



*Castle House
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NG24 1BY*

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Tuesday, 13 April 2021

Chairman: Councillor Mrs S Michael

Members of the Committee:

**Councillor Mrs B Brooks
Councillor M Brown
Councillor R Crowe
Councillor D Cumberlidge
Councillor Mrs M Dobson**

MEETING: Audit & Accounts Committee

DATE: Wednesday, 21 April 2021 at 10.00 am

**VENUE: Broadcast from Castle House, Great North Road,
Newark, Notts, NG24 1BY**

You are hereby requested to attend the above for the purpose of transacting the
business on the Agenda as overleaf.

Attendance at this meeting and public access will be by remote means due to the Covid-19 Pandemic.
Further detail to enable remote access will be forwarded to all parties prior to the
commencement of the meeting.

If you have any queries please contact Karen Langford on Karen.Langford@newark-sherwooddc.gov.uk.
Any questions relating to the agenda items should be submitted to Nick Wilson- Business Manager -
Financial Services, at least 24 hours prior to the meeting in order that a full response can be provided.

AGENDA

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Remote Meeting Details

This meeting will be held in a remote manner in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

The meeting will be live streamed on the Council's social media platforms to enable access for the Press and Public.

1. Apologies for Absence
2. Declarations of Interest by Members and Officers and as to the Party Whip
3. Declaration of any Intentions to Record the Meeting
4. Minutes of the meeting held on 3 February 2021 4 - 8
5. Audit Committee Work Plan 9 - 11
6. Homes England Compliance Audit Report 2020-21 - HRA 5 Year Development Programme 12 - 21
7. Strategic Risk Management - Update of the Strategic Risk Register 22 - 56
8. Internal Audit Update Report 57 - 67
9. Statement of Accounting Policies 2020/2021 68 - 84
10. Counter-Fraud Activities from 1 September 2020 to 31 March 2021 85 - 87
11. Fraud Risk Assessment 88 - 117
12. Exclusion of the Press and Public

To consider resolving that, under section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.
13. Fraud Risk Assessment 118 - 122

NEWARK AND SHERWOOD DISTRICT COUNCIL

Minutes of the Meeting of **Audit & Accounts Committee** Broadcast from Castle House, Great North Road, Newark, Notts, NG24 1BY on Wednesday, 3 February 2021 at 10.00 am.

PRESENT: Councillor Mrs S Michael (Chairman)

Councillor Mrs B Brooks and Councillor R Crowe

APOLOGIES FOR

ABSENCE: Councillor M Brown (Committee Member), Councillor D Cumberlidge (Committee Member) and Councillor Mrs M Dobson (Committee Member)

The meeting was held remotely, in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

68 DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS AND AS TO THE PARTY WHIP

That no Member or Officer declared any interest pursuant to any statutory requirement in any matter discussed or voted upon at the meeting.

69 DECLARATION OF ANY INTENTIONS TO RECORD THE MEETING

There were no declarations of intention to record the meeting.

70 MINUTES OF THE MEETING HELD ON 25 NOVEMBER 2020

That the Minutes of the meeting held on 25 November 2020 be approved as a correct record and signed by the Chairman.

71 EXTERNAL AUDITORS' ANNUAL AUDIT LETTER 2019/20

The Committee considered the report from Jon Machej, Manager at Mazars who presented the External Auditor's Annual Audit Letter for 2019/20 for Newark & Sherwood District Council.

The Annual Audit Letter summarised the key findings from the external audit work carried out by Mazars in 2019/20. It covered the 2019/20 Statement of Accounts and the Value for Money conclusion for the same year.

The report explained the increase to the final fee partly due to additional work pressures around the change in the Council's group boundary, the additional testing of PPE and the pension scheme.

AGREED (unanimously) that Members approved the External Auditor's Annual Audit Letter for 2019/20.

72 REVIEW OF SIGNIFICANT GOVERNANCE ISSUES IN THE ANNUAL GOVERNANCE STATEMENT

The Committee considered the report from the Business Manager for Financial Services updating the Committee on the significant governance issues identified in the Annual Governance Statement.

The report provided issues identified such as the re-integration of the Housing Management function, the development company having started its first development at Bowbridge Road with the work progressing well. Internal Audit having completed an audit during July 2019, gained substantial assurance from the report and the four recommendations that were set out had been completed, going to the last Policy and Finance Committee on 21 January 2021.

The key issue had been Covid-19, which from the beginning had been a challenge for staff and continuing to deliver for the community.

AGREED (unanimously) that the Committee noted the results of the review of significant governance issues as identified in the Annual Governance Statement.

73 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the Internal Audit progress report from Assurance Lincolnshire providing a summary of Internal Audit work undertaken during 2020/21 against the agreed audit plan and any remaining reports from 2019/20.

The report was presented by Amanda Hunt from Assurance Lincolnshire covering the period up to December 2020. The report provided actions within reports that have a limited assurance rating. Managers attending the meeting were able to provide an update to the Committee on the implementation of actions, as well as requesting an extension to the end of March to complete. An update on progress would then be reported to the next Audit and Accounts Committee in April.

AGREED (unanimously) that the Committee considered and commented upon the latest internal audit progress report and approved the extensions to the implementation dates.

74 ANNUAL INTERNAL AUDIT PLAN

The Committee considered the Annual Internal Audit Plan from Assurance Lincolnshire setting out the proposed work for Internal Audit for 2021/22.

Amanda Hunt from Assurance Lincolnshire informed the Committee that her colleague McJoy Nkhoma would be the contact for Newark and Sherwood District Council from April.

Emma Bee also from Assurance Lincolnshire recommended further training to support Members in fulfilling their role, gaining skills and knowledge. A questionnaire will go out to Members and from the responses will populate a Training Plan.

AGREED (unanimously) that the Committee approved the Internal Audit Plan.

75 TREASURY MANAGEMENT STRATEGY STATEMENT

The Committee considered the report from the Assistant Business Manager for Financial Services, seeking approval for the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy and Treasury Prudential Indicators, updated in accordance with the latest guidance.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- a) the Treasury Management Strategy 2021/22, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A);
- b) the Treasury Prudential Indicators and Limits, contained within Appendix A; and
- c) the Authorised Limit Treasury Prudential Indicator contained within Appendix A.

76 CAPITAL STRATEGY 2021/22

The Committee considered the report from the Assistant Business Manager for Financial Services, seeking approval of the Capital Strategy 2021/22, which incorporates the Minimum Revenue Provision and Capital Prudential Indicators, updated in accordance with the latest guidance.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- a) the Capital Strategy 2021/22 Appendix A;
- b) the Capital Prudential Indicators and Limits for 2021/22, contained within Appendix A;
- c) the Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C, which sets out the Council's policy on MRP; and
- d) the Flexible Use of Capital Receipts Strategy, contained within Appendix D.

77 INVESTMENT STRATEGY

The Committee considered the report from the Assistant Business Manager for

Financial Services, for the Investment Strategy 2021/22, meeting the requirements of statutory guidance issued by MHCLG Investment Guidance in January 2018.

AGREED (unanimously) that:

the Committee approved each of the following key elements and recommended these to Full Council on 9th March 2021 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter:

- a) the Investment Strategy 2021/22 within Appendix A; and
- b) the Investment Prudential Indicators and Limits, contained within Appendix A.

78 REVIEW RELATING TO THE APPOINTMENT OF AN INDEPENDENT MEMBER

The Committee considered the report from the Business Manager for Financial Services, enabling Members of the Committee to consider the appointment of an Independent Member to the Audit and Accounts Committee as per the CIPFA Best Practice Guidance.

The report advised that at present there were no statutory requirements on the authority to appoint an Independent Member to the Audit and Accounts Committee.

The NAO had recommended that further work be done by government with local authorities and other stakeholders to examine how the use of independent members on audit committees can be increased. This has also been supplemented by the recommendation by Sir Tony Redmond within his review.

The guidance from CIPFA notes both positive and cautionary reasons for such appointments and decisions of this nature need to take account of each local authority's own circumstances.

The Committee discussed how it would be preferable to have a 4 year cycle in place as is also carried out with the Auditors. This would be included when providing to the Council.

AGREED (unanimously) that the Committee:

- a) reviewed and discussed the proposal to co-opt an Independent Member onto the Committee;
- b) where appropriate approved the Independent Member role profile; and
- c) where appropriate recommended the following to the Council:
 - That an Independent Member is co-opted on to the Audit and Accounts Committee on a non-voting basis.
 - The role profile is approved.
 - That the process for selecting and recommending an appropriate candidate is delegated to the Business Manager for Financial Services

- in consultation with the Chair of the Audit and Accounts Committee.
- That a report is presented to Council to approve the appointment of the recommended candidate.

79 AUDIT COMMITTEE WORK PLAN

The Committee noted the Work Plan.

80 DATE OF NEXT MEETING

The next meeting would be held on Wednesday 21 April 2021.

Meeting closed at 11.10 am.

Chairman

AUDIT & ACCOUNTS COMMITTEE**21 APRIL 2021****WORK PLAN**

Meeting at which action to be undertaken	Subject and Brief Description	Who will present the report	Intended Outcome
TBC JUNE 2021	Training session on Statement of Accounts	Andrew Snape	Ensure that the Committee has the appropriate skills to be able to review the Council's Statement of Accounts and consider the integrity of financial reporting
28 July 2021	Treasury Management Outturn Report 2020/21	Andrew Snape	Gain assurance that treasury management activities were in line with the Treasury Management Strategy for the past financial year
	External Audit Plan for 2020/21 Accounts	TBC (Mazars)	Ensure that an appropriate plan is in place which will provide assurance on the Council's Statement of Accounts, Value for Money arrangements and Grant claims
	IAS19 Pension Assumptions 2020/21	Andrew Snape	Gain assurance that the pension assumptions used by the actuary to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	Property, Plant and Equipment Valuation Assumptions 2020/21	Andrew Snape	Gain assurance that the assumptions used by the Council's valuers to produce the figures in the Statement of Accounts are appropriate for the Council's circumstances
	External Audit - Audit Completion Report 2020/21 - TBC	TBC (Mazars)	To gain assurance that the Council's Statement of Accounts are a true and fair representation of the Council's financial performance for the previous financial year and financial standing as at the Balance Sheet date, and that the Council has effective arrangements for achieving Value for Money
	Statement of Accounts 2020/21 & Annual Governance Statement - TBC	Nick Wilson	Gain assurance on the integrity of financial reporting By considering the assurance gained through its activities throughout the previous year, to

			give assurance that the Council's Annual Governance Statement accurately represents governance arrangements, that future risks are identified, and that arrangements in place support the achievement of the Council's objectives
	Annual Internal Audit Report 2020/21	Lucy Pledge/Emma Bee/McJoy Nkhoma (Assurance Lincolnshire)	Gain assurance that the Council's Annual Governance Statement accurately represents governance arrangements, that future risks are identified and that governance arrangements support the achievement of the Council's objectives
	Internal Audit Progress Report 2021/22	Lucy Pledge/Emma Bee/McJoy Nkhoma (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
1 December 2021	Biannual Review of the Effectiveness of the Internal Audit Function	Nick Wilson	To consider whether the Internal Audit function is operating effectively and produce an action plan to address any required improvements
	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Treasury Performance half-yearly report	Andrew Snape	Gain assurance that treasury management activities are in line with the current Treasury Management Strategy
	Internal Audit Progress Report 2021/22	Lucy Pledge/Emma Bee (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Annual Audit Letter 2020/21	TBC(Mazars)	Gain assurance on the Council's Statement of Accounts and arrangements for achieving Value for Money
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective
2 February 2022	Partnership Register (Annual Report)	Natalie Cook	In order to gain assurance that the Council is managing the partnerships that it is involved within effectively

	Draft Treasury Strategy 2022/23	Andrew Snape	Gain assurance that risks in relation to the Council's treasury management activities are to be managed in accordance with need and the Council's risk appetite
	Draft Capital Strategy 2022/22	Andrew Snape	Outlines the principles and framework that shape the Council's capital proposals
	Draft Investment Strategy 2022/23	Andrew Snape	The investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government.
	Internal Audit Progress Report 2021/22	Lucy Pledge/John Sketchley (Assurance Lincolnshire)	Understand the level of assurance for audited activities and ensure management progress recommended actions to mitigate identified risks
	Review of significant internal control issues highlighted in the Annual Governance Statement	Nick Wilson	Gain assurance that the Council is making progress on any governance issues that were raised in the AGS
27 April 2022	Risk Management report	Richard Bates	Gain assurance that appropriate risk management arrangements are in place
	Statement of Accounting Policies 2021/22	Andrew Snape	Gain assurance that the Council has appropriate accounting policies in place that reflect the way items are treated in the annual Statement of Accounts
	Counter-Fraud Activity Report	Nick Wilson	Gain assurance that counter-fraud activity is appropriately targeted and effective
	Fraud Risk Assessment	Nick Wilson	Gain assurance that the Council understands its fraud risks and that actions are put in place to address them

AUDIT AND ACCOUNTS COMMITTEE

21 APRIL 2021

HOMES ENGLAND COMPLIANCE AUDIT REPORT 2020-21 - HRA 5 YR DEVELOPMENT PROGRAMME

1.0 Purpose of Report

- 1.1 To inform the Committee the outcome of the Homes England Audit 2020/21 for the Council's 5 year Housing Revenue Account (HRA) Development Programme.
- 1.2 To advise the Committee of the actions taken and enable the Council to sign of the Audit on Homes England's Information Management System by the end of April 2021 following an extension agreed with Homes England to accommodate the timing of this Committee.

2.0 Background Information

- 2.1 In support of the Council's 5 years HRA Development Programme a grant of £4,307,635 (years 1 and 2) was provided to the Council through the Homes England affordable housing grants programme. No grant has been claimed in relation to year 3 due to the deadlines for using Right to Buy "1-4-1" receipts.
- 2.2 Grant was claimed in October 2019 for the Boughton Extra Care Scheme to the sum of £1,560,000 (start on site claim) and a further claim for £520,000 will be submitted upon reaching practical completion. As part of due diligence, Homes England have undertaken a routine audit of the delivery of the programme.
- 2.3 It is part of the grant conditions that the outcome of the audits are reported to the Council's Senior Leadership Team and relevant Committee.
- 2.4 The Compliance Audit Programme provides assurance that organisations receiving grant have met with all Homes England's requirements and funding conditions and that providers have properly exercised their responsibilities as set out in the Capital Funding Guide, contract and any other supplementary compliance audit criteria.
- 2.5 The scope of the audit includes matters such as compliance with grant conditions, compliance in rent setting, contractor appointment and management and compliance in obtaining relevant planning and other approvals.
- 2.6 Homes England use the audit findings to inform future investment decisions and to assure them that public funds have been used properly.

3.0 Audit Findings

- 3.1 Standardised checks (off-site) were made by Council appointed Independent Auditors (Beever and Struthers) on one of two potential scheme in the district that could have been chosen by Homes England: Westhorpe, Southwell. During the audit, the Independent Auditor checks the scheme for compliance using questions from Homes England's published checklists. The Independent Auditor reviews the information contained on file and reports any findings against Homes England's policy and procedures.

3.2 The Homes England Lead Auditor reviews the Independent Auditor findings and records any inconsistencies against their audit checklist that covers reconciliation of data as well as compliance with the capital funding guide. Breaches are used as the basis for awarding grades to the provider. The Compliance Audit Report awards Providers a red, amber or green grade based on the number and severity of breaches recorded.

3.3 The Grading structure is such that:

Green Grade – the provider meets the requirements through identifying no high or medium breaches.

Amber Grade – one or more high or medium breaches but the authority has not misapplied public funds.

Red Grade – one or more high level breaches and there is a risk that the authority has misapplied public funds.

3.4 Newark and Sherwood District Council’s Compliance Audit has concluded that the Council breached two elements of the audit checklist but that in breaching those checklist points, it did not misapply public funds and hence has been awarded an Amber Grade. The full Homes England Audit Findings are attached as Appendix A.

3.5 The Council has taken the necessary steps to ensure the breaches the Audit highlighted have been addressed and a process review has taken place to resolve the issues and reduce the risk of future audit failure as detailed below:-

Scheme	Breach Level	Breach Details	NSDC Procedure now in place
Westhorpe	Medium	27. Affordable and Social Rent Rents charged do not match those in IMS. The audit has identified that the rents charged do not accord with the data held in IMS.	<p>The procedure that was in place at the time of the scheme delivery and practical completion was a Newark and Sherwood Homes (NSH) Procedure (scheme delivery was between January 19 and December 19.) It has been identified that the process had no provision for reconciliation prior to completion, of forecast rents versus actual chargeable rents.</p> <p>This process has being reviewed to include a pre completion reconciliation review of data including cost and rent charge amounts inputted in IMS.</p> <p>Staff training is also required on grant application and conditions of grant to ensure future compliance. This was identified in early 2020 following the housing team’s re-integration into the Council (and subsequent staffing</p>

			changes) however was not carried out due to Covid-19 restrictions. This has now been arranged.
Westhorpe	Low	8. Incorrect IMS data has been entered but there are no value for money implications. Examples might include typographical errors, or a failure to update the system with revised information. The cost data held on IMS does not match the cost data held on the Scheme file.	As above.

3.6 Processes have been reviewed as part of the New Homes Development Procedure to ensure that these breaches do not occur again in future.

3.7 The findings from the Homes England Compliance Audit raised awareness of the identified breaches and the Council instigated a wider review of all sites. The review determined that there is one other scheme whereby the IMS data is not consistent with actual site costs and actual rental charges.

Lindsey Avenue	Newark
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3.8 The Director of Housing, Health and Well Being has written to Homes England to advise that the Council accept the conclusions of the Audit that one medium breach and one low level breach have been made and that the breaches did not misapply public funds as well as notifying of the same issue at Lindsey Avenue. Homes England agreed for the response time to be extended to the end of April to allow for this Committee to consider the reports' findings.

3.9 Subsequently, speaking to the Senior Officer at Homes England, they have indicated that they are happy with the steps that have been put in place, and understand the issues that the staffing changes presented and are clear the Council is learning and responding to the findings positively. Homes England confirmed they wish to build a strong relationship with the Council and look forward to working with us as a key partner in the future.

Internal Audit Findings

3.10 A recent internal Audit (carried out by lead Auditor, Assurance Lincolnshire) has been carried out between November 20 and January 21 on the HRA development programme, which has given a rating of High Assurance. The auditor's results stated, "the review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance. The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as

adequate, appropriate and are operating effectively". The scope of the internal Audit did not review the IMS process of the development program.

3.11 The internal Audit did identify that there are arrangements, which ensure that the contracts in place for the developers and the key consultants are monitored maintaining effective delivery of the development programme. The programme is on target for successfully completing the delivery of all the units within the scheduled timescale and it is projected that the available financial resource is sufficient to ensure the delivery of the programme and is reasonably within the approved budgets. The audit identified a number of areas of good practice, including those which have ensured the achievement of Value for Money, through the re-engineering of the build designs and robust checks to ensure correct application of the schedule of rates have been applied correctly.

3.12 It is highly likely that Homes England will undertake a 21/22 Compliance Audit. Current procedures in relation to IMS data inputting and the reconciliation prior to completion have been reviewed to ensure that improved controls are effective.

4.0 Equalities Implications

4.1 There are no equalities implications.

5.0 Digital Implications

5.1 There are no direct digital implications except for the training required to support use of the Homes England IMS system.

6.0 Financial Implications (FIN20-21/1281)

6.1 Failure to meet Homes England's requirements could adversely affect the Council's ability to access funding for new homes, thus impacting on the Community Plan objective to deliver new affordable homes.

7.0 Community Plan - Alignment to Objectives

7.1 Create more and better quality homes through our roles as landlord, developer and planning authority.

8.0 Comments of Director(s)

8.1 These Audit findings whilst disappointing, are easily rectified through the training and procedure review which has been initiated for the team. Homes England have provided assurance around their commitment to a partnership with us to deliver good quality new homes in the District across the course of the Affordable Homes Programme.

9.0 RECOMMENDATION(S)

That the Committee note the findings of the Compliance Audit have been accepted by the Council, and a response to Homes England has been sent outlining the steps taken to address the breaches and ensure they do not re-occur.

Reason for Recommendation(s)

The Committee is assured of improvements implemented as a result of the Audit.

Background Papers

Homes England Compliance Audit Report 2020/21

For further information please contact Jill Sanderson, Housing Development Officer on Extension 5624

Suzanne Shead
Director of Housing, Health and Wellbeing



Compliance Audit Report – 2020/21

37UG – Newark and Sherwood District Council

Provider Code	37UG
Provider Name	Newark and Sherwood District Council
Final Grade	Amber - Some failure to meet requirements
Independent Auditor	Beever and Struthers

Report Objectives and Purpose

Compliance Audits check Provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the Provider and Homes England concurrently. The Homes England Lead Auditor reviews the findings and records those determined to be 'breaches' in this report. Breaches are used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided at the end of this document.

Further information is available at: <https://www.gov.uk/guidance/compliance-audit>.

Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.



Compliance Audit Grade and Judgement

Final Grade	Amber - Some failure to meet requirements
Judgement Summary	On review of the evidence provided, the outcome of the audit has shown the provider has failed to comply with some of the programme requirements and guidance. An AMBER grade has been assigned. The audit has identified one medium breach and one low breach with no risk of misapplication of public funds. The breaches relate to the rents that have been charged does not accord with IMS and the scheme file cost data does not match with IMS. The provider is responsible for ensuring remedial action is taken in accordance with the recommendations listed in the Compliance Audit system to ensure further breaches of this nature do not reoccur in the future.

Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	2
Number of High Severity Breaches	0
Number of Medium Severity Breaches	1
Number of Low Severity Breaches	1

Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
882572	ID151 Westhorpe,NG25 0NB	Rent



Details of Breaches by Scheme/Completion

Where there are breaches identified, remedial action must be taken in accordance with recommendations listed in the Compliance Audit Module to mitigate the potential for re-occurrence.

Breach 1

ID	882572
Address/Site ID	ID151 Westhorpe,NG25 0NB
Breach Type	General
Breach Text	8. Incorrect IMS data has been entered but there are no value for money implications. Examples might include typographical errors, or a failure to update the system with revised information
Breach Comment	The cost data held on IMS does not match the cost data held on the scheme file. The scheme costs on IMS were not consistent with the costs on the scheme file.
Recommendation	It is recommended that the provider carries out a review of their processes and procedures for updating the scheme details, specifically costs and carries out checks to ensure all existing scheme details accord to those held on file.
Recommendation Deadline	



Breach 2

ID	882572
Address/Site ID	ID151 Westhorpe,NG25 0NB
Breach Type	Post-development
Breach Text	27. Affordable and Social Rent Rents charged do not match those in IMS
Breach Comment	The audit has identified that the rents charged do not accord with the data held in IMS.
Recommendation	The provider should undertake a review their procedure for updating the actual rent figures within IMS and carry out any corrective action as required. The provider should also carry out a review of all their existing schemes within IMS to ensure the rent figures are correct.
Recommendation Deadline	



Provider's Acknowledgement of Report

The contents of this report should be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement should be recorded in the IMS Compliance Audit Module by your CA Provider Lead on behalf of your Board's Chair. Online acknowledgement should be completed within one calendar month of the report email notification being sent.

Report acknowledged by:

Date:

Compliance Grade Definitions

Green Grade	The Provider meets requirements: Through identifying no high or medium breaches, the Compliance Audit Report will show that the Provider has a satisfactory overall performance, but may identify areas where minor improvements are required.
Grade Amber	There is some failure of the Provider to meet requirements: Through identifying one or more high or medium breaches, the Compliance Audit Report will show that the Provider fails to meet some requirements, but has not misapplied public money. The Provider will be expected to correct identified problem(s) in future schemes and current developments.
Grade Red	There is serious failure of the Provider to meet requirements: Through identifying one or more high level breaches, the Compliance Audit Report will show that the Provider fails to meet some requirements and there is a risk of misuse of public funds. The Provider will be expected to correct identified problem(s) in future schemes and current developments.

AUDIT AND ACCOUNTS COMMITTEE
21 APRIL 2021

STRATEGIC RISK MANAGEMENT – UPDATE OF THE STRATEGIC RISK REGISTER

1.0 Purpose of Report

1.1 To provide an update to members on the status of the Council’s 2021/22 Strategic Risk Register.

2.0 Background

2.1 A strategic risk management report was presented to the November 2020 Audit and Accounts Committee. This report highlighted the current strategic risk register but also acknowledged that due to the unprecedented demands of the COVID 19 pandemic there had been a delay in reviewing and producing a new strategic risk register.

2.2 A new register was in the early stages of production but was not ready for presentation at the November committee cycle.

2.3 A proposed and agreed action within the above report was to provide this committee with a copy of the revised strategic risk register for consideration.

3.0 Strategic Risk Review

3.1 A strategic risk workshop was undertaken with SLT in late November 2020. This facilitated workshop evaluated all existing strategic risks and identified/debated emerging risks for the forth coming year.

3.2 Following this workshop a draft strategic risk register was produced and presented to SLT in January 2021.

3.3 The following table illustrates the significant changes agreed by SLT to the 2021/22 strategic risk register.

RETAINED STRATEGIC RISKS		
Title	Description	Owner
Financial Sustainability - General Fund	Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives.	Sanjiv Kohli
Financial Sustainability - HRA	Financial sustainability of the HRA to ensure the council is able to provide, maintain and develop its housing stock.	Sanjiv Kohli
Safeguarding	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons.	Matthew Finch

	<ul style="list-style-type: none"> It was agreed that the current description did not reflect the true risk. It was therefore agreed to change it to the following: <i>Maintaining corporate safeguarding arrangements to ensure suitable and appropriate management of the councils safeguarding duties.</i> 	
Failure to Deliver Growth Infrastructure	Facilitating the provision of local infrastructure to ensure growth within the district to meet agreed plans & corporate priorities.	Matthew Lamb
Contract/supply failure	Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives.	Deborah Johnson
Workforce	Ensuring the council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.	Karen White
Emergency Response	The Council's ability to effectively respond as a category 1 responder to a major emergency and maintain a suitable response without affecting essential service delivery.	Matthew Finch
Corporate Governance	Risk of failure in systems of governance within the council, council owned/influenced organisations and partnerships or other collaborative arrangements.	Karen White
Data Management and Security	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation.	Sanjiv Kohli
Arkwood Development	Managing performance and the relationship between the Council and Arkwood Developments in accordance with the governance agreement.	Karen White
BREXIT	<p>Effects of BREXIT on the council's ability to deliver services and to the sustainability of its communities.</p> <ul style="list-style-type: none"> Review required - To review and consider need and scope of this risk. It was agreed that the current risk does not remain relevant. Effects are likely to be 	Matthew Finch

	socio/economic. Many of which are covered in new community risk.	
NEW STRATEGIC RISKS		
Title	Description	Owner
Community Issues - Pandemic	Immediate and longer term economic and societal impact of global pandemic on NSDC communities and its business economy – specifically concerned with: deprivation, direct effect on specific communities/vulnerable persons and the local economy.	Matthew Finch Or Suzanne Shead
Environment	Ability to meet requirements of the government’s green agenda and aspirations/expectations of the NSDC community in delivering a greener/carbon neutral service.	Matthew Finch
Statutory Compliance Management	Implementation and maintenance of suitable statutory safety compliance management systems.	Sanjiv Kohli and Suzanne Shead
Active4Today	COVID 19 impact - Financial risk/liability to the council and future provision of leisure offer.	Suzanne Shead
DELETED STRATEGIC RISKS		
Title	Description	Notes
Loss of Community Cohesion	The risk of vulnerable communities with NSDC feeling disengaged, excluded or being unable to access available services and opportunities.	This risk had been on the register for a number of years. It was felt that whilst it was important to acknowledge these issues it had been shown over that period not to be a significant risk. It was agreed that the new risks to community are linked to issues relating to the current pandemic and its effects. Therefore agreed to be replaced with “community issues-pandemic”

4.0 Strategic Risk Register 2021 - Development and Review

4.1 The table below illustrates the current status of all current strategic risks. Individual groups are working through the risks to develop bespoke action plans and reviewing the current risks as well as setting target risks to identify the potential for lowering the risks once the actions are delivered and management controls put in place.

Title	Status	Comments
Financial Sustainability – General Fund	Green	<ul style="list-style-type: none"> Reviewed and up to date.
Financial Sustainability - HRA	Yellow	<ul style="list-style-type: none"> Review underway. Awaiting comments before review can be completed.
Safeguarding	Red	<ul style="list-style-type: none"> Review meeting booked
Failure to deliver growth infrastructure	Green	<ul style="list-style-type: none"> Reviewed and up to date.
Contract/supply failure	Yellow	<ul style="list-style-type: none"> Review underway. Awaiting comments before review can be completed.
Workforce	Green	<ul style="list-style-type: none"> Reviewed and up to date.
Emergency Response	Red	<ul style="list-style-type: none"> Review meeting booked
Corporate Governance	Green	<ul style="list-style-type: none"> Reviewed and up to date.
Data Management and Security	Green	<ul style="list-style-type: none"> Reviewed and up to date.
Arkwood Development	Yellow	<ul style="list-style-type: none"> Review underway. Awaiting comments before review can be completed.
Brexit	Red	<ul style="list-style-type: none"> Review meeting booked
Community issues - Pandemic	Red	<ul style="list-style-type: none"> Meeting booked with risk owner to develop this new risk
Environment	Red	<ul style="list-style-type: none"> Meeting booked with risk owner to develop this new risk
Regulatory and statutory compliance management	Yellow	<ul style="list-style-type: none"> Review underway. Awaiting comments before review can be completed.
SR116 Active4Today	Red	<ul style="list-style-type: none"> Review meeting booked

4.2 We have been unable to undertake development and review of all risks at the point of producing this report. It is envisaged that this will be completed by the end of April 2021.

5.0 **Proposals**

5.1 It is proposed that the strategic risk register will be reviewed with a view to producing new register in April 2022. The risks will also be reviewed in line with any changes to the Community Plan.

6.0 **Equalities Implications**

6.1 There are no specific equalities implications arising from the details set out within this report. Where appropriate equalities are considered as part of the risk management process and where appropriate these are noted against the relevant risk and mitigation put in place to manage the risk along with any other risks identified.

7.0 Financial Implications

7.1 None arising from this report.

8.0 Digital Implications

8.1 None arising from this report.

9.0 RECOMMENDATION

Members of the Committee are asked to note the new strategic risk register and to agree the timescale for reviewing the strategic risk register. That is that the register will be reviewed prior to April 2022.

Reason for Recommendations

To update the Committee on the Council's update on the status of the Council's strategic risk register.

Background Papers

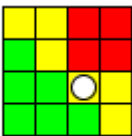
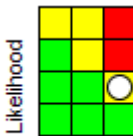
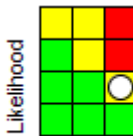
Nil.

For further information please contact Richard Bates – Safety and Risk Management Officer on extension 5593.

Matt Finch
Director – Communities and Environment

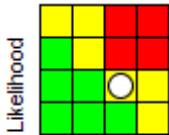
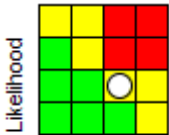
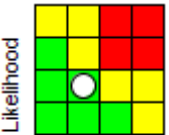
Appendix 1

Current Strategic Risk Register

Code & Title	SR101 Financial sustainability – General Fund		Owner	Kohli, Sanjiv (SLT)	
Description	Ensuring financial sustainability of the general fund to allow the council to undertake its core functions, deliver services, meet its corporate priorities and objectives		Assigned To	Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	13-Aug-2020	31-Mar-2020	Controlled

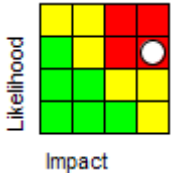
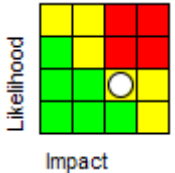
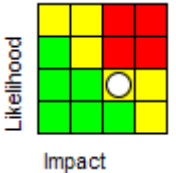
Controls/Actions In Place	<p>Quarterly Capital monitoring meetings</p> <p>Investments approved in line with the annually agreed Treasury Management Strategy</p> <p>Annual refresh of Medium Term Financial Plan including management of reserves</p> <p>Council approved Capital programme</p> <p>Financial implications added to Committee reports by Financial Services</p> <p>Financial strategies and budget reviewed through Policy and Finance Committee annually</p> <p>Use of external Medium Term Financial Plan tool which assists with forecasting future Business Rates income</p> <p>Assigned project manager for each major project the Council is embarking on</p> <p>Corporate Projects Team established to identify business opportunities in service areas</p> <p>Director/Business Unit Manager quarterly meetings reviewing Directorate financial position</p> <p>Approved Commercial strategy to support objectives set out in the MTFP</p> <p>Approved Investment Plan to support the objectives set out in the Commercial Strategy</p> <p>Nottinghamshire Business Rates Pool mitigating large impacts of reductions in Business Rates. This is kept under review by Nottinghamshire S151 officers</p> <p>Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</p> <p>Annual Financial Regulations training in place</p> <p>Government covering 72% of income lost due to COVID19</p> <p>Allocation of £1.483m in additional funding from the £3.3bn Central Government Fund</p> <p>Working with SDCT, DC and LGA to acquire additional income support</p> <p>Government returns completed identifying direct cost of COVID 19 and losses incurred</p> <p>Sharing of information/comparison with LRF COVID finance Cell. Also joint lobbying with the LRF cell for leisure centre income losses to be covered.</p> <p>Monitoring and forecasting of COVID related losses.</p> <p>Weekly COVID 19 Recovery Group updates to identify additional costs and allocation of costs</p>
Vulnerability	<p>Financial</p> <p>Meeting corporate objectives</p> <p>Service delivery</p> <p>Reputation</p>

	Governance Compliance
Trigger/Event	<p>Unforeseen rise in interest rates over forecasted levels</p> <p>Changes in national policy eg. fair funding review, change to government political parties</p> <p>Banking crisis</p> <p>Over reliance and poor decision making on investments</p> <p>Member priorities diverging from corporate priorities</p> <p>Increase CPI/RPI figures</p> <p>Failure of subsidiaries</p> <p>Major contract failure</p> <p>Failure of HRA</p> <p>Reduction in Business Rates 2.</p> <p>Poor decision making and business planning</p> <p>Budgeted income levels not meeting target</p> <p>Impact on promised funding not as expected</p> <p>Change in significant income/funding</p> <p>Failure in compliance/ governance</p> <p>Fraud</p> <p>Global Pandemic</p>
Impact	<p>Inability to deliver services</p> <p>Inability to meet corporate priorities</p> <p>Inability to meet legislative requirements</p> <p>External auditors review</p> <p>Government taskforce</p> <p>Negative media/reputation</p> <p>Loss of ability to make local decisions</p> <p>Division between members and officers</p> <p>Greater division between political parties</p> <p>Staff morale and loss of key staff</p> <p>Fines/ enforcement</p> <p>S151 officer issues S114 notice</p> <p>GF fails due to third party failure, i.e. HRA/subsidiaries</p> <p>Impact on residents and communities</p>

Code & Title	SR102 Financial sustainability – HRA		Owner	Kohli, Sanjiv (SLT)	
Description	Financial sustainability of the HRA to ensure the council is able to provide, maintain and develop its housing stock.		Assigned To	Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	13-Aug-2020	31-Mar-2020	Control Pending

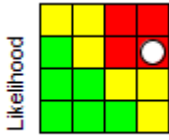
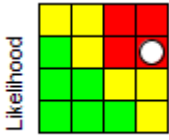
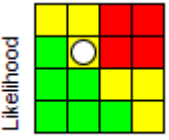
Controls/Actions In Place	<p>Controls copied from General Fund Financial Sustainability Risk – NW to review</p> <p>Quarterly Capital monitoring meetings</p> <p>Investments approved in line with the annually agreed Treasury Management Strategy</p> <p>Annual refresh of MTFP including management of reserves</p> <p>Council approved Capital programme</p> <p>Financial implications added to Committee reports by Financial Services</p> <p>Financial strategies and budget reviewed through Policy and Finance Committee annually</p> <p>Use of external MTFP tool which assists with forecasting future Business Rates income</p> <p>Assigned project manager for each major project the Council is embarking on</p> <p>Corporate Projects Team established to identify business opportunities in service areas</p> <p>Director/Business Unit Manager quarterly meetings reviewing Directorate financial position</p> <p>Approved Commercial strategy to support objectives set out in the MTFP</p> <p>Approved Investment Plan to support the objectives set out in the Commercial Strategy</p> <p>Nottinghamshire Business Rates Pool mitigating large impacts of reductions in Business Rates. This is kept under review by Nottinghamshire S151 officers</p> <p>Quarterly budget monitoring report tabled at SLT and Policy and Finance Committee</p> <p>Annual Financial Regulations training in place</p>
Vulnerability	<p>Financial</p> <p>Meeting corporate objectives</p> <p>Service delivery</p> <p>Reputation</p> <p>Governance</p> <p>Regulation and compliance</p>
Trigger/Event	<p>Change in national policy</p> <p>Increase in interest rates</p> <p>Increased rent arrears</p> <p>Increased voids</p> <p>Suitability of stock meeting future standards</p> <p>Increase or change in standards required</p> <p>Current stock does not meeting housing needs</p> <p>Workforce issues</p> <p>Housing management review and implementation</p> <p>Failing to ensure compliance with relevant legislation causing regulatory bodies to intervene</p> <p>Noncompliance with rent standard</p>

	<p>Meeting tenant priorities Ineffective strategic decision making and business planning Key HRA major projects failure Ineffective management of housing maintenance function Loss of critical income streams Fraud Failure to manage critical income streams/ invest Global Pandemic Supplier/contractor cost increases due to COVID 19 demand/supply issues</p>
<p>Impact</p>	<p>Inability to maintain stock to acceptable level including development of future stock Budget unable to address changes in national policy Reprioritisation of service delivery including resource delivery Cash reserves used to right off rent arrears and voids Substandard housing stock Loss of morale and high staff turnover Fines, notices, court cases and legal fees Moratorium of services Dissatisfaction with service delivery Greater scrutiny on service slowing decision making Poor local housing policy Project failure Contract disputes S151 officer issues S114 notice Failure to service debt Legislative requirements not met Impact on residents and tenants</p>

Code & Title	SR103 Safeguarding		Owner	Finch, Matthew (SLT)	
Description	Preventing failures within safeguarding arrangements to ensure protection of vulnerable persons		Assigned To	Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	27-Jul-2020	31-Mar-2020	Controlled

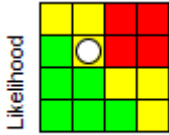
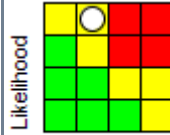
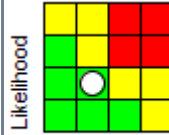
Controls/Actions In Place	<p><u>LEAD OFFICER: Director of Communities & Environment – M Finch</u></p> <p>Countywide safeguarding policy adopted – and reviewed / updated March 2018</p> <p>Disciplinary policy</p> <p>Annual Review and Update of the Council’s Safeguarding Policy</p> <p>Key Staff already undertaken E–Learning</p> <p>BMs and safeguarding specific training</p> <p>PREVENT introduction to safeguarding training rolled out to all staff</p> <p>Staff Induction training organised</p> <p>Member training</p> <p>Officer represented on the Notts Safeguarding Children’s Board and Notts Safeguarding Adults</p> <p>Local procedures in place</p> <p>Corporate safeguarding group meet quarterly</p> <p>Safeguarding Support Officers in place</p> <p>Shared safeguarding email</p> <p>Annual completion of Section 11 return</p> <p>Annual review and report to SLT</p> <p>DBS notification process</p> <p>Internal Audit</p> <p>Notts wide network for referring information relating to PREVENT</p> <p>Participating in serious case reviews as required</p> <p>Learning from serious case reviews</p> <p>Annual assurance report to committee with exception reporting if require</p> <p>Undertake domestic homicide reviews as directed by CSP</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW</p> <p>Develop and review current action plan from corporate group objectives plan</p> <p>Elected member training as part of the induction process following elections</p> <p>Update report to SLT on Child Safeguarding arrangements at county level</p>
Vulnerability	<p>Compliance /Legislation</p> <p>Reputation</p> <p>Financial</p> <p>Resourcing</p> <p>Partnerships</p> <p>Governance</p> <p>Vulnerable persons</p>

Trigger/Event	<p>Reduction of Managers means that relevant officers may not be available</p> <p>Lack of Training</p> <p>Turnover of staff resulting in loss of continuity</p> <p>Failure to identify a serious case</p> <p>Resurrection of a historic case</p> <p>Lack of resources to respond to the safeguarding process (identification through to investigation and report)</p> <p>Inappropriate response to a case</p> <p>Lack of corporate awareness and culture (members and officers)</p> <p>lack of communication / Partnership failure</p> <p>Non adherence to corporate policy, not escalating and not reporting</p>
Impact	<p>Foreseeable and avoidable harm is suffered by a vulnerable person</p> <p>Serious case review by Nottinghamshire safeguarding board</p> <p>Litigation (criminal and civil)</p> <p>Disruption caused by targeting by group/individual</p> <p>Possible effect on future insurance costs depending on liability and claims history</p> <p>Personal Liability</p> <p>Staff Morale</p> <p>Radicalisation</p> <p>Reputational damage with community e.g. negative media</p> <p>Resourcing any additional works</p> <p>Child exploitation, domestic abuse, radicalisation, modern day slavery</p> <p>Organisational abuse (e.g. older people in care homes)</p>

Code & Title	SR104 Failure to deliver growth infrastructure		Owner	Lamb, Matt (SLT)	
Description	Facilitating the provision of local infrastructure to ensure growth within the district to meet agreed plans & corporate priorities		Assigned To	Business Manager (BM – HSR); Hughes, Lisa (BM – PDV); Norton, Matthew (BM – PPO)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	20-Jul-2020		Control Pending

Controls/Actions In Place	<p>Community Plan</p> <p>Infrastructure delivery plan</p> <p>CIL charging schedule and infrastructure list</p> <p>Development plan (Amended Core Strategy and Allocations and Development Management DPD)</p> <p>Local Development Framework Task Group</p> <p>Economic Development Committee and Full Council</p> <p>Planning Committee</p> <p>High performing planning service</p> <p>Active Lobbying</p> <p>Engagement with Developers, Stakeholders & Partners</p> <p>Economic Growth Strategy</p>
Vulnerability	<p>Inability to deliver infrastructure to support growth</p> <p>Political</p> <p>Reputation</p> <p>Financial</p> <p>Partners and stakeholders</p>
Trigger/Event	<p>Government change in policy</p> <p>Government funding withdrawn</p> <p>Funding reduced</p> <p>Funding bid failure</p> <p>Housing development stalls</p> <p>Change in leadership</p> <p>Poor strategic decision making</p> <p>Change in partnership priorities</p> <p>Withdrawal of Partners</p> <p>Failure of other related major infrastructure projects</p>
Impact	<p>Infrastructure not delivered</p> <p>Inappropriate infrastructure delivered</p> <p>Growth within district affected</p> <p>Inadequate service provision</p> <p>Government sanctions for inability to deliver housing growth</p> <p>Housing development stalls</p> <p>Social Inequality</p>

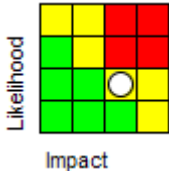
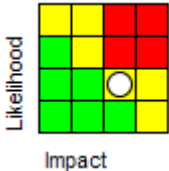
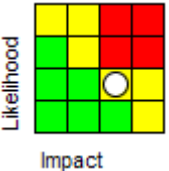
	Large Employer relocating outside district Inward investment stalls
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Code & Title	SR105 Contract/supply failure		Owner	Johnson, Deb (BM – TRC); Cook, Natalie (BM_TRC)	
Description	Managing contracts with key suppliers, including NSDC wholly own companies, to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives.		Assigned To	Wilson, Nick (BM – FIN); Business Manager (BM – HSR); Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Impact	 Impact	 Impact	28-Sep-2020	31-Mar-2020	Control Pending

Controls/Actions In Place	<p>CONTRACT INCEPTION & MANAGEMENT</p> <ul style="list-style-type: none"> Contract register developed using Pro-Contract and actively managed by OD team (not fully populated or embedded yet see action) Contact renewal early warning provided by OD at quarterly meetings Procurement advice provided through Welland procurement Call off contract arrangements/template devised SLA template devised for consistency SLAs all reviewed SLA register devised and actively managed by OD Comprehensive audit undertaken of contracts <p>WHOLLY OWNED COMPANIES</p> <ul style="list-style-type: none"> Management agreements regularly reviewed Contract managers named for each Regular contract management meetings in place Active partnership approach embedded <p>TRAINING</p> <ul style="list-style-type: none"> Session delivered to BMs on contract management Session delivered to members on contract management <p>RECENTLY COMPLETED ACTIONS FOR REVIEW</p> <ul style="list-style-type: none"> Legal advice on developing contract templates
Vulnerability	<p>Service delivery</p> <p>Financial</p> <p>Compliance (Regulatory, Health & Safety, Legislative)</p> <p>Governance</p> <p>Resources</p> <p>Reputational</p>

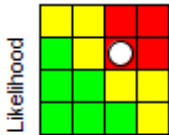
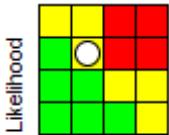
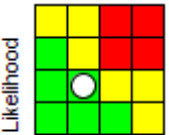
Trigger/Event	<p>CONTRACT INCEPTION</p> <ul style="list-style-type: none"> . Lack of understanding of requirements and different provision mechanisms available . Lack of commercial approach and knowledge . Inadequate/ambiguous specification . Inadequate/ambiguous control/performance measures . Inadequate/ambiguous exit arrangements . Failure to engage relevant specialists in contract design . Contract is not signed and saved in corporate register . Limited market supply . Over reliance on single supplier(s) . Lack of competence in procurement . Lack of resource dedicated to procurement . Lack of preplanning for contracts . Lack of appropriate exit strategies <p>CONTRACT MANAGEMENT</p> <ul style="list-style-type: none"> . No assigned contract manager . Contract manager is not appropriately trained/skilled . Contract manager resource is insufficient . Ineffective performance monitoring and reviews . Evergreen contracts in place . Change control/variations are not appropriately managed . Lack of ongoing challenge throughout the contract . Loss of key personnel/ key resilience . Relationship breakdown . Contractor fails to deliver/ isn't able to deliver (bankruptcy) <p>WHOLLY OWNED COMPANIES</p> <ul style="list-style-type: none"> . Management agreement not robust . Governance and oversight not appropriate . Inadequate/ambiguous governance arrangement . Contract management resource is insufficient/ unsuitable . Inadequate/ambiguous control/performance measures . Relationship breakdown and – objectives do not align . Lack of ongoing challenge throughout the contract . Board directors do not perform within required parameters . Lack of appropriate review of purpose of contract <p>OTHER</p> <ul style="list-style-type: none"> . Financial management not embedded as part of contract management process . Impact of Brexit (link to STRAT SR012 Brexit) . Business continuity/Emergency incident . Contracts not entered on contract register . Provision commences before contract is in place . Lack of appropriate overview of contract management . Pandemic
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	<ul style="list-style-type: none"> . Link to SR106 – Workforce
Impact	<p>FINANCIAL IMPACT</p> <ul style="list-style-type: none"> . Additional costs to council (hidden costs, increased costs) . Best value not achieved . Fines <p>SERVICE DELIVERY IMPACT</p> <ul style="list-style-type: none"> . Provision is not timely/delayed . Poor/declining quality of service/provision . Increased unplanned demand . Inability to scale up/scale down provision to meet demand . Service failure . Not aligned to corporate objectives <p>LEGISLATIVE IMPACT</p> <ul style="list-style-type: none"> . Data loss/GDPR compromised . Council’s legislative obligations not met . Providers are not able to be challenged as contract not in place when service is commenced <p>REPUTATIONAL IMPACT</p> <ul style="list-style-type: none"> . Customer/service user complaints increase . Member complaints increase . Negative media coverage <p>RESOURCE</p> <ul style="list-style-type: none"> . Contract manager resource requirement is increased (leading to impact on other duties) . Other officer resource required to manage impacts (leading to impact on other duties)

Code & Title	SR106 Workforce		Owner	White, Karen (SLT)	
Description	Ensuring the council is able to recruit, maintain and retain appropriate staffing resource to ensure it is able to deliver its services and meet its corporate objectives.		Assigned To	Glass, Caroline (BM – HR & Training)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			18-Dec-2019	31-Mar-2020	Controlled

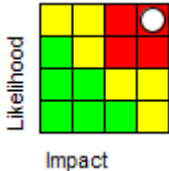
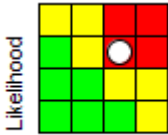
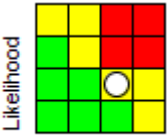
Controls/Actions In Place	<p>Business Managers have individual development plans to help them manage change and risk.</p> <p>Senior HR Officers provide support to Business Managers to manage staffing issues, e.g. sickness absence, capability etc.</p> <p>Effective communication arrangements are in place.</p> <p>Rolling programme of review for HR policies to ensure they remain robust and fit for purpose.</p> <p>Selima system provides Business Managers with ownership / control over staff sickness/Holiday approval etc. and provides corporate overview HR working closely with Business Managers to support organisational change.</p> <p>Partnership approach with recognised trade unions to support organisational change.</p> <p>Counselling/therapy and welfare support services in place for staff.</p> <p>Visible leadership.</p> <p>Annual employee planning process.</p> <p>Training and development programme to support ongoing development of skills and competencies and BM and other staff change management such as recruitment.</p> <p>Review of training requirements linked to appraisal process to ensure that appropriate development is sourced and implemented for staff to include facilitation of succession management.</p> <p>Incentivised terms and conditions, e.g. agile and flexible working</p> <p>Use of Apprenticeships to support service areas and support succession management.</p> <p>Approved corporate priorities within the Community Plan 2019-23</p> <p>Annual financial planning Project team and plan in place for housing implementation</p>
Vulnerability	<p>Service delivery and resources</p> <p>Financial</p> <p>Compliance</p> <p>Governance</p> <p>Reputational</p> <p>Competence and Capability</p> <p>Leadership</p>
Trigger/Event	<p>Key staff leaving e.g. with specific qualifications and/or experience and membership of professional body</p> <p>Number of staff leaving from one area/high turnover</p> <p>Inability to recruitment to key posts</p> <p>Lack of development opportunity</p>

	<p>Lack of team cohesion Lack of alignment with corporate values/behaviours/culture Pressure of work Demand in a specific skill set Uncompetitive in the job market place Poor industrial relations Working environment Key member of staff goes on long term sick Organisational restructure</p>
Impact	<p>Service delivery impact Reputational impact through poor service Reputation as an employer resulting in inability to recruit staff Loss of capacity/under resourced Loss of expertise and corporate memory High recruitment costs Additional time required to support introduction of new staff and development thereof Additional training costs Impact on morale, culture and team performance Increased levels of staff absence Loss of opportunity through loss of networks Inability to operate in accordance with statutory requirements Increase in accidents Impact of potential civil claim (e.g. employment tribunal. insurance) or criminal actions Increased demand on corporate services (e.g. HR)</p>

Code & Title	SR107 Loss of community cohesion		Owner	Finch, Matthew (SLT)	
Description	The risk of vulnerable communities with NSDC feeling disengaged, excluded or being unable to access available services and opportunities.		Assigned To	Baker, Jill (BM – CSC); Monger, Leanne (BM – HHC); Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Impact	 Impact	 Impact	09-Dec-2019	31-Mar-2020	Control Pending

Controls/Actions In Place	<p>Diversionary activities</p> <p>Days of Action</p> <p>Development of community database</p> <p>Residents surveys</p> <p>Diverting resources into vulnerable communities</p> <p>Supporting national initiatives, e.g. Hate Crime Awareness Week</p> <p>Community Engagement Strategy</p> <p>Actions within the Community Plan working around vulnerable communities</p> <p>Place based community relations.</p> <p>Cultural orientation training</p> <p>LMAPS (local multi agency partnership)</p> <p>Community Safety Partnership Work</p> <p>Severe weather and new winter shelter.</p> <p>Tolney Lane working group.</p>
Vulnerability	<p>Disengagement</p> <p>Partners and stakeholders</p> <p>Reputation</p> <p>Community leadership</p> <p>Vulnerable persons</p>
Trigger/Event	<p>Lack of understanding of communities' needs and consequent actions</p> <p>Not meeting expectations of communities</p> <p>New unforeseen incident or situation</p> <p>Poor judgement in making decisions</p> <p>Loss of key partner in delivering key service</p> <p>Change in partners funding/delivery priorities</p> <p>Unilateral decisions by partners</p> <p>National decision or event</p> <p>Internal community issue</p> <p>Lack of engagement with key community leaders outside of democratically elected</p> <p>Non representative community leader</p> <p>Withdrawal or reduction of services</p>
Impact	<p>Diversion of resources to address problems</p> <p>Isolation of vulnerable groups</p> <p>Loss of confidence in the council and other agencies</p>

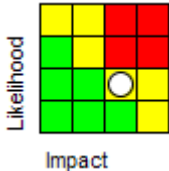
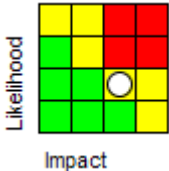
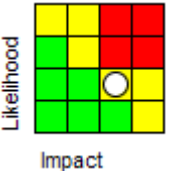
	Reputation Engaging with the wrong people Physical unrest Civil disobedience Divided communities Economic loss Hate Crime
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Code & Title	SR108 Emergency response		Owner	Finch, Matthew (SLT)	
Description	The Council's ability to effectively respond as a category 1 responder to a major emergency and maintain a suitable response without affecting essential service delivery.		Assigned To	Richardson, Dave (BM – ICT); Batty, Alan (BM – PPR)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	18-Dec-2019		Control Pending

Controls/Actions In Place	<p>LEAD OFFICER – Matthew Finch</p> <p><u>Emergency Plan/ Business Continuity</u> Emergency plans in place and securely stored on Resilience Direct Incident specific emergency plans in place. The plan is regularly reviewed and tested. Periodic review of key services by EPO e.g. Emergency Planning and Business Continuity. Management shows support for BCM through regular discussions in key meetings. Business Continuity is a regular agenda item. Management shows support to appropriately prepare, maintain and exercise a Business Continuity Plan by assigning adequate resources, people and budgeted funds. Periodic review of documents e.g. Emergency Plan, Business Continuity Plan. Business Continuity Audit Review. There is a Business Continuity Management (BCM) Policy and it is updated periodically. – Managers and staff have been made aware of BCP and BCM and their responsibilities. Managers have been consulted in developing the plan and key individuals who input is more important than others have been identified. The Business Continuity Plan identifies all critical areas of the authority There is an up to date Business Continuity Plan.</p> <p><u>Financial</u> Corporate budget available to support flood alleviation schemes. Council maintaining budget figure and reserve up to Belwin amount to cover emergency incidents. Facilitation of government grant scheme in flood affected areas to enhance future resilience.</p> <p><u>Equipment/ Resources</u> Flood stores in some communities with provisions to self help and therefore not be as reliant on council. Agile working arrangements. Cyber security arrangements Use and Audit of Resilience Direct as a Document Management System/repository Load key documents onto Resilience Direct Annual stock take of equipment in our Emergency Stores. exercise carried out gap analysis of the testing.</p>
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	<p>Training & LRF Training Improved understanding of snow implications and therefore better plans in place. Memorandum of Understanding for mutual aid. Local Resilience Forum and annual risk assessment. Produced BCP BCM training timetable Offering of Health & Wellbeing advice e.g. offering flu vaccinations</p> <p><u>Partners/Public</u> Work with EA (Environment Agency) on flood resilience work has mitigated/reduced the risk in some areas. Improved monitoring systems by EA for earlier warning for floods. Raised awareness of flood risk, therefore increased understanding self help and increasing resilience.</p> <p>Develop emergency response management tool i.e. Meritech (AB) Deliver One off workshop for BMs on BCP Implement the training of BCP & BCM and general training for all staff – Production of induction training package</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW Identify users of the emergency response management tool (Meritech) and delivery. Meritech emergency planning module system training and testing Provide initial report to SLT re: Business Impact Analysis carried out Report to SLT re updated emergency plan to be SLT to decide how to deal with allowing JDs to be amended (including their own) to include an explicit responsibility for BC Promotion to LRF of 20 ways in 30 days in the Notts area Testing to take place of the Control Room at Castle House</p>
Vulnerability	<p>Resourcing Reputation Expectations Partners Financial Suitability of response Service delivery</p>
Trigger/Event	<p>Extreme weather event of greater frequency and severity. Unpredictable district/regional/national emergency events. Council headquarters or key facilities are damaged. Pandemic Flu Cyber Attack Counter terrorist Attack Partners not playing part/full role Failure of resources / suppliers / supply chain Availability and resilience of key personnel A "no deal" Brexit (further information see Strategic Risk Brexit) Insufficient time given to BMs/SLT to deliver appropriately considered BCPs</p>
Impact	<p>Drain on services and resources to provide an immediate and appropriate response. Managing and resourcing the longer term recovery process</p>

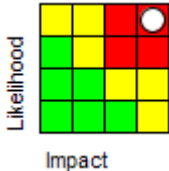
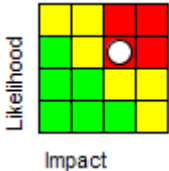
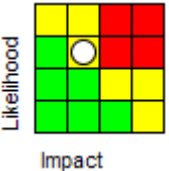
Business Continuity issues at Castle House and other council facilities – centres could be flooded, staff unable to get into work – loss of resources i.e. vehicles, premises.
Reputational damage due to perceived failure to respond to emergency or maintain services
Reputational damage to the District and attraction to place to live/work
Failure to maintain critical services day to day
Manage financial requirements of the emergency event
Financial issues of being unable to claim back funding spent on assisting communities
Financial implication of up front costs required during an emergency.
Less likely to receive long term support to obtain government flood grants compared with high density areas due to cost benefit ratio.
Effect on communities (commercial or domestic)
Loss of key/ critical systems
Inability to support critical projects and projects at a critical stage

Code & Title	SR109 Corporate governance		Owner	White, Karen (SLT)	
Description	Risk of failure in systems of governance within the council, council owned/influenced organisations and partnerships or other collaborative arrangements.		Assigned To	Hill, Nigel (BM – EDS); Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			27-Dec-2019		Controlled

Controls/Actions In Place	<p><u>LEAD OFFICER – Karen White</u></p> <p>Code of corporate governance created, maintained and monitored in accordance with CIPFA guidance.</p> <ul style="list-style-type: none"> . Corporate Governance self-assessment against the code of Corporate Governance undertaken periodically. . Periodic review of governance by 3 statutory officers. <p>Annual review of Constitution which includes fit for purpose and up to date:</p> <ul style="list-style-type: none"> . Officer code of conduct. . Officer registers of interests – Related third party transactions. . Section 151 officer/Monitoring officer/Head of Paid Service. . Gifts and hospitality – policy and register place. . Council Financial regulations and procedures, . Contract procedure rules . Whistle blowing policy . Anti-fraud and corruptions strategy <p>Annual governance statement reviewed annually and reported to Audit and Accounts Committee. Annual Governance Statement goes to Feb meeting of Committee Creation of annual combined assurance report in conjunction with SLT and BMs.</p> <p>Internal Audit work including risk based Audit Plan. Effective use of External Auditor. Scrutiny by Audit and Accounts Committee</p> <p>Staff and member training in place</p> <ul style="list-style-type: none"> . Training on governance issues including anti-fraud and financial regulations. . Counter fraud training delivered. . Member induction at the start of each new Council cycle. <p>Complaints:</p> <ul style="list-style-type: none"> . Localised standards framework and effective arrangements for dealing with complaints overseen by Policy and Finance Committee.
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	<p>. Internal complaints procedure.</p> <p>Fraud</p> <ul style="list-style-type: none"> . Annual internal review of the Fraud Risk register to carry out proactive work, check on internal controls and is reported to members . Participation with National Fraud Initiative process . Options appraisal for counter fraud and implementation of preferred option. <p>Appropriate insurance cover including Fidelity Guarantee.</p> <p>Oversight of Active4Today, Newark and Sherwood Homes, Arkwood and East Midlands Building Control.</p> <ul style="list-style-type: none"> . Appropriate monitoring of performance of the third party or alternative service delivery methods. <p>HR policies in place</p> <p>Recruitment process controls, e.g. References, Immigration, DBS.</p> <p>Horizon scanning at Business Manager briefings and effective communication between SLT and business managers.</p> <p>Measures in place to ensure IR35 compliance</p> <p>Schedules review of Corporate Governance (Q4 19/20)</p> <p>Governance review ongoing with support from LGA</p>
Vulnerability	<p>Service delivery</p> <p>Governance</p> <p>Fraud</p> <p>Poor decision making/leadership</p> <p>Reputation</p> <p>Financial</p> <p>Legal compliance</p> <p>Partners/stakeholders</p>
Trigger/Event	<p>Failure to communicate, define, review and uphold governance standards policies to ensure fitness for purpose.</p> <p>Failure of staff and councillors to understand their governance roles and responsibilities.</p> <p>Failure to observe good governance.</p> <p>Failure to adequately manage risk or monitor performance.</p> <p>Failure in Policy adherence (All policies).</p> <p>Malicious event eg. Fraud, money laundering, etc.</p> <p>Reduction in capacity and loss of key personnel and resources</p> <p>Failure to adequately oversee governance standards of partnerships and other entities that the Council is involved in.</p> <p>Failure of governance in partnership organisations</p>
Impact	<p>Financial resource loss.</p> <p>Service delivery issues.</p> <p>Criminal or civil liability.</p> <p>Government or peer intervention.</p>

	<p>Reputational risk to the Council.</p> <p>Negative media coverage.</p> <p>Policies could be open to challenge.</p> <p>Excessive legal costs incurred.</p> <p>Poor or inadequate decision making.</p> <p>Poor staff morale.</p> <p>High staff turnover.</p> <p>Regulator finding fault eg. Internal Audit, External Audit, Ombudsman.</p> <p>Community disengagement.</p> <p>Capacity redirected to address failures.</p> <p>Loss of opportunity and ability to meet corporate priorities</p> <p>Inappropriate use</p> <p>Fraud and corrupt practice identified.</p> <p>Fraud and corruption practices not identified or dealt with leading to an incident of fraud and corruption.</p> <p>Failure of partnerships</p>
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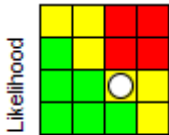
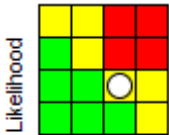
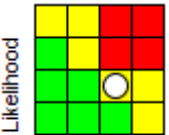
Code & Title	SR110 Data management and security		Owner	Kohli, Sanjiv (SLT)	
Description	Deliberate or unintentional loss/disclosure of personal, sensitive, confidential, business critical information or breach of information governance legislation		Assigned To	Baker, Jill (BM – CSC); Wilson, Nick (BM – FIN); Richardson, Dave (BM – ICT)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
			24-Aug-2020	31-Mar-2020	Control Pending

Controls/Actions In Place	<p><u>LEAD OFFICER – Sanjiv Kohli</u></p> <p><u>Training/ Guidance/ Compliance/ Agreements</u> Data protection training including a section on information security and targeted training ongoing for staff located elsewhere and forms part of the induction process. Guidance and training available for elected members. 3 GDPR sessions provided for newly elected members.</p> <p>Guidance on security breach procedures for Business Managers as Information Asset Owners. Ongoing training for all staff taking payments in line with PCI-DSS requirements. Relevant training for ICT staff. Weekly review of ICO guidance. Compliance with the governments security arrangements. PSN compliant data & internet connections implemented. Compliance with new Cabinet Office email standards achieved. Information governance check on furniture that is being disposed of. Information E Training completed by all staff. Cyber Security now standing agenda item on monthly business unit management meetings. Annual review of Information Asset Register. Annual mandatory GDPR and cyber/phising online training for all staff and councillors. Governance arrangements established through CIGG with monthly review.</p> <p><u>ICT/Equipment</u> External Audit on ICT security annually. Encryption for mobile devices. VASCO tokens and Google Authenticator. Quarterly ICT security checks internally. Penetration test annually for external company – monthly scans of servers for weaknesses, monthly server updates and monthly scans of Microsoft Office and Windows. Perimeter software – eg. mailmarshall & webmarshall. Hardening test on new virtual servers. Documents scanned reducing the need for paper. Secure server room. East Midlands WARP membership – alerting networking facility regarding any breaches.</p>
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	<p>Monthly updates of Adobe products. Program in place to ensure the continual maintenance & upgrade of the ICT environment. Secure portal for Members to access the Extranet. Airwatch MDM (Mobile Device Management) implementation for mobile devices. DMark, DKim SPF and TLS secure email authentication software. Cryptshare for encrypting secure emails and large files for email. Report & record all cyber-attacks/attempts and escalate to CMT where appropriate Users own devices cannot connect to network ‘Consent’ tick box on appropriate forms.</p> <p><u>Policies/Audit</u> Information management framework incorporating Security Policy and Security Breach Policy. Annual SIRO audit. Retention of document policy. Data Protection policy. Confidential waste handling procedure. Review of policies and procedures to ensure compliance with latest Payment Card Industry- Data Security Standard (PCI-DSS) Data security part of consideration as part of future strategic projects. All aspects of GDPR action plan completed including compulsory e-learning for all staff. SIRO audit completed confirming processes in place for identifying risks associated with any new project/process. CIGG meeting every two months to review any new risks. Periodic PCI/DSS compliance checks – see Corporate risk for further details. Data Privacy Impact Assessment.</p> <p><u>Partners/ Stakeholders/ Staff</u> Non-disclosure agreements in place for third party access. Use of data processing and agreements with partners. CIO/SIRO/DPO appointed. CIGG in place. Use of licensed Confidential waste handler. Letters sent to all third parties who process personal data on behalf of NSDC advising of additional responsibilities under GDPR and data processing agreements in place. Actions arising from report to SLT on third party users implemented.</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW Developing Comms strategy to deal with a data breach</p>
Vulnerability	<p>Loss of vulnerable, personal, sensitive valuable data Legal compliance Reputation Financial Partners/stakeholders Disruption of service from a cyber attack</p>
Trigger/Event	<p>Personal, confidential or corporately sensitive/business critical information disclosed unintentionally or through error of judgement when responding to requests for information, data breach – intentional (malicious) or unintentional. Theft or loss of equipment/papers/data belonging to the council, partners or third party companies.</p>

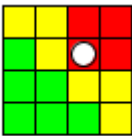
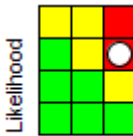

	<p>Cyber attack: (either targeted such as denial of service or unintentional access to link on another website.</p> <p>Agile Working ie. mobile/remote/home working/home printing/disposal of printed data/ /Outreach posts.</p> <p>Reducing resources with less capacity for processing data.</p> <p>Collaborative working, sharing, outsourcing and partnership working (including external printing and hybrid mail)/involvement in other peoples' data Use of BYOD (Bring your own device).</p> <p>Government integration agenda e.g. Increased working between public bodies Use of suppliers/third parties, etc.</p> <p>Decommissioning of property.</p> <p>Partnership working and sharing new service locations/data sharing issues.</p> <p>Partner's/contractor's/host's poor data management and information security leading to data breach/loss.</p> <p>Devolution/change in service delivery model.</p> <p>Loss of key resources.</p> <p>Third party access to IT systems.</p> <p>New and inexperienced staff/elected members with access to data.</p> <p>Termination of PSN/GCSX standards by the Cabinet Office limiting options for securely sharing with some Public Sector organisations.</p> <p>Failure to comply with relevant standards and legislation including PCI-DSS/Cyber Essentials/NCSC best practice/PSN.</p> <p>Unsupported software/unforseen loss of support</p> <p>Housing management transfer</p> <p>Adoption of unsupported/dated systems from third parties</p>
<p>Impact</p>	<p>Individual loss/damage to an individual where the Council inappropriately released their personal data eg. civil claims.</p> <p>Damage to reputation of the Council/trust by the public.</p> <p>Breach of Access to Information legislation bringing about financial/legal damage – imposed on the Council by the Information Commissioner and other Statutory Bodies.</p> <p>Financial/ resource impact of Information Commissioner investigation.</p> <p>Disciplinary action taken against a member of staff and elected members if a breach is found to be deliberate/malicious.</p> <p>Operational and resource issues eg. service interruption – where focus has to be taken away from service delivery to dealing with the breach.</p> <p>Individual loss/damage to an individual where the Council inappropriately released their personal data eg. civil claims.</p> <p>Drain on resources to process and enable conformity in legislation.</p> <p>Greater demand on existing resource</p> <p>Impact on Agile working – lack of ability to work remotely and available physical resource</p> <p>Cyber attack leading to system downtime/damage/loss of data (Ransom Ware) and financial loss/ resource drain</p> <p>Loss of provision to customers and partners eg. NSH, Active4Today, DWP, CCTV (under current arrangements) leading to disputes over SLAs and contracts and potential loss of income, e.g. partner rent for Castle House.</p> <p>Negative media coverage</p> <p>Less control over data as service delivery models become more complex</p> <p>Loss of partner data where the council is the data processor – subsequent impact on partner's reputation.</p> <p>Loss of confidence with the Council</p>

	Loss of confidence with partners and stakeholders Withdrawal of service from partners and stakeholder Increased demand on existing services
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Code & Title	SR111 Arkwood Development		Owner	White, Karen (SLT)	
Description	Managing performance and the relationship between the Council and Arkwood Developments in accordance with the governance agreement.		Assigned To	Wilson, Nick (BM – FIN)	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Impact	 Impact	 Impact	08-Oct-2019		Controlled

Controls/Actions In Place	<p>LEAD OFFICER – Karen. Support: N Cook</p> <p>Shareholder Committee established and membership agreed Shareholder meetings scheduled Shareholder Committee Members training session completed on 17/1/18 Company's Articles and shareholder agreement in place Shareholder Committee approve business plan for company and business case for each development site Monthly officer contract meetings between Arkwood and council Internal Audit Report giving substantial assurance Inclusion of risk register by company with business cases</p> <p>RECENTLY COMPLETED ACTIONS FOR REVIEW SLAs for HR, Finance, ICT, Information Governance and Administration to be agreed between company and council by end of financial year 19/20.</p>
Vulnerability	<p>Financial Reputation Service Delivery Conflict of interest</p>
Trigger/Event	<p><u>Financial</u> Loan repayments from the company are not made Company failure to deliver approved Business Plan Company failure to pay monies to the Council e.g. land transactions costs, SLA costs Company failure to pay monies in a timely way Company failure to manage cash flow</p> <p><u>Reputational</u> Poor leadership Company insolvency Poor quality development leading to customer dissatisfaction Secretary of State call in planning decisions made by council on company developments</p> <p><u>Compliance Issues</u> Operational failure leading to non compliance/legislative failure</p>

	<p>Compliance failure by the Company (ie. legislative & policy)</p> <p><u>Lack of Delivery</u> Failure to adhere to business plan Lack of awareness of company purpose Company failure to secure planning consent on developments</p> <p><u>Market & External Factors</u> Brexit – market volatility Downturn in economy Failure to understand and develop to meet market needs Changes in local and national policy & legislation e.g. restraints in legislation from Council Lack of skills to deliver developments to quality and on time (e.g. skills shortage) Market and external construction prices leading to increased cost of build</p> <p><u>Resource Demand</u> Insufficient resourcing (e.g. internal capacity to deliver) Over resourcing Incorrect or over demanding SLA's Failure to deliver Council objectives due to increased amount of time spent by board of directors on company rather than substantive role</p> <p><u>Relationship with Company</u> Lack of communication between Company and Council Lack of regular updates/ assurance from company Conflict of interest – failure of the council to demonstrate the company's independence</p>
Impact	<p><u>Financial</u> Return on investment to the council not realised Lack of sustainability and viability of company Council not achieving aims & objectives as set out in Council's Commercial strategy</p> <p><u>Resource Demand</u> Substantive council roles of directors compromised Council resource overstretched – poor quality service to council or company</p> <p><u>Reputational</u> Adverse impact on reputation Inability to contribute to local plan housing numbers Impact on reputation with key partners and stakeholders</p> <p><u>Market & External Factors</u> Lack of housing that meets market demand</p> <p><u>Partners/Relationships</u> Relationship breakdown between council and company</p>

Code & Title	SR112 Brexit		Owner	Finch, Matthew (SLT)	
Description	Effects of BREXIT on the council's ability to deliver services and to the sustainability of its communities.		Assigned To	Churchill, Robert (BM – AMP); Baker, Jill (BM – CSC); Wilson, Nick (BM – FIN); Monger, Leanne (BM – HHC); Business Manager (BM – HSR); Richardson, Dave (BM – ICT); Norton, Matthew (BM – PPO); Batty, Alan (BM – PPR); Ward, Phil (BM – R&B); Marshall, Kate – Admin ; Piper, Tracey – Admin	
Original Risk Matrix	Current Risk Matrix	Target Risk Matrix	Reviewed Date	Target Date	Management
 Likelihood Impact	 Likelihood Impact	 Likelihood Impact	18-Dec-2019		Controlled

Controls/Actions In Place	<p><u>LEAD OFFICER – M Finch</u></p> <p>Horizon scanning – look at the key messages relating to Brexit from Central government.</p> <p>Quarterly update reviews with BM's to update a register of risks and associated mitigating actions to be fed into the strategic risk and maintained in risk log.</p> <p>Update Reports to SLT.</p> <p>Plans in place to manage impact on the Lorry Park</p> <p>Market trend analysis report developed to highlight differences between East and West regions of NSDC and reporting to Growth and Prosperity meetings.</p> <p>Communications plan informing media responses</p> <p>Responsive risk review in light of central government information.</p> <p>Full participation and engagement with the Local Resilience Forum.</p> <p>Full participation and engagement with LRF</p> <p>Monitor Risk log quarterly with BM's</p> <p>Responsive risk review in light of central government info</p> <p>Develop market trend analysis report to highlight differences between East and West regions of NSDC (quarterly). Agree key indices to report to Growth & Prosperity meetings to inform a joined up strategic approach around "Prosperity")</p> <p>Updates to be provided by CMT following attendance at conferences (e.g. Solace) regarding implications of Brexit (CMT)</p> <p>Working more closely with NFU to understand implications of Brexit, e.g staffing/funding (JRS)</p> <p>SLT have discussed details and considered wider risks/mitigation</p> <p>Communication updates from Food Standards Agency</p> <p>Evaluation of data undertaken and no data shared across borders.</p>
Vulnerability	<p>Financial</p> <p>Reputation</p> <p>Resource demand</p> <p>Service delivery</p> <p>Communities</p>
Trigger/Event	<u>Economic downturn</u>

	<p>Cost of goods and services increase Lack of investment from businesses in the lead up to Brexit due to uncertainty in the economy Weak currency due to 'drawn out negotiations of Brexit'</p> <p><u>Regulatory impact</u> New legislation/guidance that will be enforced as part of Brexit will cause major delays</p> <p><u>Financial Implications</u> Lack of funding for initiatives which would previously have qualified for EU funding</p> <p><u>Uncertainty</u> Brexit negotiations resulting in uncertainty (e.g. No Deal) Delaying Article 50 leading to uncertainty Leadership contest causing further delay on outcome of Brexit</p> <p><u>Reputational</u> Lack of planning</p> <p><u>Resource Demand</u> Lack of resource (financial and staffing) to maintain services resulting from Brexit</p> <p><u>Service Delivery</u> Lack of awareness of the implications of any Brexit scenario (not sharing crucial data internally) Lack of business continuity planning for any Brexit scenario Delays in announcements on wider Domestic policies such as social care, public transport, homelessness, waste strategy due to Brexit negotiations still ongoing Cyber attack</p> <p>Protests and other actions planned Further electoral activity</p>
Impact	<p><u>Economic Development</u> Cost of living – food prices higher than the price of inflation. Businesses that are offering offers are not making profits. House prices increases as cost of materials increase making housing unaffordable Increase in zero hours contracts</p> <p><u>Uncertainty</u> Civil Unrest Long extension to negotiations may cause local unrest</p> <p><u>Financial Implications</u> Certain initiatives funded by the EU will no longer continue Impact on farming/agriculture (Funding) Impact on HRA development programme Increased use of temporary accommodation and possible legal action to remove households who may no longer qualify for access to the service Additional training required to ensure staff are up to speed with any legal changes following Brexit (e.g. changes in eligibility criteria for housing)</p>

Service Delivery

Increase in homelessness

Increase in those relying on universal credit

Legislative changes impact heavily on how the waste management service is delivered

Blocades may result in lorry park experiencing more demand

Potential for fuel shortages

Increase in negative decisions and households no longer eligible for services

Resource Demand

Lack of workforce in specific roles such as social care, service industry

Skills shortage in key industries

Multi-tier eligibility assessments required of individuals from EEA depending on status and arrival date in UK

Increase in referrals to county council for households no longer eligible for public services

Re-assessment of allocations scheme and eligibility criteria

Impact on residents

Potential for unrest and increase in hate crime

Demographic changes due to shifts in immigration and migration

Democratic implications

Lack of engagement

AUDIT AND ACCOUNTS COMMITTEE

21 APRIL 2021

INTERNAL AUDIT UPDATE REPORT

1.0 Purpose of Report

- 1.1 To provide a summary of the proposed ICT Audit strategy covering the period 2021/22 to 2023/24 and to seek approval of the proposed amendments to the 2021/22 Schedule of audits to take into consideration the outcome of the ICT Strategy
- 1.2 To notify members that we are collating the responses to the Members' training questionnaire and that the results and arrangements for a formal training plan will be brought back to the Committee in July 2021

2.0 Background Information

- 2.1 The Audit Plan for 2021/22 had been agreed at the Audit and Accounts Committee in February 2021 and throughout the year reports on the progress made and changes to the plan are brought to this Committee.
- 2.2 At the time when the annual plan had been agreed, the ICT Strategy Plan work was in progress. Following its conclusion two high risk audits have been identified which need to be incorporated within the 2021/22 plan (Appendix A). To enable the delivery of the two identified audits, we have, in discussion with Internal Audit, assessed the risk of each piece of work and are proposing an adjustment to the schedule of the audits.
- 2.3 At the last meeting of this committee the Internal Audit Manager discussed a skills and knowledge questionnaire that would support the production of some targeted training to assist Members in their role. The responses have subsequently been received and will be collated and fed back to the committee at the July meeting alongside a proposed training plan.

3.0 Proposals

- 3.1 To add Selima HR/Payroll and Cloud Hosted Services to the 2021/22 schedule of audits and remove the Digital Strategy audit until 2022/23.

4.0 Equalities Implications

- 4.1 None

5.0 Community Plan- alignment to objectives

- 5.1 The Internal Audit Plan underpins the delivery of the Community Plan. Through assurance gained from Internal Audit, Council can be satisfied that internal processes are working in a controlled manner, achieving the aims and objectives set out within the Community Plan.

6.0 Financial Implications (FIN20-21/5170)

6.1 Financial implications that arise within each of the individual audits will be highlighted during the review and brought to Members attention within the recommendations and management actions.

7.0 RECOMMENDATION(S)

7.1 **That the Audit and Accounts Committee consider and comment upon the latest internal audit update report and approve the changes proposed to be made to the 2021/22 schedule of audits.**

Background Papers

Nil.

For further information please contact Emma Bee on emma.bee@lincolnshire.gov.uk

Nick Wilson
Business Manager, Financial Services



Draft ICT Audit Plan (2021/22 – 2023/24)

Date: March 2021



What we do best...

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector

Contents

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Introduction

As part of our 2020/21 combined assurance work, we undertook a detailed review of ICT in order to create a proposed ICT Audit plan.

The plans are presented over 3 years to give some indication of future intent. However, it is likely that risk profiles may change and that new, emerging risks, may present themselves. The ICT Audit Planning document will therefore be refreshed and presented annually.

Production of the ICT Audit Plan

In order to create this plan we focused on mapping assurances against the IT security standard ISO27001.

Through discussion, we examined each standard to identify what assurances were currently in place. These assurances were then categorised in accordance with the four lines of assurance.

- First Line – Business Management
- Second Line - Corporate Oversight
- Third Line - Internal Audit assurance
- Fourth Line- External Independent assurance

We assessed assurance on over 40 different areas grouped into the following categories:-

- Governance
- Infrastructure
- Operations
- Projects
- Applications
- Compliance Elements (e.g. PSN, PCI-DSS)
- Emerging Risks

ICT Audit Planning

The outcome of our Combined Assurance work was as follows:

- High** Assurance (Green) – 62%
- Medium** Assurance (Amber) – 30%
- Low** Assurance (Red) – 8%

The proposed ICT Audit plans are presented in Appendix A below.

High: Controls in place assessed as adequate/effective and in proportion to the risks.

Medium: Some areas of concern over the adequacy/effectiveness of the controls in place in proportion to the risks'

Low: Significant concerns over the adequacy/effectiveness of the controls in place in proportion to the risks

Annual Evaluation

The ICT Audit plan will be reviewed and updated annually to reflect the current risks and assurances affecting the organisation. This will feed into the work undertaken on Combined Assurance.

Distribution List



Director of Resources and Deputy Chief Executive

Business Manager, ICT

Business Manager, Financial Services

Disclaimer

The matters raised in this report are only those which came to our attention during our internal audit work. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

This report has been prepared solely for the use of Members and Management of Newark and Sherwood District Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent.

No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose. The Head of Audit is only responsible for the due professional care in developing the advice offered to managers on risk, control and governance issues. Where managers accept our advice they accept the accountability for the consequences of implementing the advice. Internal Auditors working in partnership with managers during the consultancy assignment will not take part in any sign off decision.

2021/22 – Year One

Audit Area	Indicative Scope
<p>Selima HR/Payroll</p>	<p>To provide assurance that the computer security controls within the Selima HR and Payroll system provide a safe and secure operating environment.</p> <p>The current Selima contract expires in November 2022 and the supplier will not be providing any further updates except only system maintenance service. The Council is seeking an alternative system to replace Selima and currently preparing tender documents for the replacement system. The new system will be hosted internally.</p> <p>The 2020-21 Assurance Mapping work indicated a 'High' risk profile for this application. The system uses insecure Hypertext Transfer Protocol (Http) rather than https, which encrypts and decrypts user page requests to ensure secure communication and transaction. The other issue is that password changes for this application system are confirmed by email in plain text which increases the risk.</p>
<p>Cloud Hosted Services</p>	<p>The risks associated with Cloud are wide ranging and varied, and when auditing Cloud or considering the risks you are effectively assessing the whole range of IT risks because whole sections of IT operations are being outsourced to a third party. Often, in the race to migrate to the Cloud, insufficient consideration is given to the entirety of what is required to move to this new operating model.</p> <p>We propose to review recent instances of cloud/hosted services to establish the due diligence undertaken in arriving at the selected option and security deployed through that arrangement.</p>

2022/23 – Year Two

Audit Area	Indicative Scope
<p>Help Desk</p>	<p>The audit will provide assurance that ICT issues reported by users, and service requests, are captured, prioritised and resolved within expected timeframes.</p> <p>The effective management and support of IT assets is a key expectation placed on the shared ICT service. The ICT Help Desks form part of a fundamental and key element of good business service and operation.</p> <p>Through the Help Desk, problems are reported, managed and then appropriately resolved in a timely manner. In doing so, Help Desks can help the Council's service areas run smoothly and improve the quality of the support it offers to the users.</p>
<p>Network Access Controls: Privileged Account Management</p>	<p>The audit will seek to confirm that the allocation and use of privileged access rights to the network are restricted and controlled to ensure the integrity of the systems.</p> <p>Inappropriate use of system administration privileges (any feature or facility of an information system that enables the user to override system or application controls) is a major contributory factor to failures or breaches of systems.</p>

2023/24 – Year Three

Audit Area	Indicative Scope
<p>Cyber Security</p>	<p>The National Cyber Security Centre (NCSC) has identified 10 steps for cyber security to help organisations manage cyber risks. The review will focus on the Council's arrangement to consider and the extent to which the 10 steps have been integrated in the processes to ensure effective management of the cyber-risks and any further guidance is taken on board.</p> <p>Cyber and Data Security has been one of the Institute of Internal Auditors' (IIA) top three priority risks identified in their Risk in Focus publications over the past five years. It is documented as the number one priority risk for 2021, and this trend is expected to continue for the next three years.</p> <p>A follow-up review of Cyber-security is taking place in 2020/21 to ensure that previous recommendations and agreed actions have been implemented.</p>

AUDIT AND ACCOUNTS COMMITTEE

21 APRIL 2021

STATEMENT OF ACCOUNTING POLICIES 2020/2021

1.0 Purpose of Report

1.1 To provide Members with updates made to the Council's accounting policies in relation to the closedown of the 2020/2021 financial year.

2.0 Introduction

2.1 Prior to the completion of the Statement of Accounts for 2020/2021 it is important that Members are given the opportunity to discuss and comment on the accounting policies to be used in the production of the financial statements. These policies will be applied to the treatment of all transactions that make up the figures in the Statement of Accounts to ensure the accounts present a true and fair view of the financial position of the Council as at 31 March 2021.

2.2 The 2020/2021 Statement of Accounts will be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 (the Code) which is based on International Financial Reporting Standards (IFRS).

3.0 Updates to the Statement of Accounting Policies

3.1 The 2020/2021 Code introduces presentational amendments under *IAS 1 Presentation of Financial Statements* and amendments to IAS 8 Definition of Material. The changes do not impact on any policies.

3.2 The Policy for Financial assets measured at fair value through profit or loss has been amended in line with the Code of Practice. A complete set of the Accounting Policies for 2020/2021 are attached at **Appendix A**.

4.0 RECOMMENDATION

Members approve the amended Statement of Accounting Policies for 2020/2021.

Background Papers

Nil

For further information please contact Andrew Snape on extension 5532.

Sanjiv Kohli

Deputy Chief Executive/Director – Resources and S151 Officer

NOTES TO THE CORE FINANCIAL STATEMENTS

The values held within the proceeding Notes to the Accounts may vary slightly when compared to the main Statements or other Notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £2,000 in any single case.

1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/2021 financial year and its position at the year-end of 31 March 2021. It has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2020/2021 (the Code) supported by International Financial Reporting Standards (IFRS). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Accounting policies and estimation techniques have been selected and exercised, having regard to the accounting principles and concepts set out in IAS 8, specifically the qualitative characteristics of financial information:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality

and pervasive accounting concepts:

- Accruals
- Going Concern
- Primacy of legislative requirements

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

Income and expenditure are credited and debited to the relevant service revenue account, unless they properly represent capital receipts or capital expenditure.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. The Council classifies the following as cash equivalents:

- Overdrawn balances on the Council's bank accounts. Bank overdrafts are an integral part of the Council's cash management and bank balances fluctuate on a regular basis from being positive to overdrawn.
- Short term investments with immediate call back or instant access. Any short term investment which is for a fixed term, regardless of the remaining length of that term, is accounted for as a financial instrument. Interest follows the related investment.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

The preparation of IFRS accounts requires the use and calculation of estimates. It also requires management to exercise its judgement in applying the use of the Council's accounting policies. The areas involved in a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

1.5 Charges to Revenue for Non-Current Assets

General Fund service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance in the form of the Minimum Revenue Provision (MRP). This charge is based on the Asset Life method of calculation as per the Councils approved MRP Policy, and will commence in the financial year after the asset becomes operational.

1.6 Council Tax and Non-Domestic Rates

The Council is a billing Council and acts as an agent collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors, including government for NDR, and as principals collecting Council Tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund i.e. the Collection Fund for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted. The council is part of a pool arrangement for NDR with its neighbouring Nottinghamshire councils.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item through the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the year-end balance in respect of Council Tax and NDR relating to the arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.7 Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and time in lieu earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable at the year end. The accrual is charged to the Surplus/Deficit on Provision of Services but is then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Policy and Finance line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in year, not the amount calculated according to the relevant accounting

standards. Through the Movement in Reserve Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-employment Benefits

The Council fully complies with the requirements of IAS 19 Employee Benefits and recognises the cost of retirement benefits in the revenue account when employees earn them rather than when the benefits are eventually paid as pensions.

Employees of the Council are members of the Local Government Pensions Scheme, administered by Nottinghamshire County Council (the pension fund). The scheme provides defined benefits to members (retirement lump sums and pensions), which have been earned by members in the time they worked as employees of the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price.
 - unquoted securities - professional estimate.
 - unitised securities - current bid price.
 - property - market value.

The change in the net pensions liability is analysed into the following components:

Service Cost comprising

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the (Surplus)/Deficit on Continuing Operations in the Comprehensive Income and Expenditure Statement as part of Policy and Finance.
- net interest on the net defined benefit liability or asset i.e. net interest expense for the Council – the change during the period in the net defined benefit liability or asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability or asset at the beginning of the period – taking into account any changes in the net defined benefit liability or asset during the period as a result of contribution and benefit payments

Re-measurements comprising

- the return on plan assets – excluding amounts included in net interest on the defined benefit liability or asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. Through the Movement in Reserves Statement on the General Fund Balance, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.9 Financial Instruments

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. The Council's financial liabilities comprise:

- long term loans from the Public Works Loan Board
- long term LOBO loans from the money market (Lender Option Borrower Option)
- short term loans from the Council's subsidiary companies and other related companies

Financial liabilities are recognised on the Balance Sheet where the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective annual interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings held by the Council this means the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to (Surplus)/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account through the Movement in Reserves Statement.

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'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

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council 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 Council, 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.

However, if the Council decides to make a loan to a voluntary organisation at less than market rate (soft loan). When the soft loan is made, 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.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council 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. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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.

Financial assets measured at fair value through profit or loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

1.10 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance through the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue administrative expenditure.

1.11 Heritage Assets

The Council's heritage assets are held in the Councils museum. The museum has an extensive collection comprising of art, Civil war, artefacts, clock, coins and tokens of heritage assets which are held in support of the primary objective of the Councils museum, i.e. increasing the knowledge, understanding and appreciation of the Councils history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Councils accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Councils collections of heritage assets are accounted for as follows.

- Ceramics, Jewellery, Regalia, Statues, Art Collection and Samplers together with Machinery, Equipment and Furniture – these are measured at insurance valuation, based on market value, which is increased annually for inflation. As they are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Councils general policies on impairment – see note 1.17 in this summary of significant

accounting policies. The trustees of the Councils museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Councils general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note 1.17 in this summary of significant accounting policies).

1.12 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as investments i.e. at cost less any provision for losses.

Active4Today Ltd is a wholly owned subsidiary of the Council which manages the provision of leisure services from the Council's leisure premises and its accounts are consolidated with the Council's in accordance with IAS 27.

Mansfield Crematorium has been recognised as a joint arrangement between Mansfield District Council, Ashfield District Council and Newark and Sherwood District Council. The Council accounts directly for its part of the assets, liabilities, income, expenditure and cash flows held arising from the operations of the crematorium.

Arkwood Developments Ltd is a wholly owned subsidiary of the Council and is a housing development company and its accounts are consolidated with the Council's in accordance with IAS 27.

1.13 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

1.14 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account through the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a

capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve through the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve through the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance through the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.15 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. Expenditure under the value of £15,000 is treated as de-minimis. All capital expenditure will be depreciated in the following financial year of acquisition.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Community Assets, Infrastructure and Assets Under Construction – measured at historical cost

- Other Land and Buildings, Vehicles, Plant and Equipment – fair value or, where there is no market based evidence of fair value, depreciated historical cost

Valuation

Assets are included in the Balance Sheet at current value on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the CIPFA Code of Practice on Local Council Accounting.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Community Assets, Infrastructure Assets and Assets Under Construction are held at historical cost and are not revalued. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

Asset	Depreciation Method	Useful Life in Years
Council Dwellings	Straight line allocation over the life of the property as estimated by the Valuer	35-50
Other Buildings	Straight line allocation over the life of the property as estimated by the Valuer	20-100
Vehicle, Plant and Equipment	Straight line allocation, taking into account any residual value, over their useful life as advised by a suitably qualified officer	5-10
Infrastructure	Straight line	10-50
Community Assets	Straight line	100
Surplus Assets	Straight line	10-100
Land	No depreciation charged	
Assets Under Construction	No depreciation charged	
Assets Held for Sale	No depreciation charged	
Investment Properties	No depreciation charged	

Where an asset has major components with different estimated useful lives these are depreciated separately. Land and buildings are separate assets and are accounted for separately, even when they are acquired together.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any

revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance through the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance through the Movement in Reserves Statement.

1.16 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.17 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.18 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer through the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.19 Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

1.20 Fair Value Measurement of non-financial assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

AUDIT AND ACCOUNTS COMMITTEE

21 APRIL 2021

COUNTER-FRAUD ACTIVITIES FROM 1 SEPTEMBER 2020 TO 31 MARCH 2021

1.0 Purpose of Report

1.1 To inform Members of counter-fraud activity undertaken since the last update reported on 27 November 2019.

2.0 Background Information

2.1 An element of the role of the Audit & Accounts Committee is to provide assurance to the Council that its anti-fraud arrangements are operating effectively. In order to do this, counter-fraud activity reports are brought to the Committee twice a year. These reports detail the number of cases detected, amounts lost, the outcome of cases and amounts recovered, together with any other counter fraud work that has been undertaken.

3.0 Counter Fraud Detection

3.1 The Housing Benefit fraud team was transferred to the Fraud and Error Service at the Department for Works and Pensions on 1 December 2015.

3.2 Any housing benefit cases identified as potentially fraudulent are referred to the Fraud and Error Service at the DWP for investigation.

3.3 Referral procedures have been established and since 1 December 2015, **215** potentially fraudulent claims for housing benefit have been referred to the Fraud and Error Service for investigation. Of these 32 cases have been confirmed as fraud and sanctioned by the DWP.

4.0 Other Counter-Fraud Work

4.1 As part of the Council's response to the COVID-19 Pandemic, grants have been given to Businesses through the Governments Small Business and Retail, Hospitality and Leisure grant schemes. A data matching exercise has been conducted through the National Fraud Initiative and of 2,269 grants, 749 were flagged as requiring a review.

4.2 All of the 749 cases have been reviewed and 3 have been recorded as fraud and 2 as error totalling £50,000. Action is currently being taken to retrieve those funds – so far £20,000 has been recovered.

4.3 A recent additional data matching exercise has currently been undertaken for grant payments made for the period November 2020 to February 2021. The results for this data match are also being used to verify the trading status of businesses that apply for a restart grant prior to paying the grant.

4.4 ICT have also been involved in several pieces of work in order to reduce the risk of fraud:

- Immutable backups (not susceptible to ransomware attack) – Ransomware attacks are not uncommon and 2 local authorities have been subject to these attacks causing an estimated £10million of damage
- Cyber Essentials accreditation – NCSC cyber standard
- MidCall solution – Removes risk profile of staff processing card holder data. Customers are now using an automated payment solution with the customer representative on the phone (midcall) to acknowledge payment collection.
- PCI-DSS Annual SAQ – current Self-Assessment puts our network in scope, however with the MidCall solution it is therefore out of scope. This will be updated when the next SAQ is completed. The current SAQ was verified and completed by an independent QSA.
- Annual IT Health Check – Penetration test – An annual check of ICT controls and compliance against high standards.
- PSN Annual Compliance – Obtained in March 2021 after successful remediation of any vulnerabilities in the Annual IT Health Check.
- ICT staff trained to Government standard CISSP & CISM – ICT staff have been trained to a standard of Certified Information Systems Security Professional Level and one officer at Certified Information Security Manager level.

There are other actions that have been completed, and these have been disclosed in the exempt Fraud Risk Register report elsewhere on this agenda.

- 4.5 During the period, the Business Manager – Financial Services, alongside all fraud risk owners, have reviewed the Fraud Risk Register and updated where appropriate. All actions have been given time bound deadlines for implementation and these have been added to the Pentana system for review through the Business Unit review meetings. The report in relation to the Fraud Risk Register report and the contents can be found elsewhere on this agenda.
- 4.6 As referred to in the previous Counter Fraud Activity report tabled at the September Committee, work has progressed regarding a fraud e-learning page on the intranet available for all staff. It is anticipated that this will go live prior to the end of April with a view for all staff to complete before the end of May 2021. This supports the refresh of the Anti-fraud and Corruption Strategy and the Anti-Money Laundering strategies that were approved at Council on 9 February 2021.

5.0 The National Fraud Initiative (NFI)

- 5.1 The National Fraud Initiative (NFI) is a data-matching exercise where electronic data is collected from numerous agencies including police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The data collection is carried out by the Cabinet Office and is reviewed for any matches that might reveal fraudulent activity. e.g. a record of a person's death exists, but that person is still claiming state pension. The potential matches are sent to individual bodies for investigation to check if there is another, innocent explanation. Most data sets are currently submitted every two years, apart from single person discount data which is submitted every year.
- 5.2 During 2020/21 1,606 Council Tax the single person discount awards were investigated. Of the matches generated by NFI, 117 cases of suspected fraud were identified amounting to £31,575.25.

5.3 The 2021/22 exercise commenced in February 2021 following the release of single person discount matching data. This exercise comprises of Accounts Payable, Payroll, Personal Alcohol licences, Taxi drivers licences, Right to buy, Housing tenants, Housing waiting list, Housing benefits, Council Tax reduction scheme, Single person discounts and the Electoral roll. Due to the impact of Covid 19 limited work has been undertaken in the investigation of the matches – this will be picked up during the rest of this year.

6.0 Equalities Implications

6.1 There are no equality implications, as all cases of fraud and error are investigated, regardless of the characteristics of the persons involved.

7.0 Financial Implications (FIN20-21/7127)

7.1 Overpayments can be a serious drain on the Council's resources, whether due to fraud or error. Work undertaken to prevent and detect fraud and error and to reclaim overpayments can support the Councils' financial position.

8.0 RECOMMENDATION

That Members note the content of the report.

Reason for Recommendations

To promote a strong counter-fraud culture, it is important that Members are aware of the Council's response to fraud and the results of any actions taken.

Background Papers

Fighting Fraud & Corruption Locally Strategy – available on the Council's website

For further information please contact Nick Wilson, Business Manager - Financial Services on Ext 5317

Nick Wilson
Business Manager - Financial Services

AUDIT AND ACCOUNTS COMMITTEE

21 APRIL 2021

FRAUD RISK ASSESSMENT

1.0 Purpose of Report

1.1 This report is to inform Members of the update of the Fraud Risk Register undertaken during February 2021.

2.0 Background Information

2.1 A fraud risk assessment was first undertaken in June 2014 and a fraud risk register produced and presented to the Committee.

2.2 The fraud risks are reassessed periodically and the register updated. The amended Fraud Risk Register as at February 2021 is attached at Appendix A.

3.0 Work Undertaken

3.1 All of the existing risks have had an in depth review by the Business Manager – Financial Services and the risk owner. These were all considered as to whether there are new fraud types within the risk and whether the controls reflected the current environment.

3.2 The risk scores were then reviewed to determine whether the impact or likelihood of any of the frauds occurring has changed since the last review.

3.4 The final part of the exercise was to consider whether any further actions were appropriate which would lead to further controls being in place. These further actions are measurable and were given a timeframe for completion.

4.0 Results

4.1 Eighteen areas of the Council's activities are considered to be at the risk of fraud, four of which have sub-categories within them. The type of risk is dependent on the service. Based on the existing controls, of those risks, seven are currently considered to be medium risk (amber) and fifteen are low risk (green).

4.2 During the assessment process, it was felt that three of the risk scores needed to change from the assessment carried out during February 2020. The three that changed were:

NNDR Fraud – it was felt that the likelihood of fraud occurring in this area was heightened in the current environment, whilst the controls that we have in place mitigate the potential impact.

Economic and Third Sector Fraud – it was felt that the likelihood of this fraud occurring was heightened due to the current grant claim process for business grants. There have been a number of attempts of fraud which officers have found whilst administering the grants on behalf of Government, and hence the opportunity for fraud to occur is greater.

Cyber Fraud – It was felt that whilst the impact is major on the organisation in terms of reputation and potential penalties, that the likelihood was possible, as the mitigations and controls that the ICT Business Unit have in place would reduce the likelihood of a successful attack.

4.3 The further actions that have been implemented up to April 2021 which will help to mitigate fraud risks include:

Housing Benefit Fraud

- Verification of National Insurance number, proof of employment, residence, financial standing and dependents within the household

Procurement & Contract Fraud (Contracts)

- External Procurement Team independent to the Council assists with procurements
- Electronic tender system used for receipt of tenders

Employment (Recruitment Fraud)

- IR35 assessment in place and regular reminders/refreshers sent to all managers on the engagement of agency workers and consultants

Electoral Fraud (Electoral Registration)

- Controls within Electoral software in order to flag unusual registration activity

Insurance Fraud

- External claim handlers have specialist software to identify fraudulent claims
- Letter included within insurance pack when sent through to claimant detailing their responsibilities regarding fraudulent claims

Housing Fraud

- Participation in the National Fraud Initiative through supply and matching of application, tenancy and Right to Buy data
- Tenancy Audit Programme provides an ongoing detection and prevention of tenancy fraud through, checking, verifying and updating records of tenants and occupants

Economic & Third Sector Fraud

- Use of NFI and Spotlight for pre and post payment checks for Business Grants
- Verification of business on Business Rates system for Business Grants

4.4 There are a number of new actions that need to be put in place:

Housing Benefit Fraud:

- Refresh Housing Benefit Anti-Fraud Strategy by March 2022
- Training on Housing Benefits processes to the Housing Management Business Unit by September 2021
- Review website for communications and publicity by December 2021

Council Tax Support Scheme:

- Review the use of the powers available under the Local Government Finance Act 1992 in respect of Local Council Tax Support and present to Management for approval by December 2021

Council Tax Fraud

- Review all s13A exemptions and discounts for appropriateness and continued eligibility by 31st March 2022

NNDR Fraud

- Proactive NNDR review – Use analytical approach to target main business rate payers in line with best practice by December 2021

Credit Income and Refund Fraud

- Review current credit balances and suspense, and return to monthly reviewing from October 2021
- ‘joined up’ refund process review across all Council services by October 2021

Procurement and Contracts Fraud (Contracts):

- Annual review of contract management performance of a selection of key contracts
- Spot checks to ensure CPR’s compliance by July 2021
- All staff to receive fraud awareness e-learning by May 2021
- Review Contract Procedure Rules by March 2022

Procurement and Contracts Fraud (Payments)

- Review “off contract” spend through use of transparency data by July 2021
- All staff to receive fraud awareness e-learning by May 2021

Bank Fraud:

- All staff to receive fraud awareness e-learning by May 2021
- Sign up to NAFN for fraud updates by May 2021

Investment Fraud:

- All staff to receive fraud awareness e-learning by May 2021

Assets (Land and Property)

- Adoption of Acquisition and disposal policy by September 2021

Assets (Equipment)

- Adoption of Acquisition and disposal policy by September 2021
- All staff to receive fraud awareness e-learning by May 2021

Employment (Recruitment Fraud)

- Request to see copies of new starters' bank statements to satisfy ourselves that monies paid are receipted into their accounts by April 2021
- Ensure managers know the signs of trafficking so they can raise concern as appropriate by providing annual refresher training by September 2021

Employment (Payments)

- Data analysis of payroll information and costs by July 2021
- All staff to receive fraud awareness e-learning by May 2021

Insurance Fraud

- All staff to receive fraud awareness e-learning by May 2021

Money Laundering

- All staff to receive fraud awareness e-learning by May 2021

Electoral Fraud (Elections)

- Update control documents and instructions for all election type activities by April 2021

Electoral Fraud (Electoral Registration)

- Update integrity Plan by July 2021

Development Management

- All refunds where the application has been made through the Planning portal, to be refunded through that process, where all other refunds will require an image from the bank account to show originating bank details by June 2021
- Implement Uniform processes for Enforcement cases to counter potential bribery and corruption by December 2021
- Refunds of application fees to be authorised by Business Manager – Planning Development or Planning Technical Support Manager by April 2021
- Investigate Uniform software for planning cases to ensure case officer cannot sign off and issue their own decision by September 2021

Housing Fraud

- Develop relationship between Housing & Revenues and Benefits to enhance sharing of information in order to have a collaborative approach to fraud detection by June 2021
- Inclusion of the annual number of sub-letting reports in the Council's approved performance monitoring framework by September 2021.

4.5 Twelve of the risks have achieved their target score. For the ten that are still above the target score, there are actions in place to mitigate further.

4.6 The Fraud Risk Register will be updated and reported to the Committee annually. The risks, controls, current risk scores and target scores, and further actions, will be added to the Pentana system to ensure regular monitoring is undertaken. Progress on implementing further actions will be reported in the bi-annual Counter-Fraud activity report to the Committee.

5.0 Equalities Implications

5.1 There are no equality implications in the report.

6.0 Financial Implications (FIN20-21/4959)

6.1 The further actions detailed in the Fraud Risk Register can be achieved without impacting on current Council budgets. Fraud, if it occurs, could be a serious drain on the Council's resources.

7.0 RECOMMENDATION

That Members note the content of the report.

Reason for Recommendations

To promote a strong counter-fraud culture, it is important that Members are aware of the Council's fraud risks and the controls in place to mitigate them.

Background Papers

None

For further information please contact Nick Wilson on Ext 5317

Nick Wilson
Business Manager – Financial Services

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

LIKELIHOOD	4 Almost certain					Occurs several times per year – it will happen
	3 Probable	Employment Fraud : Payment	Housing Benefit Council Tax Support Council Tax Procurement Fraud : Contracts & Payments NDR			It has happened before – and could happen again
	2 Possible	Insurance Fraud Council Assets (fraudulent use) Bank Fraud	Assets : Land and Property Economic & Third Sector fraud Assets : Equipment Development Management Housing Fraud	Cyber Fraud		It may happen but it would be unusual
	1 Hardly ever	Money Laundering Employment Fraud : Recruitment	Electoral Fraud– Elections Electoral Fraud–Registration Credit Income & Refunds	Investment Fraud		Never heard of it occurring – we cannot imagine it occurring
		1 Negligible	2 Minor	3 Major	4 Critical	
	IMPACT					

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	HOUSING BENEFIT FRAUD																																
Risk Owner	Business Manager – Revenues and Benefits																																
FRAUD TYPES	<ul style="list-style-type: none"> • False applications • False documents • Failing to notify change 																																
CONTROLS	<ul style="list-style-type: none"> • Annual participation in National Fraud Initiative alongside real time information reviews daily with information received from DWP and HMRC • Fraud referral process in place with DWP Fraud and Error Service • Ad hoc communication to social landlords on housing benefit matters • Payment of benefit procedures completed as per the Financial Regulations • Experienced benefits staff in place • Combined database with revenues • Annual subscription to National Anti-Fraud Network allows intelligence gathering • DWP led review individual cases to ensure accuracy of award • Annual Internal Audit process reviews • Whistleblowing Policy in place • Counter-fraud page on website detailing how public can report fraud • Council Tax and Housing teams sharing intelligence to identify potential fraud • Audit of the Subsidy claim whereby individual cases are reviewed - completed by External Audit • Verification of National Insurance number, proof of employment, residence, financial standing and dependents within the household 																																
AGREED ACTIONS	<ul style="list-style-type: none"> • Refresh Housing Benefit Anti-Fraud Strategy by March 2022 • Training on Housing Benefits processes to the Housing Management Business Unit scheduled by September 2021 • Review website for communications and publicity by December 2021 																																
CURRENT RISK SCORE	AMBER																																
TARGET RISK SCORE	GREEN																																
TARGET RISK	CURRENT RISK																																
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	COUNCIL TAX SUPPORT SCHEME		
Risk Owner	Business Manager – Revenues and Benefits		
FRAUD TYPES	<ul style="list-style-type: none"> • False applications • Failure to notify change in circumstances 		
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy in place and updated February 2021 • Annually approved Council Tax Support policy last updated January 2021 • Counter-fraud page on website detailing how public can report fraud • Whistleblowing Policy in place • Annual participation in National Fraud Initiative alongside real time information reviews daily with information received from DWP and HMRC • Council Tax and Housing share intelligence and identify potential fraud opportunities • Verification of National Insurance number, proof of employment, residence, financial standing and dependents within the household • Experienced benefits staff in place • Annual subscription to National Anti-Fraud Network allows intelligence gathering • Annual Internal Audit process reviews 		
AGREED ACTIONS	<ul style="list-style-type: none"> • Review the use of the powers available under the Local Government Finance Act 1992 in respect of Local Council Tax Support and present to Management for approval by December 2021 		
CURRENT RISK SCORE	AMBER		
TARGET RISK SCORE	GREEN		
TARGET RISK		CURRENT RISK	
X			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	COUNCIL TAX FRAUD																																		
Risk Owner	Business Manager – Revenues and Benefits																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Single person discount • Avoidance of liability through any other fraudulent claim for council tax discount or exemption • New properties not on the list: <ul style="list-style-type: none"> ○ built without planning permission ○ No notification of properties built and occupied or built and substantially complete 																																		
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy • National Fraud Initiative – data matching. The expanded data matching review is completed every two years • Liaising with the university – access to student lists & annual review of students continued attendance on course • Due diligence completed on every application received • Check electoral register as part of due diligence review on applications • Review planning data in respect of new developments • Visual inspection in respect of new or altered properties • Internal Audit reviews • Whistleblowing Policy in place • Counter-fraud page on website detailing how public can report fraud • Closer working – Council Tax and Housing to share intelligence and identify potential fraud opportunities 																																		
AGREED ACTIONS	<ul style="list-style-type: none"> • Review all s13A exemptions and discounts for appropriateness and continued eligibility by 31st March 2022 																																		
CURRENT RISK SCORE	AMBER																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	NNDR FRAUD		
Risk Owner	Business Manager – Revenues and Benefits		
FRAUD TYPES	<ul style="list-style-type: none"> • Failure to declare occupation • Payment using false bank details • Companies going into liquidation then setting up as new companies • Avoidance of liability through fraudulent claim for discount or exemption • Empty rate avoidance • New properties not on the list: <ul style="list-style-type: none"> ○ built without planning permission ○ No notification of properties built and occupied or built and substantially complete 		
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy • Ensure liable business identified for each assessment on the list • Information sharing with other Asset Management and Sundry Debt • Inspections of occupied and unoccupied properties • Checking empty properties • Information received from Landlords or letting agents in relation to changes in occupation • Public complaints – reports to valuation office • Internal Audit reviews • Whistleblowing Policy • Register of Gifts & Hospitality/Register of Interests • Supporting evidence requested during changes in occupation • Counter-fraud page on website detailing how public can report fraud • Use of Analyse Local to review and identify potential undeclared alterations and new properties • Shared inspection resource – NDR along with other Notts Districts employ shared resource to check empty properties, quality assurance for existing properties and identify new and additional properties 		
AGREED ACTIONS	<ul style="list-style-type: none"> • Proactive NNDR review - Use analytical approach to target main business rate payers in line with best practice by December 2021 		
CURRENT RISK SCORE	AMBER		
TARGET RISK SCORE	GREEN		
TARGET RISK		CURRENT RISK	
	X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	CREDIT INCOME AND REFUND FRAUD			
Risk Owner	Business Manager – Revenues and Benefits			
FRAUD TYPES	Council tax/NNDR/Rents <ul style="list-style-type: none"> • Suppression of notification of debt to be raised • Improper write-off • Failing to institute recovery proceedings • Switching or transferring arrears • Manipulation of credit balances • Payment using false / fraudulent instrument then re-claim of refund • Employee based; false payment then request for refund 			
CONTROLS	<ul style="list-style-type: none"> • Anti-Fraud & Corruption Strategy • Refund to original card/bank account where appropriate • Where refunds are processed a three stage approval process is in place • Checking against other accounts (Council Tax etc.) to ensure no other money owed to NSDC • Audit trail stamp on transactional information • Individual log ins to the Revenues system for officers • Reconciliations completed between the financial management system and the source documents • Write off policy in place • System restrictions only allow certain banded officers to complete certain tasks • Internal Audit reviews • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Counter Fraud details on intranet • No cash receipted at Council officers for Council Tax/NNDR • Review of where the credit balance has originated from, to ensure that the source is legitimate 			
AGREED ACTIONS	<ul style="list-style-type: none"> • Review current credit balances and suspense, and return to monthly reviewing from October 2021 • 'joined up' refund process review across all Council services by October 2021 			
CURRENT RISK SCORE	GREEN			
TARGET RISK SCORE	GREEN			
TARGET RISK		CURRENT RISK		
	X			
		X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	PROCUREMENT & CONTRACT FRAUD (CONTRACTS)			
Risk Owner	Business Manager – Financial Services			
FRAUD TYPES	<ul style="list-style-type: none"> • Bid rigging & cartels – including cover pricing • Bribery of officers or Members involved in contract award • Collusion between officers and contractors involved in tendering • Violation of procedures • Manipulation of accounts • Failure to supply • Failure to supply to contractual standard • Inflating performance information to attract greater payments 			
CONTROLS	<ul style="list-style-type: none"> • External Procurement Team independent to the Council assists with procurements • Contract procedure rules in place • Financial Regulations in place • Contract management toolkit in place • Equifax check on proposed companies to be contracted with • Evaluation teams for award of contracts - individual scoring • Code of Conduct in place • Whistleblowing policy in place • OJEU regulations • Register of Gifts & Hospitality/Register of Interests in place • Electronic tender system used for receipt of tenders • Anti-Fraud & Corruption Strategy in place • Internal Audit reviews • Contract management training • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • CIPFA guidance – Managing the Risk of Procurement Fraud • Procurement guidance on Contract Management on intranet • Housing capital expenditure is now channelled through the Council's e-tendering platform 			
AGREED ACTIONS	<ul style="list-style-type: none"> • Annual review of contract management performance of a selection of key contracts • All staff to receive fraud awareness e-learning by May 2021 • Spot checks to ensure CPRs compliance by July 2021 • Review Contract Procedure Rules by March 2022 			
CURRENT RISK SCORE	AMBER			
TARGET RISK SCORE	GREEN			
TARGET RISK		CURRENT RISK		
X				

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	PROCUREMENT AND CONTRACT FRAUD (PAYMENTS)																																
Risk Owner	Business Manager – Financial Services																																
FRAUD TYPES	<ul style="list-style-type: none"> • Credit cards & procurement cards • False invoices & claims • Duplicate payments (false submission) • Senior executive fraud • BACS fraud - fraudulent change of bank details • Mandate fraud • Fake details for internet payments • Claiming petty cash for personal items • Records or methods of payment 																																
CONTROLS	<ul style="list-style-type: none"> • Financial Regulations in place • Anti-Fraud & Corruption Strategy in place • Bi-annual review of Accounts Payable through the National Fraud Initiative • Whistleblowing Policy in place • Authorisation of orders by authorised officer separate to that requesting the order to be raised • Check/approval on changes to creditor details (to prevent mandate fraud) • Budgetary control • Ownership for cards identified • Internal Audit reviews • Transparency reporting • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Financial Regulations training for all appropriate staff • Housing capital expenditure is now channelled through the Council's e-tendering platform 																																
AGREED ACTIONS	<ul style="list-style-type: none"> • Review 'off contract' spend through use of transparency data (over £500) by July 2021 • All staff to receive fraud awareness e-learning by May 2021 																																
CURRENT RISK SCORE	AMBER																																
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	BANK FRAUD		
Risk Owner	Business Manager – Financial Services		
FRAUD TYPES	<ul style="list-style-type: none"> • Misuse of cheques • Alteration of existing cheques • Bank Mandate fraud • Direct Debit, Standing Order fraud on Council’s bank account 		
CONTROLS	<ul style="list-style-type: none"> • Up to date Financial Regulations (and training) • Up to date Anti-Fraud & Corruption Strategy • Monthly Bank reconciliations completed • Control accounts are balanced at each month end • Verify changes of bank account details using original contact information & audit trail • Internal Audit reviews • Whistleblowing Policy in place • Register of Gifts & Hospitality/Register of Interests in place • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • In year budget monitoring completed • Cheques stored securely, with limited access and reconciled to the financial management system once appearing on the bank statement • Role profiles within the banking system set to ensure separation of duties between those creating the investment and those authorising the investment • Bank communications on fraud distributed to the treasury officers 		
AGREED ACTIONS	<ul style="list-style-type: none"> • All staff to receive fraud awareness e-learning by May 2021 • Sign up to NAFN for fraud updates by May 2021 		
CURRENT RISK SCORE	GREEN		
TARGET RISK SCORE	GREEN		
TARGET RISK		CURRENT RISK	
X			

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	INVESTMENT FRAUD																																		
Risk Owner	Business Manager – Financial Services																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Fraudulent misappropriation of assets • Loss through breach of procedures • False instruments 																																		
CONTROLS	<ul style="list-style-type: none"> • Annually approved Treasury Management Strategy • Role profiles within the banking system set to ensure separation of duties between those creating the investment and those authorising the investment • Treasury Management advisers review of current portfolio together with instant communication on counterparty rating changes and review of potential new investment counterparties • Updated Financial Regulations • Updated Anti-Fraud & Corruption Strategy • Internal Audit reviews • Whistleblowing Policy in place • Register of Gifts & Hospitality & Register of Interests in place • Annual training with Members facilitated with the treasury advisers • Annual training for officers with treasury advisers/CIPFA • Monthly reconciliations of investment transactions to third party statements 																																		
ACTIONS	<ul style="list-style-type: none"> • All staff to receive fraud awareness e-learning by May 2021 																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	ASSETS (LAND AND PROPERTY)																																
	<ul style="list-style-type: none"> • Business Manager - Asset Management • Director – Housing, Health and Wellbeing • Business Manager - Strategic Housing • Business Manager – Financial Services 																																
FRAUD TYPES	<ul style="list-style-type: none"> • Selling asset for less than market value • Collusion between staff and purchaser – may include provision of insider knowledge (e.g. planning, leases & covenants) 																																
CONTROLS	<ul style="list-style-type: none"> • Asset Management Plan • Up to date Asset register with valuations based on the Council’s 5 year rolling programme of valuations • Council procures Independent valuation where this is to be sold without auction • Sale of land or property assets to be approved at Committee • Up to date Financial Regulations • Up to date Anti-Fraud & Corruption Strategy • Audit reviews • Whistleblowing Policy in place • Register of Gifts & Hospitality/Register of Interests in place • Credit checks on potential purchasers • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet 																																
AGREED ACTIONS	<ul style="list-style-type: none"> • Adoption of Acquisition and Disposal policy by September 2021 																																
CURRENT RISK SCORE	GREEN																																
TARGET RISK SCORE	GREEN																																
TARGET RISK	CURRENT RISK																																
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	ASSETS (EQUIPMENT)																																		
Risk Owner	Business Manager - ICT																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Selling asset for less than market value • Collusion between staff and purchaser • Disposal of assets no longer required by the council 																																		
CONTROLS	<ul style="list-style-type: none"> • Annual review of Asset register • Up to date Financial Regulations • Up to date Anti-Fraud & Corruption Strategy • Segregation of duties – between officers procuring new equipment and those disposing of assets • Internal Audit reviews • Whistleblowing Policy in place • Register of Gifts & Hospitality & Register of Interests in place • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Financial Regulations training for all appropriate staff 																																		
ACTIONS	<ul style="list-style-type: none"> • All staff to receive fraud awareness e-learning by May 2021 • Adoption of Acquisition and Disposal policy by September 2021 																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	EMPLOYMENT (RECRUITMENT FRAUD)																																						
Risk Owner	Business Manager – HR																																						
FRAUD TYPES	<ul style="list-style-type: none"> • False identity • Immigration (no right to work or reside) • False qualifications • Failing to disclose previous convictions 																																						
CONTROLS	<ul style="list-style-type: none"> • Declaration to comply with the Council's Code of Conduct for all new starters at appointment stage • All managers trained in HR policies around recruitment and selection incorporating DBS Code of practice and safeguarding requirements where appropriate • Pre-employment checks by HR including identity verification and medical screening • References sought on all external appointments from referees • IR35 assessments in place and regular reminders/refreshers sent to all managers on the engagement of agency workers and consultants 																																						
AGREED ACTIONS	<ul style="list-style-type: none"> • Request to see copies of new starters' bank statements to satisfy ourselves that monies paid are receipted into their accounts by April 2021 • Ensure Managers know the signs of trafficking so they can raise concern as appropriate by providing annual refresher training by September 2021 																																						
CURRENT RISK SCORE	GREEN																																						
TARGET RISK SCORE	GREEN																																						
TARGET RISK		CURRENT RISK																																					
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	EMPLOYMENT (PAYMENT FRAUD)				
Risk Owner	Business Manager – HR Business Manager – Financial Services				
FRAUD TYPES	<ul style="list-style-type: none"> • Creation of non-existent employees (ghost) • Unauthorised changes to payroll • Redirection or manipulation of payments • False sickness claims • Not working required hours or undertaking required duties • False declarations of mileage • False supporting documentation • Breaches of authorisation and payment procedures • Abuse of time 				
CONTROLS	<ul style="list-style-type: none"> • Officer code of conduct in place which details expected behaviours, corporate policies and potential penalties of wrongdoing. • Payments made in accordance with Financial Regulations • Updated Anti-Fraud & Corruption Strategy • Separation of duties between HR, Payroll & Business Managers • Contract and Job description detail post holder requirements in respect of their • Access controls on HR/Payroll system, • Management supervision & authorisation of claims • Budgetary control devolved to budget managers and monitored on a monthly basis • Exception reports produced and reviewed by payroll on a monthly basis • Audit trail/personal logins on all systems • Any employee changes authorised by relevant Director/Business Manager • Reconciliation of payroll to BACS payments • Probationary periods to ensure suitability in role • Medical certification for sickness and a robust policy to manage attendance • Forms to request permission to undertake additional employment in place and referred to in Code of Conduct • Training for managers on disciplinary, capability and attendance manager processes and refresher training provided when required • Internal Audit reviews • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet 				
AGREED ACTIONS	<ul style="list-style-type: none"> • Data analysis of payroll information and costs by July 2021 • All staff to receive fraud awareness e-learning by May 2021 				
CURRENT RISK SCORE	GREEN				
TARGET RISK SCORE	GREEN				
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TARGET RISK	CURRENT RISK				

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	INSURANCE FRAUD																																			
Risk Owner	Business Manager – Financial Services																																			
FRAUD TYPES	<ul style="list-style-type: none"> False insurance claims Duplicate or serial claims 																																			
CONTROLS	<ul style="list-style-type: none"> Small excess on policy, ensuring external claims handlers review each claim individually External claim handlers have specialist software to identify fraudulent claims Anti-Fraud & Corruption Strategy in place Experienced and skilled staff in place, who monitor prior year information and match against new claims – highlighted onto external claims handlers Notification of regional and national trend information passed from insurers and brokers Internal Audit reviews Whistleblowing Policy in place Counter-fraud page on website detailing how public can report fraud Letter included within insurance pack when sent through to claimant detailing their responsibilities regarding fraudulent claims 																																			
AGREED ACTIONS	<ul style="list-style-type: none"> All staff to receive fraud awareness e-learning by May 2021 																																			
CURRENT RISK SCORE	GREEN																																			
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	MONEY LAUNDERING			
Risk Owner	Business Manager – Financial Services			
FRAUD TYPES	<ul style="list-style-type: none"> Using the Council to hide improper transactions – possible links to organized crime 			
CONTROLS	<ul style="list-style-type: none"> Staff Awareness of the concept Up to date Anti-Money Laundering policy Up to date Financial Regulations Cash receipts over £1,500 reported to MLRO Whistleblowing Policy Cashless offices Legal checks on Right to Buy purchases Checks on source of credit balances prior to issuing refunds on NNDR and Council Tax 			
AGREED ACTIONS	<ul style="list-style-type: none"> All staff to receive fraud awareness e-learning by May 2021 			
CURRENT RISK SCORE	GREEN			
TARGET RISK SCORE	GREEN			
	TARGET RISK		CURRENT RISK	
	■	■	■	■
	■	■	■	■
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	■	■	■	■
	■	■	■	■
	X	■	■	■

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	ELECTORAL FRAUD (ELECTIONS)																																		
Risk Owner	Business Manager – Democratic Services																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Fraudulent voting • Fraudulent acts by poll clerks & presiding officers at polling stations • Fraudulent acts by postal vote opening staff • Fraudulent acts by verification / count staff 																																		
CONTROLS	<ul style="list-style-type: none"> • Integrity Plan in place for electoral registrations • Anti-Fraud & Corruption Strategy • Supervisory roles identified at counts and senior staff appointed to these • Postal votes opening sessions are supervised with controls in place to oversee process • Access controls at polling stations & counts • Ballot box controls • Ballot paper accounts checked as part of verification process • Pre-employment checks on recruited staff • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Dedicated SPOC at Nottinghamshire Police who would be informed of possible issues with fraud • Full training of all staff in face to face roles in accordance with Electoral Commission guidance and statutory regulations 																																		
AGREED ACTIONS	<ul style="list-style-type: none"> • Update control documents and instructions for all election type activities by April 2021 																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	ELECTORAL FRAUD (ELECTORAL REGISTRATION)																																		
Risk Owner	Business Manager – Democratic Services																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Fraudulent applications for individual electoral registration (IER) • Fraudulent application for absent voting (postal & proxy) • Fraudulent acts by staff employed as canvassers 																																		
CONTROLS	<ul style="list-style-type: none"> • Integrity Plan in place for electoral registration • Anti-Fraud & Corruption Strategy • Verification process through the IER digital service • Supervisory checks on verification failures • Proof of identity is requested where required • Application forms scrutinised before processing • Confirmation letters sent to successful applicants to verify address • Controls within Electoral software in order to flag unusual registration activity 																																		
AGREED ACTIONS	<ul style="list-style-type: none"> • Update Integrity Plan by July 2021 																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	DEVELOPMENT MANAGEMENT
Risk Owner	Business Manager – Development Management
FRAUD TYPES	<p>Corruption and collusion including:</p> <ul style="list-style-type: none"> • Inducements • Conflict of interest/bribery • Planning - S106, affordability and other areas where officers are checking compliance & fines issued etc • Using Planning Process to increase land values • False representation
CONTROLS	<ul style="list-style-type: none"> • Senior officer determination of all planning applications (post case officer work) • Senior Officer one to one discussions with all case officers regarding cases • Open & visible process of all cases open to Team leaders & peers • Planning Committee is a public meeting and hence allows public scrutiny • Report for all applications and pre-application advice with explanation of grant or refusal determined by Senior Officers. All planning application reports are then published (not pre-applications) externally • Reconciliation of planning (including pre-application) fees • Reconciliation of Land charges fees • Reconciliation of Street naming and numbering • Separation of duties in the fee procedure (receipting, banking, planning application) • System flag for duplicated applications • Audit trail on fee income • Enforcement action-reporting & sign off by Senior officer and different officer to the officer investigating • Section 106 – separation of duties, legal agreement, triggers for payment monitored, monitoring group, reconciliation • Regular review and update of Constitution including Members conduct re planning • Register of Gifts & Hospitality/Register of Interests – staff aware need to make declarations • Anti-Fraud & Corruption Strategy in place • Code of Conduct (officers & Members) • Internal Audit reviews • Whistleblowing Policy • Counter-fraud page on website detailing how public can report fraud • Ombudsmon review of approach to planning determinations • Judicial review challenges by interested parties on points of law • Counter Fraud section on intranet
ACTIONS	<ul style="list-style-type: none"> • All refunds where the application has been made through the Planning portal, to be refunded through that process, where all other refunds will require an image from the bank account to show originating bank details by June 2021 • Implement Uniform processes for Enforcement cases to counter potential bribery and corruption by December 2021 completion

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

	<ul style="list-style-type: none"> • Refunds of application fees to be authorised only by Business Manager – Planning Development or Planning Technical Support Manager. Immediate effect. • Investigate Uniform software for planning cases to ensure case officer cannot sign off and issue their own decision by September 2021 							
CURRENT RISK SCORE	GREEN							
TARGET RISK SCORE	GREEN							
	TARGET RISK				CURRENT RISK			
		X				X		

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	ECONOMIC & THIRD SECTOR FRAUD																																
Risk Owner	Business Manager – Financial Services																																
FRAUD TYPES	Any fraud that involves the false payment of grants, loans or any financial support to any private individual or company, charity, or non-governmental organization: <ul style="list-style-type: none"> ○ Fake applications ○ Collusion ○ Misuse of funds ○ Failure to deliver agreed service 																																
CONTROLS	<ul style="list-style-type: none"> • Substantiate authenticity of application via internal and external sources • Regular monitoring of delivery – management sign off required at all key stages • Check & authorisation of grant & loan claims • Separation of duties between grant or loan approval & sign off • Grant eligibility criteria considered before award • Quotes for work always considered and internal assessment of reasonable costs • Anti-Fraud & Corruption Strategy • Internal Audit reviews • Whistleblowing Policy • External legal advice obtained where necessary • Retentions based on performance • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Use of NFI and Spotlight for pre and post payment checks for Business Grants • Verification of business on Business Rates system for Business Grants 																																
ACTIONS	n/a																																
CURRENT RISK SCORE	GREEN																																
TARGET RISK SCORE	GREEN																																
TARGET RISK	CURRENT RISK																																
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NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	HOUSING FRAUD
Risk Owner	<ul style="list-style-type: none"> • Director – Housing, Health and Wellbeing • Business Manager - Housing and Estates Management • Assistant Business Manager – Housing and Estate Management
FRAUD TYPES	<ul style="list-style-type: none"> • Fraudulent housing application - false or omitted information • False homelessness applications – false or omitted information • Fraudulent succession or assignment • Unlawful sub-letting • Not using property as main or principle home • Right to Buy - fraudulent application, valuation, etc.
CONTROLS	<ul style="list-style-type: none"> • Participation in the National Fraud Initiative through supply and matching of application, tenancy and Right to Buy data • Robust consideration and investigation into Right to Buy applications; a joint approach is adopted between officers where fraud is suspected • Supporting information requirements at application – such as proof of identification, proof of residency and medical evidence • Cross referencing and verification of support information required at application • Requirement for applicants to update and refresh supporting information • Internal application verification and checking process to check for previous tenancies and former tenancy debt • Tenants are made aware at sign up of their obligations regarding their tenancy agreement and the consequences of being in breach of the tenancy agreement • Photographs are taken at sign-up and stored on the in-house management system • Tenancy Audit programme provides an ongoing detection and prevention of tenancy fraud through, checking, verifying and updating records of tenants and occupants • Using information held by other NSDC departments to investigate and detect tenancy fraud • Developing a culture where all staff are empowered to report cases where they suspect tenancy fraud • A programme of Internal Audit reviews providing assurance of policies and processes across the Council • Whistleblowing Policy • Separation of duties and annual reports to audit this separation • Register of Gifts & Hospitality/Register of Interests • Counter-fraud page on website detailing how public can report fraud • Counter Fraud section on intranet • Experienced, well trained staff carrying out allocations and front line service delivery • Excellent working relationships with agencies who can support with the identification of an actions to address tenancy fraud and/or unlawful occupation of properties

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

ACTIONS	<ul style="list-style-type: none"> • Develop relationship between Housing & Revenues and Benefits to enhance sharing of information in order to have a collaborative approach to fraud detection by June 2021 • Inclusion of the annual number of sub-letting reports in the Council's approved performance monitoring framework by September 2021 										
CURRENT RISK SCORE	GREEN										
TARGET RISK SCORE	GREEN										
TARGET RISK				CURRENT RISK							
					X						
	X										

NEWARK AND SHERWOOD DISTRICT COUNCIL – FRAUD RISK ASSESSMENT (APRIL 2021)

FRAUD RISK	FRAUDULENT USE OF COUNCIL ASSETS																																		
Risk Owner	All Directors and Business Managers																																		
FRAUD TYPES	<ul style="list-style-type: none"> • Theft of assets and equipment • Sale of assets and equipment 																																		
CONTROLS	<ul style="list-style-type: none"> • Financial Regulations • Anti-Fraud & Corruption Strategy • Guidance for Dealing with Irregularities • Management controls • Induction process • Security policy • User reports e.g. internet, telephone • Internet use policy • Access controls • Software audit facility • Code of conduct • Inventory checks • Complex passwords • Separation of duties • Staff counter-fraud training • Internal Audit reviews • Whistleblowing Policy • Counter Fraud section on intranet 																																		
ACTIONS	Spot checks to inventory records																																		
CURRENT RISK SCORE	GREEN																																		
TARGET RISK SCORE	GREEN																																		
TARGET RISK		CURRENT RISK																																	
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