturn position is established.
- 5.3 The earlier approval of carry forward request benefits the Accountancy Service with the year-end closure process, and also budget managers as approved carry forwards will be available in their budgets from the start of the new financial year.
- 5.4 The carry forward requests in Appendix 1 have been received from budget managers. The Committee is asked to consider the reasons behind each carry forward requested to satisfy itself that the underspends have not arisen due to poor performance, and request the Cabinet to approve their carry forward into 2018-19.

6. Alternatives that have been considered

- 6.1 None

7. Resource and legal implications

- 7.1 None. If approved these sums will be transferred to an earmarked reserve and drawn upon in 2019-20.

8. Consultation

- 8.1 These requests are supported by the Chief Executive and the Director of Corporate Services.

9. Community impact and corporate risks

- 9.1 None.

10. Other Implications

	Yes	No
Crime & Disorder:		✓
Climate Change		✓
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓

11. Appendices

- 11.1 Schedule of Carry Forwards Requests from 2018-19 to 2019-20.

12. Background Papers

- 12.1 None.

Carry Forward Requests from 2018-19 To 2019-20

RESIDENTS'SERVICES

Chichester Contract Services

One-off funding of £50,000 was approved by Cabinet in April 2016 in order to support the delivery of the Council's Recycling Action Plan and meet a 50% recycling rate by 2020. This funding has been utilised to develop and implement an effective communications campaign and the recycling rate has since increased from 39% to 46%.

The remaining budget for 2018/19 was allocated for the production of waste and recycling bin stickers. The original budget for this project was not spent as it was agreed by the Waste and Recycling Panel (W&RP) not to proceed with waste stickers at this time owing to West Sussex County Council implementing a feasibility study for separate food waste collections which may impact future messaging, and to proceed with the recycling information sticker only. The outcome of this project was reported to the W&RP in February 2019.

A communication tool that will complement the bin stickers are bin hangers which can be used by the collection crews to provide additional recycling information on what should / shouldn't go in the recycling bin to reduce occurrences of contamination and guide residents to our online services. Bin hangers can also be utilised to promote the Garden Recycling Service particularly where garden waste is placed in the domestic waste bin. The remaining budget of £10,000 will cover the design, production and implementation for this project to be delivered early 2019/20.

LEADER

Place

Vision for the district - funding to support Visions across the city and rural towns

As part of the 2018/19 budget process £50,000 was provided in the base budget for visions for the district. The expenditure on this budget is dependant on partners working together to deliver projects and whilst work on these has been undertaken in this first year of vision delivery, not all projects have reached completion stage where the expenditure has been required. It is anticipated that these projects will complete during the next financial year.

CORPORATE SERVICES

Legal and Democratic Services

An underspend has arisen within the Legal Services staffing budget as a result of vacancies and flexible working arrangements. Additionally, an underspend is also forecast on the budget available for buying in external legal support. It is therefore requested that these underspends be carried forward to provide the funding for locum costs to ensure service delivery into 2019-20 as a consequence of a current staffing shortfall within the service.

Total Carry Forwards

Budget Manager	Amount
	£
Kevin Carter	10,000
Tania Murphy	45,000
Nick Bennett	20,000
	75,000

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Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE – 28th March 2019

Audit Report, Position Statements, Progress Report,

Audit Plan 2019/2020

1. Contacts

Report Author:

Stephen James – Principal Auditor

Tel: 01243 534736

E-mail: sjames@chichester.gov.uk

2. Recommendation

The committee is requested to consider the Audit Reports, the Position Statements, Progress Report and the 2019/2020 Draft Audit Plan.

3. Main Report

3.1. Museum & TIC

The audit of the Museum and TIC was taken from the 4 year rolling programme of audits. However, due to a service review and the Novium Manager not being in post the audit was delayed from the initial start date.

The scope of the audit was to look at the following areas:

- Guildhall Weddings
- Stock Control and Stocktaking
- Control of Loaned Boxes
- Grants Received

The format of this report is to raise exceptions only; areas highlighted where improvements can be made.

Overall, the control arrangements for the areas audited were found to be working satisfactorily. However, further strengthening needs to be undertaken in some areas.

Three areas for improvement have been raised which have been agreed by management.

3.2. General Data Protection Regulations (GDPR)

A position statement was presented to this committee in January 2019 highlighting the areas of completion and those that were outstanding.

A report was also presented by the Data Protection Officer (DPO) to this committee on GDPR dated the 25 January 2018.

Internal Audit reviewed the processes to provide assurance that the Council is able to demonstrate GDPR compliance. All exceptions raised in the report have already been discussed and actions agreed with the Divisional Manager Democratic Services.

Three areas for improvement have been raised which have been agreed by management.

3.3. Revenues & Benefits Overpayments – Position Statement

A Revenues and Overpayments audit was due to be carried out in 2018/2019 to ensure that Housing Benefit overpayment are being reviewed and appropriate action taken to recover the outstanding debt.

Since the beginning of October 2018 a Specialist Benefits Overpayments Officer (SBOO) has been seconded for 12 months to the Benefits Section. They are responsible for recovering Housing Benefit overpayments from those that are no longer receiving benefit, as well as reviewing cases for invoice credits.

Consequently, it has been decided that due to the volume of overpayments still to be reviewed by the SBOO, a full audit will now be carried out in 2019/20 to ensure that processes for the recovery of Housing Benefit overpayments are fully embedded.

3.4. Housing Benefit Key Financial Systems Audit – Position Statement

In November 2018 the Council's External Auditors Ernst and Young undertook a check of the Council's Housing Benefit Subsidy Claim. As a consequence of this check it was found that the Council's error rate resulted in a reduction to the claim awarded from the Government.

Internal Audit annually undertake work on the Council's Key Financial Systems and in light of this information obtained additional assurance from the service on the checks that they were undertaking to mitigate the risk in the future. The service have introduced the use of Performance Monitoring and Quality Assurance (PMQA) software module, a product available as part of the services Northgate System, which sets exacting parameters to analyse data input onto the services system.

It has been noted that this work will only be able to be undertaken if resources are available. At the end of this financial year the service should have a better idea of the resources needed to take this work forward.

In the meantime the service have informed Internal Audit that the Principal Benefits Officer spot checks those items not on PMQA and will be recording this more formally in the future.

Internal Audit will focus next years' time allocated to Housing Benefits Financial Management System on this area to provide assurance Members and Management that the service is mitigating as much as possible, error rates and therefore the impact on the Council's subsidy claim.

3.5. Audit Plan 2019/2020

The audit plan for 2019/2020 has been prepared and considers the risk, value and system complexity. Each audit will also review the arrangements for securing value for money, and the identification of potential efficiency gains. It is envisaged that a large proportion of audit work will be to undertake the Key Financial Systems work. The remaining time will be taken up with annual activity and audits that are high risk, or have not been audited before.

4. Background

4.1. Not Applicable

5. Outcomes to be achieved

5.1. Not Applicable

6. Proposal

6.1. Not Applicable

7. Alternatives that have been considered

7.1. Not Applicable

8. Resource and legal implications

8.1. Not Applicable

9. Consultation

9.1. Not Applicable

10. Community impact and corporate risks

10.1. Not Applicable

11. Other Implications

Are there any implications for the following?		
	Yes	No
Crime and Disorder:		√
Climate Change and Biodiversity:		√
Human Rights and Equality Impact:		√
Safeguarding and Early Help:		√
General Data Protection Regulations (GDPR):		√
Health and Wellbeing:		√
Other (please specify):		√

12. Appendices

- 12.1. Museum & TIC Audit
- 12.2. General Data Protection Regulations (GDPR) Audit
- 12.3. Revenues & Benefits Overpayments – Position Statement
- 12.4. Housing Benefit Key Financial Systems Audit – Position Statement
- 12.5. Progress Report – Audit Plan
- 12.6. 2019/2020 Draft Audit Plan

13. Background Papers

- 13.1 None



Internal Audit Report

Museum & TIC

**Stephen James
Principal Auditor
February 2019**

Contents

Audit: Museum & TIC **Auditor: Stephen James**

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3	Findings.....	3
4	Agreed Actions	5
5	Action Plan – Appendix 1	6

1 Executive Summary

- 1.1 The Audit of the Museum and TIC was taken from the 4 year rolling programme of audits. However, due to a service review and the Novium Manager not being in post the audit was delayed from its initial start date.

The scope of the audit was to look at the following areas:

- Guildhall Weddings
 - Stock Control & Stocktaking
 - Control of Loaned Boxes
 - Grants Received
- 1.2 The format of this report is to raise exceptions only; areas highlighted where improvements should be made. All exceptions raised in this report have already been discussed and actions agreed with the appropriate Service Managers and/or Heads of Service.
- 1.3 For ease of reading I have grouped the findings under the headings detailed in the scope.

2 Findings

2.1 Guildhall Weddings

- 2.1.1 The process for booking and paying for Weddings at the Guildhall was reviewed. It was found that the process is not automated and that invoices were not raised following a booking. Although the number of Weddings that take place is not huge this is an area which is growing in popularity.
- 2.1.2 Invoices are not raised for bookings made, but paid over the phone or at the front desk and therefore do not appear on the debtors report should the applicant default on payment.
- 2.1.3 The reconciliation process for Guildhall Weddings appears to be sketchy with no proper reconciliation being undertaken.

3 Stock Control & Stocktaking

- 3.1.1 Reviewed the Stocktaking system and followed through the process for the Museum and TIC. Procedure notes are present for the EPOS system and all stock purchased is loaded onto the system and any sales are deducted from the system.
- 3.1.2 Items are purchased from the Petty cash system, mostly for milk which is used in the Café other commodities are purchased from a supplier which is delivered straight to the Museum.

3.1.3 There have been cases where old stock that is not suitable for sale has been written off and the appropriate adjustments have been made in the accounts.

3.1.4 Stocktakes are undertaken on an annual basis. A copy of the end of year stock certificate dated April 2018 has been obtained. The original was submitted to Finance for their records.

4. Control of Loaned Boxes

4.1.1 Boxes are loaned to Schools inside and outside of Chichester District and charges for boxes vary according to the hirer's location. The maximum number of boxes that can be loaned is three per term, and there is a collection and drop off fee of £10 each way.

4.1.2 Once the loan form has been received an invoice is raised.

4.1.3 Signatures are required for receipt of boxes, and a fee of £50 is charged for late returns.

4.1.4 When reviewing the aged debt report dated the 23rd January it was identified that four Schools and one College had a red indicator for which recovery action should have been taken, and one School had an amber alert that further action needs to be taken.

4.1.5 Discussions have taken place with the Recovery Officer and a further review will be undertaken to establish the current position regarding these outstanding accounts.

5. Grants Received

5.1.1 Followed through the process for obtaining a Grant for exhibitions.

5.1.2 The Novium has been successful in obtaining 4 smallish Grants from various organisations during 2018/2019. The one that was followed through was a Grant from The Roman Research Trust & the Roman Society to cover the costs of a Roman Week. The majority of the Grant was to cover the cost of a re-enactment.

5.1.3 A record is kept of how the Grant has been spent and a report is produced at the end of the process which explains when the event was held and gives an explanation of how the re-enactment took place, how well it was attended, feedback from the public and the finance and marketing support from local organisations.

5.1.4 A report is not produced for a Committee; however, Culture and Sport include an item in the Members Bulletin that a Grant has been successfully achieved and what it is for. They also do a press release and report back again through the Members Bulletin how successful the project has been.

6 Conclusion

- 6.1 The management and control arrangements for areas audited were found to be working satisfactory. However, further strengthening of controls needs to be undertaken in some areas.
- 6.2 All areas where improvements have been identified are reported below in an Action Plan. This plan also shows agreed actions, the responsible officer and target dates.

7 Agreed Actions

- a. The agreed Action Plan can be seen at Appendix 1 to this report.
- b. In order to prioritise actions required, a High, Medium and Low risk factor has been applied to identify issues raised as follows:

High – Significant areas of improvement to be addressed

Medium – Important areas of improvement to be addressed

Low – Minor areas of improvement to be addressed

8 Agreed Action Plan – Appendix 1

Finding Ref:	Areas for Improvement	Priority	Agreed Actions	Responsible Officer	Target Date
2.1.2	That invoices are raised for bookings made for Weddings to be held at the Guildhall.	Medium	Agreed	Museum & TIC Manager	Sept 2019
2.1.3	That a reconciliation is undertaken of income from Guildhall Weddings.	Medium	Agreed	Museum & TIC Manager	Sept 2019
4.1.5	Monthly monitoring of the aged debt report is undertaken and appropriate action taken to recover the debt.	Medium	Agreed	Museum & TIC Manager	Sept 2019



Internal Audit Summary Report

General Data Protection Regulation (GDPR) Ann Kirk & Julie Ball Auditors 5th March 2019

Contents

Audit: General Data Protection Regulation (GDPR)
Auditors: Ann Kirk & Julie Ball

If viewing on-screen, please click on the links below or use the scrolling arrows

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Chichester District Council
Internal Audit Report

4	Agreed Actions	4
5	Action Plan – Appendix 1	6

1 Introduction

- 1.1 Internal Audit reviewed General Data Protection Regulation (GDPR) as part of the Annual Internal Audit Plan which is approved by Corporate Governance and Audit Committee each year.
- 1.2 All British and European organisations including the Council had to comply with its provisions from the 25 May 2018. The purpose of the legislation is to make it 'fit for the 21st Century' with advances in information technology and changes to the ways in which individuals and organisations communicate and share information.
- 1.3 The review was undertaken in accordance with the information provided by the Information Commissioner's Office to implement GDPR.
- 1.4 A position statement was presented to the Corporate Governance & Audit Committee in January 2019 highlighting the areas of completion and those that were outstanding.
- 1.5 A report had also been presented by the Data Protection Officer (DPO) to the Corporate Governance and Audit Committee on GDPR in 25 January 2018.

2 Scope

- 2.1 Internal Audit reviewed the processes to provide assurance that the Council is able to demonstrate GDPR compliance. All exceptions raised in this report have already been discussed and actions agreed with the Divisional Manager Democratic Services.

3 Areas for Improvement

- 3.1 IT Security Policies were reviewed and updated in June 2018 to standstill. The IT Security Policy has a number of policies within it. Legal are reviewing these policies to make improvements and to ensure there are no duplications. Internal Audit will review the updated policies on completion.
- 3.2 The policy for Data Protection in the Council's Staff Handbook and on the Council's intranet was put in place in May 2000. Testing found that this has not been updated or reviewed since 31st January 2007. The policy needs to be brought up to date to be in line with GDPR and mitigate the risk of data breaches if not maintained.
- 3.3 The Council has had a Retention Policy in place for a number of years. The purpose of this document is to evidence a corporate policy framework to ensure particular documents are being retained and/or disposed of in the

correct manner and timescale. This was last updated on 3rd July 2017 and is to be reviewed in line with the IT Security Policies.

- 3.4 A Register of Data has been compiled and published on the Council's website by the Data Protection Officer (DPO) a requirement under GDPR. The register shows the level of administration that is undertaken by all services for the collection, storage and processing of data. The DPO is carrying out an audit to ensure that the information provided by individual services for the Register of Data is true. For best practice the DPO should keep a record of the results of these audits and any actions required to ensure that they have been completed and for future reference.
- 3.5 The Data Protection Officer was able to mainly demonstrate that the council is able to show GDPR compliance in all areas and has made good progress in implementing the change in Data Protection Legislation. The DPO has followed guidelines that the Information Commissioners Office (ICO) provided prior to 25th May 2018. This has been a major project and will continue to be ongoing in ensuring the council are compliant with current policies, staff training, data protection audits, privacy impact assessments, data processing register, contract with data processor.

4 Agreed Actions

- 4.1 The agreed Action Plan can be seen at Appendix 1 to this report.
- 4.2 In order to prioritise actions required, a High, Medium and Low risk factor has been applied to identify issues raised as follows:
- High – Significant areas of improvement to be addressed
 - Medium – Important areas of improvement to be addressed
 - Low – Minor areas of improvement to be addressed

5 Agreed Action Plan – Appendix 1

	Areas for Improvement	Priority	Agreed Actions	Responsible Officer	Target Date
Data Protection and policies	The Policy for Data Protection is updated and reviewed with a record of the next review date.	Medium	Yes	Human Resources Manager / Divisional Manager Democratic Services.	September 2019
	Retention Policy is updated and reviewed with a record of the next review date.	Medium	Yes	Divisional Manager Democratic Service's	September 2019
Data Protection Audit & Reviews	A record of audits is completed including results and actions required and when they have been completed.	Low	Yes	Human Resources Manager / Divisional Manager Democratic Services.	With immediate effect

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Internal Audit Position Statement

Revs & Bens Overpayments

Julie Ball

12th February 2019

Position Statement as at 4th February 2019

1. Introduction

- 1.1 A Revenues & Overpayments Audit was due to be carried out in 2018/19 to ensure that Housing Benefit overpayments are being reviewed and appropriate action taken to recover outstanding debt.
- 1.2 As at 4th February 2019 the Civica debtors system showed that there is some £2.2m in outstanding overpayments from those that are no longer receiving benefits.

Scope

- 2.1 The scope of the audit was to ensure that there are processes and controls in place to recover overpayments and that they are being followed.

3. Findings

- 3.1 The Lead Technical Officer for Benefits carries out monthly overpayment reconciliations between the Northgate Benefits System and Civica, the Councils Finance IT system. Quarterly monitoring of outstanding overpayments and the total amount recovered in year is also carried out and sent to the Group Accountant in Financial Services for their review and for end of year accounts.
- 3.2 Since the 1st October 2018 a Specialist Benefits Overpayments Officer has been seconded for 12 months to the Benefits Section. They are responsible for recovering Housing Benefit overpayments from those that are no longer receiving benefits, as well as reviewing cases for invoice credits.

4. Conclusion

- 4.1 It has been decided by Internal Audit that due to the volume of overpayments still to be reviewed by the SBOO, a full audit will now be carried out in 2019/20 to ensure that processes for the recovery of Housing Benefit overpayments are fully embedded.



Internal Audit Position Statement

Housing Benefit Key Financial Systems Audit

**Louise Northcott and Ann Kirk
February 2019**

Position Statement as at February 2019

Introduction

In November 2018 the Council's external auditors Ernst and Young undertook a check on the Council's Housing Benefit Subsidy Claim. As a consequence of this check it was found that the Council's error rate resulted in a reduction to the claim awarded from Government.

Additional work was carried out on claim checking as part of the 2018/19 annual Housing Benefits Financial Management System audit in order to obtain additional assurance from the service on the checks that they are undertaking to mitigate the risk of errors occurring in the future.

Findings

The service have introduced the use of Performance Monitoring and Quality Assurance (PMQA) software module, a product available as part of the service's Northgate System, which sets exacting parameters to analyse data input into the service's system. The initial parameters are set to include a review of 100% overpayments over £500 and 50% of payslips. The Service plan to review and adapt the parameters throughout next year as they analyse the high risk cells within the subsidy claim every two months. As a result the service expect the error rate identified this year will reduce and therefore the reduction to the subsidy claim.

It is noted that this work will only be able to be undertaken if resources are available. At the end of this financial year the service should have a better idea of the resources needed to take this work forward.

In the meantime the service have informed Internal Audit that the Principal Benefits Officer spot checks those items not on PMQA and will be recording this more formally in the future

Conclusion

The 2019/20 Housing Benefits Financial Management System audit will focus on PMQA work in order to provide assurance to the Council's Members and Senior Management that the Service is mitigating, as much as possible, error rates and therefore the impact on the Council's subsidy claim.

Progress Report – Audit Plan



As at 28th February 2019

Appendix 5

Audits	Auditor	No of Days	Position with Audit if commenced
Museum & TIC	Stephen James	1	Audit Completed
HB Overpayments debt recovery	Julie Ball	0	This audit was brought forward from 2017/2018. Testing of HB Overpayments is scheduled to take place in the last quarter of 2018/2019.
2018/2019 Audit Plan			
Car Parks - Follow Up	Ann Kirk	0	Follow up completed
S106 and CIL (Follow Up)	Stephen James	8	This follow up was partially completed in 2017/2018 the remaining recommendation will be followed up during 2018/2019.
Use of Consultants (Southern Gateway only)	Sue Shipway	1	Position Statement issued
Personnel & Recruitment (Gifts and Hospitality Car Loans & Debts)	Ann Kirk/Julie Ball	0	Audit Completed
IT Inventory (Follow Up)	Sue Shipway	0	Audit Completed
Building Security	Sue Shipway	0	Audit Completed
Housing Applications	Louise Northcott	4	
IT GDPR Post Implementation	Ann Kirk/Julie Ball	1	Position Statement & Audit Report issued
Income Generation (Financial Resilience and VFM)	Louise Northcott	6	
Grants Paid	Stephen James	10	
Business Continuity	Sue Shipway/Ann Kirk	3	Position statement issued
Key Financial Systems Report - 2017/2018	Sue Shipway	0	Audit Complete
Trade Waste	Ann Kirk/Julie Ball	0.5	

PSIAS	Sue Shipway	4	
Inclusion in Key Financial Systems			
Creditors	Sue Shipway / Julie Ball / Ann Kirk / Stephen James	10	The Key Financial review work take place over the next twelve months, the first level of tesing is currently being carried out.
Debtors	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
Payroll	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
NNDR	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
Treasury Management	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
Fixed Assets	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
Council Tax	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
Bank Reconciliation	Sue Shipway / Julie Ball / Ann Kirk / Stephen James		
Other Audit Activities			
Key Financial Systems - As above	Sue Shipway / Julie Ball / Ann Kirk / Stephen James	10	
Planning and Control (Audit planning and review)	Stephen James / Sue Shipway	7	
Meeting / Discussions with EY	Stephen James / Sue Shipway	1	
Committee reports and representation	Stephen James / Sue Shipway	0	
Corporate Advice	Stephen James / Sue Shipway / Julie Ball	11	
2017/2018 AGS and Evidence	Stephen James	0	
Contingency	Stephen James / Sue Shipway / Ann Kirk / Julie Ball	11	
Public Sector Internal Audit Standard (PSIAS)	Stephen James / Sue Shipway	4	
Follow Ups	Stephen James / Sue Shipway / Ann Kirk / Julie Ball	9	

Individual Audit Plan for 2019 - 2020							
		Steve James	Louise Northcott	Ann Kirk	Julie Ball	TOTAL	
Audits for 2019 - 2020 and Other Chargeable Work		590	157	197	131	105	590
		0	-1	0	0		
New Audits for 2019 - 2020	Audit Days						
HR	Corp Servs	10		10			10
Car parking	G&P	10		10			10
Building Control - looking at why in deficit still and time recording	P&E	5		5			5
Business Continuity	Corp Servs	5		5			5
CT debt recovery	Res Servs	8		8			8
NDR debt recovery	Res Servs	8			8		8
	Res Servs/Corp Services	14		14			14
Corporate debt recovery	G&P	10		10			10
Private Hire & Taxis (vetting processes)	HSG & C	10		10			10
Westward House - cash handling	P & E	5	5				5
Reconciliations (CIL)	Cross cutting	10	10				10
Usage of grants received (Community Led Housing)	G&P	10			10		10
Alcohol Licensing	Res Servs	10			10		10
Land Charges	HSG & C	10		10			10
Community Safety	PH	5			5		5
Pest Control (contract management)	P&E	10			10		10
Dog Control (stray dog service as per e-mail from Alison)	Cross cutting	15		15			15
Inspections of land and buildings (risk assess based on insurance claims and complaints made)		5		5			5
Food Safety (following up those with poor hygiene ratings)	Cross cutting	10	10				10
Travel & subsistence		170	15	59	53	43	170
Key Financial Systems Audits for 2019 - 2020	Audit Days						
Asset Management (Update procedures if applicable and VE Rec only)		5			5		5
Cash and Bank		10			10		10
Council Tax		9	9				9
Creditors		10		10			10
Debtors		10		10			10
Housing Benefits:		14					0
HB overpayment recovery			1		6		7
PMQA			2	5			7
NDR		9	9				9
Payroll		10		10			10
Treasury Management		7		7			7
		84	18	20	30	16	84
Annual Activity							
Planning and Control (Audit planning and reviews)		15	1	10	2	2	15
Meetings/discussions with EY		3	2	1			3
Committee reports and representation		15	13	2			15
Corporate Advice		10	5	5			10
NFI		5	5				5
AGS and Evidence		20	20				20
Contingency		33	7	13	5	8	33
Public Sector Internal Audit Standard (PSIAS)		5	5				5
Follow Ups:							0
Gifts, hospitality & car loans		1				1	1
Building Security		3		3			3
IT Security		1		1			1
Museum & TIC		1	1				1
Trade Waste		2			1	1	2
Housing Applications		2		2			2
Income Generation		3		3			3
GDPR		2				2	2
Other follow-ups		13		5	5	3	13
		134	54	50	13	17	134
Chargeable Work Total		388	87	129	96	76	388
Non Chargeable Work							
Management (inc Fraud)		40	21	19			40
Administration		20	4	8	4	4	20
Fraud shadowing		10	10				10
Elections		0					0
Performance and Appraisals		3	3				3
Training		8	1	5	1	1	8
General Meetings		15	4	4	4	3	15
Annual Leave		102	26	31	25	20	102
Sickness		4	1	1	1	1	4
Non Chargeable Work Total		202	70	68	35	29	202
Total		590	157	197	131	105	590
Unallocated		0	0	-1	0	0	

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Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE

28 March 2019

Strategic Risk Management Update

1. Contacts

Report Author:

Helen Belenger, Financial Services Divisional Manager

Tel: 01243 521045 E-mail: hbelenger@chichester.gov.uk

2. Recommendation

- 2.1. That the Committee notes the current strategic risk register and the internal controls in place, plus any associated action plans to manage those risks, and raises any issues or concerns.**
- 2.2. That the Committee notes both the high scoring programme board and organisational risks, and the mitigation actions in place, and raises any issues or concerns.**

3. Background

- 3.1. In accordance with the governance arrangements as set out in the Council's Risk Management Strategy and Policy, the Strategic Risk Group (SRG) reviews the strategic and programme board risk registers, and the high scoring organisational risk register bi-annually. The outcome of their review is then reported to this Committee, which last received an update on the risk registers on 16 October 2018.
- 3.2. The SRG met on 11 March 2019 to consider the latest position of the risk registers and is the purpose of this report.
- 3.3. Under the Risk Management Policy the Strategic Leadership Team (SLT) review the Council's risk registers on a quarterly basis; a review took place in January/February with a further update in March to take account of the new service plans for 2019-20 and any new risks identified from those plans.

4. Outcomes to be achieved

- 4.1. The Strategic, Programme Board Risk and Organisational Risk Registers are current, and relevant to the Council and its operation, and that those risks are well managed in accordance with the Council's Risk Management Strategy and Policy.

5. Update on the Strategic Risk Register

- 5.1. The strategic risk register was considered by the relevant risk owner prior to the reviews by the Strategic Leadership Team and the Strategic Risk Group.

- 5.2. SRG considered the updated risk register, with its discussion focussed on the current risk scores, the latest situation affecting the risk position, and the mitigation action plans that are in place or being developed to manage the identified risks.
- 5.3. The risk map below shows the risk numbers and where they currently appear on the heat map for the strategic risk register:

LIKELIHOOD				
	8	1, 149	147	
			9, 97, 148, 165	
		88	145	68
IMPACT				

Key to Risk Numbers:

1 = Financial Resilience, 8 = Skills, Capability/Capacity, 9 = Business Continuity, 68 = Health & Safety, 88 = Recycling Target, 97 = Cyber Risk, 145 = Data Protection Act - Loss of Data, 147 = Southern Gateway Regeneration, 148 = Local Plan, 149 = Impact of welfare reform, including Universal Credit (UC), on working claimants across the district, 165 = Brexit.

- 5.4. Appendices 1(a) and 1(b) show the updated Strategic Risk Register taking into account the following comments from SRG:
- a. CRR 147 Southern Gateway Regeneration – That the internal control for Financial Controls and Budget Monitoring was considered to be improving rather than assessed as poor.
 - b. CRR 149 - That the title be amended from Impact of Universal Credit (UC) on working claimants across the district be amended to Impact of welfare reform, including universal credit on working claimants etc.
- 5.5. A new risk was identified in respect of the risk on the high street as a result of the changing shopping habits and the economy, which is linked to the Council's vision projects. Currently this risk is being assessed by the risk owner for SRG input prior to reporting to the Committee. Due to the timing of report deadlines, it may be necessary to give an oral update or circulate the information as an addendum to the published agenda.
- 5.6. Previously when reported the strategic risk register had 11 strategic risks, of which six were considered to be controlled, and the remaining five with controls pending, as an action plan is still in progress to control or mitigate this risk; although the mitigation actions are seen as improving. This remains the situation for this current review, excluding the new risk identified as yet to be determined.
- 5.7. The following risk scores have changed since the strategic risk register was last reported to the Committee:

- CRR 145 – Data Protection Act – Loss of Data– the risk score has decreased from 4 to 3.
- CRR 148- Local Plan – the risk score has decreased from 9 to 6.
- CRR 88 – Non-achievement of Recycling Target of 50% by 2020 – the risk score has decreased from 4 to 2.

6. Programme Board Risk Registers

- 6.1. Three Programme Boards were originally set up to cover areas of Business Improvement, Commercial and Infrastructure matters led by a head of service; now with a director lead, along with the relevant portfolio holder. Since last the report to Committee the Infrastructure Programme Board risk items have all been end dated as its purpose and objectives have now largely been overtaken by other groups e.g. Chichester Growth Board, DPIP and Chichester Vision Steering Group.
- 6.2. There are currently no high scoring risks for any of the remaining Programme Boards.

7. Update of the Organisational Risk Register

- 7.1. The SRG considered the high scoring risks and the associated mitigation plans which are shown in appendices 2 (a) and (b) reflects the changes recommended by the group.
- 7.2. The recommendations were:
 - A new risk for loss of key procurement staff should be created rather than reflected under the existing risk CRR 10 Contract Management.
 - CRR 159 Communications, Licensing & Events Division – Loss of key staff – That the impact be reconsidered by the risk owner, as the group considered it to be too high.

8. Resource and Legal Implications

Risk Management Loss Control Allowance

- 8.1. The Council receives an allowance under the insurance contract with Zurich Municipal to use their Risk Management Consultants. Once the Council elections have taken place the risk appetite review will be arranged with Zurich for later this year.
- 8.2. Both SLT and SRG supported the recommendation to use some of the allocation for this coming year for additional training on corporate inspection regimes to address any outstanding operational staff and Divisional Managers who are responsible for any service areas that carry out inspections. Plus training on the engineering inspection regime and the use of Zurich's system recording the inspection outcomes and any associated actions required by Council staff. Also following a recent strategic business continuity (BC) exercise with SLT, Zurich will be requested to provide some BC training to the Corporate Management Team.

9. Consultation

- 9.1. The SRG considered the risk registers and the associated mitigation plans, the appendices reflect the changes recommended by the group.

10. Community Impact and Corporate Risks

- 10.1. This report details the corporate risks and individual services will have considered the impact on the community as part of their own assessment for service delivery and the identified risks.

11. Other Implications

	Yes	No
Crime & Disorder:		X
Climate Change and Biodiversity:		X
Human Rights and Equality Impact:		X
Safeguarding and Early Help:		X
General Data Protection Regulations (GDPR):		X
Health and Wellbeing:		X

12. Appendices

- 12.1. Appendix 1(a) – Strategic Risk Register
12.2. Appendix 1 (b) – Strategic Risk Register (Part 2)
12.3. Appendix 2 (a) - Mitigation plans for the high scoring organisational risks
12.4. Appendix 2 (b) - Mitigation plans for the high scoring organisational risks (Part 2)

13. Background Papers

- 13.1. None.

Corporate Risk Register - Strategic Risks Quarterly Update

Report Author: Helen Belenger
Generated on: 25 February 2019



Risk Status	
	Alert
	High Risk
	Warning
	OK
	Unknown

Control Pending

Status	Risk No.	Risk Area	SLT Lead	Original Score	Previous 1/4ly Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 88	Non Achievement of Recycling Target of 50% by 2020	Jane Dodsworth	6	4	2	3	01-Jan-2020	Improving
	CRR 147	Southern Gateway Regeneration	Paul Over	9	9	9	4	30-Jun-2019	Improving
	CRR 148	Local Plan	Andrew Frost	9	6	6	3	31-Jul-2020	Improving
	CRR 149	Impact of Welfare Reform, including Universal Credit (UC), on working claimants across the district	Louise Rudziak; Jane Dodsworth	9	6	6	3	31-Mar-2020	Improving
	CRR 165	Brexit	John Ward	6	6	6	4	30-May-2019	Improving

Controlled

Status	Risk No.	Risk Area	SLT Lead	Original Score	Previous 1/4ly Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 01	Financial Resilience	John Ward	9	6	6	3	31-Mar-2020	Good
	CRR 08	Skills / Capability / Capacity	John Ward	3	3	3	2	31-Mar-2020	Good
	CRR 09	Business Continuity	John Ward	9	6	6	3	31-Mar-2020	Good
	CRR 68	Health and Safety	John Ward	9	4	4	4	31-Mar-2020	Good
	CRR 97	Cyber Risk Attack Across ICT Estate	John Ward	6	6	6	6	31-Mar-2020	Good

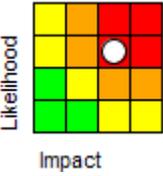
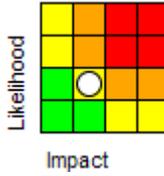
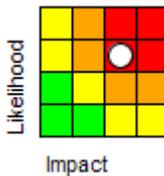
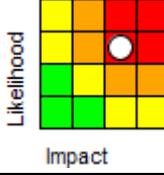
Appendix 1 (a)

Status	Risk No.	Risk Area	SLT Lead	Original Score	Previous 1/4ly Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 145	Data Protection Act Breach - Loss of Data	John Ward	4	3	3	3	31-Mar-2020	Good

Management Control Pending

CRR 88	Non Achievement of Recycling Target of 50% by 2020		Management	Control Pending
			Corporate Links	
The current recycling target set for 2020 is 50%. The failure to achieve this target could mean the Council may incur significant fines, taxes or extra landfill taxes or reputational damage.				
SLT Risk Owner: Jane Dodsworth Responsible Officer: Kevin Carter				
Original and Target Risk Assessment				
Original Risk Date	28-Nov-2014		Target Risk Date	01-Jan-2020
Original Risk Score	6	Likelihood Impact	Target Risk Score	3
				Likelihood Impact
Current and Previous Quarter Risk Assessment				
Page 97 Current Assessment Previous Quarter Assessment	25-Feb-2019			2
	20-Dec-2018			4
Internal Controls				Current Status
Initiatives to increase amount of recycling	1. New initiatives to increase recycling rates are being implemented and further work to improve the quality of the waste for recycling collected are under consideration. 2. A Waste & Recycling Panel has been established to drive forward initiatives and improvements.			Improving
Latest Position Statement				
25 Feb 2019	The forecast County recycling rate exceeds 50%. CDC forecast is 47% and improving. The risk of any fines arising from not meeting 50%			

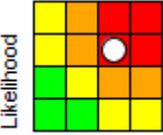
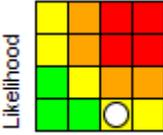
	has been significantly reduced both because of the County figure and BREXIT . While there may be a reputational risk by CDC specifically not meeting the 50% we are in the top 20 LA's across the UK in recycling improvement.
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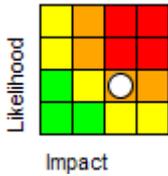
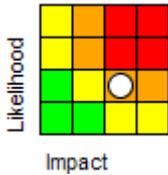
CRR 147		Southern Gateway Regeneration		Management	Control Pending
				Corporate Links	
<p>Failure to deliver the outcomes of the project leading to reputational damage and financial exposure to CDC as lead partner, and potential repayment of the Local Enterprise Partnership (LEP) (and other funding). Lack of engagement or buy in by other key partners, leading to CDC being isolated and unable to deliver outcomes. Masterplan becomes commercially unviable due to certain market sectors' changes including demands for community/public realm use types.</p> <p>SLT Risk Owner: Paul Over / Jane Hotchkiss Responsible Officer: Victoria McKay</p>					
Original and Target Risk Assessment					
Original Risk Date	23-Feb-2018			Target Risk Date	30-Jun-2019
Original Risk Score	9			Target Risk Score	4
					
Current and Previous Quarter Risk Assessment					
Current Assessment Previous Quarter Assessment	22-Feb-2019			9	
	14-Jan-2019			9	
Internal Controls					Current Status
Partner Organisation Engagement	1. Law Courts - Homes England (HE) hand over. Close liaison with HE with contingency built into Masterplan. Use of EPH committee rooms completed. CDC has agreed 43 Fridays per annum. Courts completely closed on 21 December 2018. 2. WSCC and land held. On-going discussions with County Council. WSCC land not transferring to HE.				Improving

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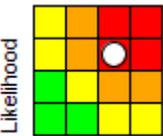
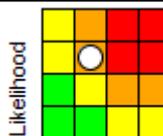
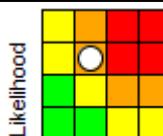
Strategic Land Owner Engagement	<ol style="list-style-type: none"> 1. Memorandum of Understanding (MOU) signed. 2. Growth Deal approved and Growth Board meeting held on 4 January 2019, and on-going liaison with other partners. 3. Relocation of Royal mail & Stage coach - suitable sites identified but St. James site released and Parkers site awaiting due diligence. 	Improving
Financial Controls & Budget Monitoring	<ol style="list-style-type: none"> 1. Identifying potential abnormal costs as early as possible by undertaking key studies in advance e.g. flooding, contamination and drainage. 2. Relocation funding from key partners - Timely reapplication to LEP/HE and exploring alternative funding routes as necessary. 	Improving
Management of External Consultants	<ol style="list-style-type: none"> 1. Contract T&C's for consultants employed to ensure delivery of service. 2. Availability of consultancy advice - Use tried and tested framework agreements to source expertise; test knowledge via tendering process. 	Good
Masterplan	<ol style="list-style-type: none"> 1. Demand in market sector changes - Regular updating of viability advice for the Masterplan as the project is implementation proceeds. 2. Road space configuration - WSCC Highways input to project team to ensure solution(s) are acceptable. 3. Community or Public Realm Uses for site - Steering group input and regular re-appraisal of the scheme as it progresses. 	Improving
Compulsory Purchase Order (CPO)	<ol style="list-style-type: none"> 1. Use of CPO if required for land acquisitions for Masterplan assembly, where unable to agree terms to complete acquisitions. 2. Use of consultancy support to ensure CPO grounds well founded, including independent valuations. 	Improving
Latest Position Statement		
25 Feb 2019	<p>Follow up Waste Water Treatment study completed but outstanding question on cost has been raised with the consultants.</p> <p>Slippage in the program and the impact, if any, on funding is regularly discussed with the LEP, lastly at a meeting on 11 January 2019. It is essential that the funding is spent by 31 March 2019 or it risks being lost. LEP have agreed to slippage of outcomes and for £500k flexibility funding to be carried forward to 2019-20. A report to Cabinet on 5 March is proposing ways to expend the LEP monies.</p> <p>Due to the delay in transferring the Police and Law Courts to Homes England the October 2018 date to go to the market has been missed. Work to identify and formalise the relocation sites for Stagecoach and the Royal Mail continues, although the St. James site was released to enable the refurbishment of the site to progress. The purchase of the Parkers site will be reported to March 2019 Cabinet for reconsideration. Negotiations between CDC, WSCC and Homes England are progressing. One element of the legal commission includes the drafting of the Collaboration Agreement that will provide more clarity/formality than that which exists in the MOU. The Collaboration Agreement is largely agreed except the "minimum land values" need to be agreed and inserted. Progress on this was made at the Project Team meeting on 28 January, and will be requested at the project team meeting on 27 February 2019.</p> <p>Transfers of the MoJ sites to HE are progressing but have not yet been completed - expected transfer dates of September 2018 and December 2018 respectively, have both been missed by HE. The latest position is that they do not expect this to complete until May</p>	

	<p>2019 Publicity material (including a dedicated website and email) has been produced and a video has been finalised. The Development Brief is agreed.</p> <p>No further public funding sources have been identified.</p> <p>Presentation to the Chichester Chamber took place to WSCC CLC (5.2.19) , and future presentations are planned for Roussillon Park Residents Association (3.4.19) and John Rennie Residents' Association (tbc) . The Dept. for International Trade has approved Gateway 2 and as a result SG will obtain international coverage of the opportunity via trade missions and at MIPM in Cannes (March 2019).</p>
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CRR 148	Local Plan	Management	Control Pending		
		Corporate Links			
<p>Failure to complete Local Plan Review and achieve an adopted Local Plan by 2020. This would mean that the Council would face challenge that it does not have an up to date Local Plan and the impact would be:</p> <ul style="list-style-type: none"> Without an up to date Local Plan the presumption in favour of sustainable development would apply, assessed against the policies in the National Planning Policy Framework (ref: para 14). 5 year housing land supply (HLS) would be assessed against the objectively assessed need (OAN) for housing rather than the housing requirement figure in the Local Plan, making it highly likely that it would not be possible to demonstrate a 5 year HLS. Both 1. & 2. would result in a loss of control over the location and form of development with decisions being made through the application and appeal process, rather than in accordance with the development plan as it would be considered to be out of date. With respect to the Local Plan Review, the 40% cap applied to the OAN growth for housing in the government’s draft methodology would not apply and the amount of housing to be provided for in the LPR would increase substantially requiring an increase in the amount of land to be allocated for development. The ability to plan and coordinate development with the provision of infrastructure would be reduced with an unplanned approach to the location of new development. The potential for government intervention to take plan-making decisions out of the control of the Council. Damage to the reputation of the Council for failing to produce a plan to guide and control development in line with its statutory duties as Local Planning Authority. <p>SLT Risk Owner: Andrew Frost Responsible Officer: Mike Allgrove</p>					
Original and Target Risk Assessment					
Original Risk Date	07-Mar-2018		Target Risk Date	31-Jul-2020	
Original Risk Score	9		Target Risk Score	3	
Current and Previous Quarter Risk Assessment					

Current Assessment Previous Quarter Assessment	18-Feb-2019		6
	13-Dec-2018		6
Internal Controls			Current Status
Agreed Timetable for Plan Production	1. Statutory Local Development Scheme agreed by Council. Detailed project plan for evidence base and plan production prepared.		Good
Sufficient Staff Resources to achieve timetable	1. Additional posts created in team. 2. Recruitment incentive payment and premia payments agreed to recruit and retain staff.		Improving
Ensure evidence base provided to meet timetable	Detailed project plan prepared for evidence base.		Improving
Member agreement to contents of plan	1. Provision of information, debate and discussion through Member briefings, Development Plan and Infrastructure Panel and formal democratic decision making process through Cabinet and Council.		Improving
Public Consultation	1. Public consultation to ensure that the views of the community are taken in to account in the plan-making process. 2. Initial public consultation has taken place on issues and options. 3. Public consultation on the Local Plan Review: Preferred Approach is now underway. 4. There will be further public consultation on the plan and prior to examination. This will enable the Council to take in to account the views of all interested parties on the contents of the plan and outstanding matters can resolved through the public examination in to the soundness of the plan (to be conducted by a planning inspector appointed by the Secretary of State). The current status will reflect the stage of consultation reached.		Improving
Latest Position Statement			
22 Feb 2019	The Local Plan Review: Preferred Approach consultation concluded on the 7 February. At the current time the representations are still being analysed so it is difficult to determine whether the likelihood of failing to complete the Local Plan Review and achieve an adopted Local Plan by 2020 has increased at this point in time. Further work on the transport assessment is currently being procured and this will have implications for the timetable, as would potential further work to deal with some of the concerns expressed by Natural England. However, it will only be possible to determine whether the risk has increased when all representations have been fully analysed and a timetable for the		

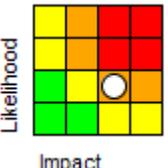
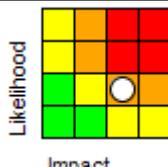
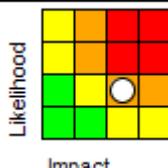
work programme to deal with issues raised has been drafted.

CRR 149	Impact of Universal Credit (UC) on working claimants across the district		Management	Control Pending
			Corporate Links	
<p>Failure to provide appropriate support and guidance for claimants affected by the welfare reforms, including the rollout of Universal Credit (UC) on working age claimants across the district, resulting in the risk of rent arrears and the threat of homelessness. The benefits service currently administer in excess of 3,800 working age Housing Benefit claims. Full UC service in the district has been delayed until July 2018. The roll out will initially only affect new claims, although the majority will transition across over a period of 12-18 months.</p> <p>SLT Risk Owner: Louise Rudziak / Jane Dodsworth Responsible Officer: Linda Grange / Diane Kirkham</p>				
Original and Target Risk Assessment				
Original Risk Date	02-Mar-2018		Target Risk Date	31-Mar-2020
Original Risk Score	9		Target Risk Score	3
Current and Previous Quarter Risk Assessment				
Current Assessment	20-Feb-2019		6	
	24-Dec-2018		6	
Internal Controls				Current Status
UC Focus Group	Initial meeting April 2017 identified the challenges our largest RP (Registered Provider) had experienced locally and nationally. Identified challenges that could reduce impact on claimants and prevent homelessness and agreed to: <ul style="list-style-type: none"> • support vulnerable claimants 			Poor

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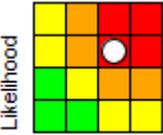
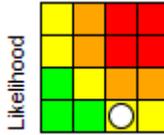
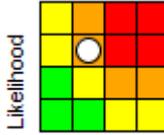
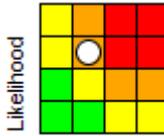
	<ul style="list-style-type: none"> • prepare claimants for the transition • assist claimants with their online UC claims • hold multi agency events to raise awareness • deliver pre and post tenancy workshops on money management • identify suitable venue and volunteers to run the workshops • identify resource requirements to deliver <p>Some mitigation has been put into place, for example, by contracting to CAB for debt advice and recruitment of Tenancy Sustainment Officers and a Housing Welfare Officer.</p>	
Page 106 Nomination of a formal lead within the Housing Advice Team	In compliance with Homelessness Reduction Act s.179(2)(g) "The service must be designed to meet the needs of persons in the authority's district including, in particular, the needs of any other group that the authority identify as being at particular risk of homelessness in the authority's district." The Housing Advice Team have nominated a UC lead who will be responsible for coordinating advice to UC claimants that present seeking housing services assistance.	Improving
Register Provider eviction protocol	There is an intention to create a Register Provider eviction protocol so that the Council is warned in advance where there is a risk of homelessness, this will include tenants in receipt of UC, in arrears and where possession proceedings have been instigated. The lead officer conducting this piece of work has been briefed.	Improving
Increase number of units of Council owned temporary accommodation (TA).	On 31 October 2017 CDC purchased 22 Freelands Close. Three, 1 bed units were in use as TA (Temporary Accommodation) from December 2017 with a fourth unit due to be available in March 2018. The Council are considering options to redevelop the site and increase the number of units to a maximum of 12.	Good
Impact on services	<ul style="list-style-type: none"> • Benefit service will be impacted by transfer of WA claims to UC. Exceptions to UC, pensioner HB claims and CTR claims for WA and pensioners will continue to be administered. Revenues and Benefits Management team will continually review impact of rollout and resource requirements, as necessary. • From Jan 2019 persons in receipt of Sever Disability premium will continue to remain on legacy benefits until protection for this group of claimants can be legislated for. • Housing service may result in increased demand for services, as above, nominated UC lead officer to coordinate housing advice requirements 	Good

<p>Claimant support</p>	<ul style="list-style-type: none"> • Minimal funding received from DWP to assist claimants with submitting and managing their online UC claims • 6 kiosk style PC's located in main reception for claimants to use, any assistance to be provided by benefits staff • Minimal funding also received to provide PBS (personal budgeting support) cases would be referred from DWP. Currently engaging with CAB to provide this service as the rollout takes effect. • Publicity for claimant engagement to be arranged as soon as confirmation of roll out date received. • On 1 October 2018 the government announced that The Department for Work and Pensions (DWP) will fund Citizens Advice to provide Universal Support from April 2019. Chichester and Arun Citizens Advice Bureau (CAB) have been selected as a pilot to implement the service and in preparation have taken on the provision of both Assisted Digital Support (ADS) and Personal Budgeting Support (PBS) for all UC claimants from 1 November 2018. 	<p>Good</p>
<p>Page 107 Revenues and Benefits staff awareness and training</p>	<ul style="list-style-type: none"> • DWP training for staff completed. • Internal staff training on-going as changes are disseminated from DWP. 	<p>Good</p>
<p>Latest Position Statement</p>		
<p>21 Feb 2019</p>	<p>Universal Credit rolled out with full live service across the District in July 2018, although managed migration to move people across from legacy benefits to UC has been delayed, new claims for UC are now being made. Consequently we expect to see a reduction in housing benefit caseload and an increase in the number of individuals and families in receipt of UC. As some people may experience delays in UC, be subject to sanctions or see a reduction in their overall household income as a consequence of UC, failure to support these individuals and families by either discretionary support, provision of budgeting advice and housing support may result in an increase in rent arrears and homelessness.</p> <p>Linda Grange has confirmed that Housing has nothing to add to this.</p>	

CRR 165		Brexit		Management	Control Pending
				Corporate Links	
The risks of Brexit and in particular of a "no deal" Brexit scenario and its impact on the council, its services and communities.					
SLT Risk Owner: John Ward					
Responsible Officer: Joe Mildred					
Original and Target Risk Assessment					
Original Risk Date	07-Sep-2018			Target Risk Date	30-May-2019
Original Risk Score	6			Target Risk Score	4
Current and Previous Quarter Risk Assessment					
Page 1088 Current Assessment Previous Quarter Assessment	13-Feb-2019			6	
	21-Dec-2018			6	
Internal Controls					Current Status
Impact Assessment	<p>Whilst the total impact of a no deal Brexit is still not fully understood, the government has started increasing its preparations and funding made available for the event of the scenario. There is potential for significant disruption to many established procedures and practices that enable everyday life in the UK. Whilst in the longer term new procedures and processes will be established, in the event of a no deal scenario the short term may cause several significant problems for businesses and the community. These may include areas such of a shortage of supplies, transportation difficulties, an impact on the labour force, a downturn in the economy and a potential run on the pound amongst others.</p> <p>Whilst the council is likely to still be able to perform most of its key functions effectively the impact on the local</p>				Improving

	<p>community and businesses will require the council to react to provide support accordingly. There could also be some additional duties and requirements given to the council by government to help issues such as border control. There may be an impact on how well the council can carry out its duties through established legislation and frameworks which are currently aligned to EU legislation.</p>	
<p>Latest Position Statement</p>		
<p>13 Feb 2019</p>	<p>Service managers have completed an initial impact assessment has been undertaken across the council to understand the possible impact on the authority directly as well as community impacts. Contingency plans are being developed by services to deal with short term disruption such as the potential for fuel shortages, disruption to supply chains etc.</p> <p>Developments continue to be monitored regularly by SLT, and plans will be adapted as more information becomes available.</p> <p>The government have announced a small amount of funding (yet to be confirmed) for councils to develop their plans, and preparedness.</p>	

Management Controlled

CRR 01	Financial Resilience	Management	Controlled		
		Corporate Links	Corporate Plan Priority - Use Resources Effectively and Efficiently.		
<p>Risk Description:</p> <ul style="list-style-type: none"> - Failure to maintain a robust and deliverable budget will lead to a lack of resources to fund services and council priorities, leading to reactionary decision making, and reputational consequences. - Failure to maximise efficient use of resources and so unsuccessful redirection of resources and not achieving objectives and outcomes of the council including deficit reduction plans. - Failure to maximise income streams. - Unpredictable Government policy (e.g. Brexit and localisation of business rates.) <p>SLT Risk Owner: John Ward Responsible Officer: Helen Belenger</p>					
Original and Target Risk Assessment					
Original Risk Date	31-Jul-2012		Target Risk Date	31-Mar-2020	
Original Risk Score	9	Likelihood Impact	Target Risk Score	3	Likelihood Impact
Current and Previous Quarter Risk Assessment					
Current Assessment Previous Quarter Assessment	18-Feb-2019			6	
	10-Dec-2018			6	

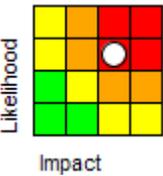
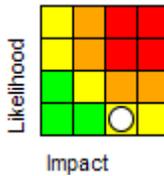
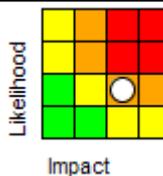
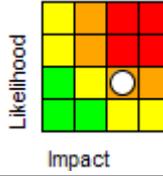
Internal Controls	Current Status	
Five Year Financial Model and Deficit Reduction Plan	<ol style="list-style-type: none"> 1. Monitor and update the 5 year financial model as required and review with CMT. 2. Assess against progress on Deficit Reduction Plan and savings targets. 3. Monitor income volatility in relation to use of New Homes Bonus (NHB) (Policy approved) and localisation of both Council Tax Reduction scheme (CTR) & business rates. 	Good
Income Streams	<ol style="list-style-type: none"> 1. Monitor income performance and review with SLT so remedial action can be taken. 2. Heads of Services and budget managers monitor income monthly from budget monitoring reports. 3. Service managers to assess fee setting for services in accordance with Fees & Charging Policy, and react when if income reductions occur. 4. Putting money in place to achieve better returns. 	Good
Reconciliation of Income	<ol style="list-style-type: none"> 1. Monthly reconciliations by services. 2. Non compliant services are identified by Internal Audit when service is reviewed as part of the Audit Plan. 3. Support given by Financial Services when setting up new income streams and reconciliation processes. 	Improving
Control of Expenditure	<ol style="list-style-type: none"> 1. Approval limits and routes for additional funding are detailed in the Council's Constitution and Financial Regulations. 2. Quarterly monitoring of major variances by SLT. 	Good
Financial Strategy Principles	<ol style="list-style-type: none"> 1. All key decisions of the Council should relate back to the Corporate Plan. 2. Ensure the revenue and capital programme remain balanced and sustainable over a rolling 5 year period. 3. Over the next 5 years maintain a position of non-dependency on reserves. 4. In order to maintain a balanced budget in a climate of no growth, savings in the revenue budget or external funding will need to be identified before any new revenue expenditure, including capital expenditure that has revenue consequences, is approved. 5. Review costs in response to changes in service demand. 6. Where the Council has discretion over charging for services, consideration needs to be given as to the extent to which service users should bear the costs, and the proportion met by Council Tax. 7. Continue to review the Council's costs in order to find further savings. 8. Match Council Tax increases to a realistic and affordable base budget. 9. Budgets should be pooled with other service providers to achieve more effective and cost efficient outcomes for the community. 10. New Homes Bonus (NHB) is a non ring-fenced grant from Government. Council policy has agreed in principle that this funding should be reserved to reward communities that have accepted growth. However, the allocation of this source of funding and its use must take into account that as this is not new funding; it can be used to protect services, and aid the council's legal requirement to set a balanced budget. The allocation of this funding will be reviewed annually during the budget setting process taking into account the financial settlement from Government. 11. Localisation of Business Rates. The decision to pool our business rates should be reviewed annually after receipt of government draft settlement to that the Council is in the best financial position. The Section 151 Officer 	Good

	continues to review the risks and opportunities that will emanate from the 100% localisation of business rates.	
Revenue and Capital Programme Principle	<p>1. Capital receipts, reserves and interest on investment will primarily be available for new investment of a non-recurring nature, thereby minimising the overall financial risk.</p> <p>2. Ensure that a sufficient level of reserves are maintained, as informed by the Financial Strategy, so that the Council can remain flexible and is able to respond to a changing local government environment.</p> <p>3. Borrowing could be used for capital schemes or "invest to save" projects providing the cost of servicing the debt is contained within the revenue savings/income the project generates. The payback period for invest to save projects should be shorter than the life of the asset.</p>	Good
Treasury Management	1. Generate better returns with the Treasury Management Strategy and the Investment Protocol and the Council's view of risk and increased diversity.	Good
Latest Position Statement		
22 Feb 2019	<p>The Council has secured Government funding certainty for 2019-20 when it accepted the 4 year settlement funding agreement available from 2016-17 onwards. The 2019-20 Budget and Council Tax setting will be considered by Council in March. The Council is part of the West Sussex Councils 75% Business Rates Retention Pool Pilot for 2019-20. This will retain an extra one off £21m to the pool for 2019-20.</p> <p>The Council uses its 5 year Financial Strategy Model to forecast its future budget requirements. Although due to the 2019 comprehensive spending review, the fair funding review for 2020-21 and the localisation of business rates there remains a lot of uncertainty surrounding future Government funding. The outcome of the reviews will not be known until December 2019 when the provisional settlement is announced. In the meantime all West Sussex council's have responded to the Government consultation on the Fair Funding Review and Business Rates Retention Scheme required in late February. Further consultation is expected over the coming months.</p> <p>There is further uncertainty in relation to Brexit and the impact this may have directly on council services or on the demand for its services in the coming financial year.</p> <p>During the year monitoring of the financial targets continues to be undertaken through the relevant programme boards, and the achievement of savings or increased income as part of the Council's Deficit Reduction Plan which underpins its ability to continue to set balanced budgets, whilst not relying on the New Homes Bonus (NHB) or any other temporary funding as well as forward fund an 25 year asset replacement programme.</p> <p>Parking income continues to be monitored on a monthly and quarterly basis to determine trends. Tariffs were reviewed and amended 1 April 2018, with an agreement to freeze charges until April 2020. Parking income is affected by changes in the use of cities and towns, with latest figures showing volume as being down but duration of stay having increased.</p> <p>Current in year revenue monitoring is forecasting an estimated underspend of £0.099m by March 2019, mainly due to reduced income from both car parks and planning fees. As this is a potential risk, provision for a reduction in income for future years was built into the Financial Strategy model considered by Cabinet at its December 2019 meeting and reflected in the income targets for the 2019-20 budget.</p> <p>Potential changes as a result of other funding partners, including WSCC, for service delivery and joint funding arrangements will need to be</p>	

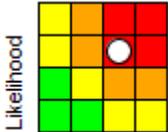
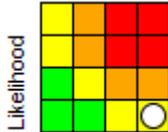
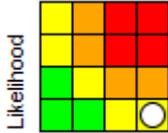
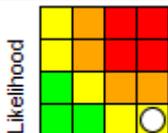
	considered in future financial planning for 2020-21 and beyond. The risk score remains the same as the last review due to the continued uncertainty.
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Appendix 1 (a)

	<p>2. Completion of appraisals on time.</p> <p>3. Strategic training needs identified.</p>	
Training Plan and Budget	<p>1. Use First Line Managers course to develop new managers.</p> <p>2. Use management apprenticeship or diploma programmes to develop CDC managers.</p> <p>3. Specific training programme for new Directors and Divisional Managers.</p>	Good
Recruitment Benefits	<p>1. Use of benefits packages to aid recruitment: relocation package widely used, exceptionally assisted house purchase scheme.</p> <p>2. Guidance to be issued for how to use recruitment benefits.</p>	Good
Staff Satisfaction Survey	<p>1. Staff survey to be undertaken every two years, and action plans progressed.</p>	Improving
Strategic Leadership Team & Divisional Managers	<p>1. Specific training programme to newly appointed Divisional Managers to address core competencies, hosted by Portsmouth University.</p>	Good
Measuring Staff Turnover by Significant Groups	<p>1. SLT to review turnover statistics and the reasons quarterly.</p>	Good
Latest Position Statement		
<p>20 Feb 2019</p> <p>Page 115</p>	<p>Apprenticeship Levy came into effect 1.4.17 and several staff now undertaking levy funded courses. Workforce development initiatives are live.</p> <p>Corporate Pay Review now completed and is to be implemented in April 2019. This focuses on ensuring equal pay for equal tasks with some additional resource available for the new reward structure, with a focus on targeting this towards the levels where recruitment difficulties are apparent.</p> <p>Workforce planning including Divisional Manager's (DM) training programme at University of Portsmouth now complete. Increased use of premia payments for those areas with long term established recruitment issues and the use of the relocation package has aided recruitment for some service areas. Successful recruitment of CCS Divisional Manager & ICT Service Manager.</p> <p>Access to courses on Apprenticeship Levy has been of some concern although number of courses increasing and has been publicised to managers and uptake is increasing (up to 14 accessing the scheme by the end of 2018), requirement to release staff for 20% of time to study and pre-course requirements. HR monitoring take-up of courses and spend of Levy. Good links developed with both Chichester College and University, new ICT apprentice started.</p>	

CRR 09	Business Continuity	Management	Controlled
		Corporate Links	Corporate Plan Priority - Use Resources Effectively and Efficiently.
Risk Description: Failure to react to an incident that would adversely affect the delivery of services, including leading to a breach of the council's statutory duties under the Civil Contingencies Act and result in both inability to service the community and reputational damage.			
SLT Risk Owner: John Ward. Responsible Officer: Helen Belenger/Warren Townsend.			
Original and Target Risk Assessment			
Original Risk Date	31-Jul-2012		Target Risk Date
Original Risk Score	9		31-Mar-2020
			Target Risk Score
			3
			
Current and Previous Quarter Risk Assessment			
Current Assessment	22-Feb-2019		6
	07-Dec-2018		6
Previous Quarter Assessment			
Internal Controls			Current Status
Robust BC Plans	<ol style="list-style-type: none"> 1. The Business Impact Assessment (B.I.A) is refreshed annually with SLT. 2. Critical services have Business Continuity (BC) plans covering the first 3 days of a business interruption. 3. The BC plans are tested every couple of years. 4. Retraining takes place where necessary, to embed BC into culture of the council. 5. BC plans and associated documents are stored on the council's x drive and off-site on external site (Resilience 		Good

	Direct). 6. Non critical services also have plans for over 3 days business interruptions. 7. Health checks take place of Plans in all service areas. 8. Effective backup of data.	
BC Management Strategy	1. Annual BCM corporate meetings held. 2. Key managers identified for BC plans. 3. Articles for team briefs or management forum to embed BC planning into organisation.	Good
Business Recovery Team	1. Training and repeated messaging to embed BC cultural into organisation. 2. Annual appraisals targets for Divisional Managers and relevant staff.	Good
Latest Position Statement		
22 Feb 2019	<p>Whilst the internal controls are good for business continuity, the risk score is always likely to continue to remain the same because the impact is serious and the likelihood is possible rather than unlikely. The main reason for this is the continuing cyber-attack threats that the organisation continue to get. We have good mitigation against cyber-attacks; however there remains a risk.</p> <p>Physical controls against loss of IT or building/s are good and would be 'unlikely' and less of a risk.</p> <p>Off-site replication of IT systems is currently the subject of a PID was approved by Cabinet and Council on 5 March 2019. The Corp. H&S team have undertaken an exercise as part of the PID to identify the systems that each division relies on (deemed critical) and how quickly they need the systems to be restored and whether they need 100% of the systems. This has enabled IT to scope what equipment and systems would be needed off site. There are options where a percentage of staff could be given access to systems in the first few days of an interruption whilst the accessibility is gradually increased. The risk score would very likely be reduced if cloud storage and a server back-up were to be implemented. The BIA (Business Impact Assessment) has been refreshed in the recent annual H&S meeting with SLT.</p> <p>The health of BC plans, the BIA and processes remains strong; a BC exercise was undertaken on 12th February and involved all of SLT and some members of CMT. The exercise went extremely well and a small action plan was drawn-up – all actions are expected to be complete by 15th March 2019.</p>	

CRR 68	Health and Safety	Management	Controlled		
		Corporate Links	Corporate Plan Priority - Use Resources Effectively and Efficiently.		
Risk Description: Failure to adhere to H&S policies and procedures leading to death or serious injury of an employee or third party resulting in prosecution under H&S legislation, adverse publicity, fines and possible prison sentences. Such failures may also lead to civil claims for compensation					
SLT Risk Owner: John Ward.					
Responsible Officer: Helen Belenger/Warren Townsend.					
Original and Target Risk Assessment					
Original Risk Date	03-Sep-2013		Target Risk Date	31-Mar-2020	
Original Risk Score	9		Target Risk Score	4	
Current and Previous Quarter Risk Assessment					
Current Assessment Previous Quarter Assessment	22-Feb-2019		4		
	07-Dec-2018		4		
Internal Controls					Current Status
H&S policies & procedures	Clear health and safety policies, procedures and guidance are available to all staff and members via intranet and in hard copy format at some sites including: 1. Statement of intent. 2. Hierarchy for communication/organisation. 3. Roles and responsibilities. 4. H&S arrangements.				Good

Appendix 1 (a)

	<ul style="list-style-type: none"> 5. Policies, procedures and guidance for specific H&S issues e.g. control of contractors, COSHH assessments forms etc. 6. An extensive range of evidence compliance forms. 7. Specific risk assessments for site visits undertaken for staff and member visits. 8. Quarterly updates to Cabinet member for Corporate Services by the H&S Manager. 	
Training Programme & Competencies	<ul style="list-style-type: none"> 1. Specific training programmes for all aspects of H&S skills and competencies required with the Council's business. 2. Staff names with relevant competencies and holding key responsibilities available on staff intranet. 3. Training records maintained to evidence training provided. 4. Training for all new members as part of the Members' Induction Programme. 	Good
Legionella Testing	<ul style="list-style-type: none"> 1. Written policy available. 2. Regular testing and monitoring to demonstrate compliance. 3. Staff involved in legionella management or may be exposed to legionella risk are provided with training. 	Good
Quarterly service meetings for high risk service areas	<ul style="list-style-type: none"> 1. CCS - Quarterly insurance & H&S meetings with the Director of Residents' Services & the Contract Services Divisional Manager with the Financial Services Divisional Manager, insurance officer, H&S Corporate Manager & CCS Technical Supervisor. To assess accident trends and claims and agree any actions required to staff duties, policies and procedures. 2. Culture & Place - Quarterly insurance & H&S meetings with Director of Growth & Place Services and the Divisional Service Managers for the museum, Westgate Leisure contract, and car park service, to discuss claims & accidents to identify any necessary changes to procedures/policies etc. 3. All accidents, near misses and reports of ill health are investigated by the Corporate H&S team. Interventions made with the service where appropriate to improve systems of work to prevent reoccurrence. 	Good
PAT testing	<ul style="list-style-type: none"> 1. Annual testing of all electrical equipment carried out by qualified contractor. 	Good
Safety Committee	<ul style="list-style-type: none"> 1. A group of managers and employees meet 3 times a year to discuss health and safety issues and matters of interest. CCS and car parks have local 'Safety Forums', meeting bi-monthly, that feed into this committee. The Safety Committee reports any issues of significance to the JECP. 	Good
Caution Alert Register (CAR)	<ul style="list-style-type: none"> 1. Specific procedures and decision tree guidance in place for staff and members to follow on staff intranet. 2. Nominated person CR Keeper who maintains register and advises staff. 3. Procedures in place for appropriate staff and members to access CAR. 4. Compliance with data protection legislation included in policies and procedures. 5. Violence & aggression response team available to support staff and members at EPH if an incident occurs. 6. Two levels of Violence & Aggression (V&A) resolution training provided to relevant staff. 	Good
Emergency arrangements for Council Premises	<ul style="list-style-type: none"> 1. Evacuation procedures in place for EPH on staff intranet. 2. Known competent staff with allocated roles & responsibilities for evacuation procedures. 3. Regular testing of evacuation procedures carried out. 4. Policy advising the arrangements in place for safe evacuation of council owned buildings. 	Good
Corporate H&S Audits &	<ul style="list-style-type: none"> 1. Programme of H&S audits of service areas, improvements and observations which are fed back to Service, H&S 	Good

Action Plans for Service H&S Improvement	and management with any necessary improvement action plans. Progress with recommendations made are reviewed after an agreed period. 2. In addition, there is a programme of audits in place for the SLM leisure centres contract. This involves checking H&S performance and compliance in key identified areas.	
Contract Management	1. Every major contract should have an identified contract manager who is responsible for ensuring the delivery of the contract in accordance with specification. 2. The contractor manager must ensure that their contractor adheres to H&S legislation in carrying out the specification and has a monitoring system in place which is also including performance reporting to the council's contract manager. 3. Upon request the H&S manager will attend regular quarterly/annual meetings for the council's specific high risk activity contracts along with the contract manager, to liaise with the contractors regarding any H&S concerns. 4. Members are involved in major decisions on procurement matters.	Good
The Safety of all Council Owned Premises	<ul style="list-style-type: none"> • Fire Risk Management Group – Quarterly meetings held to develop and monitor action plans following fire assessments results with the Directors of Corporate Services, Housing & Communities, and Growth & Place Services plus other relevant council officers. • Activity-based Fire Risk Assessments of all premises have been undertaken. Following the Grenfell fire we have used a fire engineer to carry out structural Fire Risk Assessments to check the horizontal and vertical fire compartmentation. A number of remedial works were identified and are currently being undertaken by the Building Services team based on risk. 	Improving
Latest Position Statement		
22 Feb 2019	<p>The consequences of a serious accident or incident at work have the potential to be 'major', i.e. death of a member of staff, contractor or member of the public. Therefore the severity in the risk score is always going to be high.</p> <p>However, due to the operation of an effective H&S management system there are good controls in place to reduce the likelihood of such an incident. Despite having good systems and procedures in place, CCS remains the highest risk operation within the Council due to the nature of the work.</p> <p>H&S compliance of CDC's biggest service contractor, Everyone Active, is monitored through a programme of audits carried out by the Corp. H&S team on an annual basis. The first year of audits generally found Everyone Active to be performing well in relation to health and safety with mainly minor issues being raised.</p> <p>The initial findings of the Grenfell fire provided opportunity for further checks on fire safety management to be considered. This prompted a fire safety focus group to be set up to check for any weaknesses in CDC's fire safety management. The focus group is represented across all service areas which highlighted some new areas for consideration in respect to CDC's responsibilities for fire safety management. A number of improvements have been made to areas of potential weakness. There remains a very small number of lower risk fire safety works to some estates properties. This is due to complications with other building-related defects that need sorting before the fire safety works can begin.</p>	

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CRR 145		Data Protection Act Breach - Loss of Data		Management	Controlled
				Corporate Links	
Failure to keep all personal data secure leading to a breach of the General Data Protection Regulations (GDPR) and Data Protection Act, resulting in fines and reputational risk.					
SLT Risk Owner: John Ward Responsible Officer: Nick Bennett					
Original and Target Risk Assessment					
Original Risk Date	16-Mar-2017			Target Risk Date	31-Mar-2020
Original Risk Score	4			Target Risk Score	3
Current and Previous Quarter Risk Assessment					
Current Assessment Previous Quarter Assessment	18-Feb-2019			3	
	13-Dec-2018			3	
Internal Controls					Current Status
Data protection Officer	Divisional Manager of Democratic Services is the designated Data Protection Officer providing advice to officers, advising on safe sharing of data between agencies, overseeing data subject access requests and liaison with Information Commissioners Office in the event of customer complaint or security breach.				Good
Protocols and Policy in place	Data Protection Policy is in place to provide advice and guidance for staff and customers. Internal protocols and processes are in place to manage/limit risk of data loss. Updating processes to comply with new guidance under GDPR is underway.				Good

Appendix 1 (a)

Staff Training	Data Protection training is provided to all new staff and Members. Staff online training is available to allow staff to refresh their knowledge. Specific GDPR module for all staff is in place, manager training day has been held.	Good
Data backed up	All electronic data is backed up daily and securely stored off-site.	Good
Secure devices	All staff laptops are encrypted to secure data. All mobile phones are provided with secure application to protect data. Dual authentication in place for remote access to data.	Good
PSN Compliance	The authority is taking steps to meet new certification requirements in accordance with the updated requirements of the Public Services Network requirements for provision of a secure network.	Good
Safe transfer of personal data	Personal and sensitive data shared with other government agencies is transferred via GCSX secure email accounts. A review of processing has been completed as part of GDPR approach.	Good
Safe destruction of confidential documents	All hard copies of confidential papers are shredded prior to disposal.	Good
Latest Position Statement		
Feb 2019	A new post has been created in legal and the new officer has undertaken initial training in GDPR and data management with a view to building resilience and skill sets in the organisation. With the new officer in post a review of all policies will be undertaken over the next 12 months. A register of Data Protection Officer decisions is now in place and all significant matters are recorded there. The Register of Processing is being updated. The Data Protection Officer has joined a new DPO group for West and East Sussex to build awareness of local best practice. New Controls - The new Data Breach process has been introduced to managers and successfully used by several departments and experiences support the view that the organisation has properly absorbed the benefits of GDPR into its data management.	

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High Scoring Organisational Risks - Mitigation Actions

Corporate Services Directorate - John Ward Democratic Services Division - Nicholas Bennett

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 169	Democratic Services – Loss of key procurement staff	Nicholas Bennett	6	0	6	2	31-Mar-2020	Improving

Agreement with Arun has been reached as to the future shape of a shared service following retirement of the procurement officer and recruitment is now underway with the new post graded and significant discussions with Arun underway.

The impact of Brexit and in particular no-deal Brexit potentially continues to generate a specific concern in this area with uncertainty affecting many areas of procurement activity. National guidance is being provided to staff and monitored by legal and procurement officers. Concerns as to regulatory requirements are particularly being monitored.

Corporate Services Directorate - John Ward Financial Services Division - Helen Belenger

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 167	Financial Services - Loss of key H&S staff	Helen Belenger	8	0	8	4	31-Aug-2019	Improving

Lack of competent person under the Council's corporate H&S policy due to staff vacancy of the Corporate H&S Manager and H&S Advisor is qualified but does not work on Thursday & Friday. Loss of staff resource potentially impacts day to day operational activities and specific project targets.

Approval to recruit by SLT has been received, but yet to commence due to SLT considering if H&S remains within Financial Services or still oversees the insurance function, so Hay evaluation of revised job profile awaited. Business continuity functions for this role may also to move to another team.

Growth and Place Directorate - Jane Hotchkiss
Communications, Licensing and Events Division - Laurence Foord

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 159	Communications, Licensing & Events Division - Loss of Key staff/expertise	Laurence Foord	4	4	8	4	31-Mar-2020	Improving

On 12 February 2019 the council's new Events & Promotions Officer commenced work within the Licensing Team. Various introductory and multi-agency meetings attended/scheduled with post holder and key stakeholders. Attendance secured at relevant event related training opportunities and meetings. Events strategy development on-going and will be subject of Service Action Plan for 2019/2020.

A comprehensive service review of PR (communications) and web element is to be undertaken following approval of Terms of Reference by the council's SLT. This piece of work is anticipated to be completed by the end of summer 2019.

The PR Officer is due to begin maternity leave in April 2019 - if not earlier. Discussions have already commenced with HR regarding cover for this critical role during their absence. If required to do so a justification statement will be developed and presented to SLT for approval.

A review of resources will be undertaken in early 2019 prior to the PR/Web merger/service review to ensure appropriate posts and skillsets are in place in order to deliver an effective and efficient service. There are concerns with the lack of permanent funding for certain posts within the PR Team which are not in the base budget. Discussions are on-going with the council's financial services to consider this matter.

The Licensing Team and Communications Team continue to experience a high demand for their services.

Resources associated with delivering an efficient service to customers for both areas is being considered and discussions on going with the council's financial services.

Growth and Place Directorate - Jane Hotchkiss
Growth Division - Victoria McKay

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 61	Growth & Property - Estates - Rent arrears	Victoria McKay	9	6	6	4	31-Mar-2020	Improving

The impact and likelihood of rent arrears remains unchanged, with the level of arrears staying generally unchanged.

APPENDIX 2(a)

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 157	Growth & Property Division - Inability to Retain or Recruit Key Professional Staff	Victoria McKay	3	3	6	2	31-Mar-2020	Improving
Forthcoming service manager vacancy not filled at recent interview with professionally qualified staff difficult to recruit.									

Housing and Communities Directorate - Louise Rudziak Communities Division - Pam Bushby

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 110	Community - Changes to partner organisations impacting on delivering corporate objectives	Pam Bushby	8	9	12	4	31-Mar-2020	Improving
Confirmation of funding cuts to WSCC services for families and vulnerable adults.									

Planning and Environment Directorate - Andrew Frost Development Management Division - Tony Whitty

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 120	Planning - Failure to achieve income targets in approved budget	Tony Whitty	4	8	8	4	31-Mar-2020	Improving
Reviewed and no update.									
Current projection is that planning fee income will be down by circa £125,000 against the budget for 2018-19, subject to major planning applications expected before the end of the financial year.									

Planning and Environment Directorate - Andrew Frost
Planning Policy Division - Mike Allgrove

Status	Risk No.	Risks Area	Lead Officer	Original Score	Previous Review Score	Current Score	Target Score	Target Date	Internal Controls
	CRR 116	Planning - Neighbourhood plans work reaches unmanageable levels	Mike Allgrove	8	8	8	4	31-Mar-2020	Improving

Whilst work is underway to deal with the remaining neighbourhood plans that have been held up due to case law and the implications for Appropriate Assessment and Strategic Environmental Assessment, significant workloads are drawing on officer time in relation to the neighbourhood plans that will identify land to meet the requirements of the Local Plan Review. An approach to secure officer support for this work has been agreed with SLT, but posts have yet to be advertised. An interim arrangement with the South Downs National Park Authority to support the work on the neighbourhood plans for Selsey, Westbourne, Boxgrove and Plaistow and Ifold is in place.

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