



Rutland County Council

Catmose, Oakham, Rutland, LE15 6HP.
Telephone 01572 722577 Email governance@rutland.gov.uk

Ladies and Gentlemen,

A meeting of the **AUDIT AND RISK COMMITTEE** will be held in the Council Chamber, Catmose, Oakham on **Tuesday 29 January 2019** commencing at 7.00pm when it is hoped you will be able to attend.

Yours faithfully

Helen Briggs
Chief Executive

Recording of Council Meetings: Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. A protocol on this facility is available at www.rutland.gov.uk/haveyoursay

A G E N D A

1) APOLOGIES FOR ABSENCE

2) MINUTES

To confirm the minutes of the Audit and Risk Committee held on 30 October 2018.

3) MATTERS ARISING

4) DECLARATIONS OF INTEREST

In accordance with the Regulations, Members are invited to declare any disclosable interests under the Code of Conduct and the nature of those interests in respect of items on this Agenda and/or indicate if Section 106 of the Local Government Finance Act 1992 applies to them.

5) PETITIONS, DEPUTATIONS AND QUESTIONS

To receive any petitions, deputations and questions received from Members of the Public in accordance with the provisions of Procedure Rule 217.

The total time allowed for this item shall be 30 minutes. Petitions, declarations and questions shall be dealt with in the order in which they are received.

Questions may also be submitted at short notice by giving a written copy to the Committee Administrator 15 minutes before the start of the meeting.

The total time allowed for questions at short notice is 15 minutes out of the total time of 30 minutes. Any petitions, deputations and questions that have been submitted with prior formal notice will take precedence over questions submitted at short notice. Any questions that are not considered within the time limit shall receive a written response after the meeting and be the subject of a report to the next meeting.

6) QUESTIONS FROM MEMBERS

To consider any questions received from Members of the Council in accordance with the provisions of Procedure Rule 95.

7) NOTICES OF MOTION

To consider any Notices of Motion from Members submitted under Procedure Rule 97.

8) EXTERNAL AUDITORS PLANNING 2018/19

To receive Report No. 21/2019 from the Strategic Director for Resources.
(Pages 5 - 22)

9) PROJECT FRAMEWORK - GOVERNANCE AND RISK MANAGEMENT

To receive Report No. 32/2019 from the Strategic Director for Resources.
(Pages 23 - 26)

10) INTERNAL AUDIT PLANNING

To receive Report No. 19/2019 from the Head of Internal Audit.
(Pages 27 - 32)

11) INTERNAL AUDIT UPDATE

To receive Report No. 20/2019 from the Head of Internal Audit.
(Pages 33 - 66)

12) ACCOUNTS CLOSURE PLANNING 2018/19

To receive Report No. 13/2019 from the Strategic Director for Resources.
(Pages 67 - 70)

13) REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) POLICY

To receive Report No. 2/2019 from the Strategic Director for Resources.
(Pages 71 - 92)

14) STRATEGIC RISK REGISTER

To receive Report No. 31/2019 from the Strategic Director for Resources.
(Pages 93 - 108)

15) COMPLAINTS UPDATE

To receive Report No. 17/2019 from the Strategic Director for Resources.
(Pages 109 - 114)

16) ANY OTHER URGENT BUSINESS

To receive items of urgent business which have previously been notified to the person presiding.

---Oo---

DISTRIBUTION

MEMBERS OF AUDIT AND RISK COMMITTEE:

Miss G Waller (Chairman)

Mr J Lammie (Vice-Chair)

Mr I Arnold

Ms R Burkitt

Mr G Conde

Mrs J Fox

Mr A Lowe

OTHER MEMBERS FOR INFORMATION

This page is intentionally left blank

AUDIT AND RISK COMMITTEE

29 January 2019

EXTERNAL AUDIT PLANNING 2018/19

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Saverio Della Rocca, Director for Resources	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Finance Manager	01572 758152 amerry@rutland.gov.uk
Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That the Committee notes the audit plan from the external auditors, Grant Thornton UK LLP.

1 PURPOSE OF THE REPORT

- 1.1 To outline the approach to the external audit for 2018/19.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The external audit plan in Appendix 1 sets out the approach to the Statement of Accounts audit and Value for Money conclusion. Grant Thornton will present the report and be available to ask questions at the meeting.

3 CONSULTATION

- 3.1 No formal consultation is required.

4 ALTERNATIVE OPTIONS

- 4.1 The Committee is asked to note the report. There are no alternatives.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report but the Committee should note that the audit fee remains the same as last year.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for receiving the reports of external audit, acting on any relevant matters and approving of the Statement of Accounts.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 To ensure the Committee is aware of plans in place to ensure effective and timely closure of accounts.

12 BACKGROUND PAPERS

- 12.1 There are no background papers.

13 APPENDICES

- 13.1 Appendix 1 – Audit Plan 2018/19

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

External Audit Plan

Year ending 31 March 2019

Rutland County Council

January 2019



Contents

	Your key Grant Thornton team members are:
	John Gregory Engagement Lead
 T: 0121 232 5333 E: john.gregory@uk.gt.com	
	Paul Harvey Engagement Manager
	T: 0116 257 5589 E: paul.m.Harvey@uk.gt.com
	David Schofield Executive
	T: 0121 232 5103 E: david.schofield@uk.gt.com

Section	Page
1. Introduction & headlines	3
2. Key matters impacting our audit	4
3. Significant risks identified	5
4. Other matters	8
5. Materiality	9
6. Value for Money arrangements	10
7. Audit logistics, team & fees	11
8. Early Close	12
9. Independence & non-audit services	13

Appendices

A. Audit Approach	15
-------------------	----

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Rutland County Council ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Rutland County Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Risk Committee); and
- Value for Money arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Risk Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based. We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation.

Significant risks



Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Valuation of property, plant and equipment
- Valuation of pension fund net liability
- Management override of controls

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.25m for the Authority, which equates to 2% of your prior year gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £55k.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risk:

- Financial sustainability from 2020/21 onwards

Audit logistics

Our interim visits will take place in February and March and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £50,420 for the Authority, subject to the Authority meeting our requirements set out on page 11.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Key matters impacting our audit

The wider economy and political uncertainty

The medium term financial strategy (MTFS) 2018/19 to 2022/23 shows that the Council will need to use general fund reserves to balance the budget from 2020/21 onwards (£1.45m in 2020/21, £1.3m in 2021/22 and £1.16m in 2022/23). While this position is far less severe than that faced by many authorities, it will still require careful planning and management.

Reforms to local government finance seek to provide greater financial stability for local authorities. The four year settlement proposes to phase out the Revenue Support Grant (RSG), and instead allow for 100% business rates retention in the hope of providing a more sustainable self-sufficient local government.

At a national level, the government continues its negotiation with the EU over Brexit, and future arrangements remain clouded in uncertainty. The Authority will need to ensure that it is as prepared as possible, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Factors

Changes to the CIPFA 2018/19 Accounting Code

The main changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

You do not anticipate that these will have a significant impact on your accounts.

New audit methodology

We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. The new tool enables us to be even more focused and risk-based in our approach.

This is also of course our first year as your auditors, and we will continue to work with you to ensure the transition from KPMG is as smooth as possible.

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- As for all authorities, we will consider whether your financial position leads to material uncertainty about the going concern of the Authority and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- We will ensure that our resources and testing are best directed to address your risks in an effective way.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebuted)	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none">• there is little incentive to manipulate revenue recognition• opportunities to manipulate revenue recognition are very limited• the culture and ethical frameworks of local authorities, including {name of Authority}, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Rutland County Council.</p>	
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none">• evaluate the design effectiveness of management controls over journals• analyse the journals listing and determine the criteria for selecting high risk unusual journals• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings (Rolling revaluation)	<p>The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£35 million) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value at the financial statements date, for those assets not formally revalued in the year.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none">evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their workevaluate the competence, capabilities and objectivity of the valuation expertwrite to the valuer to confirm the basis on which the valuation was carried outchallenge the information and assumptions used by the valuer to assess completeness and consistency with our understandingtest revaluations made during the year to see if they had been input correctly into the Authority's asset registerevaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£37 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will, placing assurance on work carried out by ourselves as auditors of the Leicestershire Pension Fund,</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued to the management expert (actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assess the accuracy and completeness of the information provided by the Authority to the actuary, through the Pension Fund, to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • document and evaluate the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Authority under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Authority's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year. Materiality at the planning stage of our audit is £1.25m, which equates to 2% of your prior year gross expenditure for the year. We have also set a lower level of materiality of £100k in relation to the disclosure note on the remuneration of individual senior officers, which we consider to be sensitive and of interest to the public. We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £62.5k.

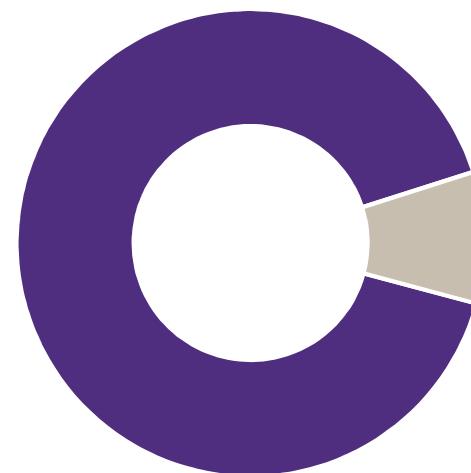
If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Risk Committee to assist it in fulfilling its governance responsibilities.

Prior year gross expenditure

£63.28m Authority

£1.25m

Authority financial statements materiality



▪ Prior year gross expenditure

▪ Materiality

£62.5k

Misstatements reported to the Audit and Risk Committee

Value for Money arrangements

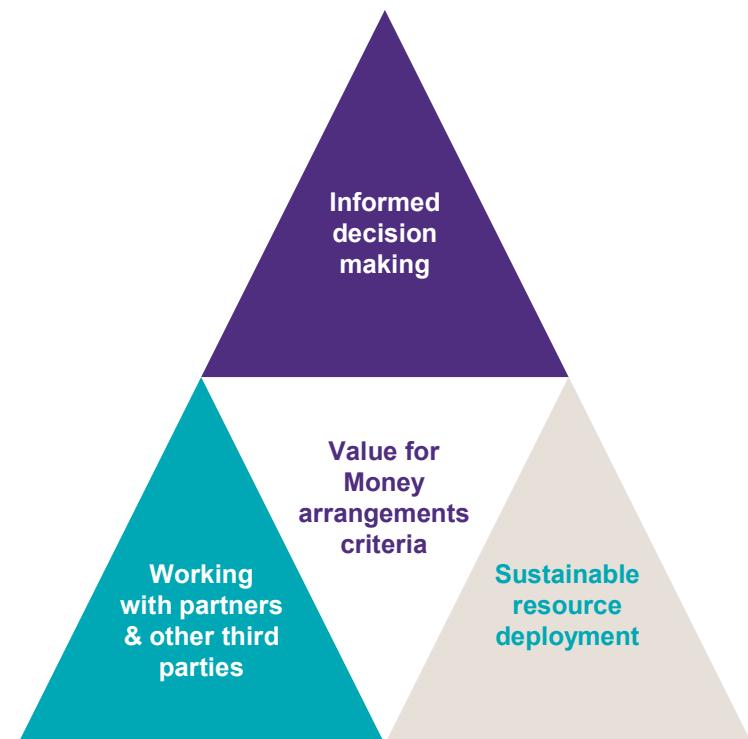
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Authority to deliver value for money.



Financial sustainability

Officers are currently in the process of finalising the budget for 2019/20 and the medium term financial plan (MTFP) 2018 to 2023 and are expecting to present it to Cabinet in February 2018 for approval. For 2019/20 the Council is proposing a balanced budget with no use of General Fund reserves.

The medium term financial strategy (MTFS) 2018/19 to 2022/23 shows that the Council will need to use general fund reserves to balance the budget from 2020/21 onwards (£1.45m in 2020/21, £1.3m in 2021/22 and £1.16m in 2022/23). While this position is far less severe than that faced by many authorities, it will still require careful planning and management.

We will review the outturn for 2018/19 and the updated MTFS. We will also assess how the Council is planning on addressing the funding gaps going forward as the use of general fund reserves is not sustainable in the long term.

Audit logistics, team & fees



John Gregory, Engagement Lead

John's role will be to:

- lead our relationship with you;
- be a key contact for the Chief Executive, Strategic Director of Resources and the Audit & Risk Committee;
- ensure that Grant Thornton's full service offering is at your disposal; and
- take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



Paul Harvey, Engagement Manager

Paul's role will be to manage the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.

David Schofield, Audit Incharge

David's role will be to:

- be the day to day contact for Council finance staff;
- take responsibility for ensuring there is effective communication and understanding by finance team of audit requirements;
- have day to day responsibility for the running of the audit and first point of contact;
- focus on the more technical aspect of the audit and to discuss emerging national technical matters as they arise and deal with technical matters raised by the you throughout the year in a timely manner.

Audit fees

The planned audit fees are £50,420 for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. Fees of £6,500 are planned for the Housing Benefit (Subsidy) Assurance Process, which is no longer part of the PSAA regime and is therefore treated as non audit work. In setting your fee, we have assumed that the scope of the audit, and the Authority and its activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the deadline this year.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 11). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified.

Service	£	Threats	Safeguards
Audit related			
Housing Benefit (Subsidy) Assurance Process	6,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,500 in comparison to the total fee for the audit of £50,420 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
None			

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Authority's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit & Risk Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. We confirm that we did not undertake any non-audit / additional services prior to appointment.

Appendices

A. Audit Approach

20

Audit approach

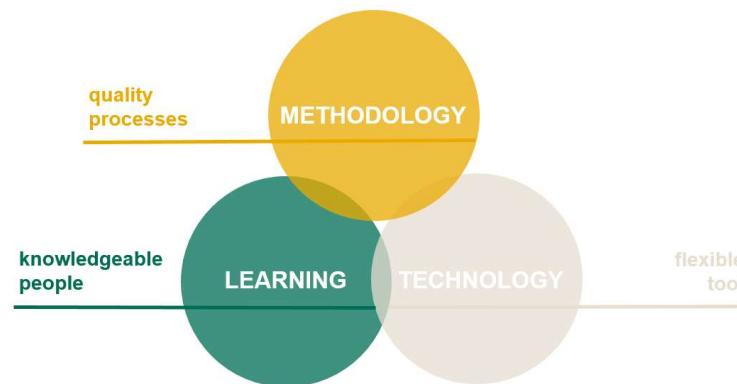
Use of audit, data interrogation and analytics software

LEAP

Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
-  A cloud-based industry-leading audit tool developed in partnership with Microsoft

LEAP



IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also use other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian

Appian

Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

Inflo



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

© 2018 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

AUDIT & RISK COMMITTEE

29 January 2019

PROJECT FRAMEWORK – GOVERNANCE & RISK MANAGEMENT

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance and Communications)	
Contact Officer(s):	Phil Horsfield, Monitoring Officer	01572 7588154 phorsfield@rutland.gov.uk
	Saverio Della Rocca, Director for Resources	01572 758159 sdrocca@rutland.gov.uk

DECISION RECOMMENDATIONS

That the Audit and Risk Committee:

1. Approve the update to project guidance in respect of “very high risk” projects.

1 PURPOSE OF THE REPORT

- 1.1 To seek approval of changes made to Project Management guidance.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 Councillors requested a review of the Project Management guidance to provide revised governance and oversight arrangements for very high risk projects. In asking for a review of the existing project methodology, it was made clear that Councillors did not wish to create a bureaucratic process and significant additional work but wanted to ensure that where the Council delivers “very high risk” projects, Councillors are appropriately involved.
- 2.2 A “very high risk” project is typically one which has significant corporate implications (e.g. it would typically have a high value, carry with it significant reputation risk and be of high public interest). We have produced a scoring assessment as a guideline (Appendix A) for use. However it is recognised that the definition is subjective. In this context, therefore, it is important that there are checks and balances that allow the assessment to be revisited or challenged.

- 2.3 Moving forward the process to be adopted will be as follows:
- SMT in conjunction with Portfolio Holders will assess whether or not a project is “very high risk”;
 - The assessment will be made by reference to the guidelines (see Appendix A)
 - If a project is designated “very high risk” then in line with existing Governance Framework, Cabinet or Council will be asked to establish the Project Framework. The Constitution and relevant legislation will determine the appropriate route.
- 2.4 In practical terms, this is how the above steps would apply to a new project. For example, consider that the Council are concerned that the offices are no longer fit for purpose. The project would initially be assessed by SMT and in these circumstances would be determined a “very high risk” project, a report would then go to Cabinet identifying the next steps and draft Project Framework (Board, TOR etc). Cabinet would then suggest whether the governance structure is appropriate. This could mean that Cabinet decide that such a Project Group is or is not required. Should Cabinet decide to establish a project group then the Project Group with the relevant portfolio holder as the Project Sponsor would then proceed to analyse the options available etc. The Scrutiny Committee will be able to consider any report to Cabinet should they wish and make further suggested changes, if required e.g. suggest alternative membership for example.
- 2.5 Members will be aware that the vast majority of projects will not be considered to be very high risk and as a consequence a half yearly report will provide corporate project updates.

3 CONSULTATION

- 3.1 Consultation is not formally required. Revisions to the Project Management guidance have been discussed with the internal audit team and the Chair of Audit and Risk.

4 ALTERNATIVE OPTIONS

- 4.1 The Committee could request further changes or maintain existing Project Management guidance.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from this report.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The provisions are in line with the existing Constitution.

- 6.2 Project Management guidance provides support to officers to ensure projects are delivered in line with appropriate governance arrangements.

7 DATA PROTECTION IMPLICATIONS

- 7.1 There are no data protection implications arising from this report.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed as it is not required as part of this report. The report creates a framework and specific projects will be considered through the EqIA process as required.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no Community Safety implications as part of this report.

10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 10.1 The proposed guidance seeks to provide the correct balance in ensuring appropriate oversight of “very high risk” projects while not creating a framework that would add significant extra costs and hamper project delivery.

11 APPENDICES

- 11.1 Appendix A – Project Scoring Matrix

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendix A. Project Scoring Matrix

Project Governance & Risk table identifying the level of governance and reporting required for each level of project, using the risk scoring from the previous table.

Risk & Project Evaluation Criteria					
Criteria	1	2	3	4	5
Financial / Budget Risk - Cost element of the project and on-going financial commitments	Up to £100k project budget, low (<£25k) on-going financial commitment	Between £100k and £250k project budget, medium (£25k-£49k) on-going financial commitment	Greater than £250k project budget, high (>£50k) on-going financial commitment	Score x6 (max 30)	
Risk of Impact on Service Delivery - How the council staff and its services are impacted by the project	Low – limited impact on service without project, up to 10 officers impacted, single service/single directorate	Medium – service impact without project, between 10 and 25 officers impacted, multiple service/single directorate	High – service(s) failure without project, greater than 25 officers impacted, multiple service/multiple directorate	Score x3 (max 15)	
Reputational Risk - The standing of the council in the public impacted by the project	Low risk of reputational damage	Medium risk of reputational damage	High risk of reputational damage	Score x8 (max 40)	
Project Delivery Risk - How difficult the project is deemed in terms of delivery	Low – no dependencies, generous timescales, non technical, simple or no procurement, non legislation based project	Medium – fixed timescale, dependencies on other projects, technical, small procurement exercise, simple legislation based project	High – technical, specific skillset, dependencies on other projects and services, short timescales, complex (QEU) procurement exercise, complex legislation based project	Score x3 (max 15)	

Project Governance Set Up & Risk Management		
Tolerance	Project Requirements	Governance & Reporting
Low Risk (0 – 59)	No dedicated project manager PMO templates available for use and general guidance Planning through service	Governance through the service Limited/No member involvement No PMO reporting
Medium Risk (60 – 74)	Part time service led project manager PMO support and general guidance Project plan developed Reduced project documentation required (Business Case, Risk & Issues log, Minutes/Actions Log)	Governance structure in place (project team) Limited member involvement No PMO reporting Local logging of risks and issues
High Risk (75 – 89)	Dedicated project manager by directorate or Corporate PM Project run through PMO Project implementation plan developed Project documentation required (PID, Business Case, Governance, Risk & Issues Log, Communications Plan, Minutes/Actions Log, Change Control)	Full governance structures (project board and project team) - Project Board includes Project Sponsor, Portfolio Holder Reporting into SMT through PMO Reports to Cabinet PMO reporting of risks and issues (projects dashboard)
Very High Risk (90 – 100)	Dedicated project manager by directorate or Corporate PM Project run through PMO Project implementation plan developed Project documentation required (PID, Business Case, Governance, Risk & Issues Log, Communications Plan, Minutes/Actions Log, Change Control)	Full governance structures (project board and project team) - Project Board includes Project Sponsor, CEO, Director, Leader, Portfolio Holder, Ward Member (where applicable), with recorded meeting (minutes log) Reporting into SMT through PMO Reporting to Members through Cabinet and Scrutiny PMO reporting of risks and issues (projects dashboard)

AUDIT AND RISK COMMITTEE

29 January 2019

INTERNAL AUDIT PLANNING 2019/20

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	Tel: 07824 537900 rashley-caunt@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

1. That Members note the process being followed to develop the risk based Audit Plan for 2019/20.
2. That Members note the initial areas highlighted for potential coverage in the Internal Audit Plan 2019/20 and advise on any areas where the committee seeks assurance from the Internal Audit team during the year ahead.

1 PURPOSE OF THE REPORT

- 1.1 To advise Members on the process being followed to develop the Internal Audit Plan for 2019/20 and the initial areas proposed for inclusion in the Plan, subject to risk assessment and prioritisation. To also invite Members to highlight any areas where they require assurance from the Internal Audit team during the next financial year.

2 BACKGROUND AND MAIN CONSIDERATIONS

Internal Audit Plan

- 2.1 The Internal Audit Plan sets out the assignments that will be delivered by the Internal Audit team during the financial year. In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Plan should be risk based and developed with input from senior management and the Audit Committee.
- 2.2 In order to ensure that the Audit Plan for 2019/20 addresses the Council's key risks

and adds value, the Head of Internal Audit is identifying and prioritising the areas for coverage by:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review;
- Analysing coverage of Internal Audit reviews over the last five years and the assurance opinions provided following each review, to identify any gaps or areas where follow up work would be of value;
- Identifying any areas of the Audit Universe which have not been subject to Internal Audit review during the last four years; and
- Seeking input from Senior Management on key risks and emerging risk areas for the year ahead and also any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

- 2.3 Following this process, a number of potential audit assignments have been identified and will be prioritised and refined based on risk and added value. The number of days to be commissioned will be 310.
- 2.4 A list of areas highlighted during the planning process to date has been provided in Appendix A.
- 2.5 Members of the Audit and Risk Committee are invited to raise any areas where assurance from Internal Audit is sought during 2019/20 for inclusion and prioritisation in the development of the Audit Plan.
- 2.6 The draft Audit Plan will be presented to the Audit and Risk Committee in March 2019 for final refinement and formal approval. The Plan will then remain open to ongoing review and amendment throughout the financial year to respond to any changes in risk and emerging issues.

3 CONSULTATION

- 3.1 The Council's senior management are being consulted on the contents of the Audit Plan for 2019/20 and this report provides an opportunity for consultation with the Audit and Risk Committee. No public consultation is required.

4 ALTERNATIVE OPTIONS

- 4.1 The Committee could contact the Head of Internal Audit directly following the meeting with any further areas of assurance which may arise before March 2019 and these can be included in the audit planning process.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report. The Audit Plan will be based upon the number of days commissioned by the Council on an annual basis. It has been agreed with the Strategic Director for Resources to have an initial audit plan of 310 rather than 320 days to reflect the move towards a cyclical approach to financial systems work.
- 5.2 Notwithstanding the reduction in planned days, the Committee may, as in prior years, seek approval of additional days should the need arise.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for oversight of the work of Internal Audit including approving the annual Audit Plan and satisfying itself that the plan provides assurance over the Council's control framework and key risks. It is also responsible for gaining assurance that internal audit is complying with internal audit standards.
- 6.2 There are no legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Audit Plan for 2019/20 is being developed using a risk based approach, with input from senior management and the Audit and Risk Committee. The initial potential areas for coverage highlighted during the audit planning process to date will be refined and prioritised based on risk and value added. The draft Audit Plan will be presented to the Committee in March 2019 for final refinement and formal approval. The Plan will remain open to ongoing review and amendment throughout the financial year to reflect and respond to changes in risks and emerging issues.

12 BACKGROUND PAPERS

- 12.1 There are no additional background papers to the report.

13 APPENDICES

- 13.1 Appendix A: Initial areas identified during Audit Planning 2019/20 to date.

Large Print or Braille Version of this Report is available upon request – Contact 01572 722577

APPENDIX A

Internal Audit Plan 2019/20 – Initial Areas Highlighted

Topic	Assurance provided and reason for inclusion
Corporate / Cross Cutting	
Budget monitoring	To provide assurance over the effective scrutiny and monitoring of budgets across the Council. This is a key financial control and a critical control for the management of key corporate risks.
IR35 – agency workers	To provide assurance over compliance with the revised legislation and the Council's duties in this area. This has been flagged as an area of risk and weakness at other councils in the LGSS client base.
Contract Procedure Rules compliance	To provide assurance over compliance with rules in relation to procurement of goods and services. This is an annual review to provide assurance over value for money and counter fraud and corruption controls.
Compliments and Complaints Management	To provide assurance over effective recording, handling and monitoring of complaints and compliments received. This is an area which has not been covered by Internal Audit in recent years and procedures have been subject to recent review.
Grant verification	To sign off on various annual grants including highways expenditure and troubled families.
Key Financial Systems	Annual testing on key financial controls (Debtors, Creditors, Payroll, Main Accounting, Local Taxation, Benefits). It is intended that a cyclical approach will be adopted to this audit coverage.
Customer services	To provide assurance over practice across selected areas of the Council and Customer Services (CST) – following the introduction of a revised version of customer service standards.
Counter Fraud	
Fraud Risk Register	To provide assurance over the management of the fraud risk register, including the identification and management of risks, and to review a sample of the risks identified to confirm that appropriate actions are being taken to mitigate risks and proactively prevent, detect and report attempted frauds.
Service Specific	
DFGs/aids and adaptations	To provide assurance that processes operate effectively over the application/approval process and achieving value for money. This will also assist in informing the annual grant verification.

Topic	Assurance provided and reason for inclusion
Community Safety and CCTV	To provide assurance over compliance with regulations on use of CCTV and management of the Council's Community Safety services – including joint working, initiatives and management information. This is an area which has not been subject to recent audit review and responsibility for the services has changed over the last two years.
Highways	Review of contract arrangements and payment mechanisms further to the previous Highways audit highlighting areas for improvement.
Housing and Homelessness	To provide assurance over implementation of changes in relation to the Homelessness Reduction Act 2018.
Licensing	To provide assurance over processes in place for a sample of licence types, ensuring policies are consistently and effectively applied. This has been highlighted as a potential risk area by management and has not been subject to recent audit review.
S106/CIL	To provide assurance over the processes in place for the administration, collection and spending of CIL/s106 monies.
IT	
IT Policies and Procedures	To review new and revised IT policies to ensure all key policies are in place, fit for purpose, communicated and compliant with good practice.

This page is intentionally left blank

AUDIT AND RISK COMMITTEE

29 January 2019

INTERNAL AUDIT UPDATE

Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	Tel: 07824 537900 rashley-caunt@rutland.gcsx.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Members note the Internal Audit update report (Appendix A).

1 PURPOSE OF THE REPORT

- 1.1 To update Members on the progress made in delivering the 2018/19 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting.

2 BACKGROUND AND MAIN CONSIDERATIONS

Update on Delivery of Internal Audit Plan

- 2.1 The progress made to date in delivering the 2018/19 audit plan is set out in Appendix A. At the time of reporting, 67% of the audit plan is either in progress or complete.

Implementation of Recommendations

- 2.4 Internal Audit request that officers provide updates on all open audit actions on a monthly basis.
- 2.5 Since the last Committee meeting, nine recommendations have been confirmed as implemented.
- 2.6 There are currently six actions rated as 'Medium' priority which are more than three

months overdue for implementation but have not yet been fully implemented. Internal Audit has been provided with assurance that progress is being made in these areas and to manage the risks associated.

3 CONSULTATION

- 3.1 No formal consultation is required.

4 ALTERNATIVE OPTIONS

- 4.1 The Committee is asked to note the report but may wish to receive an earlier update on any limited assurance reports.

5 FINANCIAL IMPLICATIONS

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

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for oversight of the work of Internal Audit including approving the annual report and satisfying itself that the conclusions reached are reasonable in light of the work undertaken. It is also responsible for gaining assurance that internal audit is complying with internal audit standards.

- 6.2 There are no legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 There are no equality implications.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The latest update report, provided in Appendix A, details the findings of recent Internal Audit work and any weaknesses in the control environment highlighted by these reviews, and provides an overview of the performance of the Internal Audit team and the implementation of actions by management. The Committee plays an important role in the oversight of Internal Audit work.

12 BACKGROUND PAPERS

- 12.1 There are no additional background papers to the report

13 APPENDICES

- 13.1 Appendix A: Internal Audit Update Report
- 13.2 Appendix B: Implementation of Audit Recommendations
- 13.3 Appendix C: ‘High’ and ‘Medium’ Priority actions overdue for more than three months
- 13.4 Appendix D: Customer Satisfaction Statistics
- 13.5 Appendix E: Limitations and responsibilities
- 13.6 Appendix F: Internal Audit report – King Centre
- 13.7 Appendix G: Internal Audit report – Highways Winter Maintenance

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577

This page is intentionally left blank



**RUTLAND COUNTY COUNCIL
INTERNAL AUDIT UPDATE
JANUARY 2019**

Date: 29th January 2019

Introduction

- 1.1 LGSS provides the internal audit service for Rutland County Council and has been commissioned to provide 370 audit days to deliver the 2018/19 annual audit plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Risk Committee to scrutinise the performance of the internal audit team and – of equal significance – to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the committee with the information, on progress in delivering planned work and on performance of the Internal Audit service, which it requires to engage in effective scrutiny.

Performance

2.1 Will the Internal Audit Plan for 2018/19 be delivered?

LGSS is set the objective of delivering at least 90% of the Internal Audit plans to draft report stage by the end of March 2019.

At the time of reporting, 67% of the audit plan is either complete or in progress. This demonstrates that delivery is on track.

2.2 Are audits being delivered to budget?

Internal Audit is on target to deliver the Audit Plan within the 370 days budget. Any overruns on individual assignments are managed within the overall budget.

2.3 Is the Internal Audit team achieving the expected level of productivity?

The most recent information available (week 39) shows that the Internal Audit team are spending 95% of time on chargeable activities against a target of 90%.

2.4 Are clients satisfied with the quality of the Internal Audit assignments?

Customer satisfaction questionnaires are issued on completion of audits. Scores given by audit clients during the year to date are shown in Appendix D.

2.5 Based upon recent Internal Audit work, are there any emerging issues that impact on the Internal Audit opinion of the Council's Control Framework?

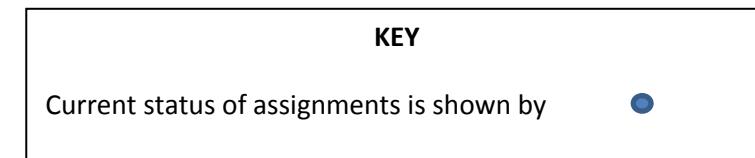
Since the last committee meeting, four audit assurance reports (**King Centre; General Data Protection Regulation; Financial Risks in Social Care; and Highways Winter Maintenance**) have been finalised and no significant areas of weakness have been identified which would impact upon the Internal Audit opinion. The status of each assignment is provided in Table 1.

2.6 Are clients progressing audit recommendations with appropriate urgency?

Outstanding audit recommendations form part of the Quarterly Performance Report considered by Cabinet. Since the last Committee meeting, 9 actions arising from audit reports have been implemented.

At the date of reporting, there are 9 open audit actions which are overdue for implementation. Of these, 6 actions were due for implementation over three months ago and were categorised as 'Medium' priority. See Appendix C for further details.

Table 1: Progressing the annual audit plan



Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Key Corporate Controls and Policies												
Creditors	15	-	●									
Debtors	14	2			●							
Payroll	15	-	●									
Main Accounting	12	-	●									
Local Taxation	15	4.3				●						
Benefits	17	5.3				●						
Contract Procedure Rules Compliance	10	1.6				●						
Procurement Cards	8	-		●								
Debt Recovery (consultancy)	7	7.5							●	N/A - Consultancy		
Corporate Governance and Counter Fraud												
Fraud Risk Register	15	-	●									
GDPR	15	14.7							●	Good	Good	Minor

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Project Governance & Risk Management (consultancy)	14	6.1										
Corporate Objective: Sustainable growth												
Highways Winter Maintenance	15	14.8										
Green Waste Charging	10	10										
Use of Specialist Resources in planning	10	0.4										
Corporate Objective: Safeguarding and Health and Wellbeing												
External Placements	15	-										
Public Health Contract Management	15	-										
Safeguarding in Schools	14	6.9										
Playground Inspections	10	9.5										
Community Safety	-	0.9										Cancelled
Corporate Objective: Sound financial and workforce planning												

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Key Supplier Failure	12	9.5						●	Good	Good	Minor	
Delegated Services	17	16.7					●					
Financial risks in social care	12	12.5						●	Substantial	Substantial	Minor	
Corporate Objective: Reaching our potential												
King Centre	12	12						●	Substantial	Good	Minor	
Other Assurances												
Grant Claims	5	5						●	N/A - certification			
Client Support (Committee support, training, client liaison, advice/assistance)	33	20										
Internal Audit Management & Development	33	11										
TOTAL	370	171										

Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended and no, or only minor, errors have been detected.
Good ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory ○	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact	
Level	Definition
Major ●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.

Moderate		The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor		The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

44

Priority	Impact & Timescale
High	 Action is imperative to ensure that the objectives for the area under review are met.
Medium	 Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low	 Action recommended to enhance control or improve operational efficiency.

Appendix B: Implementation of Audit Recommendations

54

	High priority recommendations		Medium priority recommendations		Low priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	2	100%	2	20%	5	71%	9	50%
Actions due within last 3 months, but <u>not implemented</u>	-	-	1	10%	-	-	1	5%
Actions due <u>over 3 months</u> ago, but <u>not implemented</u>	-	-	6	70%	2	29%	8	45%
Totals	2	100%	9	100%	7	100%	18	100%

Appendix C: ‘Medium’ Priority actions overdue for more than three months

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer Responsible	Original Date	Revised Date (if provided)
Medium Priority						
Waste Contract 2017 -18	Places	Obtain evidence of the required bond or parent company guarantee	October 18 – On hold pending ongoing discussions with the supplier.	Places Director	08/12/2017	31/12/2018
Waste Contract 2017 -18	Places	Review performance measures and monitoring	January 19 – Following initial indications that the supplier would offer revenue savings in exchange for not having to provide a parent company guarantee or bond, this has unexpectedly been reversed and a parent company guarantee has been offered. This is however, with the caveat of a limit to 10% of the annual contract value. This has been rejected. Discussions are therefore ongoing.	Places Director	08/12/2017	31/03/2019
Waste Contract 2017 -18	Places	Develop formal routine inspection regimes for refuse collection and street cleaning.	January 19 – A final draft set of KPIs is now in place and these will be reflected in the suppliers monthly report for December 2018, which will be finalised at the contract meeting on 23 January.	Places Director	30/06/2018	23/01/2019
Waste Contract 2017 -18	Places	Compile comprehensive contract file	January 19 – Formal routine inspection regimes are now in place for both refuse collection and street cleaning.	Places Director	30/06/2018	18/01/2019
Waste Contract 2017 -18	Places	Document and improve invoice checking procedures	January 2019 – The initial draft process agreed with Business Support did not provide sufficient controls. Further controls are therefore being discussed and this will be finalised in a final procedure by 31/01/2019.	Places Director	30/06/2018	31/01/2019
Fraud Risk Register 2017-18	Resources	IT Assets	January 19 - Whilst some work has started to review asset management there is further work to do in this area.	Head of ICT	31/08/2018	

Appendix D: Customer Satisfaction

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client's opinion of four key aspects of the assignment. The five responses received in the year to date are set out below.

Aspects of Audit Assignments	N/A	Outstanding	Good	Satisfactory	Poor
------------------------------	-----	-------------	------	--------------	------

Design of Assignment	0	2	6	1	1
Communication during Assignments	0	4	6	1	0
Quality of Reporting	0	4	5	1	1
Quality of Recommendations	2	3	4	1	1
Total	2	13	22	4	3

Appendix E: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit & Risk Committee subject to the limitations outlined below.

Opinion

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers. There might be weaknesses in the system of internal control that Internal Audit are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to the consortium's attention. As a consequence, the Audit & Risk Committee should be aware that the audit opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal control

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

Future periods

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.

This page is intentionally left blank

INTERNAL AUDIT REPORT



THE KING CENTRE 2018/19

Issue Date:	21 st November 2018	Issued to:	Helen Briggs – Chief Executive
Author:	Milda Cufi		James Frieland – Economic Development and Tourism Manager
			Andrew Edwards – Head of Property Services (final report only)
			Sav Della Rocca – Director of Resources
			Councillor Oliver Hemsley – Leader and Portfolio Holder for Rutland One Public Estate and Growth, Tourism and Economic Development, Resources (other than Finance)
			Councillor Gale Waller – Chair of Audit & Risk Committee (final report only)

THE KING CENTRE 2018/19 EXECUTIVE SUMMARY

1. INTRODUCTION & OVERALL OPINION

Rutland County Council (RCC) has successfully converted a former college building, into approx. 12,000 sqft of fully-serviced commercial office space intended to support new and expanding businesses. The site also provides a source of income for the Council which can support the provision of local services. Out of 32 units at King Centre 28 are already occupied. Assurance was sought from the Audit review that lease agreements are commercially viable, subject to a robust tenancy application process and that income due from tenants is suitably recovered.

An internal audit review of a sample of ten units highlighted that controls over the administration of tenancy applications and pre-tenancy checks are operating effectively and are fully embedded. Audit trail of credit checks, trade reference checks and identification verification was evident in all tenants within the audit sample and all of tenants did complete a tenancy application form.

Copies of signed and sealed lease agreements were available for 100% of the sample and included key areas such as rent charged, details of any break clauses, length of term, renewal rights, service charges, repair obligations and subletting arrangements. Tenants are required to sign a Statutory Declaration giving the landlord automatic possession at the end of the lease. In all ten cases reviewed a signed Statutory Declaration had been signed by the tenant. A Heads of Terms document setting out the key commercial terms that parties intend to incorporate in a binding agreement had been confirmed via email to all the tenants in the audit sample. Rent Bonds setting out the amount of deposit paid had also been signed and sealed in all cases reviewed.

Tenants were found to be invoiced accurately and timely in accordance with the terms agreed in the lease and market rental values. Rental income is recovered in a structured, timely manner and in line with the Council's debt recovery procedures. Deposits received are held in the Council's deposit holding account. From a sample of ten units, all with the exception of one deposit paid (as noted on the rent bond and the unit database) could be traced to the Council's deposit holding account. It is understood that the one remaining deposit is currently being re-invoiced.

The audit was carried out in accordance with the agreed Audit Planning Record (APR), which outlined the scope, terms and limitations to the audit. The auditor's assurance opinion is summarised in the table below:

Internal Audit Assurance Opinion			
Control environment	Substantial		
Compliance	Good		
Organisational impact	Minor		
Risk	High	Medium	Low
01 - Lease agreements are not commercially viable, possibly leading to financial losses and reputational damage.	0	0	0
02 - Inadequate tenancy application process, leading to potential fraud and financial losses.	0	0	2
03 - Increase in bad debt due to insufficient income monitoring and recovery.	0	0	0
Total Number of Recommendations	0	0	2

2. SUMMARY OF FINDINGS

Risk 1: Lease agreements are not commercially viable, possibly leading to financial losses and reputational damage.

The King Centre rental figures were agreed with Chartered Surveyors (Innes England) and Local Estate Agents as being an appropriate market rent for the local area. Comparable offices in the outskirts of Oakham on Rightmove were checked and officers continue to monitor these to ensure that The King Centre is not below the average market rate. Office spaces were set for £10 per/sqft with service charges of £7.66 per/sqft including utilities and all other annual overheads. It was explained that the average price for offices on Rightmove outside Oakhamtown centre is currently £6.86/sqft + a modest service charge, putting The King Centre well above this average. Audit testing was undertaken to determine if the rent charged was within the open market rental figure and the marketing figure agreed. Testing confirmed that all ten units reviewed had been given a rental price that was within the guidelines provided by Innes England and agreed to lease documents held for each unit. Leases include a provision for a rent review every three years and the Commercial Investment Project Board convenes regularly and gives consideration to rental levels for new tenants. The first floor laboratories which are due to be converted to offices for example are due to be let at an increased rate of up to £12/sqft plus service charge to reflect higher demand for smaller units and to optimise the desired ROI following the conversion works. Two of the smaller offices on the ground floor are already let at a rate of just over £12/sqft plus service charge. VAT is added in all cases at the standard rate of 20%.

A Heads of Terms letter or document sets out the key commercial terms that parties intend to incorporate in a binding agreement. The Heads of Terms set out the basis for negotiating a subsequent longer term agreement and are often useful in establishing what will and will not be included in any future agreement. A review of a sample of ten units found Head of Terms used in all cases. The Heads of Terms were confirmed through the email to the tenant setting out details of the agreed term, unit information, rent, service charges and deposit amounts to be paid, and other important terms.

The standard lease template originally drafted by Peterborough City Council (PCC) Legal is used for The King Centre and does not change other than tenants' details and specific terms. Business Support Assistants change unit numbers/names and insert tenants details and rent/service charge etc. using issued heads of terms emails. The Economic Development and Tourism Manager then checks the lease and sends out to tenants for approval/completion. Evidence of lease agreements were seen in all ten cases reviewed signed by the tenants and also signed and sealed by the Council's Chief Executive and Council Leader. In all cases signed lease documentation covered rent and rent deposits and guarantees, length of term, break clause and renewal rights. Also rent review arrangements were detailed. Lease agreements explained whether or not tenant had the security of tenure, right to assign, sublet and share the premises. Repair obligations and management of lease, along with the schedule of all service charges were included within the lease documentation. All tenants are also required to sign the Statutory Declaration. In all ten cases reviewed the leases were accompanied by the Statutory Declaration signed by the tenant giving the landlord automatic possession at the end of the lease.

Risk 2: Inadequate tenancy application process, leading to potential fraud and financial losses.

A tenancy Checklist is available and is used to ensure all relevant documentation is completed during the tenancy application process. The evidence of use of the checklist was seen in all ten cases reviewed.

A Commercial Lettings Policy is also available, however it does not include any references to The King Centre, and there is no evidence of a recent policy review. To ensure that the correct procedures are followed the policy should be reviewed and updated. **Recommendation 1** addresses this finding.

All potential tenants are required to complete and sign a tenancy application form. From a sample of ten units, all tenants had completed and signed an application for tenancy. The Commercial Lettings Policy sets out some guidance in the applicant's selection process. It states that Rutland County Council is keen to support start-up businesses and priority will normally be given to applications from new businesses. Preferences will also be given to businesses that create or protect jobs and in particular to light industrial or manufacturing businesses in order to offer greater employment opportunities and employment diversity. To further strengthen the processes and promote transparency for the units that receive interest from multiple parties, officers may want to keep a record of any shortlisting activity to evidence the reasons for the decision in selecting the preferred tenant.

Pre-tenancy checks such as the verification of tenant identity, performing credit checks and checking trade references are carried out. The evidence that tenants' ID was obtained and verified was seen in all but one case which related to an existing tenant who was known to officers (as the tenant was relocating from a tenancy at Oakham Enterprise Park), hence the ID was not requested. It was noted that as a result of General Data Protection Regulation (GDPR), officers decided (having sought advice from the Corporate Governance team) not to retain copies of the identification documents, rather it was agreed to keep a written note confirming that ID was seen. However, two instances were found where original copies of passports were erroneously still saved on file and had not been deleted in some cases a separate note was saved on file confirming that identification was checked, whilst in other cases the tenancy checklist was used to evidence the ID check. To ensure a consistent approach is used it is recommended to adopt one standard practice of evidencing verification of ID. Officers may wish to use the tenancy checklist to record who checked the ID and when and what type of document was checked. **Recommendation 2** addresses this finding.

The application for tenancy form requires the tenant to provide two references. Two references were received for four out of ten tenants reviewed by audit. Another two cases were noted where no references were obtained, of which one case related to an existing tenant from the Oakham enterprise Park (OEP) site and it was confirmed in writing with the Estates Surveyor that no concerns were raised previously in relation to the tenant. The other case where no references were obtained related to a new start up business, and it was confirmed that to mitigate the risk three months deposit was taken. In the four remaining cases one reference was received.

The Council carries out appropriate financial checks especially for higher value leases (over £5,000 per annum) with the exception of start-up businesses. The review of a sample of ten units confirmed that credit checks were undertaken where required. However, two cases were noted where the annual lease was over £5,000 but no credit checks were completed. The Economic Development & Tourism Manager explained that these related to unincorporated business i.e. the lease is in name of the owners of the company meaning they will be personally liable for any arrears should they occur. In both of these cases, deposit equivalent to three months' rent was taken to mitigate the risk.

Risk 3: Increase in bad debt due to insufficient income monitoring and recovery.

The Commercial Investment Project Board meet regularly to review progress, approve expenditure and review and agree larger lease agreements. It is also an opportunity for members of the board to discuss any issues or concerns regarding the King Centre. The project board meetings are attended by the Head of Property Services who chairs the meetings, the Leader of the Council, Portfolio Holder for Places, Finance Manager and Economic Development & Tourism Manager. Minutes from the last twelve months were obtained and reviewed. The review of minutes demonstrated that The King Centre is a standing agenda item at every meeting. Matters relating to The King Centre discussed included new occupancy enquiries, proposed refurbishment works, any planned or required maintenance, rent arrears, budget position etc.

The review of the invoices raised for the sample of ten units demonstrated that all invoices were issued promptly and accurately in accordance with the Lease Agreement.

Tenants' debts are managed in line with the standard Rutland County Council (RCC) debt recovery procedures. Tenants are invoiced one month in advance. They then have 30 days to pay the invoice. The King Centre being a fairly new arrangement has not encountered any major issues of tenants not paying rents. At the time of the audit there was only one tenant that had accumulated rent arrears since July 2018. During the last project board meeting in September 2018 officers discussed the matter and highlighted that RCC is continuing with the recovery of rent and has exhausted options for the first invoice, continuing with second and third. However, there are issues with the ground floor roof which leaks and is directly impacting the tenant. The Board acknowledged that issue of the leaks needing to be resolved and assistance offered to the tenant. The Economic Development and Tourism Manager also discussed the matter during a recent Property Services team meeting and is keen to prevent further arrears from building whilst repair works for the roof leak are ongoing. The Estates Surveyor was tasked to review the tenant's lease and advise with the best course of action, with legal involvement as necessary.

Rent Bonds setting out the amount of deposit paid have been signed by all tenants in the reviewed sample. Deposits received are held in the Council's deposit holding account (BZ534). From a sample of ten units all except one deposit were paid (as noted on the rent bond and the unit database) and could be traced to the Council's deposit holding account. The one that could not be found in the deposit holdings account related to the tenant who had been credited for the deposit they paid and new invoices have been raised for their respective deposit amounts, following a change in unit. The Economic and Development Manager explained that these transactions are currently being processed via the Finance team.

3. LIMITATIONS TO THE SCOPE OF THE AUDIT

This is an assurance piece of work and an opinion is provided on the effectiveness of arrangements for managing only the risks specified in the Audit Planning Record.

The Auditor's work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error, loss or fraud does not exist.

Rec No.	ISSUE	RECOMMENDATION	Management Comments	Priority	Officer Responsible	Due date
1	<p>A Commercial Lettings Policy does not include any references to The King Centre, and there is no evidence of a recent policy review.</p> <p>To ensure that the correct procedures are followed the policy should be reviewed and updated.</p>	<p>Review and update the Commercial Lettings Policy.</p> <p>The policy must include a policy owner, a next review date and be version controlled.</p>	Agreed	Low	The Economic Development and Tourism Manager	31/12/18
2	<p>Inconsistencies in evidencing verification of tenants' ID was noted. In two instances original copies of passports were saved on file, in some cases a separate note was saved on file confirming that identification was checked, whilst in other cases tenancy checklist was used to evidence the ID check.</p> <p>Improving record keeping and ensuring consistent approach will assist officers in complying with the GDPR.</p>	<p>Adopt a standard approach to evidence verification of ID.</p> <p>Officers may wish to use the tenancy checklist to record who checked the ID and when, and what type of document was checked.</p>	Agreed	Low	The Economic Development and Tourism Manager	31/12/18

GLOSSARY

The Auditor's Opinion

The Auditor's Opinion for the assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The tables below explain what the opinions mean.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		
Level	Definition	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.	
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.	
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.	

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Priority	Impact & Timescale
High	Action is imperative to ensure that the objectives for the area under review are met.
Medium	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low	Action recommended to enhance control or improve operational efficiency.

This page is intentionally left blank

INTERNAL AUDIT REPORT



HIGHWAYS WINTER MAINTENANCE 2018/19

Issue Date:	3 rd December 2018	Issued to:	Steve Ingram – Strategic Director for Places
Author:	Heather Fraser – Principal Auditor		Neil Tomlinson – Senior Highways Manager
			Helen Briggs – Chief Executive
			Cllr Gale Waller – Chair of Audit and Risk Committee
			Cllr Lucy Stephenson – Portfolio Holder for Highways and Transportation

Highways Winter Maintenance EXECUTIVE SUMMARY

1. INTRODUCTION & OVERALL OPINION

The Council has a statutory duty to maintain highways, and to ensure, so far as is reasonably practicable, that safe passageway along the highway is not endangered by snow or ice. The Code of Practice for Well-Managed Highway Infrastructure was published on 28th October 2016, and supersedes the Code of Practice for Well-Maintained Highways. It is recognised that changing from reliance on specific guidance and recommendations involves appropriate analysis, development and Member approval; as such, Councils could choose to continue with existing practices until October 2018.

The Council has recently produced a Winter Service Policy (WSP) in accordance with the requirements of both Codes of Practice, and revised their operational procedures; the WSP was approved by Cabinet on 18th September 2018.

The winter risk period runs from 1st October to 30th April, and, whilst the Council's responsibilities include providing road salt and the decision-making process, a contractor (Tarmac) is responsible for the delivery of all winter service operations.

Whilst a risk assessment process had been undertaken to determine which routes should be included in a programme of treatment during the 2017/18 winter season; it is understood that the latest risk assessment had been undertaken during 2015, and there is a lack of documentary evidence held on file to support the data or the scoring methodology which is detailed within the workbooks provided. In addition, whilst the WSP has defined the minimum winter network, it does not include matters in relation to trigger points and / or stakeholder engagement.

Suitably skilled and experienced duty officers are responsible for daily decision-making in relation to winter service operations, and sample testing identified that the majority of controls are operating as intended.

Gritting vehicles are fitted with electronic tracking devices to monitor location, speed, and spread widths. Sample testing identified that gritting operations had been undertaken by the contractor within the agreed timescale in all cases.

A minimum of 4,000 tonnes of salt is held in stock at the start of the winter season, it is understood that this is approximately 25% more than the total amount of salt used in any one of the last 10 winter seasons, and as such, would provide resilience in the event of severe winter weather conditions.

The audit was carried out in accordance with the agreed Assignment Planning Record (APR), which outlined the scope, terms and limitations to the audit. The auditor's assurance opinion is summarised in the table below:

Internal Audit Assurance Opinion			
Control environment	Satisfactory 		
Compliance	Good 		
Organisational impact	Minor 		
Risk	High	Medium	Low
Risk 1: A resilient and minimum winter service network is not determined through a robust risk assessment process.	1	1	0
Risk 2: Robust forecasting arrangements do not exist.	0	0	0
Risk 3: Winter gritting is not undertaken in a timely manner.	0	0	0
Risk 4: Salt spread rates are not consistent with the Code of Practice.	0	0	0
Total Number of Recommendations	1	1	0

2. SUMMARY OF FINDINGS

Risk 1: A resilient and minimum winter service network is not determined through a robust risk assessment process

The Council's 'Winter Service Operational Plan 2015-16' (WSOP) was developed in accordance with the recommendations of The Code of Practice for Well-Maintained Highways. The Code of Practice for Well-Managed Highway Infrastructure was published on 28th October 2016, and supersedes the Code of Practice for Well-Maintained Highways. It is recognised that changing from reliance on specific guidance and recommendations involves appropriate analysis, development and Member approval; as such, Councils could continue with existing practices until October 2018.

The Council has recently produced a Winter Service Policy (WSP) in accordance with the requirements of both Codes of Practice, and revised their operational procedures (appended to the WSP); the WSP was approved by Cabinet on 18th September 2018.

The winter risk period runs from 1st October to 30th April, and whilst the Council's responsibilities include providing road salt and the decision-making process; a contractor (Tarmac) is responsible for the delivery of all winter service operations. Client and contractor responsibilities are detailed within the WSOP and recently approved WSP. Contractor responsibilities are consistent with those detailed within the 'Term Service Contract for Highways Maintenance Works'; and it is noted that staff in the Highways team have undertaken training relevant to their role.

Risk assessments should be undertaken to determine which routes should be included in a programme of treatment during winter, in particular, the treatment of carriageways, footways and cycle routes must be considered, taking account of risk to all highway users and consideration of the available resources. It is noted that whilst the WSOP did not include matters in relation to cycle routes, the WSP does confirm that cycle ways will not receive a precautionary treatment.

It is understood that, at the time of the audit, the latest risk assessment to be held on file had been undertaken by two previous Council employees during 2015. There is a lack of documentary evidence held on file to support any of the data, or the scoring methodology which is detailed within the workbooks provided; and it is not known whether the decisions in relation to the risk assessment process had been subject to independent review and approval.

A review of the risk assessment worksheet identified that of the 176 roads detailed, 19% do not include a road number and 12% do not include a road name. Whilst it is understood that this information may not be required in all cases, it is not clear whether such information is required in the cases detailed, based on the information which has been provided.

Given the scale of financial and other resources involved in delivering the winter service, it is not considered reasonable to provide the service on all parts of the network. As such, a robust risk assessment process must exist to determine which routes should be included in a programme of treatment during winter.

Recommendation one addresses these findings.

As part of their contingency planning, authorities should define a minimum winter network. This resilience network may be a subset of their normal treatment network and should provide a minimum essential service to the public, including links to the strategic network; access to key facilities; and other transport needs.

The trigger point and protocol for activating the minimum winter network should be agreed within the authority, and documented and communicated as appropriate. In doing so, agreement should be made with the emergency

planning department and senior officers. The decision to activate the minimum winter network may also be made in conjunction with other authorities and the overall approach should be detailed within the Winter Service Plan.

The audit has identified that the WSOP does not include matters in relation to a minimum winter network, and whilst the WSP states that the minimum winter network will be defined as all A and B class roads throughout the County, it does not include matters in relation to trigger points and / or stakeholder engagement.

Recommendation two addresses this finding.

Based upon these findings, the assurance rating for the controls in respect of this risk is **Satisfactory Assurance**.

Risk 2: Robust forecasting arrangements do not exist

MetDesk provided weather forecasting services during the 2017/18 winter season, and a review of the end of season report identified that the required target for accuracy (95%) had been exceeded by 3.5% (98.5%). It is understood that as the formation of frost is dependent on both temperature and dew point, gritting will not necessarily be carried out when the road surface temperature falls below zero, on a dry road surface, or when residual salt levels are sufficient to deal with the expected conditions.

Suitably skilled and experienced duty officers are responsible for daily decision-making in relation to winter service operations, as such; an independent review and approval process is not deemed to be appropriate and / or required, particularly with limited resources. Daily decisions are based on forecasting information and are in accordance with the 'Decision Flowchart', as detailed within the WSOP. All decisions are recorded / communicated via the Council's winter maintenance system (Vaisala Manager), whilst gritting operations are recorded via the 'Exactrak' GPS tracking system, which is integrated with Vaisala Manager.

Sample testing of 15 winter maintenance runs identified that daily decisions in relation to winter maintenance had been made by a suitably skilled and experienced officer within the agreed timescale, in all cases.

Sample testing did identify that the decision-making process in relation to salt spread rates was not consistent with the 'Decision Flowchart' in 13% of the cases, whilst matters in relation to 'marginal conditions' and the use of a 'plough' are not detailed within the 'Decision Flowchart'; as such, details of this have been shared with management for their information.

Based upon these findings, the assurance rating for the controls in respect of this risk is **Good Assurance**.

Risk 3: Winter gritting is not undertaken in a timely manner

It is recognised that appropriate consultation and communication with other highway authorities is required in order to improve winter service delivery. As such, cross boundary arrangements were in place with Leicestershire County Council; Lincolnshire County Council; and Northamptonshire County Council during the 2017/18 winter season.

As detailed above, the Council's contractor is responsible for the delivery of all winter service operations; therefore, additional contract arrangements are not required for extreme weather conditions. A range of vehicles, plant and equipment is used to deliver the Council's winter service and it is understood that all equipment is well maintained, calibrated and reliable, and repairs must be carried out within two hours, whilst replacement vehicles must be provided within 24 hours, if / when required.

Gritting vehicles are fitted with electronic tracking devices to monitor location, speed, and spread widths. Sample testing of 15 winter maintenance runs identified that gritting operations had been undertaken by the contractor

within the agreed timescale in all cases; whilst the relevant KPI target of 97% had been achieved during the 2017/18 winter season.

A 'Grit Bin Assessment Form' exists to ensure that grit bins are allocated in accordance with agreed procedures, and following a report which was presented to Cabinet on 18th September 2018, it is understood that any grit bins which have not been utilised by the 2021/22 winter season will be removed, in order to maximise value for money.

Based upon these findings, the assurance rating for the controls in respect of this risk is ***Substantial Assurance***.

Risk 4: Salt spread rates are not consistent with the Code of Practice

A minimum of 4,000 tonnes of salt is held in stock at the start of the winter season, it is understood that this is approximately 25% more than the total amount of salt used in any one of the last 10 winter seasons, and as such, would provide resilience in the event of severe winter weather conditions.

As detailed above, gritting vehicles are fitted with electronic tracking devices to monitor location, speed, and spread widths, and whilst sample testing identified that the majority of controls are operating as intended, it is noted that the decision-making process in relation to salt spread rates was not consistent with the 'Decision Flowchart' in 13% of the cases. As such, details of this have been shared with management for their information.

It is recognised that given the scale of financial and other resources involved in delivering the winter service, it is not reasonably practicable to ensure running surfaces are kept free of ice and snow at all times, even on the treated parts of the network. As such, it is understood that the condition of routes is not monitored following treatment, due to limited resources.

Based upon these findings, the assurance rating for the controls in respect of this risk is ***Good Assurance***.

3. LIMITATIONS TO THE SCOPE OF THE AUDIT

This is an assurance piece of work and an opinion is provided on the effectiveness of arrangements for managing only the risks specified in the Audit Planning Record.

The Auditor's work does not provide any guarantee against material errors, loss or fraud. It does not provide absolute assurance that material error; loss or fraud does not exist.

4. ACTION PLAN

The Action Plan overleaf provides two recommendations to address the findings identified by the audit. If accepted and implemented, these should positively improve the control environment and aid the Council in effectively managing its risks.

ACTION PLAN

Rec No.	ISSUE	RECOMMENDATION	Management Comments	Priority	Officer Responsible	Due date
1	<p>There is a lack of documentary evidence held on file to support any of the data, or the scoring methodology which is detailed within the risk assessment workbooks provided; and it is not known whether the decisions in relation to the risk assessment process had been subject to independent review and approval.</p> <p>A review of the risk assessment worksheet identified that of the 176 roads detailed, 19% do not include a road number; whilst 12% do not include a road name.</p> <p>The omission of a robust risk assessment process may lead to poor decision-making and / or a loss of confidence in Council services, both of which could result in financial loss and reputational damage to the Council.</p>	<p>A robust risk assessment process must exist and must be consistently exercised to provide assurance that all decisions in relation to the Council's winter service are based on accurate and complete information.</p> <p>Supporting documentary evidence and system notes should be retained on file to provide an appropriate audit trail and to demonstrate how all decisions in relation to the Council's winter service have been made.</p>	<p>Completed as part of Winter Service Review, approved by Cabinet on 18/09/2018.</p>	High	Senior Highways Manager	Complete – Senior Highways Manager to provide supporting documentary evidence in relation to this (To be followed up as part of the standard Internal Audit process).

Rec No.	ISSUE	RECOMMENDATION	Management Comments	Priority	Officer Responsible	Due date
2	<p>Whilst the 2018/19 WSP states that the minimum winter network will be defined as all A and B class roads throughout the County, it does not include matters in relation to trigger points and / or stakeholder engagement.</p> <p>The omission of such information and / or procedures may lead to poor decision-making and / or a loss of confidence in Council services, both of which could result in financial loss and reputational damage to the Council.</p>	<p>In order to demonstrate compliance with the Code of Practice for Well-Managed Highway Infrastructure (B.7.3.4), the trigger point and protocol for activating the minimum winter network should be formally agreed, and in doing so, agreement should be made with the emergency planning department.</p> <p>The decision to activate the minimum winter network may also be made in conjunction with other authorities. The overall approach should be detailed within the Council's Winter Service Policy.</p>	<p>Review with LLR Resilience Forum to ascertain their view prior to updating policy.</p>	Medium	Senior Highways Manager	31/03/2019

GLOSSARY

The Auditor's Opinion

The Auditor's Opinion for the assignment is based on the fieldwork carried out to evaluate the design of the controls upon which management rely and to establish the extent to which controls are being complied with. The tables below explain what the opinions mean.

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
Limited	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact		
Level	Definition	
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.	
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.	
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.	

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

Priority	Impact & Timescale
High	Action is imperative to ensure that the objectives for the area under review are met.
Medium	Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low	Action recommended to enhance control or improve operational efficiency.

AUDIT AND RISK COMMITTEE

29 January 2019

ACCOUNTS CLOSURE PLANNING 2018/19

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Saverio Della Rocca, Director for Resources	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Finance Manager	01572 758152 amerry@rutland.gov.uk
Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That the Committee notes the contents of the report including the changes that impact the Statement of Accounts for 2018/19.

1 PURPOSE OF THE REPORT

- 1.1 To inform the Committee of the emerging changes that will have an impact on the production of the Statement of Accounts (SOA) for 2018/19 and how the Council is planning on meeting the new requirements.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Code of Practice on Local Authority Accounting (The Code) is reviewed annually by CIPFA. As a result of this review CIPFA have made a number of changes to The Code for 2018/19. These are addressed below with a commentary on whether they impact the Council.

2.2 Significant change to the Code of Practice on Local Authority Accounting 2018/19

- 2.2.1 There has been significant change with the adoption of IFRS 9 Financial Instruments. This standard relates to how the Council should account for any

investments/loans it undertakes.

- 2.2.2 The key change is around how to account for losses on pooled investments (e.g. property funds). The change would have resulted in losses being measured at the 31st March each year and then processing these through to the General Fund, whereas previously this was merely done as an accounting adjustment.
- 2.2.3 The Government consulted on the impact of adopting this accounting standard and the result was that there is a time limited statutory override which enables Councils not to take losses to the General Fund. The Council does not have any investments that would have been affected by this change.
- 2.2.4 As a result of adopting IFRS 9 there have been presentational changes to the disclosure requirements within the SOA. The Council has reviewed these changes and understands what is required in respect of how the information is displayed.

2.3 Minor Changes to the Code of Practice on Local Authority Accounting 2018/19

Code Change	RCC Impact	Progress
<p>Adoption of IFRS 15 establishes a new comprehensive framework for revenue recognition and replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time (e.g. when we let a commercial property with a rent free period, the income should be recognised over the life of the lease and not when rent is paid) and introduces five steps for revenue recognition This change affects</p> <ul style="list-style-type: none"> a) Inventories b) Work In Progress (Construction Contract) c) Debtors d) Creditors 	<p>Review current contracts to identify any applicable contracts under IFRS 15 and ensure the new accounting standard is applied. The Majority of the income collected by the authority is taxation or grant, which fall outside the scope of IFRS 15. As a result the Council is expecting that the introduction of IFRS 15 will not have a material impact on the SOA.</p>	<p>Work will begin early 2019, to identify any material contracts that may be affected.</p>
<p>Updates to section 3.4 covering the presentation of financial statements to clarify the reporting requirements for the removal of reporting on</p>	<p>Finance Team review the accounts</p>	<p>Finance Team have reviewed the accounts and we are already compliant in this area.</p>

Code Change	RCC Impact	Progress
debtors and creditors across public sector organisations.		

2.4 Proposed Changes to the Code of Practice on Local Authority Accounting in future years.

- 2.4.1 IFRS 16 Leases – this was meant to be introduced in 2019/20. Introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The implication for the Council would have been that we would have more leases (assets and liabilities) on the Balance Sheet e.g photocopiers.
- 2.4.2 CIPFA has considered the effective date of implementation of IFRS 16 in local authority financial statements and has made the decision to defer implementation until 1 April 2020. The Council had already begun preparations for the implementation and will revise timelines to take account of the delay.

3 CONSULTATION

- 3.1 Formal external consultation is not required for any decisions being sought in this report.

4 ALTERNATIVE OPTIONS

- 4.1 The Council could choose not to apply relevant accounting practice, however, in doing so the Council would be in breach of the Code of Practice and could potentially have the accounts qualified by the external auditors.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Council must adhere to the code of practice setting out the proper accounting practices required by section 21(2) of the Local Government Act 2003.
- 6.2 The Audit and Risk committee are responsible for ensuring that the Council meets statutory reporting deadlines.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because the

report does not represent the introduction of a new policy or service or a change / review to an existing policy or service.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 To ensure the Committee is aware of plans in place to ensure effective and timely closure of accounts.

12 BACKGROUND PAPERS

12.1 There are no background papers.

13 APPENDICES

13.1 No appendices.

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

AUDIT & RISK COMMITTEE

29 January 2019

REGULATION OF INVESTIGATORY POWER ACT 2000 (RIPA) POLICY

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance)	
Contact Officer(s):	Phil Horsfield, Deputy Director Corporate Governance	01572 758154 phorsfield@rutland.gov.uk
	Saverio Della Rocca, Director for Resources	01572 758159 sdroccca@rutland.gov.uk

DECISION RECOMMENDATIONS

That the Committee:

1. Notes the Regulation of Investigation Power Act 2000 (RIPA) Policy (Appendix A).

1 PURPOSE OF THE REPORT

- 1.1 To present an updated Regulation of Investigation Power Act 2000 (RIPA) Policy for comment prior to Cabinet approval on Tuesday February 19 2019.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 RIPA sets out a regulatory framework for the use of covert investigatory techniques by public authorities. Local Authorities are limited to using three covert techniques for the purpose of preventing or detecting crime or preventing disorder.
- 2.2 Use of these techniques has to be authorised internally by a trained authorising officer and can only be used where it is considered necessary, proportionate and as a last resort, when other overt techniques have proved to be unsuccessful. The three techniques are:

- Directed covert surveillance;

- The use of Covert Human Intelligence Source (CHIS) i.e. undercover officers and public informants;
- Access to communications data i.e. mobile telephone or internet subscriber checks but not the content of any communication.

2.3 Enforcement action can be progressed using open source information and the requirement to use covert techniques is rare. The Council has not needed to rely on RIPA at any time during 2017/2018 and will continue to apply this sensible approach when dealing with enforcement matters. However, for any future use of RIPA we are required to follow this Policy and will be reported to the Audit and Risk Committee on a quarterly basis.

In August 2018 the Council was subject to a desktop documentary inspection by the Investigatory Powers Commissioner's Office (IPCO). As a result of this inspection the Council was found to have a positive approach to RIPA and to be demonstrating a level of compliance that removed the requirement for a physical inspection to take place.

2.4 The following matters were identified as requiring attention:

- Review of the RIPA Policy to incorporate the following:
 - i. The Investigatory Powers Act (IPA) and reference to the revised Home Office Codes of Practice (page 5 of the Policy);
 - ii. Reference to the new IP Act (page 5 of the Policy);
 - iii. Cross reference to the Home Office Codes of Practice:
<https://www.gov.uk/government/collections/ripa-codes> (page 10 and 13 of the Policy);
 - iv. Recognition of guidance provided by the Investigatory Powers Commissioner and IPCO inspectorate (page 5 of the Policy);
 - v. Confirmation of the process adopted by RCC when seeking approval for RIPA activity from Magistrates, in accordance with The Protection of Freedoms Act 2012 (page 13 of the policy) and
 - vi. Investigative use of the Internet and Social Networking hence this should be appropriately covered in the revised policy (page 8 of the Policy).
- A review of those staff currently trained with regard to RIPA and the IPA (page 4 of the Policy).

2.5 A review of the Councils RIPA Policy has been completed and is presented to the Committee for approval (Appendix A).

2.6 A review of staff that require RIPA training has been undertaken. The Councils RIPA Co-ordinating Officer is attending external training in January 2019. ELearning training is currently under development and will be rolled out to all appropriate staff.

3 CONSULTATION

3.1 There is no requirement for the Council to undertake consultation as part of this policy review.

4 ALTERNATIVE OPTIONS

- 4.1 The alternative option is to fail to implement the recommendations detailed in the IPCO inspection. This would leave the Council vulnerable and potentially failing to comply with RIPA legislation. Failure to adhere would place the Council at legal and reputational risk.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Regulation of Investigatory Powers Act ensures that the Authority acts in a way that is consistent with the requirements of the Human Rights Act.
- 6.2 This Policy will be considered for approval by Cabinet on 19 February 2019 in line with the Council's Constitution.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no changes to the current RIPA processes and procedures that would affect the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed at this stage. However, if the Council does need to consider any future applications under RIPA, a full assessment will be carried out as part of the individual circumstances.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 Good governance arrangements promote the financial wellbeing of the local community.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Council will continue to use the Act infrequently, instead relying on open sources methods of investigation. The recommended changes from the IPCO will ensure that the Council is acting within the RIPA legislation and will provide a clear framework for the Council to proceed in the appropriate circumstances.
- 11.2 It is therefore recommended that this Policy is approved by Cabinet and implemented immediately. With the training for the Officers to follow immediately.

12 BACKGROUND PAPERS

- 12.1 There are no additional background papers to the report.

13 APPENDICES

13.1 Appendix A - Regulation of Investigatory Powers Act 2000 (RIPA) Policy

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.



Rutland County Council

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

**FOR THE USE OF COVERT SURVEILLANCE, COVERT
HUMAN INTELLIGENCE SOURCES (CHIS) and THE
ACQUISITION AND DISCLOSURE OF COMMUNICATIONS
DATA**

Version & Policy Number	Version 2
Guardian	Deputy Director Corporate Governance
Date Produced	December 2018
Next Review Date	November 2021

Approved by Cabinet	February 2019
---------------------	---------------

Contents

Page

Background	5/6
Guidance – Part II – Directed Surveillance and CHIS	7-20
1.0 Purpose	7
2.0 Introduction	7
3.0 Scrutiny and Tribunal	8
3.1 External	8
3.2 Internal Scrutiny	8
3.3 Unauthorised Activities	9
4.0 Benefits of RIPA authorisations	9
5.0 Definitions	9
5.1 Covert	9
5.2 'Covert human intelligence source' (CHIS)	9
5.3 Directed surveillance	10
5.4 Private information	10
5.5 Intrusive surveillance	10
5.6 Authorising Officer	10
6.0 When does RIPA apply?	10
6.1 Necessary	10
6.2 Directed Surveillance	10
6.3 CCTV	10
6.4 Online Covert Activity	11
7.0 Covert Human Intelligence Source	11
7.1 The RIPA Definition	11
7.2 Section 26(9) of RIPA	12
7.3 Management	12
7.4 Risk	12
7.5 Juvenile Sources	12
7.6 Vulnerable Individuals	12
8.0 Authorisations	13
8.1 Applications for directed surveillance	13
8.1.1 Authorisation	13
8.1.2 Collateral intrusion	13
8.1.3 Special consideration in respect of confidential information	14
8.1.4 "Wet" signature	15

8.1.5 Notifications to Inspector/Commissioner	15
8.1.6 Applications for CHIS	15
8.1.7 Judicial Approval of authorisations	16
8.1.8 Working in partnership with the Police	17
9.0 Unique Operation Reference Number	17
10.0 Duration and Cancellation	17
11.0 Reviews	18
12.0 Renewals	18
13.0 Central Register of authorisations	18
14.0 Retention of records	19
15.0 Complaints procedure	20
Appendices	21

BACKGROUND

Rutland County Council (“the Council”) only carries out covert surveillance where such action is justified and endeavours to keep such surveillance to a minimum. It recognises its obligation to comply with RIPA when such an investigation is for the purpose of preventing or detecting crime or preventing disorder, and has produced this guidance document to assist officers

Applications for authority

An officer of at least the level of Director will act as Authorising Officer and consider all applications for authorisation in accordance with RIPA. Any incomplete or inadequate application forms will be returned to the applicant for amendment. The Authorising Officer shall in particular ensure that: -

- a) there is a satisfactory reason for carrying out the surveillance
- b) any directed surveillance passes the “serious crime” threshold
- c) the covert nature of the investigation is necessary
- d) proper consideration has been given to collateral intrusion
- e) the proposed length and extent of the surveillance is proportionate to the information being sought.
- f) Chief Executive’s authorisation is sought where confidential Legal / medical / clerical / parliamentary / journalistic / spiritual welfare issues are involved
- g) The authorisations are reviewed and cancelled.
- h) Records of all authorisations are sent to Information Governance for entry on a Central Register.

Once authorisation has been obtained from the Authorising Officer, the Authorising Officer will attend the Magistrates’ Court in order to obtain Judicial approval for the authorisation.

Training

Each Authorising Officer shall be responsible for ensuring that relevant members of staff are aware of the Act’s requirements.

Refresher training shall be offered once a year via a Learning Pool E-Learning module (provided by Human Resources) to relevant Officers of the Council and also give advice and training on request.

Central register and records

The Information Governance Team shall retain the Central Register of all authorisations issued by the Council. The Information Governance Team will also monitor the content of the application forms and authorisations to ensure that they comply with the Act.

Senior Responsible Officer (“SRO”)

The Senior Responsible Officer, a role required by the Office of the Surveillance Commissioners (the “OSC”) with oversight of the Council’s use of RIPA powers is the Deputy Director Corporate Governance.

RIPA Co-ordinating Officer

The RIPA Co-ordinating Officer role, with the responsibility for the day to day RIPA management and administrative processes observed in obtaining an authorisation and advice thereon is performed by the Data Protection Officer.

1.0 RIPA - PART II DIRECTED SURVEILLANCE AND COVERT HUMAN INTELLIGENCE SOURCE

1.1 PURPOSE

The purpose of this guidance is to explain:

- a) the scope of RIPA – Part II;
- b) the circumstances where it applies, and
- c) the authorisation procedures to be followed.

1.2 INTRODUCTION

This Act, which came into force in 2000, is intended to regulate the use of investigatory powers exercised by various bodies including local authorities, and ensure that they are used in accordance with human rights. This is achieved by requiring certain investigations to be authorised by an appropriate officer and approved by the judiciary before they are carried out.

In November 2016, the Investigatory Powers Bill received Royal Assent and is known as the Investigatory Powers Act 2016. The investigatory powers, which are relevant to a local authority, are directed covert surveillance in respect of specific operations, involving criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months’ imprisonment or are related to the underage sale of alcohol and tobacco, and the use of covert human intelligence sources (“CHIS”). The Act makes it clear for which purposes they may be used, to what extent, and who may authorise their use.

The policy should be read in conjunction with the Home Office Codes of Practice on covert surveillance and covert human intelligence sources; acquisition and disclosure of communications data, and any guidance issued by the Investigatory Powers Commissioner’s Office (IPCO) (formerly the Office of Surveillance Commissioners – OSC). Codes of Practices in relation to the use of these powers and these are attached at Appendix B & E.

Consideration must be given, prior to authorisation as to whether or not the acquisition of private information or the covert manipulation of a relationship is necessary and proportionate, i.e. whether a potential breach of a human right is justified in the interests of the community as a whole, or whether the information could be gleaned in other ways.

2.0 SCRUTINY AND TRIBUNAL

2.1 External Security and Tribunal

As of 1st November 2012 the Council has to obtain an order from a Justice of the Peace approving the grant or renewal of any authorisation for the use of directed surveillance or CHIS before the authorisation can take effect and the activity carried out. The Council can only appeal a decision of the Justice of the Peace on a point of law by Judicial review.

The Office of Surveillance Commissioners (OSC) was set up to monitor compliance with RIPA. The OSC has “a duty to keep under review the exercise and performance by the relevant persons of the powers and duties under Part II of RIPA”, and the Surveillance Commissioner will from time to time inspect the Council’s records and procedures for this purpose.

In order to ensure that investigating authorities are using the powers properly, the Act also establishes a Tribunal to hear complaints from persons aggrieved by conduct, e.g. directed surveillance. Applications will be heard on a judicial review basis. Such claims must be brought no later than one year after the taking place of the conduct to which it relates, unless it is just and equitable to extend this period.

The Tribunal can order:

- a) Quashing or cancellation of any warrant or authorisation;
- b) Destruction of any records or information obtained by using a warrant or Authorisation;
- c) Destruction of records or information held by a public authority in relation to any person.

The Council has a duty to disclose to the tribunal all documents they require if any Council officer has:

- a) Granted any authorisation under RIPA
- b) Engaged in any conduct as a result of such authorisation

2.2 Internal Scrutiny

The Council will ensure that the SRO is responsible for;

- a) The integrity of the process in place within the Council to authorise directed surveillance and CHIS;

- b) Compliance with PART II of the 2000 Act and with the accompanying Codes of Practice;
- c) Engagement with the Commissioners and inspectors when they conduct their inspections and
- d) Where necessary overseeing the implementation of any post-inspection action plans recommended or approved by a Commissioner.

The Elected Members of the Council will review the Council's use of the 2000 Act and the Council's policy and guidance documents at least once a year. Members will also consider internal reports on a regular basis throughout the year indicating the nature of RIPA activity undertaken or inactivity, to ensure that any use is consistent with the Council's policy and that the policy is fit for purpose. The Members will not however be involved in making decisions on specific authorisations.

2.3 Unauthorised Activities

If any Officer is concerned that surveillance/CHIS activity is taking place and there is no authorisation under RIPA in place, he/she should have contacted The Information Governance Team to seek advice.

If any activity is deemed to be unauthorised, it will be reported to the OSC.

3.0 BENEFITS OF RIPA AUTHORISATIONS

The Act states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it will be lawful for all purposes. Consequently, RIPA provides a statutory framework under which covert surveillance or CHIS can be authorised and conducted compatibly with Article 8 of the Human Rights Act 1998 – a person's right to respect for their private and family life, home and correspondence.

Material obtained through properly authorised covert activity is admissible evidence in criminal proceedings.

4.0 DEFINITIONS

- 4.1 Covert** is defined as surveillance carried out in such a manner that is calculated to ensure that the person subject to it is unaware that it is or may be taking place.
- 4.2 Covert Human Intelligence Source (CHIS)** is defined as a person who establishes or maintains a personal or other relationship with a person for the covert process of obtaining/providing access to/disclosing, information obtained through that relationship or as a consequence of the relationship.
- 4.3 Directed surveillance** is defined as covert but not intrusive surveillance and undertaken:
 - a) for a specific investigation or operations;

- b) in such a way that is likely to result in the obtaining of private information about any person;
- c) other than by way of an immediate response.

4.4 **Private information** includes any information relating to a person's private or family life. Private information should be taken generally to include information on any aspect of a person's private or personal relationship with others including family and professional or business relationships.

4.5 **Intrusive** surveillance is covert surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or using a surveillance device. Rutland County Council cannot authorise such surveillance.

4.6 **Authorising Officer** in the case of the Council, is the Chief Executive and Directors. If the operation concerns more than one Department in the Council, it can only be authorised by the Chief Executive.

5.0 WHEN DOES RIPA APPLY

Where the directed covert surveillance of an individual or group of individuals, or the use of a CHIS is necessary for the purpose of preventing or detecting crime or of preventing disorder.

The Council can only authorise Directed Surveillance to prevent and detect conduct which constitutes one or more criminal offences. The criminal offences must be punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months' imprisonment or be an offence under:

- a) Section 146 of the Licensing Act 2003 (sale of alcohol to children)
- b) Section 147 of the Licensing Act 2003 (allowing the sale of alcohol to children)
- c) Section 147A of the Licensing Act 2003 (persistently selling alcohol to children)
- d) Section 7 of the Children and Young Persons Act 1933 (sale of tobacco, etc. to persons under eighteen)

5.1 CCTV

The normal use of CCTV is not usually covert because members of the public are informed by signs that such equipment is in operation. However, authorisation should be sought where it is intended to use CCTV covertly and in a pre-planned manner as part of a specific investigation or operation to target a specific individual or group of individuals. Equally a request, say by the police, to track particular individuals via CCTV recordings may require authorisation (from the police).

5.2 Online Covert Activity

The use of the internet and social media sites may be required to gather information prior to and during an operation/investigation. Officers should exercise caution when utilising such sites during an investigation and be alert to situations where authorisations under RIPA may be required. If officers have any concerns over the use of social media during an investigation they should contact their Line Manager. As a general rule of thumb however, reviewing open source sites such as Facebook pages where no privacy settings are in place does not require an authorisation under RIPA unless review is carried out with some regularity, often to build a profile, when directed surveillance authorisation may be required. If the officer then, for the purposes of gleaning intelligence breaches privacy controls and becomes for example a “friend” within a subjects Facebook account, utilising a pseudo account to conceal his/her identity as a Council official, this is a covert operation which, by its nature, is intended to obtain private information and should be authorised as a minimum as directed surveillance. Further, if the officer engages in any form of relationship with the account operator then s/he is likely to become a CHIS requiring authorisation and management by a Controller and Handler with a record being kept and a risk assessment created.

6.0 COVERT HUMAN INTELLIGENCE SOURCE (CHIS)

6.1 The RIPA definition (section 26) is anyone who;

- a) establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraphs b) or c);
- b) covertly uses such a relationship to obtain information or provide access to any information to another person; or
- c) covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

Any reference to the conduct of a CHIS includes the conduct of a source which falls within a) to c) or is incidental to it.

References to the use of a CHIS are references to inducing, asking or assisting a person to engage in such conduct.

6.2 Section 26(9) of RIPA goes onto define

- a) a purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if, and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of that purpose; and
- b) a relationship is used covertly, and information obtained as mentioned in above and is disclosed covertly, if, and only if it is used or as the case may be, disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

With any authorised use of a CHIS, the Council must ensure that arrangements are in place for the proper oversight and management of the CHIS, this includes appointing individual officers as handlers and controllers in relation to the CHIS. There is a risk that an informant who is providing information to the Council voluntarily may in reality be a CHIS even if not tasked to obtain information covertly. It is the activity of the CHIS in exploiting a relationship for a covert purpose which is ultimately authorised in the 2000 Act, not whether or not the CHIS is asked to do so by the Council. When an informant gives repeat information about a suspect or about a family and it becomes apparent that the informant may be obtaining the information in the course of a neighbourhood or family relationship, it may mean that the informant is in fact a CHIS. Legal advice should always be sought in such instances before acting on any information from such an informant.

6.3 Juvenile Sources

Special safeguards apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under the age of 16 years be authorised to give information against his parents or any person who has parental responsibility for him. The duration of a juvenile CHIS is one month. The Regulation of Investigatory Powers (Juveniles) Order 2000 SI No. 2793 contains special provisions which must be adhered to in respect of juvenile sources. Any authorisation of a juvenile CHIS must be by the Chief Executive.

6.4 Vulnerable Individuals

A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself, or unable to protect himself against significant harm or exploitation. Any individual of this description should only be authorised to act as a source in the most exceptional circumstances. Any authorisation of a vulnerable individual as a CHIS must be by the Chief Executive.

7.0 AUTHORISATIONS

7.1 Applications for directed surveillance

All application forms must be fully completed with the required details to enable the authorising officer to make an informed decision. Application forms are available on the Home Office website; officers should ensure they are using the most up to date forms for RIPA authorisations. The authorisation will only commence on the date Magistrates Court approval is obtained (see 7.6) and runs for three months from that date of that approval. No authorisation shall be granted unless the authorising officer is satisfied that the investigation is:

- a) necessary for either the purpose of preventing or detecting crime or of preventing disorder;

- b) Involves a criminal offence punishable whether summarily or on indictment by a maximum sentence of at least six months' imprisonment or related to the underage sale of alcohol or tobacco (see 5 for offences);
- c) Proportionate - This has 3 elements, namely,
 - that the method of surveillance proposed is not excessive to the seriousness of the matter under investigation;
 - the method used must be the least invasive of the target's privacy;
 - the privacy of innocent members of the public must be respected and collateral intrusion minimised (see 7.1).
- d) and that no other form of investigation would be appropriate;
- e) The grant of authorisation should indicate that consideration has been given to the above points;
- f) Advice should be sought from the Data Protection Officer on any issues of concern.

The Authorising Officer must take into account the risk of 'collateral intrusion' i.e. intrusion on, or interference with, the privacy of persons other than the subject of the investigation. The application must include an assessment of any risk of collateral intrusion for this purpose.

Steps must be taken to avoid unnecessary collateral intrusion and minimise any necessary intrusion.

Those carrying out the investigation must inform the Authorising Officer of any unexpected interference with the privacy of individuals who are not covered by the authorisation, as soon as it becomes apparent. Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved.

The Authorising Officer should also fully understand the capabilities and sensitivity levels of any equipment being used to carry out directed surveillance so as to properly assess the risk of collateral intrusion in surveillance techniques.

7.2 Special consideration in respect of confidential information

Particular attention is drawn to areas where the subject of surveillance may reasonably expect a high degree of privacy e.g. where confidential information is involved. Confidential information consists of matters subject to legal privilege, communication between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material.

7.2.1 Legal privilege

Generally, this applies to communications between an individual and his/her legal adviser in connection with the giving of legal advice in connection with or in contemplation of legal proceedings. Such information is unlikely ever to be admissible as evidence in criminal proceedings.

If in doubt, the advice of Legal Services should be sought in respect of any issues in this area.

7.2.2 Confidential personal information

This is oral or written information held in (express or implied) confidence, relating to the physical or mental health or spiritual counselling concerning an individual (alive or dead) who can be identified from it. Specific examples provided in the codes of practice are consultations between a health professional and a patient, discussions between a minister of religion and an individual relating to the latter's spiritual welfare or matters of medical or journalistic confidentiality

7.2.3 Confidential journalistic

This is material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence. It should be noted that matters considered to be confidential under RIPA may not necessarily be properly regarded as confidential under section 41 of the Freedom of Information Act 2000.

Where such information is likely to be acquired, the surveillance may only be authorised by the Chief Executive, or, in his/her absence, a Chief Officer and should only be authorised where there are exceptional and compelling circumstances that make the authorisation necessary.

7.3 Authorisations

Authorisations must be in writing and have a "wet" signature.

7.4 Notifications to Inspector/Commissioner

The following situations must be brought to the inspector/commissioner's attention at the next inspection:

- a) Where an officer has had to authorise surveillance in respect of an investigation in which he/she is directly involved;
- b) Where a lawyer is the subject of an investigation or operation;
- c) Where confidential personal information or confidential journalistic information has been acquired and retained.

7.5 Applications for CHIS

The process for CHIS applications is the same as for directed surveillance except that the serious crime threshold of investigating criminal offences with a sentence of at least 6 months in imprisonment does not apply. The authorisation must be in writing, must specify the activities and identity (by pseudonym only) of the CHIS and that the authorised conduct is carried out for the purposes of, or in connection with, the investigation or operation so specified.

Again the Authorising Officer must be satisfied that the authorised use and conduct of the CHIS is proportionate to what is sought to be achieved by that conduct and the CHIS must be necessary for the prevention or detection of crime or the prevention of disorder.

All application forms must be fully completed with the required details to enable the Authorising Officer to make an informed decision. A risk assessment and record must be prepared for each CHIS.

7.6 Judicial Approval of authorisations (see guidance at Appendix C and D)

Once the Authorising Officer has authorised the Directed surveillance or CHIS, the Authorising Officer who gave the authorisation should attend the Magistrates Court for the authorisation to be approved by a Justice of the Peace. The hearing should ideally be on the same day as the Authorising Officer gives authorisation; the court should be contacted prior to attendance to ensure the matter can be heard.

The Authorising Officer will provide the Justice of the Peace with a copy of the original authorisation and the supporting documents setting out the case. This forms the basis of the application to the Justice of the Peace and should contain all information that is relied upon.

In addition, the Authorising Officer will provide the Justice of the Peace with a partially completed judicial application/order form. These documents should be taken to the court by the Authorising Officer and not sent to the court my any other means prior to the hearing.

The hearing will be in private and the Authorising Officer will be sworn in and present evidence as required by the Justice of the Peace. Any such evidence should be limited to the information in the authorisation.

The Justice of the Peace will consider whether he/she is satisfied that at the time the authorisation was given there were reasonable grounds for believing that the authorisation or notice was necessary and proportionate and whether that continues to be the case. They will also consider whether the authorisation was given by the appropriate designated person at the correct level within the Council and whether (in the case of directed surveillance) the crime threshold has been met.

The Justice of the Peace can:

- a) Approve the grant of the authorisation, which means the authorisation will then take effect for a period of three months;
- b) Refuse to approve the grant of the authorisation, which means the authorisation will not take effect but the Council could look at the reasons for refusal, make any amendments and reapply for judicial approval;
- c) Refuse to approve the grant of the authorisation and quash the original authorisation. The court cannot exercise its power to quash the

authorisation unless the applicant has at least 2 business days from the date of the refusal in which to make representations.

7.7 Working in partnership with the Police

Authorisation can be granted in situations where the police rather than Rutland County Council require the surveillance to take action, as long as the behaviour complained of, meets all criteria to grant and in addition is also of concern to the Council. Authorisation cannot be granted for surveillance requested by the police for a purely police issue.

The Police, as an emergency service may authorise RIPA without Magistrates approval, if an urgent situation arises and RIPA authorisation would be required urgently the Council should contact the Police.

8.0 UNIQUE OPERATION REFERENCE NUMBER

Each Application for Directed Surveillance and CHIS, must have a Unique Operation Reference Number. This URN will begin with either ENV (if it is granted in the Environment and Planning Department) or FIN (if it is granted in the Finance Department), followed by a sequential number, followed by 2018 being the year in which the Authority was applied for, e.g. ENV/01/2018

9.0 DURATION AND CANCELLATION

An authorisation for directed surveillance shall cease to have effect (if not renewed or cancelled) 3 months from the date the Justice of the Peace approves the grant.

If renewed the authorisation shall cease to have effect 3 months from the expiry date of the original authorisation.

An authorisation for CHIS shall cease to have effect (unless renewed or unless juvenile) 12 months from the date the Justice of the Peace approves the grant or renewal.

This does not mean that the authorisation should continue for the whole period so that it lapses at the end of this time. The authorisation must be cancelled as soon as that officer decides that the surveillance should be discontinued.

On cancellation the cancellation form should detail what product has been obtained as a result of the surveillance activity. The forms should include the dates and times of the activity, the nature of the product obtained and its format, any associated log or reference numbers, details of where the product is to be held and the name of the officer responsible for its future management.

Documentation of any instruction to cease surveillance should be retained and kept with the cancellation form.

10.0 REVIEWS

The Authorising Officer should review all authorisations at intervals determined by him/herself. This should be as often as necessary and practicable. The reviews should be recorded.

If the directed surveillance authorisation provides for the surveillance of unidentified individuals whose identity is later established, the terms of the authorisation should be refined at review to include the identity of these individuals. It would be appropriate to call a review specifically for this purpose.

Particular attention should be paid to the possibility of obtaining confidential information and an assessment as to the information gleaned should take place at every review.

11.0 RENEWALS

Any Authorising Officer may renew an existing authorisation on the same terms as the original at any time before the original ceases to have effect. The renewal must then be approved by the Justice of the Peace in the same way the original authorisation was approved. The process outlined in paragraph 7.6 should be followed for renewals.

A CHIS authorisation must be thoroughly reviewed before it is renewed.

12.0 CENTRAL REGISTER OF AUTHORISATIONS

12.1 All authorities must maintain the following documents:

- a) Copy of the application and a copy of the authorisation form and the approval order from the Magistrates together with any supplementary documentation;
- b) A record of the period over which the surveillance has taken place;
- c) The frequency of reviews prescribed by the Authorising Officer;
- d) A record of the result of each review of the authorisation;
- e) A copy of any renewal of an authorisation and Order made by the Magistrates Court and supporting documentation submitted when the renewal was requested;
- f) The date and time when any instruction to cease surveillance as given;
- g) The date and time when any other instruction was given by the Authorising Officer.

To comply with 12. The Information Governance Team hold the central register of all authorisations issued by officers of Rutland county Council. The original authorisation, reviews, renewal and cancellation issued should be passed immediately to the Information Governance Team. A copy should be kept by the applicant Department and the Authorising Officer. Any original

authorisations and renewals taken to the Magistrates Court should be retained by the Council, the court must only keep copies of the authorisations or renewals.

The Council must also maintain a centrally retrievable record of the following information:

- a) type of authorisation;
- b) date the authorisation was given;
- c) details of attendance at the Magistrates' Court, the date of the attendance, the determining Justice of the Peace, the decision of the court and the time and date of the decision;
- d) name and rank/grade of the Authorising Officer;
- e) unique reference number of the investigation/operation;
- f) title (including brief description and names of the subjects) of the investigation/operation;
- g) whether urgency provisions were used, & if so why;
- h) details of reviews;
- i) dates of any renewals including the name and rank of the Authorising Officer;
- j) whether the investigation/operation is likely to result in obtaining confidential information;
- k) whether the authorisation was granted by an individual directly involved in the investigation;
- l) date of cancellation.

These records will be retained for at least 3 years and will be available for inspection by the Office of Surveillance Commissioners.

13.0 RETENTION OF RECORDS

The Council must ensure that arrangements are in place for the secure handling, storage and destruction of material obtained through the use of directed surveillance or CHIS. The Authorising Officers through their relevant Data Controller must ensure compliance with the appropriate data protection requirements under the General Data Protection Regulations (GDPR), Data Protection Act 2018 and any relevant codes of practice relating to the handling and storage of material. The Central Register of Authorisations will be kept securely in a locked cabinet in the Legal Services department.

14.0 COMPLIANTS PROCEDURE

The Council will maintain the standards set out in this guidance and the Codes of Practice (See Appendix B & E). The Chief Surveillance Commissioner has responsibility for monitoring and reviewing the way the Council exercises the powers and duties conferred by RIPA.

Contravention of RIPA may be reported to the Investigatory Powers Tribunal. Before making such a reference, a complaint concerning a breach of this guidance should be made using the Council's own internal complaints procedure. To request a complaints form, please contact the Data Protection Officer, Rutland County Council, Catmose, Oakham, Rutland, LE15 6HP or telephone 01572 758165 or dataprotection@rutland.gov.uk.

15.0 Appendices

Appendix A – Home Office RIPA Forms:

<https://www.gov.uk/government/collections/ripa-forms--2>

Appendix B - Covert Surveillance and Property Interference Code of Practice:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf

Appendix C – Home Office Guidance to Local Authorities in England and Wales on the judicial approval process for RIPA and the crime threshold for directed surveillance:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118173/local-authority-england-wales.pdf

Appendix D – Home Office Guidance for Magistrates' Courts in England and Wales for a Local Authority application seeking an order approving the grant or renewal of a RIPA authorisation or notice:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/118174/magistrates-courts-eng-wales.pdf

Appendix E – Covert Human Intelligence Sources – Code of Practice:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742042/20180802_CHIS_code_.pdf

**A large print version of this document is
available on request**



**Rutland
County Council**

Rutland County Council
Catmose, Oakham, Rutland LE15 6HP

01572 722 577
enquiries@rutland.gov.uk
www.rutland.gov.uk

AUDIT AND RISK COMMITTEE

29 January 2019

STRATEGIC RISK REGISTER

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Communications, Resources (other than Finance)	
Contact Officer(s):	Saverio Della Rocca, Director for Resources	01572 758159 sdrocca@rutland.gov.uk
Ward Councillors	n/a	

DECISION RECOMMENDATIONS

That the Committee notes the content of the Risk Register and the actions underway to address the risks.

1 PURPOSE OF THE REPORT

- 1.1 To present the Strategic Risk Register to the Committee and provide assurance that strategic risks are being adequately managed.

2 STRATEGIC RISK REGISTER

- 2.1 Attached at **Appendix B** is the Council's Strategic Risk Register as at January 2019.

- 2.2 The Risk Register provides the following information on each risk.

- 2.2.1 ID – The Reference number of the risk

- 2.2.2 Title – The name of the risk

- 2.2.3 Inh > Res – A diagram showing the effect of the established controls and actions on the risk. It shows the direction of travel from Inherent Risk (the likelihood/impact of the risk if no controls and actions are taken into consideration) to Residual Risk (the likelihood/impact of the risk taking the controls and actions put into place into consideration).
- 2.2.4 Owner/Manager – The owner of the risk.
- 2.2.5 Controls – a list of the controls in place for the risk, and who owns them.
- 2.2.6 Actions (with Progress) – a list of the actions in place for the risk, current progress and who owns them.
- 2.3 All the risks in the Strategic Risk Register are reviewed monthly, and the Register is a standing item on the Strategic Management Team agenda. Since the document was last presented to Audit and Risk committee the following changes have been made:

- Two risks have been added to the register, one related to political instability through Electoral turnover, one related to disruption to Council services due to the potential impact of Brexit.
- No risks have been deleted
- Controls/actions have been updated on all risks

3 CONSULTATION

- 3.1 No consultation is necessary; the purpose of the report is to report the Risk Register to the Committee.

4 ALTERNATIVE OPTIONS

- 4.1 This report provides an opportunity for the Audit and Risk Committee to review the Register therefore there are no alternative options.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from this report but the Committee should note that the failure to manage risks effectively could have a financial impact on the Council.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 As set out in the terms of reference within the constitution, this Committee has responsibility to provide assurance of the adequacy of the Risk Management framework and control environment.
- 6.2 There are no legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 The Committee's role is to monitor the effective development and operation of risk management and corporate governance. The Risk Register sets out the strategic risks facing the Council and demonstrates how they are being managed.

12 BACKGROUND PAPERS

- 12.1 There are no additional background papers

13 APPENDICES

- 13.1 Appendix A: Risk Matrix

- 13.2 Appendix B: Strategic Risk Register

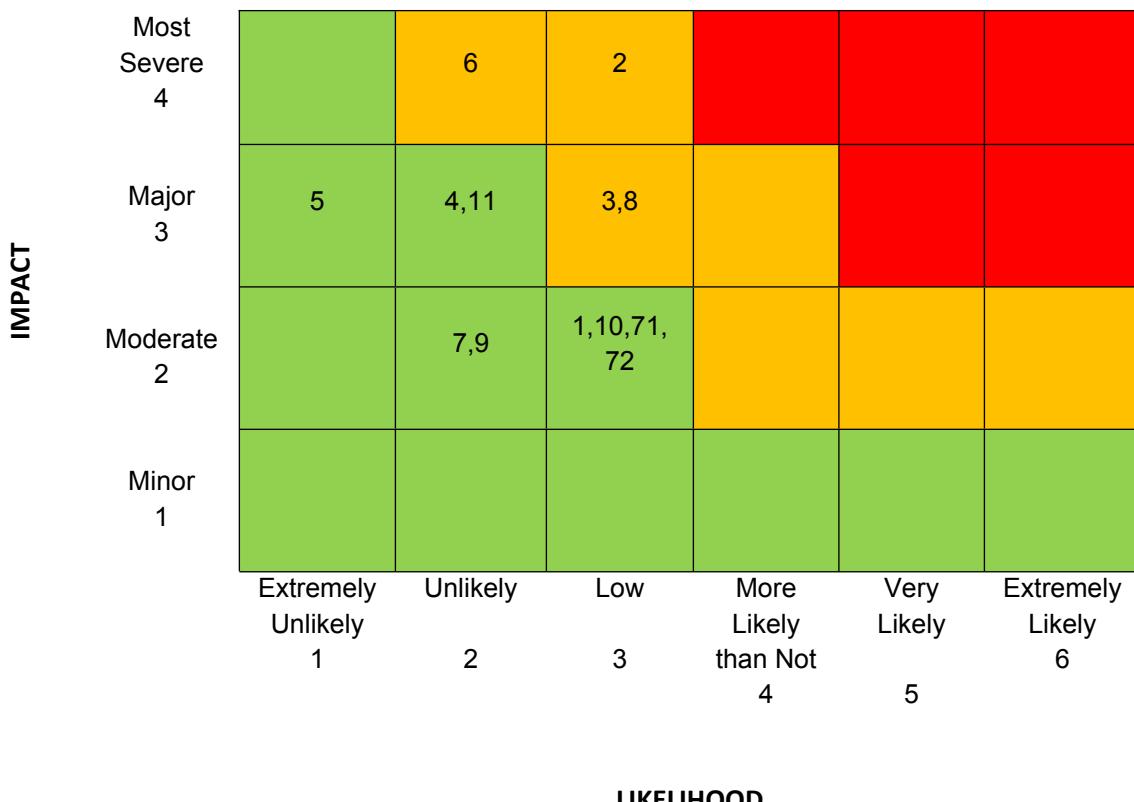
A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

This page is intentionally left blank

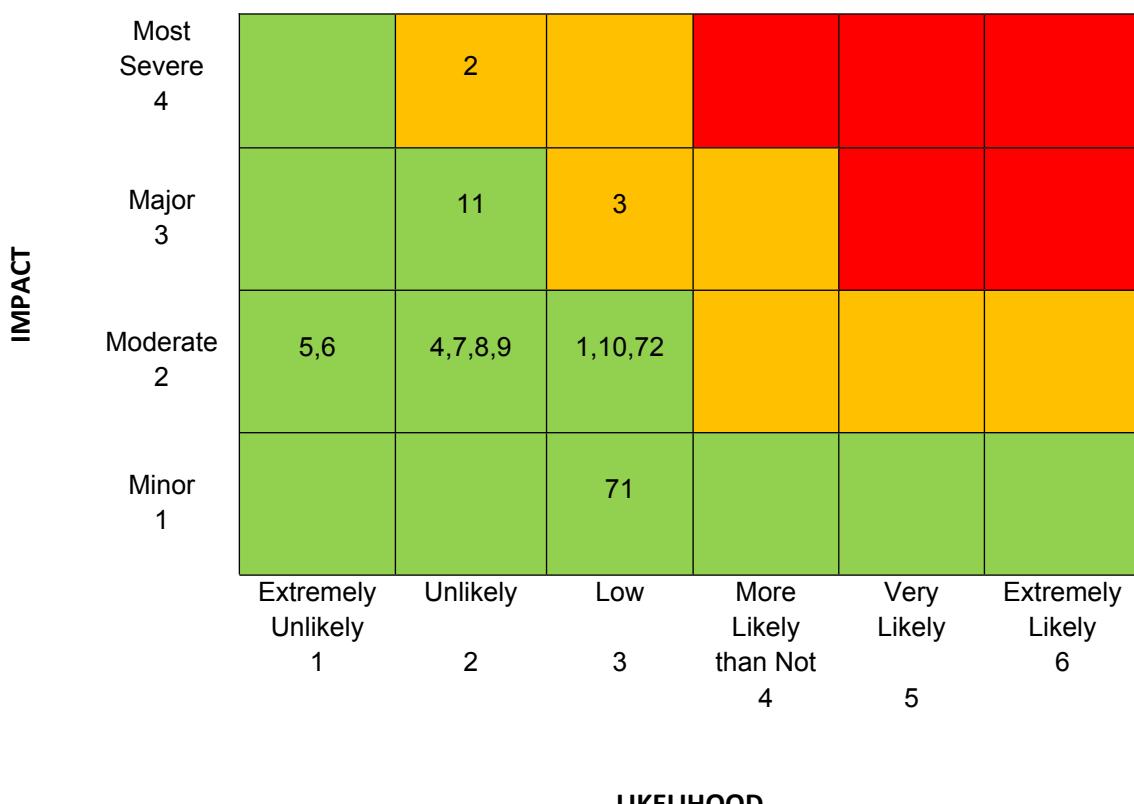
Strategic Risk Register 31/2019: Appendix A

Summary of Risks plotted on the risk matrix

1. Current Scores



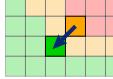
2. Target Scores

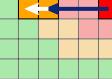


This page is intentionally left blank

Risk Register

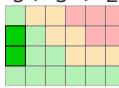
13 records found

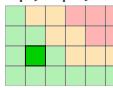
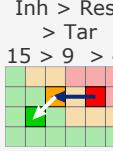
ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
1 66	Failure to recruit and retain sufficient skilled staff to ensure safe and effective service delivery	Strategic Risk Register	Inh > Res > Tar 12 > 6 > 6 	Director for Resources [N/A]	<ul style="list-style-type: none"> ● Specific recruitment plans in place for teams experiencing difficulties with recruitment. Innovative approaches being taken. [Director for Resources] ● Maximum alignment to national terms and conditions [Director for Resources] ● Well established Health and Wellbeing programme in place for staff [Director for Resources] ● Corporate training programme in place along with a Leadership Development programme. [Director for Resources] ● Workforce Development Strategy in place [Director for Resources] ● Part of regional and national pay networks [Director for Resources] ● Exit interview analysis and monitoring of turnover [Director for Resources] ● Length of recruitment process being monitored, new KPI in place [Director for Resources] 	<p>Development of a recruitment 'brand' for Rutland County Council Progress: Work to develop brand ongoing Due: 31/03/2019 [Human Resources]</p> <p>Implementing an applicant tracking system - much more modern and effective way of engaging with candidates Progress: Live project, work ongoing, demonstration of system to be done at February Scrutiny meeting Due: 31/03/2019 [Human Resources]</p> <p>Refresh of onboarding and staff induction process Progress: A review of onboarding and induction is incorporated into our Recruitment Strategy work and is now scheduled for completion by the end of March 2019, subject to available HR resources Due: 31/03/2019 [Human Resources]</p> <p>Using outcomes of 2017 staff survey as a baseline for activities during 2018/19 Progress: This is still under review in terms of how we progress this through a refreshed Workforce Development Strategy and further work on employer branding for recruitment, retention and development. Specific actions and timescales are to be developed Due: 31/03/2019 [Director for Resources]</p>

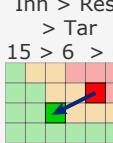
ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
2	There is a risk that the Council cannot meet its statutory requirement to produce a robust and balanced budget now or in the medium term	Strategic Risk Register	Inh > Res > Tar 24 > 12 > 8 	Director for Resources [N/A]	<ul style="list-style-type: none"> ● Lobbying of Government (done individually and with LGA/SPARSE) [Director for Resources] ● Key savings programmes monitored by Directorate team, SMT and through quarterly monitoring [Director for Resources] ● Maintenance of a 5-year MTFP with funding and other risks detailed in Budget and Quarterly reports. [Director for Resources] ● Risks quantified as far as possible and build into MTFP e.g. Contracts [Director for Resources] ● Overall financial context discussed and shared with SMT/Cabinet formally and informally including sensitivity analysis over key variables [Director for Resources] ● Opportunity to invest up to £10m on income generating schemes [Director for Resources] ● Ongoing savings work to identify opportunities [Director for Resources] ● MTFP presented to Members in September 2018 [Director for Resources] 	<p>Council wide review being undertaken to identify opportunities Progress: Work on this review is ongoing and will continue into the new year. Some savings to come forward in Budget 19/20, this includes savings of over £1.5million Due: 31/03/2019 [Director for Resources]</p> <p>Review of priorities and growth targets in accordance with Corporate Plan and refresh of Local Plan Progress: Under review. Local plan process has commenced. Local Plan following due process Due: 31/03/2019 [Strategic Director - Places]</p>

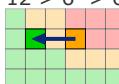
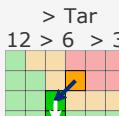
ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
3 101	Failure to deliver key services should a significant business interruption occur, including supplier failure.	Strategic Risk Register	Inh > Res > Tar 12 > 9 > 9 	Strategic Director - Places [N/A]	<ul style="list-style-type: none"> ● A Business Impact Assessment (BIA) has been carried out to determine which services are critical, how quickly they must be restored and the minimum resources required. [Strategic Director - Places] ● A Major Incident Plan has been prepared which defines a structure to: Confirm the nature and extent of any incident; Take control of the situation; Contain the incident; and Communicate with stakeholders [Strategic Director - Places] ● Specific recovery plans are in place for the 5 key threats: Loss of key staff; Loss of telephone system; Loss of buildings; Loss of ICT; and Loss of utilities [Strategic Director - Places] ● Business continuity documents have been uploaded to a secure website (Resilience Direct) to ensure they can be accessed from any site in the event of an incident. [Strategic Director - Places] ● Contract procedure rules include the requirement for contract managers to consider the impact of contractor failure and mitigate the risks appropriately. [Strategic Director - Places] ● Business Continuity arrangements audited by Internal Audit [Strategic Director - Places] ● Testing of Recovery Plans - last completed December 2018 [Chief Executive] 	

ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
4 102	Failure to Safeguard (Children) and a child is significantly abused, badly hurt or dies.	Strategic Risk Register	Inh > Res > Tar 9 > 6 > 4 	Strategic Director - People [N/A]	<ul style="list-style-type: none"> ● Processes and procedures in place to protect the most vulnerable. [Strategic Director - People] ● Scrutiny and overview from the Safeguarding Boards. [Strategic Director - People] ● Monthly performance and financial monitoring by senior officers and update reports to Cabinet. [Strategic Director - People] ● High quality, timely information contained within case files. [Strategic Director - People] ● High quality, timely management oversight. [Strategic Director - People] ● Revised supervision process to ensure early information. [Strategic Director - People] ● Ensuring we have sufficient competent staff to safeguard children and there is no unallocated work. [Strategic Director - People] ● Case auditing to identify any shortfalls in practice and to identify where further action is required to keep children safe. [Strategic Director - People] ● Development of clear practice standards so staff know what is expected of them. [Strategic Director - People] ● Case tracker to ensure visits are being undertaken. [Strategic Director - People] ● Management oversight recorded on file. [Strategic Director - People] ● Effective Staff training [Strategic Director - People] ● Strict application of the panel process. [Strategic Director - People] 	<p>Development plan to further embed findings of Ofsted Improvement Plan now in place - next target date is focussed visit (unannounced visit but likely to be around Q4 2018/19)</p> <p>Progress: Embedding of practice ongoing Childrens Services Strategic Plan 2016-2019 in place. Due: 31/03/2019 [Strategic Director - People]</p> <p>Review of Childrens duty front door services to ensure appropriate partnership/community referrals completed</p> <p>Progress: Due: 31/03/2019 [Strategic Director - People]</p>

ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
5 103	Failure to Safeguard (Adults) and an adult is significantly abused, badly hurt or dies.	Strategic Risk Register	Inh > Res > Tar 3 > 3 > 2 	Strategic Director - People [N/A]	<ul style="list-style-type: none"> ● Processes and procedures in place to protect the most vulnerable. [Strategic Director - People] ● Scrutiny and overview from the Safeguarding Boards. [Strategic Director - People] ● Monthly performance and financial monitoring by senior officers and update reports to Cabinet. [Strategic Director - People] ● High quality, timely information contained within case files. [Strategic Director - People] ● High quality, timely management oversight by DASM. [Strategic Director - People] ● Ensuring we have sufficient expert and competent staff [Strategic Director - People] ● Case auditing to identify any shortfalls in practice and to identify where further action is required [Strategic Director - People] ● Development of clear practice standards so staff know what is expected of them. [Strategic Director - People] ● Management oversight recorded on file alongside regular supervision. [Strategic Director - People] ● Effective Training of Staff [Strategic Director - People] 	
6	Long term failure to achieve educational attainment.	Strategic Risk Register	Inh > Res > Tar 8 > 8 > 4 	Strategic Director - People [N/A]	<ul style="list-style-type: none"> ● Monitoring by officers - Regular scrutiny of performance data and education outcomes [Strategic Director - People] ● Education Performance Board reviews school performance [Strategic Director - People] ● Increased scrutiny and intervention in schools causing concern. [Strategic Director - People] ● Regular liaison with DfE and Ofsted, including Ofsted Annual Challenge Conversation [Strategic Director - People] ● Effective early help support [Strategic Director - People] 	<p>Regular liaison with Regional Schools Commission relating to any schools causing concern at an early stage</p> <p>Progress: Learning and Skills Service holds termly discussions with Regional Schools Commissioner's Office and Regional HMI/Ofsted with focus on identifying under-performance or other concerns within early education sector and maintained schools and academies.</p> <p>Due: 31/03/2019 [Strategic Director - People]</p> <p>Working on a new model of delivery for children with SEND through SEND Strategic Partnership</p> <p>Progress: Linked to SEND capital programme expected in 2020/21 SEND & Inclusion services embedded in Early Help. Whole system change being addressed through the SEND strategic plan and structures, including the SEND Strategic Group and SEND Panel.</p> <p>Due: 31/03/2019 [Strategic Director - People]</p>

ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
7	Failure to put in place the infrastructure to support growth	Strategic Risk Register	Inh > Res -> Tar 4 > 4 > 4 	Chief Executive [N/A]	<ul style="list-style-type: none"> ● Infrastructure requirements identified linked to CIL and the 123 list [Chief Executive] ● 123 currently under review [Chief Executive] ● Key infrastructure requirements are monitored on a regular basis e.g. School Places [Chief Executive] ● Specific projects in place to meet specific need including:- Digital Rutland - broadband OEP - employment and business growth Schools Programme - School and Learning places [Chief Executive] ● Medium Term financial plan and level of balances would facilitate urgent action to be taken if required [Chief Executive] 	<p>Review key areas as at present</p> <p>Progress: Infrastructure impacts of growth to be assessed as part of development and agreement of local plan</p> <p>Due: 31/03/2019 [Chief Executive]</p>
8 8 (1) 104	Failure to secure delivery of change required within Health & Social Care	Strategic Risk Register	Inh > Res -> Tar 15 > 9 > 4 	Strategic Director - People [N/A]	<ul style="list-style-type: none"> ● Risk highlighted and an allowance made within our MTFP [Chief Executive] ● Playing a key role in the LLR STP Project [Chief Executive] ● Working directly with ELRCCG to achieve improved care pathways [Chief Executive] ● Focussing on early intervention and prevention - evidence from STP outcomes is strong in most areas [Chief Executive] ● ASC strategy in place and being implemented [Director People] ● New commissioning framework being developed [Chief Executive] ● Better Care Fund embedded and outcomes are positive [Director People] 	<p>Delivery of 18/19 BCF plan (see BCF action plan for further detail)</p> <p>Progress: On track, pressure on DTOC being monitored</p> <p>Due: 31/03/2019 [Director People]</p> <p>Implementation of commissioning for homecare</p> <p>Progress: Tender completed and contracts awarded for external homecare services. New service starts 1st April 2019. Complex care service continues to be delivered in house.</p> <p>Due: 31/03/2019 [Director People]</p> <p>Undertake feasibility study for Oakham Hub One Public Estate</p> <p>Progress: On hold until after the elections</p> <p>Due: 31/03/2019 [Director People]</p>

ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
9	Failure to manage the public's perception of the Council	Strategic Risk Register	Inh > Res > Tar 4 > 4 > 4 	Chief Executive [N/A]	<ul style="list-style-type: none"> ● The Council works hard and pro-actively to present a positive image through a number of channels including:- Web Site Local press through PR's Social Media Rutland Radio [Chief Executive] ● The Council's Strategic Communication Advisor provides advice and training where required for Officers and Members [Chief Executive] ● Additional support in place for 2018 [Chief Executive] ● SMT monitor current issues and assess the likely impact positive and negative. Where required, communication strategies are developed customised to the event etc. [Chief Executive] ● Media training kept under review and refreshed as needed. [Chief Executive] ● Comms plan and weekly priorities list in place [Chief Executive] 	<p>Development of a Customer Strategy Progress: - Options around development of the Customer Strategy currently being formed. Due: 31/03/2019 [Chief Executive]</p> <p>Expanding the presence and portfolio of the comms team. Progress: - Developed the capacity of the comms team bringing in a new head of communications and team members to provide additional capacity - Developed a new Your Rutland monthly newsletter – current subscription rate is 5342 - Developed a new communications planning approach to help us to ensure we are continually informing residents about our work and the impact we have for the community - Worked with customer services to ensure that they are aware of risks and issues and equipped to handle customer questions - Equipped customer services to respond to social media enquiries - Developed a baselining and perceptions campaign to truly understand the perceptions of residents and support us to Build Trust (going to SMT in August) - Produced new Annual Performance Report to better inform residents on performance of Council and celebrate successes. Due: 31/12/2018 [Chief Executive]</p>
10	Failure to protect the health and safety of employees and members of the public	Strategic Risk Register	Inh > Res > Tar 15 > 6 > 6 	Strategic Director - Places [N/A]	<ul style="list-style-type: none"> ● Shared Service for Health and Safety provided by Peterborough City Council [Strategic Director - Places] ● Joint safety committee in place that reviews internal risk reports such as RIDDOR forms. [Strategic Director - Places] ● Contract procedure rules require contract managers to take due regard of health and safety when procuring contracts. [Strategic Director - Places] ● Managers complete risk assessments for service activities and review annually. [Strategic Director - Places] ● Mandatory health and safety training for all staff as part of induction process. [Strategic Director - Places] ● Rolling programme of Audits ongoing [Strategic Director - Places] ● PRIME (online accident reporting system) live and in use [Strategic Director - Places] 	<p>Health and Safety policy being updated Progress: Policy has been to JSC and SMT Scheduled for Cabinet on 15th January, then needs approval at Full Council. Due: 28/02/2019 [Strategic Director - Places]</p> <p>Health and Safety training programme being developed Progress: All documents that sit below HSC policy are currently being reviewed. Training needs will be assessed based on the outcome of this review. Training programme still being developed with advisors from PCC in consultation with HR Due: 31/03/2019 [Strategic Director - Places]</p> <p>Local Health and Safety Risk Assessment/Arrangements being reviewed Progress: Review currently ongoing Due: 31/03/2019 [Strategic Director - Places]</p>

ID	Title	Location	Inh > Res	Owner/Manager	Controls	Risk Actions (with Progress)
11	Failure of corporate governance (incl data governance) with service, financial or reputational consequences	Strategic Risk Register	Inh > Res > Tar 12 > 6 > 6 	Director for Resources [N/A]	<ul style="list-style-type: none"> ● Constitution, including updated scheme of delegation [Director for Resources] ● Annual Governance Statement [Director for Resources] ● Corporate compliments, comments and complaints scheme [Director for Resources] ● Member and Officer Codes of Conduct [Director for Resources] ● Member Training Programme [Director for Resources] ● Number of policies in place to assist with governance including: Bribery, whistle-blowing, anti-fraud and corruption policies. Data Protection policies and procedures I.C.T. policies including security policy [Director for Resources] ● Clear management structure [Director for Resources] ● Data Protection Policy and Procedures supported by training [Director for Resources] ● IT security policy [Director for Resources] ● Track ICO guidance [Director for Resources] ● Proactive internal audit service [Director for Resources] ● Fraud risk register in place and regularly reviewed. [Director for Resources] ● Constitution Review Working Group in place [Head of Legal and Corporate Governance] ● Ongoing GDPR compliance activities being undertaken [Director for Resources] 	<p>Constitution to be fully reviewed Progress: Review ongoing - being done through Constitutional Review Working Group. Scheduled to go to Council in March. Due: 31/03/2019 [Deputy Director Resources]</p> <p>IT security policies to be reviewed Progress: IT Security Policy currently under review. Due: 31/01/2019 [Director for Resources]</p> <p>Members training programme to be reviewed. Progress: Work ongoing. Members training is a topic for discussion at February's Growth, Infrastructure and Resources Scrutiny Panel. Due: 31/03/2019 [Deputy Director Resources]</p>
71	Political instability through election turnover	Strategic Risk Register	Inh > Res > Tar 12 > 6 > 3 	Chief Executive [N/A]	<ul style="list-style-type: none"> ● Member induction process and onboarding procedures in place [Chief Executive] ● Ongoing training programme delivered to members, both locally through RCC and regionally through EMC [Chief Executive] 	
72	Disruption to Council services related to Brexit impact or uncertainty	Strategic Risk Register	Inh > Res > Tar 6 > 6 > 6 	Director for Resources [N/A]	<ul style="list-style-type: none"> ● Working with LLR to look at scenarios - next scheduled event 13th November 2018 [Director for Resources] ● RCC attendance at Government workshops [Director for Resources] ● Impact assessment ongoing - some initial views on impact already being formed within teams and assessed. [Director for Resources] 	<p>Assessment of Brexit impact in progress Progress: Review of potential Brexit impact and outcomes is ongoing Due: 28/02/2019 [Deputy Director Resources]</p>

Legend

Control Effectiveness Levels

- Excellent
- Good
- Unsatisfactory
- Unknown

Other labels

- ★: Risk Key Control
- FLAG: Critical Risk (rank shown in brackets)

This page is intentionally left blank

AUDIT AND RISK COMMITTEE

29 January 2019

COMPLAINTS UPDATE

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr O Hemsley, Leader and Portfolio Holder for Rutland One Public Estate & Growth, Tourism & Economic Development, Communications, Resources (other than Finance)	
Contact Officer(s):	Saverio Della Rocca, Director for Resources	01572 758159 sdrocca@rutland.gov.uk
	Phil Horsfield, Deputy Director Corporate Governance	01572 758154 phorsfield@rutland.gov.uk

DECISION RECOMMENDATIONS

That the Committee:

1. Notes this update following the Annual Compliments, Comments and Complaints report presented to the Committee on 30 October 2018.

1 PURPOSE OF THE REPORT

- 1.1 This report provides additional information requested following the Annual Compliments, Comments and Complaints report presented to the Committee on 30 October 2018.

2 BACKGROUND AND MAIN CONSIDERATIONS

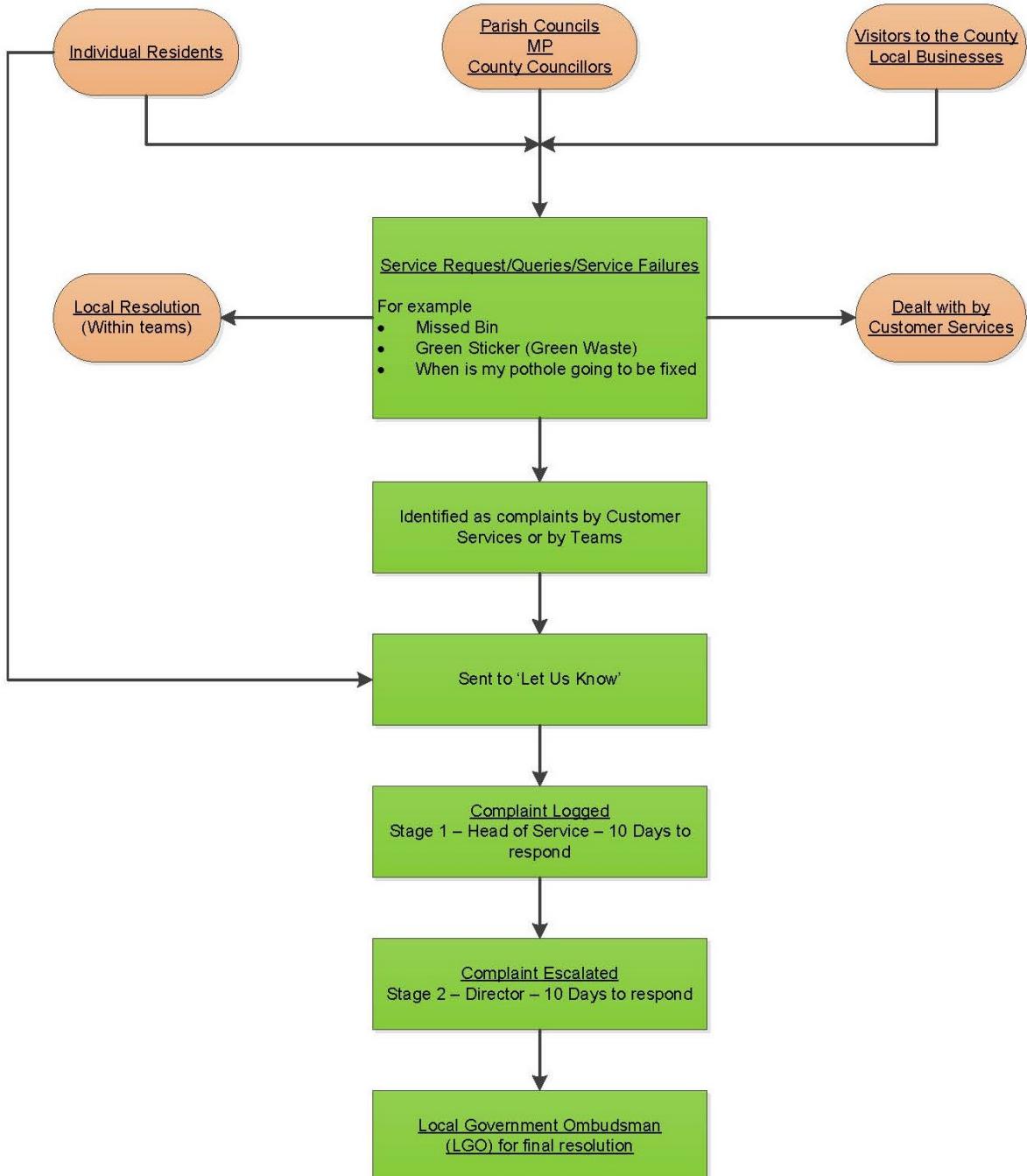
- 2.1 Additional information and clarification was requested in the following areas:

2.2 How does the Council deal with complaints received by the following?

- i) Customer Portals for reporting issues (e.g. Fix My Street - Highways)
- ii) Parish Councils
- iii) County Councillors

- 2.2.1 Below is a flow chart that outlines how the Council receives complaints and the process for their escalation through the Compliments, Comments and Complaints Procedure:

Complaints Flow Chart



2.2.2 Staff that are responsible for monitoring customer portals (e.g. Fix My Street - Highways) where customers can report issues are able to identify the difference between a complaint and service request and process them accordingly. There are lots of instances where referrals are escalated to a “Complaint”. The following factors would lead staff to reaching this judgement:

- The issue is not a simple request for service or information;
- It is not the first contact from the Customer;

- The service has been provided but the Customer is expressing dissatisfaction for any reason (e.g. unreasonable delays, inaccurate information, unhelpful behaviour);
 - The service has not been provided and the Customer has been awaiting for an unreasonable time;
 - The Complainant refers to a policy of the Council which it deems unfair or inappropriate e.g. council tax payers having to pay council tax on an empty home.
- 2.2.3 Most referrals/emails from County or Parish Councillors are not treated as Complaints but again they may be escalated as such if they meet some of the conditions highlighted above.
- 2.2.4 The above process is in line with the advice given by the Local Government Ombudsman and complaints procedures operated by other Councils.
- 2.3 Policy Review**
- 2.3.1 A review of the Councils Compliments, Comments and Complaints Policy and Procedures will take place early summer 2019. The draft Policy will be presented to Audit & Risk Committee for their consideration prior to Cabinet approval.
- 2.4 Awareness and training**
- 2.4.1 A Compliments, Comments and Complaints briefing has been added to the new Elected Members induction programme to ensure that all Elected Members are aware of the process.
- To ensure that Parish Councillors are aware of the Councils Compliments, Comments and Complaints Policy and Procedure an article will be added to the next Parish Council Briefing Paper which is distributed at the Parish Council Forum.
- 2.5 Local Government Ombudsman (LGO) Annual Review Letter break down.**
- 2.5.1 During 2017/18, the LGO received 14 complaints and enquiries. Of these 14, they made 11 decisions:

Advice Given	1
Referred back for Local Resolution	3
Closed After Initial Enquiries	5
Not Upheld	1
Upheld	1
Total	11

- 2.5.2 Two detailed investigations were carried out and 1 complaint was upheld relating to a Licensing matter.

- 2.5.3 The Ombudsman found the Council to be at fault in the following ways:
- the way it dealt with the customers application for an operating licence a poorly worded email was sent to residents
 - a delay by the Council in responding to correspondence

- 2.5.4 Action was taken immediately (prior to the LGO decision) to remedy any avoidable injustice caused to the customer. The Council provided the customer with an apology for the delays identified and steps taken to ensure the delays are not repeated on future cases.

3 CONSULTATION

There is no formal requirement for consultation.

4 ALTERNATIVE OPTIONS

- 4.1 The alternative option is to not endorse the report or endorse it subject to amendments.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from this report, but clearly there is a cost associated with managing this process. Dealing with complaints effectively at an early stage prevents them from escalating thereby reducing the overall time spent on handling them.
- 5.2 There is a risk that failure to properly manage the process could result in a complaint being upheld by the LGO and this may result in the award of financial compensation. There is no tariff of financial compensation awards; each case is assessed on its individual circumstances on the basis of quantifiable loss.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 Complaints falls within the scope of the Audit and Risk Committee.
- 6.2 The report ensures that the Council complies with S5 of the Local Government and Housing Act 1989.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no Community Safety implications as part of this report.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications from this report.

**11 CONCLUSION AND SUMMARY OF REASONS FOR THE
RECOMMENDATIONS**

11.1 The Complaints Update Report is presented to the Audit and Risk Committee for noting.

12 APPENDICES

12.1 There are no appendices to this report.

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

This page is intentionally left blank