



AUDIT COMMITTEE

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To: Councillors Angell (Chair), Bolton, Bradshaw, Charles, Hadji-Nikolaou, C. Harris and Parsons (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Audit Committee to be held in Committee Room 2 - Council Offices on Tuesday, 11th June 2019 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

3rd June 2019

AGENDA

1. APOLOGIES
2. MINUTES FROM THE PREVIOUS MEETING 3 - 9

The Committee is asked to confirm as a correct record the minutes of the meeting of the Committee held on 26th February 2019.
3. DISCLOSURES OF PECUNIARY AND PERSONAL INTEREST
4. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions were submitted.

- | | | |
|-----|--|-----------|
| 5. | <u>EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE</u> | 10 - 24 |
| | Report of the External Auditors. | |
| 6. | <u>ENVIRONMENTAL AUDITS - REPORT ON OUTCOMES</u> | 25 - 52 |
| | Report of the Head of Planning and Regeneration Service. | |
| 7. | <u>2018/19 TREASURY MANAGEMENT OUTTURN</u> | |
| | Report of the Head of Finance and Property Services, to follow. | |
| 8. | <u>INTERNAL AUDIT CHARTER</u> | 53 - 63 |
| | Report of the Head of Strategic Support. | |
| 9. | <u>COUNCILLORS AND INDEPENDENT MEMBERS ALLOWANCES AND EXPENSES 2018/19</u> | 64 - 68 |
| | Report of the Head of Strategic Support. | |
| 10. | <u>WHISTLE BLOWING AND ANTI-FRAUD, CORRUPTION AND BRIBERY</u> | 69 - 71 |
| | Report of the Head of Strategic Support. | |
| 11. | <u>ANNUAL INTERNAL AUDIT REPORT</u> | 72 - 79 |
| | Report of the Head of Strategic Support. | |
| 12. | <u>INTERNAL AUDIT PLAN - PROGRESS REPORT</u> | 80 - 103 |
| | Report of the Head of Strategic Support. | |
| 13. | <u>RISK MANAGEMENT (RISK REGISTER) UPDATE</u> | 104 - 134 |
| | Report of the Head of Strategic Support. | |
| 14. | <u>COUNCIL'S USE OF REGULATORY INVESTIGATORY POWERS ACT (RIPA)</u> | 135 - 137 |
| | Report of the Head of Strategic Support. | |
| 15. | <u>WORK PROGRAMME</u> | 138 - 140 |
| | Report of the Head of Strategic Support. | |

AUDIT COMMITTEE 26TH FEBRUARY 2019

PRESENT: The Chair (B. Angell)
The Vice Chair (Councillor Grimley)
Councillors Huddleston, Parsons, Parton, Smith
and Bebbington

J. Machej – External Auditor

Strategic Director of Corporate Services
Head of Strategic Support
Head of Finance and Property Services
Interim Audit and Risk Manager
Democratic Services Officer (NA)

APOLOGIES: Councillor Hadji-Nikolaou

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Openness of Local Government Bodies Regulations 2014, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

40. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 27th November 2018 were confirmed as a correct record and signed.

41. DISCLOSURES OF PECUNIARY AND PERSONAL INTEREST

No disclosures were made.

42. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

43. AUDIT STRATEGY MEMORANDUM 2018/19

A report of the External Auditors expressing the Audit Strategy Memorandum for 2018/19.

Jon Machej from Mazars attended the meeting and assisted with the item.

RESOLVED

That the Committee notes the report.

Reason

To acknowledge the Committee's consideration of the item.

44. CAPITAL STRATEGY 2019/20, TREASURY MANAGEMENT STATEMENT, ANNUAL INVESTMENT STRATEGY AND MRP STRATEGY

A report of the Head of Finance and Property Services was submitted detailing the Council's Capital Strategy for 2019/20 along with the Treasury Management Statement, Annual Investment Strategy and MRP Strategy (item 6 in the agenda filed with these minutes).

The Head of Finance and Property Services and the Strategic Director for Corporate Services attended the meeting and assisted with consideration of the report.

The Committee was advised that the report was in fact for noting as it had already been approved by Cabinet and full Council.

The Committee had raised their concerns regarding potential "double borrowing" when the report was considered at Overview Scrutiny Group and also at Council and were satisfied with the responses given.

The Committee was also advised that although the Council was operating some level of risk regarding investments it was relatively low and investments were made against a stable income stream.

Councillor Huddleston arrived part way through the item.

RESOLVED that the report be noted.

Reason

To acknowledge the Committee's consideration of this matter.

45. UPDATE ON THE COMMITTEE'S CONCERNS REGARDING UNDERSPENDING ON THE CAPITAL PROGRAMME

A report of the Strategic Director for Corporate Services was submitted providing the Committee with an update on their concerns raised at their last meeting regarding underspending on the Capital Programme (item 7 in the agenda filed with these minutes).

The Head of Finance and Property Services attended the meeting and assisted with the consideration of the report.

The Committee felt they had received assurances from Cabinet that they would monitor the underspending and review the situation and was happy with the report.

RESOLVED that the report be noted.

Reason

To acknowledge the Committee's consideration of this matter.

46. DRAFT AUDIT PLAN 2019/20

A report of the Head of Strategic Support was considered which detailed the draft audit plan for 2019/20 (item 8 in the agenda filed with these minutes).

The Interim Audit and Risk Manager and the Head of Strategic Support attended the meeting and assisted with the consideration of the report.

RESOLVED that the draft Internal Audit Plan for 2019/20 and the draft Internal IT Audit Plan for 2019 – 2022 be approved.

Reason

The Committee was satisfied with the draft plans presented and agreed that the internal audit resources would be effectively utilised.

47. INTERNAL AUDIT PLAN - PROGRESS REPORT

A report of the Head of Strategic Support was submitted outlining the progress of the 2018/19 Internal Audit Plan (item 9 in the agenda filed with these minutes).

The Audit and Risk Manager and the Head of Strategic Support attended the meeting and assisted with consideration of the report.

RESOLVED that the report be noted although the Committee wished to make it clear to the Cabinet that extra resources may be needed to ensure the Internal Audit Plan remains on schedule.

Reason

To ensure the Committee is kept informed of progress against the approved Internal Audit Plan.

48. RISK MANAGEMENT (RISK REGISTER) UPDATE

A report of the Head of Strategic Support was submitted providing details of the updated Risk Management Strategy (item 10 in the agenda filed with these minutes).

The Audit and Risk Manager and the Head of Strategic Support attended the meeting and assisted with consideration of the report.

RESOLVED that the report be noted.

Reason

To ensure the Committee is kept informed of progress against the strategic risks that, should they crystallise, would cause the Council to be unable to operate and/or provide key services leading to a significant adverse effect on public wellbeing.

49. COUNCIL'S USE OF REGULATORY INVESTIGATORY POWERS ACT (RIPA)

A report of the Head of Strategic Support was submitted providing a summary of the Council's use of RIPA powers (item 11 on the agenda filed with these minutes).

The Interim Audit and Risk Manager and the Head of Strategic Support attended the meeting and assisted with the consideration of the report.

RESOLVED that it be noted that there had been no use of RIPA powers by the Council for the period from 1st November 2018 to 31st January 2019.

Reason

To enable the Committee to comply with the request from Cabinet that the Audit Committee assumes responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the Policy or that the Policy may not be fit for purpose.

50. WORK PROGRAMME

A report of the Head of Strategic Support was submitted to enable the Committee to consider its work programme (item 12 on the agenda filed with these minutes).

RESOLVED that the Committee proceeds on the basis of the following work programme, which incorporates all decisions made at this meeting:

ISSUE	MEETING
Internal Audit Business	Ongoing
Internal Audit Plan – Progress	11th June 2019 Quarterly
Risk Management (Risk Register)	11th June 2019 Quarterly - detailed report every six months, exception report quarters in-between.
Council's Use of Regulation of Investigatory Powers Act (RIPA)	11th June 2019 Quarterly
Annual IT Health Check (Code of Connection) Confidential Report	11 th June 2019 Annually
2018/19 Annual Internal Audit Report	11 th June 2019 Annually
2018/19 Review of the effectiveness of Internal Audit (Feedback from Panel)	11 th June 2019 Annually
Internal Audit Charter	11 th June 2019 Annually (for approval)
2018/19 Members' Allowances Claimed	11 th June 2019 Annually
Whistle Blowing and Anti-fraud, Corruption and Bribery	11 th June 2019 Annually
Environmental Audits – Report on Outcomes	11 th June 2019 Annually <i>Note: Six month exception report where identified actions are not implemented by the target date.</i>

2018/19 Treasury Management Outturn	11 th June 2019 Annually
2018/19 Statement of Accounts	July 2019 (Accounts Meeting) Annually
2018/19 Annual Governance Statement and Review of the Code of Corporate Governance	July 2019 (Accounts Meeting) Annually
Treasury Management Mid-Year Review	November 2019 Annually
2019/20 Treasury Management Statement, Annual Investment Strategy and MRP Strategy	February 2020 Annually
2020/21 Internal Audit Plan	February 2020 Annually
Future of Local Public Audit	Report on Government proposals considered 5th July 2011. Further report once final regulations/guidelines are known. <u>Note:</u> Appointing Your External Auditor briefing note considered June 2016.
Policy for Engagement of External Auditors for non-audit work	Considered March 2013. Review policy - date to be agreed
External Audit Business	Ongoing
External Audit Progress Report and Technical Update	11 th June 2019 Quarterly
2019/20 Annual Governance Report	July 2019 (Accounts Meeting) Annually
2018/19 Annual Audit Letter	February 2020 Annually
Certification of Claims and Returns (2019/20 Audit)	February 2020 Annually
2020/21 External Audit Plan	February 2020 Annually

NOTES:

1. No reference may be made to these minutes at the Council meeting on 25th March 2019 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
2. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.

Audit Progress Report

Charnwood Borough Council

May 2019





CONTENTS

1. **Audit progress**
2. **National publications**

This document is to be regarded as confidential to Chamwood Borough Council. It has been prepared for the sole use of the Audit Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

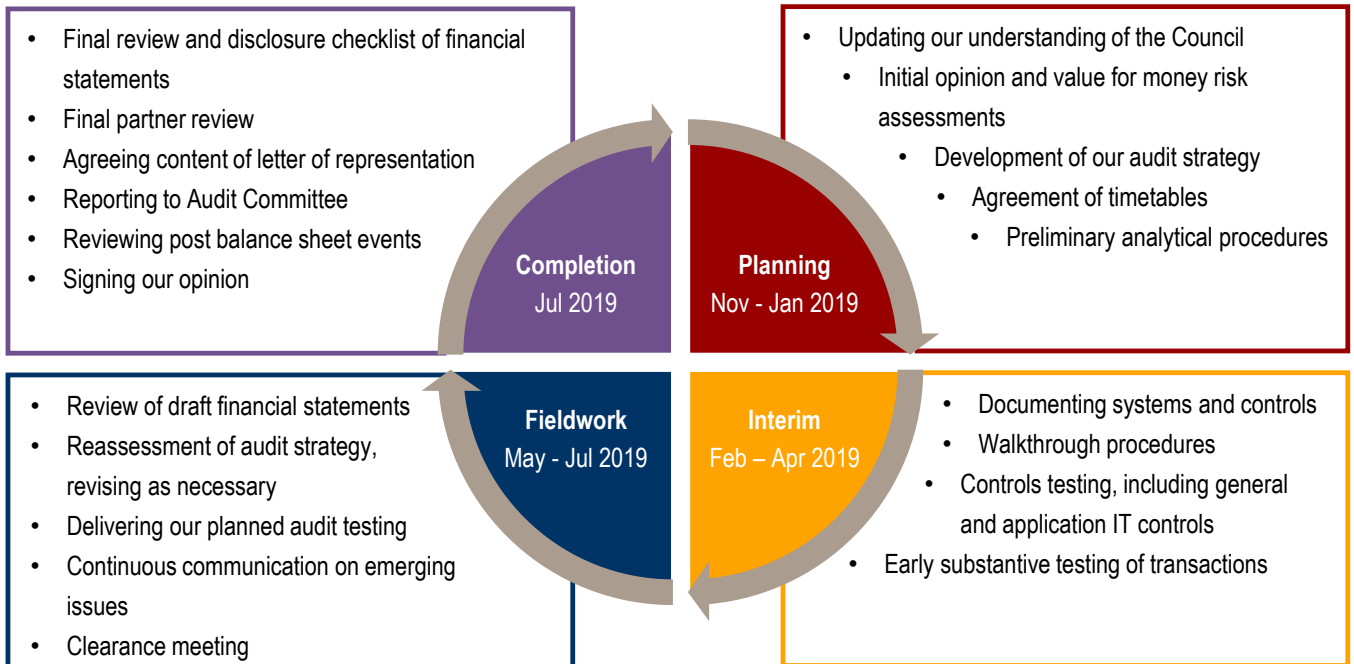
1. AUDIT PROGRESS

Purpose of this report

This report provides the Audit Committee with an update on progress in delivering our responsibilities as your external auditor for Charnwood Borough Council. We have also included at Section 2 our briefing for the Committee on recent publications which are relevant to your responsibilities.

Audit progress

Our key audit stages are summarised in the diagram shown below, together with the key tasks.



Since the Committee last met we have:

- Met with finance staff to clarify our requirements and expectations in respect of our 2018/19 final audit visit;
- Issued our 'Client Deliverable List' to the finance team, setting out the expected working papers and supporting information required to complete our final audit visit;
- Continued our detailed audit work for our 2018/19 VFM conclusion; and
- Held ongoing liaison discussions with Internal Audit colleagues as part of our approach to maintain an accurate understanding of the Council for our 2018/19 audit.

Our detailed audit work will continue with our final audit visit which commences on 29 May 2019.

Our work is on track, and there are no significant matters arising from our work that we are required to report to you at this stage.

1. AUDIT PROGRESS (CONT.)

Other Issues

At this stage of the audit we are not planning any divergence from the scale fees set by PSAA as communicated in our fee letter of 25 April 2018. The scale fee set by PSAA is £42,325.

We have also been separately engaged by the Council to carry out additional work outside of that in relation to our appointment by PSAA, in respect of the Housing Benefits Subsidy Assurance. We have agreed a fee of £9,850 with the Council's officers and again at this stage we are not planning any divergence from this.

We are satisfied that we continue to comply with the Financial Reporting Council's Ethical Standard and there are no matters or relationships which we believe may have a bearing on our independence or the objectivity of the audit team. We will further confirm this, or report any relevant matters in our Audit Completion Report.

Technical Update

Section 2 includes, for the Committee's information, summaries of recent technical and other sector publications (from the National Audit Office, Chartered Institute of Public Finance and Accountancy and the Local Government Association) which we believe are relevant to your responsibilities. The reports covered in this section, and the key messages, are summarised overleaf.

2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
National Audit Office (NAO)			
1	Building Public Trust Awards – good practice in annual reports 2017-18	Examples of good practice in annual reports	7
2	Guidance for audit committees on cloud services	Guidance on use of cloud services	7
3	Framework to review programmes	Questions to ask when reviewing major programmes and projects	7
4	Round-up for Audit Committees	Summary of NAO publications for Audit Committees	8
Chartered Institute of Public Finance and Accountancy (CIPFA)			
5	An introductory guide to Local Government Finance	Updated guide which may be of interest to Members.	9
6	CIPFA Bulletin 03 Closure of the 2018/19 Financial Statements	Clarification of issues relating to the 2018/19 financial statements	9
7	Local Authority Capital Accounting - A Reference Manual for Practitioners	Practitioners guide to capital accounting	9
8	The Guide To Local Government Finance	Introductory guide to local government finances	10
9	Social Care Statistics 2017/18 Actuals	Analysis of adult social care expenditure	10
10	Code Of Practice On Local Authority Accounting In The United Kingdom 2019/20	Accounting requirements for 2019/20	11
11	An Introductory Guide to Housing Finance in England and Wales	Introductory guide to Housing Finance	11
12	Practitioners' Guide To Capital Finance	Practitioners Guide	12
13	Local Government Application Note for the UK Public Sector Internal Audit Standards	Guidance for application of Internal Audit Standards	12

2. NATIONAL PUBLICATIONS

	Publication/update	Key points	Page
Chartered Institute of Public Finance and Accountancy (CIPFA) (continued)			
14	CIPFA's Proposed Financial Management Code for Local Government – Consultation	Consultation on CIPFA's financial management code	13
15	CIPFA Service Reporting Code of Practice (SeRCOP) 2020/21: Service Expenditure Analysis – Consultation	Consultation on CIPFA's Service Reporting Code of Practice	13
Local Government Association (LGA)			
16	Twenty-first Century Councils	Toolkit to help councils empower women, parents and carers to become local councillors and take on leadership positions.	14

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

1. Building Public Trust Awards – good practice in annual reports 2017-18, May 2019

The Building Public Trust Awards recognise outstanding corporate reporting that builds trust and transparency. This interactive document illustrates a range of good practice examples across annual reports in both the public and private sector.

In 2018 the public sector award for excellence in public sector reporting was jointly won by the Crown Estate and the Ministry of Justice. This interactive pdf summarises the judging criteria based on the principles of a good annual report. The guide highlights examples of “what good looks like” in reporting on strategy, risk, operations, governance, success measures, financial performance, people factors, external factors and ensuring the report is understandable to its users.

<https://www.nao.org.uk/report/building-public-trust-awards-good-practice-in-annual-reports-2017-18/>

2. Guidance for audit committees on cloud services, April 2019

Public and private sector organisations are increasingly adopting cloud services with the aims of reducing costs, increasing efficiency and transforming their operations. Government policy supports this move but recognises that accessing systems through the internet can bring new contracting models and new challenges. Some organisations may lack the capacity or expertise to select the right product for their needs, implement it securely and manage it effectively.

The guidance provides an overview of cloud services and outlines government policy on their use. It then sets out specific questions for audit committees to consider asking when engaging with their management at three stages:

- Assessment of cloud services – looking at cloud services as part of organisational and digital strategies; the business case process; and due diligence.
- Implementation of cloud services – considering system configuration; data migration; and service risk and security.
- Management of cloud services – covering operational considerations; the need for assurance from third parties; and the capability needed to manage live running.

The guidance points to and complements detailed cloud guidance available elsewhere.

<https://www.nao.org.uk/report/guidance-for-audit-committees-on-cloud-services/#>

3. Framework to review programmes, April 2019

Major programmes are expensive, high profile and carry great uncertainties and risks. It is not surprising that many fall short of their objectives, in terms of cost and/or outcomes.

The NAO has completed about 140 reports on major projects and programmes since 2010. Based on this experience, this framework draws together the key questions the NAO ask when we review major programmes. It was developed for NAO value-for-money auditors to use when reviewing programmes, but may be useful for those seeking an overview of the NAO work on projects and programmes.

The questions are structured into four sections:

- Purpose: Is there a strategic need for the programme and is this the right programme to meet the business need?
- Value: Does the programme provide value for money?
- Programme set-up: Is the programme set up in accordance with good practice and are risks being well managed?
- Delivery and variation management: Are mechanisms in place to deliver the intended outcomes and respond to change, and is the programme progressing according to plan?

There are 18 key questions, each illustrated with examples of good practice and lessons learnt from previous NAO reports.

The Framework also outlines the NAO’s related resources that provide further support for examining issues in more depth.

<https://www.nao.org.uk/report/framework-to-review-programmes/>

2. NATIONAL PUBLICATIONS – NATIONAL AUDIT OFFICE

4. Round-up for Audit Committees, March 2019

This interactive round-up of NAO publications is intended to help Audit Committees, Boards and other users by outlining the latest NAO resources for governance and oversight, risk management and strategic management issues. It also sets out how to keep in touch with NAO insight on specific issues and/or sectors.

<https://www.nao.org.uk/report/round-up-for-audit-committees/>

2. NATIONAL PUBLICATIONS – CIPFA

5. An introductory guide to Local Government Finance, February 2019

This introductory guide addresses the basic questions regarding how money flows, how budgets are set and where it is spent in local government. An understanding of these issues is essential to realising the current issues in local government.

This guide is aimed at helping local councillors, those working with and for local councils, and anybody with an interest in the sector to understand the complexity of local government finance.

The guide covers revenue and capital financing, financial reporting, governance and auditing as well as giving an overview of some of the key services provided by local councils.

This guide is available online only.

<https://www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-local-government-finance-2019>

6. CIPFA Bulletin 03 Closure of the 2018/19 Financial Statements, March 2019

This bulletin covers the closure of accounts for the 2018/19 year and provides further guidance and clarification to complement the 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2018/19 Code Guidance Notes.

Key areas covered include:

- A lengthy section of clarification on Financial Instruments, in particular the impact of the implementation of IFRS9 and IFRS15 on Local Authority accounts
- Streamlining the Accounts guidance
- Analysis of debtors and creditors
- EU withdrawal
- Guaranteed Minimum Pensions

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-03-closure-201819>

7. Local Authority Capital Accounting - A Reference Manual for Practitioners, April 2019

Intended to be read alongside other CIPFA publications, including the Code of Practice on Local Authority Accounting, the Guidance Notes for Practitioners and the Practitioner's Guide to Capital Finance in Local Government, this book demonstrates the requirements of capital accounting through fully worked and explained examples covering all the major transaction types and asset classes.

A comprehensive reference section, drawing upon frequently asked capital questions received by CIPFA's Finance Advisory Network, Technical Enquiry Service and TISonline discussion forum, provides further discussion of typical areas of concern.

There are top tips on the real-life application of the Code of Practice, including advice on the most effective use of financial systems, working with non-finance colleagues such as valuers, and getting through the external audit as smoothly as possible.

With clear cross-referencing to allow readers to follow a topic as it appeals to them, this publication provides unique insight and practical support in one of the most technical and demanding areas of local authority accounting.

This edition has been updated to reflect new statutory guidance and the suspension of arrangements for the recognition of the highways Network Asset. The opportunity has also been taken to add a few more frequently asked questions (FAQs).

<https://www.cipfa.org/policy-and-guidance/publications/l/local-authority-capital-accounting--a-reference-manual-for-practitioners>

2. NATIONAL PUBLICATIONS - CIPFA

8. The Guide To Local Government Finance, April 2019

This guide covers the current arrangements and provides insights into possible future changes at a time when political uncertainty makes future developments difficult to foresee.

Covering both revenue and capital financing, this guide provides the reader with an introduction to the technical complexities of funding each type of expenditure.

The publication is presented in dedicated service areas that have their own funding streams and financial complexities. These include:

- capital finance
- budgeting and financial reporting
- treasury management
- auditing
- governance
- education
- housing
- police
- social care.

For those requiring more of an introduction to local government finance, CIPFA also produces an Introductory Guide to Local Government Finance that summarises the key information in a way that is aimed at non-finance specialists and those new to the sector..

<https://www.cipfa.org/policy-and-guidance/publications/t/the-guide-to-local-government-finance-2019>

9. Social Care Statistics 2017/18 Actuals, April 2019

This publication provides a detailed analysis of adult social care expenditure analysed by support group, such as: physical support, sensory support, support with memory and cognition, learning disability support and mental health support.

Other information includes a breakdown of the total population by age group and number of resident weeks.

<https://www.cipfa.org/policy-and-guidance/publications/s/social-care-statistics-201718-actuals>

2. NATIONAL PUBLICATIONS - CIPFA

10. Code Of Practice On Local Authority Accounting In The United Kingdom 2019/20, April 2019

Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2019/20 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2019.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority.

This edition of the Code introduces a number of important amendments relating both to context and an understanding of requirements, as well as changes in some of accounting requirements. In particular the following areas should be noted:

- Improved clarity regarding the specification of proper accounting practices, the Code's role in these, the impact of statutory accounting requirements on the annual accounts, and the manner in which they affect the presentation of local authority reserves, including the distinction between usable and unusable reserves
- Significant amendments to Chapter Two to reflect the revisions made by the IASB to the Conceptual Framework for Financial Reporting (Conceptual Framework)
- Changes relating to the previous Carbon Reduction Commitment Scheme and Landfill Allowances Schemes
- An additional section to address the treatment of the Apprenticeship Levy
- For Scottish authorities, recognition of the ability to present transfers to or from other statutory reserves, allowance for voluntary transfers between the Revaluation Reserve and the General Fund, and pension fund legislation amendments
- For Welsh authorities recognition of legislation changes relating to separate publication of pension fund accounts
- Amendments to Section 7.1 (Financial Instruments) arising from amendments made to IFRS 9 Financial Instruments
- Changes to group accounts requirements implementing scope clarifications for disclosure requirements.

<https://www.cipfa.org/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-201920-book>

11. An Introductory Guide to Housing Finance in England and Wales, March 2019

The provision of social housing is a big issue for government and the public sector. Local authorities have a key role in responding to the needs of those in the community and understanding how the relevant finance structures work is vital if they are fully going to play their part.

Housing, and social housing in particular, has undergone many changes since the last edition of this title in 2011. The guidance looks at the current landscape for social housing and outlines the statutory duties placed on local authorities to provide housing for those in need. It looks at local housing strategies to address supply and working with the private rented sector. Chapters outline the policy agenda, consider the consequences of welfare reform, tackling homelessness and the consequences of the Grenfell Tower fire in 2017. Arrangements are no longer uniform across the UK and this edition provides a greater level of detail including where policies and practices in Wales differ.

The publication will be useful for local authority officers who have a need to understand the main financial principles that apply to providing housing services, as well as anyone working in housing provision or who is charged with scrutinising policy and practice.

<https://www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-housing-finance-in-england-and-wales-2019>

2. NATIONAL PUBLICATIONS - CIPFA

12. Practitioners' Guide To Capital Finance, March 2019

This publication contains the background knowledge you need on capital finance and how to account for it. It summarises the key features of the systems of capital finance that operate under the Prudential Framework in England, Wales, Northern Ireland and Scotland.

It provides explanations and definitions of capital expenditure, credit arrangements and capital financing including minimum revenue provision (MRP) arrangements and local authority borrowing.

Its intention is to assist practitioners in managing the capital programmes of their authorities and in particular addressing the technical issues associated with the financing of the programme. It summarises the key capital finance implications of the Local Government Act 2003, the Local Government Finance Act (Northern Ireland) 2011, the Local Government in Scotland Act 2003 and associated regulations.

The publication uses worked examples throughout to allow practitioners to apply theoretical concepts to practical examples. In carrying extracts from the relevant legislation and the Prudential Code, the aim has been to produce a one-stop guide for both those with previous local authority capital finance knowledge and those new to the subject.

<https://www.cipfa.org/policy-and-guidance/publications/p/practitioners-guide-to-capital-finance-2019-edition>

13. Local Government Application Note for the UK Public Sector Internal Audit Standards, March 2019

This Application Note is aimed at those who play a significant part in shaping or managing the internal audit function within their organisations, including:

- chief executives
- chief financial officers and other senior management
- audit committees
- selected members within local government in the United Kingdom, as well as
- chief audit executives/heads of internal audit.

UK Public Sector Internal Audit Standards (PSIAS) have been developed to apply across the whole of the public sector in all sectors of government. The PSIAS are based on standards issued by the Institute of Internal Auditors (IIA), with additional requirements and interpretations that make them directly applicable to the UK public sector. The PSIAS are developed jointly by the relevant internal audit standard setters (RIASS) for central government, local government, devolved government administration bodies and the National Health Service (NHS). The PSIAS set out requirements which apply generally to all UK public sector engagements, but do not include any sector requirements or guidance for specific parts of government.

CIPFA has been designated as the RIASS for local government. CIPFA recognises the need to supplement the PSIAS with additional information and guidance on the requirements and practice of internal audit in the local government environment, and this Application Note provides that guidance.

Included with the Application Note is an authoritative checklist for measuring the performance of internal audit against the requirements of the PSIAS and the Application Note, in line with PSIAS 1300 Quality Assurance and Improvement Programme. The checklist can be used for both the internal and external assessments required in PSIAS 1300-1322.

<https://www.cipfa.org/policy-and-guidance/publications//local-government-application-note-for-the-uk-psias-2019-edition>

2. NATIONAL PUBLICATIONS - CIPFA

14. Consultation on CIPFA's Proposed Financial Management Code for Local Government, March 2019

Local government finance in the UK is governed by primary legislation, regulation and professional standards as supported by regulation. The general financial management of a local authority, however, has not been supported by a professional code. CIPFA is now proposing that a Financial Management Code (CIPFA FM Code) should be designed and developed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

The CIPFA FM Code would therefore for the first time set standards of financial management for local authorities in the UK. The draft FM Code is based on a series of principles supported by specific standards and statements of practice. They are considered necessary to provide the strong foundation within local authorities to enable them to:

- financially manage the short-, medium- and long-term finances
- manage financial resilience to meet foreseen demands on services
- financially manage unexpected shocks in their financial circumstances.

The draft FM Code is consistent with other CIPFA codes and statements in that it is based on principles rather than prescription. Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the FM Code are being satisfied. Demonstrating this compliance with the CIPFA FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team.

Significantly, the CIPFA FM Code builds on the success of the CIPFA Prudential Code, which requires local authorities to demonstrate the long-term financial sustainability of their capital expenditure and associated borrowing. With this success came new financial freedoms to make local decisions on matters that had hitherto been subject to central government control.

The draft FM Code is not expected to be considered in isolation, and accompanying tools will form part of the collective suite of evidence to demonstrate sound decision making.

To date, the draft FM Code has been developed with a specified governance process which includes practitioners, auditors and representatives of governments across the UK. It was then 'road tested' by a range of local authorities to provide early evidence of both practicality and fitness for purpose. Now, CIPFA is seeking to consult more widely and consequently invites comments on the draft FM Code. Note – the consultation closed on 30 April 2019.

<https://www.cipfa.org/policy-and-guidance/consultations/financial-management-code-consultation>

15. CIPFA Service Reporting Code of Practice (SeRCOP) 2020/21: Service Expenditure Analysis (SEA), March 2019

The SEA sets out a framework for reporting local authority service expenditure. This structure is an important factor in determining and defining the information that are collected in the CIPFA statistics and also government returns such as the RA/RO, Section 251 and ASC-FR. Effectively revising the SeRCOP SEA and keeping it fit for purpose is about finding a consensus across these many considerations and the various stakeholders. It is therefore essential to gather a broad base of opinion to inform this process. Note – consultation close on 10 May 2019.

While ensuring the accuracy of the current structure and the definitions therein is important, CIPFA are keen to challenge the usefulness of the analysis in the following ways:

- Do the expenditure divisions reflect how services are delivered and organised in practice?
- Do the service divisions provide the basis for robust, reliable, consistent and comparable information?
- Is the number of mandatory and discretionary levels about right in your service area?
- Are they well balanced in terms of the proportion of total costs in each division?
- Does the current breakdown help you in your benchmarking, policy or value for money analysis?

<https://www.cipfa.org/policy-and-guidance/consultations/cipfa-service-reporting-code-of-practice-sercop-2020-21-service-expenditure-analysis-sea>

2. NATIONAL PUBLICATIONS – LOCAL GOVERNMENT ASSOCIATION

16. Twenty-first Century Councils, March 2019

This toolkit has been developed to help councils create the underlying policies, procedures, ethos and environment that encourages and empowers women, parents and carers to become local councillors and take on leadership positions.

The Local Government Association is encouraging councils to consider their existing practices, celebrate what is working, share good practice and take action to support councillors who are women, parents and carers.

The equal participation of women and men in local politics, as our elected councillors and as our leaders, is an important condition for effective democracy and good governance. Representative councils are best able to speak to, and for, their communities and to support the effective business of local government. Democracy and decision-making are strengthened when councillors reflect the people they seek to serve and represent.

<https://www.local.gov.uk/twenty-first-century-councils>

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AUDIT COMMITTEE - 11TH JUNE 2019

Report of the Head of Planning and Regeneration Lead Member: Councillor Eric Vardy

Part A

ITEM ENVIRONMENTAL AUDITS

Purpose of Report

The purpose of this report is to update the Committee on the outcome of environmental audits undertaken for March 2019.

Recommendation

That the Committee notes the outcome of the environmental audit process, including the identified actions for any mitigation required.

Reasons

To ensure the Committee is kept informed of the Council's approach to managing environmental risks related to the Environmental Management System.

Policy Justification and Previous Decisions

The Council has an in-house Environmental Management System to manage legal compliance with environmental regulations and environmental impact arising from its activities and operations. The Council's Corporate Plan sets a commitment to 'take action to protect the environment for future generations' and the Council has adopted a Climate Change Strategy, a Carbon Management Plan, a Zero Waste Strategy and a Green Spaces Strategy towards this aim.

The driver for implementing and improving the Council's Environmental Management System comes from the Council's Environmental Policy which can be seen at https://www.charnwood.gov.uk/pages/environmental_management. The Policy was adopted by Cabinet in October 2015 and establishes a framework for setting objectives and targets for environmental improvement. A Carbon Management Plan has been approved by Cabinet in December 2015 to reduce the Council's impact on climate change. A Climate Change Strategy was adopted by cabinet on 10th May 2018. The Climate Change Strategy provides the action plan for the Council to maintain and potentially improve its environmental performance.

Implementation Timetable including Future Decisions and Scrutiny

Reports will continue to be submitted to the Committee on an annual basis.

Report Implications

The following implications have been identified for this report.

Financial Implications

The costs of preparing and providing strategic management for the implementation of the Environmental Management System are met from within the Planning and Regeneration Service budget. The costs of implementing the Environmental Management System in respect of operations and activities undertaken by the Council are met from within the existing budgets of individual service areas that the Environmental Management System covers. The Council's Sustainability Officer provides the strategic resource to manage the in-house Environmental Management System.

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Failure to comply with environmental legislation leads to damage to environment, reputation, and civil or criminal action being taken against the Council	Likely (3)	Significant (2)	Moderate (6)	Access to Newground Legislation Service, Training, Raising Awareness, Internal audits
The Council fails to meet broader environmental objectives outlined within its policy	Unlikely (2)	Minor (1)	Very Low (2)	SMT and Audit Committees in place to review annual performance

Sustainability

An Environmental Management System will help ensure environmental legal responsibilities are met and more easily managed on a day to day basis. The Environmental Management System will help manage waste and resources more effectively and reduce cost.

Key Decision: No

Background Papers: None

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Part B

Background

1. The Council has an in-house Environmental Management System for Council owned property at Southfield Road / Information & Computer Services building, Loughborough Town Hall, Charnwood Museum, Oak and Ark Business Centres and Woodgate Chambers. It relates to the direct operations of the Council and not to any activities sub-contracted to other operators (such as domestic and municipal waste collection). The Environmental Management System does not deal with activities related to the enforcement of environmental or planning Regulations aimed at reducing impacts across the Borough, except where these relate directly to the Council's own actions and activities. The Sustainability Officer provides the resource to coordinate the in-house Environmental Management System programme overseen by the Senior Management Team. Implementation of the Environmental Management System is the direct responsibility of the service areas carrying out activities and operations that fall within its scope.

Legal Compliance

2. The Sustainability Officer has overall responsibility for keeping information on environmental aspects and their associated legislative requirements. 'Environmental aspects' are any element of the Council's activities that can interact with the environment. The current method of updating legal information about the environment is provided by Newground Legislation Update Service on a monthly basis.

Environmental Audits

3. Environmental audits took place during March 2019 to check legal compliance and implementation of the Environmental Management System. Audits included the Oak and Ark Business Centres, the Museum, Town Hall, Southfield Road offices, Information & Computer Services building and Woodgate Chambers. The audit reports have been issued to building managers and relevant heads of service and, where non-conformities have been raised, recommendations for mitigation actions have been made. Recommendations for mitigating actions are for the service areas/responsible managers to implement at the earliest opportunity having regard to the scale of risk.
4. A meeting with building managers took place on the 14th March 2019 to present the outcome of audit findings and recommendations. The implementation of mitigation actions is managed through the Legislation Update Service which enables urgency of the action required, deadlines and management oversight to be coordinated.

Audit Findings

5. The audit report presents any activity it considers to be posing an environmental risk as either a Non-Conformance with Requirement (NCR - a non-fulfilment of a legal requirement), an 'issue' or a 'recommendation'. The former is the more serious finding in the sense that there is proof that a legal requirement is not being

met, or a lack of evidence to prove that it is being met. An issue may be an instance where:

- a) there is not a non-fulfilment of a legal requirement, but there is a lack of environmental best practice being used.
- b) there is not currently a breach in legislation, but the issue should be addressed to avoid doing so in future.

A recommendation recognizes something which may later develop in to an NCR or issue and needs addressing.

6. Overall 25 Non-Conformance with Requirement (NCRs) and 17 Issues were found with 14 Recommendations being made. Legal compliance issues (NCRs) were found across all sites around granulation of waste duty of care paperwork, F-gas compliance and evidence gathering. Of the 25 NCRs, 10 have been resolved and 15 have programmes to ensure they are resolved in a timely manner. Of the 17 Issues, 3 have been completed and 14 have programmes to ensure they are resolved in a timely manner. Of the 15 Recommendations, 5 have been resolved and 9 have programmes to ensure they are resolved in a timely manner.
7. The audit findings are set out at Appendix A. A summary of the Non-Conformance with Requirement (NCR) findings is presented below by site:

Woodgate Chambers

8. Fluorescent tubes are being transferred from Woodgate Chambers to Southfield Road Offices for disposal. There was no hazardous waste consignment note for the transfer of waste fluorescent tubes from Woodgate Chambers to Southfield Road Offices (NCR 4). There is also no Upper Tier Waste Carriers Licence for the Council to transfer hazardous waste. Transfers between sites should be stopped until the correct course of action has been determined. The Council could set up a collection of waste by Mercury Recycling from Woodgate Chambers as and when needed or alternatively, obtain an Upper Tier Waste Carriers Licence and ensure that each time waste is transferred between sites a hazardous consignment note is completed.

Charnwood Museum and Carillon Tower

9. Mixed Recycling is collected through 'Love Loughborough' which is an initiative facilitated by Loughborough Business Improvement District. However, waste transfer documents have not been evidenced. No waste transfer documents for Love Loughborough mixed recycling collection or Clear-a-Bee waste collection were available (NCR 9). The waste transfer documents could not be accessed at the time of audit. The transfer notes should be sought from the carriers. The system which is used to store waste duty of care documentation should be easily accessible by all team members, and should contain all duty of care waste documentation. A weighbridge ticket has been provided for the collection of waste by Clear-a-Bee. This does not show details of the waste transfer. The transfer notes should be sought from Clear-a-Bee. Each time Clear-a-Bee come to site, Charnwood Museum staff should ask for a waste transfer note to sign before the operative leaves.

10. Fluorinated greenhouse gases (F-Gas) is contained in refrigeration, air-conditioning and fire protection systems. There are record keeping and maintenance requirements for companies that operate equipment containing F-Gas. There were no records of F-Gas inspections and servicing being carried out (NCR 11). If records can be found these should be placed in an easy to access place on the online system. These inspections should be undertaken annually so if no inspection is present one should be booked immediately. It is recommended to set up calendar reminders to ensure compliance is renewed annually. Reports should be placed in an easy to access place on the online system.
11. Under the TM44 regulations, companies are required to ensure that inspection of air conditioning systems are carried out. The inspection includes an assessment of the system's efficiency. There is no TM44 in place for the air conditioning unit used at site, which contains a refrigerant (NCR 12). A TM44 inspection should be booked immediately. A calendar reminder should be in place to ensure compliance is renewed every 5 years. Reports should be placed in an easy to access place on the online system.

Town Hall

12. There was no TM44 in place for the air handling units used at site, which contain a refrigerant (NCR 16). A TM44 inspection should be booked as soon as possible. Reports should be placed in an easy to access place on the online system. A calendar reminder could be set to ensure compliance is renewed every 5 years.

Oak Business Centre

13. Several wooden pallets were stacked in the car park next to the bins. Waste duty of care documentation for wooden pallets was not kept on site or accessible (NCR 20). It was verbally confirmed that these are collected by another company but the paperwork is kept by the company with no paperwork for this retained at the Oak Business Centre. This paperwork is required to be kept on site, or on a digital readily accessible system, so that waste duty of care compliance can be demonstrated. The paperwork should be acquired from the carrier immediately and kept on file. Each time the carrier comes to site, the Oak Business Centre staff should ask for a waste transfer note to sign before the operative leaves.

Ark Business Centre

14. There is currently a release of trade effluent to storm drains in the car park from the mobile vehicle washing unit, and tenants, which is not permitted (NCR24). A permit to discharge is required for this activity from either Severn Trent Water or the Environment Agency. Action required would be to obtain discharge consent to foul drainage for the wash-down of vehicles on site at Ark Business Centre and ensure that water does not drain to storm-water drains. Alternatively discontinue the activity of vehicle wash-down on the Ark Business Centre. Terms and conditions should be included within any lease agreement with tenants that this activity is not permitted on site. Additional control measures will probably be required to prevent discharge to storm water drains such as an interceptor.
15. If trade effluent leaving site goes down a storm drain, this falls under the remit of the Environment Agency. If the trade effluent runs off in to a sewer with foul water,

this falls under the sewerage provider (in this case Severn Trent Water). If this water must be discharged, the best option is to make sure it is discharged to a foul sewer. In order to do this, there needs to be an application to Severn Trent Water to discharge trade effluent. The composition, volume and frequency of discharge need to be included in the consent application. The best course of action would be to talk to tenants about what they are discharging and to where.

16. The law is complicated when it comes to determining liability in a landlord-tenant relationship. It is an offence under the Environmental Protection Act 1990 to “cause” or “knowingly permit” pollution at a site you own, so even though the Council are not causing the pollution, they are permitting it to occur, by acknowledging that the discharge is or may be taking place, but have taken no action. The tenants are as, if not more liable than the Council for discharging any chemicals to the drains, as they are “causing” the pollution. Tenancy agreements should be checked to see if there are any clauses about environmental liability or a clause that any illegal activity is forbidden under the terms of the tenancy. It is the tenant’s responsibility for what they discharge and they should be controlling their environmental risks.

Management Review

17. A Management Review took place on 23rd April with building managers and Heads of Service to discuss audit findings and recommendations. Control measures were determined for each action to ensure ongoing compliance. Audit actions will be included as part of the Legislation Update Service, which enables urgency of the action required, deadlines and management oversight to be coordinated. Training to building managers will be scheduled to ensure ongoing environmental legal compliance and continual improvement.

Monitoring

18. To ensure actions identified by environmental audits are addressed in a timely way, the audit cycle is annual with a follow up audit, six months after the initial audit where Non-Conformance with Requirement NCRs or notes raised in the first audit are followed up on to determine progress. The outcome of the annual audit is considered by SMT and reported to Audit Committee.

Timetable

19. The timetable for the 2019 environmental audit cycle is shown in the table below.

Event	Description	Date
Environmental Compliance Audit	To review effectiveness of environmental management system	March 2019
SMT Briefing of outcome	To consider non-compliance and any mitigating actions	June 2019
Audit Committee	To receive a report on the outcome of environmental audits	June 2019
Environmental Audits – Follow-up	To review the progress being made by building managers	October 2019

Appendices

Appendix A - Summary Results of Internal Environmental Audits

Appendix A

Summary Results of Internal Audits

Southfield Road Offices														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 1 Page 32	ESP	08.02.19	D Wall	Legal	Waste Documentation Lack of waste carriers licence	Inability to fulfil compliance obligations	3	3	General Waste and Mixed Recycling Waste Transfer Season Ticket 1.11.18 to 31.10.19 between CBC and Serco on behalf of CBC. A valid Waste Carrier's Licence must be present on the season ticket which is not currently seen.	Serco and CBC should determine the correct waste carrier's licence which should be included where missing.	Lack of appropriate note provided by waste companies.	Discussions with waste companies should be undertaken so that templates of notes have all the appropriate information on. If needed, CBC could create own template of note to ensure compliance is achieved.	Oct 2019	Completed
									Scrap Metal Waste Transfer Note showing Transfer on 08.01.19 in which CBC transferred scrap metal to TBD Morris Recycling Ltd. site in Shepshed. The note requires a valid waste carrier's licence for CBC.	Serco and Charnwood BC should determine the correct waste carrier's licence which should be included where missing.				Completed
									Confidential Waste Waste Transfer Season Ticket 01.05.18 to 30.04.19 between CBC and ShredPro Ltd. A waste carriers Licence for ShredPro is required.	ShredPro should be contacted to inform them that the waste carriers licence for ShredPro is missing.				Completed
NCR 2	ESP	08.02.19	D Wall	Legal	Waste Documentation SIC Code discrepancy	Inability to fulfil compliance obligations	3	3	Scrap Metal Waste Transfer Note showing Transfer on 08.01.19 in which CBC transferred scrap metal to TBD Morris Recycling Ltd. site in Shepshed. The note requires a valid SIC code for CBC.	TBD Morris Recycling should be contacted to inform them of the SIC code of Charnwood BC. SIC code should be 84.11/0 - General public administration duties	Lack of clarity as to what the SIC code is used for on notes and what it actually is (i.e. 84.11/0)	Discussions with waste providers should be undertaken so that templates of notes have the appropriate SIC code. If needed, CBC could create own template of note to ensure compliance is achieved.	Oct 2019	Annual collection. Will be actioned at next collection

Southfield Road Offices														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
									Confidential Waste <i>Waste Transfer Season Ticket 01.05.18 to 30.04.19 between CBC and ShredPro Ltd.</i> A SIC code for CBC is required.	ShredPro should be contacted to inform them of the SIC code of Charnwood BC. SIC code should be 84.11/0 - General public administration duties				Completed
									Printer Cartridges <i>Waste Transfer Season Ticket 02.09.18 to 01.09.19 between CBC and Clover Environmental Solutions.</i> A SIC code for CBC is required.	Clover Environmental Services should be contacted to inform them of the SIC code for Charnwood BC. SIC code should be 84.11/0 - General public administration duties				Completed
									Sanitary Waste <i>Waste Transfer Season Ticket 01.12.18 to 30.11.19 between CBC and Cathedral Hygiene.</i> The correct SIC Code for CBC is required.	Cathedral Hygiene should then be contacted to correct the error. SIC code should be 84.11/0 - General public administration duties				Completed
									Fluorescent Tubes <i>Consignment note for removal of gas discharge lamps by Mercury Recycling limited.</i> The correct SIC Code for CBC is required.	Mercury Recycling should be contacted to correct the error. SIC code should be 84.11/0 - General public administration duties				Completed
									Batteries <i>Consignment note from H J Enthoven Ltd dated 7/11/18 for transfer of batteries from Southfield Road Offices.</i> SIC code discrepancy found	H J Enthoven Ltd should be contacted to correct the error. SIC code should be 84.11/0 - General public administration duties				Environmental Services progressing

Southfield Road Offices														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 3	ESP	08.02.19	D Wall	Legal	COSHH	Risk of release of chemicals to environment/human health if release not handled correctly or in timely manner	2	4	No COSHH R.A. or MSDS were readily available to hand. To manage environmental risk, it is important that COSHH Risk Assessments and Materials Safety Data Sheets (MSDS) are readily accessible in order to provide an emergency response to potential spills and release to air.	If COSHH Risk Assessments are available on the IT system then these should be printed and stored with chemicals at each site, as a hard copy.	Lack of regular review	A full COSHH Audit is recommended. This would entail the creation of a register of all chemicals used at site, the production of a COSHH Risk Assessment for each and the request/sourcing of an MSDS for each. It is recommended that these are kept in paper form where the chemicals are kept. If any chemicals are brought in to the site for use, a risk assessment and MSDS should be produced immediately, prior to both use and storage.	Oct 2019	Completed A register has been created. Risk assessment and data sheets are being obtained.
Issue 1	ESP	08.02.19	D Wall	System	System				Facilities management operates its own environmental management system separate to the centralised system. Although an environmental system is being used by the Facilities Manager and their department, this system is not the system which is used by Environmental Services team or the Sustainability Officer. This system has been devised by Facilities Management and operates independently. It is located on a shared drive which not accessible to anyone other than Facilities Management.	Consideration as to how appropriate the current EMS is should be undertaken, and discussions with building managers should determine the best course of action to manage the environmental risks, opportunities and compliance obligations at each site. A brief guide on the requirements of such a system should be produced.	Centralised system not appropriate for localised operational requirements of site.	Though best practice would be to have a system accessible by both the sites and the Sustainability Officer, a separate system for storage of documents and active environmental management would be appropriate as long as the IT and physical documents meet the legal and other compliance requirements of CBC.	Oct 2019	Legislation Update System (LUS) to be used to store EMS documentation. All sites will have access. Training to be provided September 2019.

Southfield Road Offices														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Issue 2	ESP	08.02.19	D Wall	Operational	Waste	Inability to fulfil compliance obligations	4	1	Clear waste bags filled with recycling and general waste mixed together were left next to the bins in the car park.	The reason for lack of collection by Serco must be determined via discussions with Serco. All of the bagged waste which is mixed should be disposed of in the general waste bin.	Currently unclear - though this is a new contract experiencing "teething problems"	A plan of action should be formed with Serco based on the discussion - e.g. More bins are needed if overflowing waste was the reason for the bags not being disposed of, or perhaps more education in waste segregation for building users.	Oct 2019	A change of waste contractor caused a capacity issue. This has now been resolved.
Issue 3	ESP	08.02.19	Environmental Services	System	Waste Documentation				There was no evidence available to suggest that CBC Environmental Services co-ordinate the consignment of waste batteries from the Southfield Road Offices. If this is the case, the relevant duty of care compliance paperwork needs to be produced.	This should be located and filed with the other waste duty of care compliance documentation as appropriate. If not available, then CBC Environmental Services should be contacted to obtain this information	Centralised system not appropriate for localised operational requirements of site.	The system which is used to store waste duty of care documentation should be easily accessible by all team members.	Oct 2019	Environmental Services progressing
Issue 4	ESP	08.02.19	D Wall	Operational	F-Gas	Inability to fulfil compliance obligations	4	2	There is no evidence to suggest that the engineers working on behalf of the Council are competent in F-Gas handling. An air conditioning cassette was used in the cafe cupboard. There is no evidence that the F Gas engineer from Incentive TEC has competency to carry out f-gas handling.	Incentive TEC should be contacted to obtain the f-gas competency of the last engineer to carry out f-gas inspections at site.	Lack of awareness that this was a requirement	Each time an F-gas engineer visits site, the competence should be requested either prior to or on the day of the visit, and a copy should be kept on file until the next visit.	Oct 2019	Complete
Recommendation 1	ESP	08.02.19	D Wall	Operational	Waste	Inability to fulfil compliance obligations	1	3	Items in storage areas are somewhat haphazardly placed and it is a concern of the auditor that it may not be known the status (i.e. Is it waste?) of some items	Labelling for items in storage areas should be considered to ease organisation	N/A	N/A	Oct 2019	Complete
Recommendation 2	ESP	08.02.19	D Wall	Operational	Waste	Landfill disposal of recyclable material	3	1	Food waste being disposed of in general office waste	Immediate Action is unlikely, but long term action is recommended.	Lack of staff co-operation.	Staff awareness raising programme	Oct 2019	Staff awareness raising to be put in place

Southfield Road Offices														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Recommendation 3	ESP	08.02.19	Environmental Services	Operational	Waste	Inability to fulfil compliance obligations	1	3	Badger carcasses should not be kept on site for more than 12 months without a waste permit	It should be determined whether any carcasses are in the bin.	No root cause analysis necessary - auditor required clarification	No action required.	Oct 2019	Isolated incident
Recommendation 4	ESP	08.02.19	D Wall	Operational	F-Gas	Inability to fulfil compliance obligations	2	4	The last F-Gas inspection was on the 05.01.18, therefore another is due now	Consult service agreement with Incentive TEC to determine date of next inspection.	Service agreement means F-Gas audit not covered for a full year.	The service agreement should be reviewed to ensure that the inspections mean Charnwood BC is compliant with law for a whole year.	Oct 2019	Completed

Woodgate Chambers														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 4	ESP	08.02.19	D Wall	Legal	Waste Documentation	Inability to fulfil compliance obligations	4	3	There is no hazardous waste consignment note for the transfer of waste fluorescent tubes from Woodgate Chambers to Southfield Road Offices. There is also no Upper Tier Waste Carriers Licence for Charnwood BC to transfer hazardous waste.	Stop transfers between sites until the correct course of action has been determined.	Lack of awareness that this was a requirement	CBC could set up collection of waste by Mercury Recycling Ltd. from Woodgate Chambers as and when needed (n.b. Waste should not be stored on site for more than 12 months). Alternatively, CBC could obtain an Upper Tier Waste Carriers Licence and ensure that each time waste is transferred between sites a hazardous consignment note is completed.	Oct 19	Housing Services required to obtain an Upper Tier Waste Carriers Licence All transfers have been stopped until the upper tier waste transfer licence has been obtained by Housing.

Woodgate Chambers

Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 5	ESP	08.02.19	D Wall	Legal	Waste Documentation	Inability to fulfil compliance obligations	4	2	General Waste and Mixed Recycling Waste Transfer Season Ticket 1.11.18 to 31.10.19 between CBC and Serco on behalf of CBC. A valid Waste Carrier's Licence must be present on the season ticket which is not currently evident.	Serco and Charnwood BC should determine the correct waste carrier's licence which should be included where missing.	No space on form for waste carriers licence	Discussions with waste providers should be undertaken so that templates of notes have all the appropriate information on. If needed, CBC could create own template of note to ensure compliance is achieved.	Oct 19	Completed
Page 37 NCR 6	ESP	08.02.19	D Wall	Legal	COSHH	Risk of release of chemicals to environment/human health if release not handled correctly or in timely manner	1	4	No COSHH R.A. or MSDS readily available. To manage environmental risk, it is important that COSHH Risk Assessments and Materials Safety Data Sheets (MSDS) are readily accessible in order to provide an emergency response to potential spills and release to air. These Risk Assessments and MSDS need to be readily accessible in the event of an emergency.	If COSHH Risk Assessments are available on the IT system then these should be printed and stored with chemicals at each site, as a hard copy.	Lack of regular review	A full COSHH Audit is recommended. This would entail the creation of a register of all chemicals used at site, the production of a COSHH Risk Assessment for each and the request/sourcing of an MSDS for each. It is recommended that these are kept in paper form where the chemicals are kept. If any chemicals are brought in to the site for use, a risk assessment and MSDS should be produced immediately, prior to both use and storage.	Oct 19	Completed A register has been created. Risk assessment and data sheets are being obtained.
Issue 5	ESP	08.02.19	D Wall	System	System	Inability to fulfil compliance obligations	3	1	Although an environmental system is being used by the Facilities Manager and their department, this system is not the system which is used by Environmental Services team or the Sustainability Officer. This system has been devised by Facilities Management and operates independently. It is located	Consideration as to how appropriate the current EMS is should be undertaken, and discussions with building managers should determine the best course of action to manage the environmental risks, opportunities and compliance	Centralised system not appropriate for localised operational requirements of site.	Though best practice would be to have a system accessible by both the sites and the Sustainability Officer, a separate system for storage of documents and active environmental management would be appropriate as long as the IT and	Oct 19	Legislation Update System (LUS) to be used to store EMS documentation. All sites will have access.

Woodgate Chambers														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
									on a shared drive which not accessible to anyone other than Facilities Management.	obligations at each site. A brief guide on the requirements of such a system should be produced.		physical documents meet the legal and other compliance requirements of CBC.		Training to be provided September 2019.
Recomm ndati on 5	ESP	08.02.19	D Wall	Operational	Waste	Fly-tipping	2	2	At Woodgate Chambers, the caged area containing the bins had a padlock loop but was not locked at the time of the visit. The bins were also not locked and one bin was overflowing with cardboard waste. It is recommended that this gate is locked to deter fly-tipping.	If the lock is broken or a padlock is required, this should be bought or sourced.	Ease of access prioritised over security of waste.	To avoid this occurring again, a check of the bin store is advised by whoever opens the building at the start of day. Signage stating that the bin area should be locked when not in use is also advised.	Oct 19	Completed Padlock now in place

Charnwood Museum														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 7	ESP	08.02.19	C Costelow	Legal	Waste Documentation	Inability to fulfil compliance obligations	3	3	General waste and recycling is collected by Veolia and is collected under mixed municipal waste 20 01 03. The waste transfer note season ticket is not signed by Charnwood BC. A signed copy of this note should be kept on file by Charnwood BC.	The transfer notes should be sought from the carriers.	Not receiving correct paperwork from Clear-a-Bee	Discussions with waste providers should be undertaken so that templates of notes have all the appropriate information on. If needed, Charnwood BC could create their own template of note to ensure compliance is achieved.	Oct 19	Being progressed
NCR 8	ESP	08.02.19	C Costelow	Legal	Waste Documentation	Inability to fulfil compliance obligations	3	3	Sanitary Waste Sanitary waste is collected by Initial. The waste transfer note provided has no SIC code.	Initial should be contacted to provide them with the correct SIC code for Charnwood BC.	Lack of clarity as to what the SIC code is used for on notes and what it actually is	Discussions with waste providers should be undertaken so that templates of notes have the appropriate SIC code. If needed, Charnwood BC could	Oct 19	Being progressed

Charnwood Museum														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
											(i.e. 84.11/0)	create their own template of a note to ensure compliance is achieved.		
									General Waste and Mixed Recycling General waste and recycling is collected by Veolia and is collected under mixed municipal waste. There is a discrepancy in the SIC code used on notes for the other sites.	Veolia should be contacted to provide them with the correct SIC code for Charnwood BC.	Lack of clarity as to what the SIC code is used for on notes and what it actually is (i.e. 84.11/0)	Discussions with waste providers should be undertaken so that templates of notes have the appropriate SIC code. If needed, CBC could create their own template of a note to ensure compliance is achieved.	Oct 19	Being progressed
Page 39 CR	ESP	08.02.19	C Costelow	Legal	Waste Documentation	Inability to fulfil compliance obligations	4	3	Mixed Recycling Mixed Recycling is collected through 'Love Loughborough' which is an initiative facilitated by Loughborough Business Improvement District. However, waste transfer documents have not been evidenced. The waste transfer documents could not be accessed at the time of audit.	The transfer notes should be sought from the carriers.	Not receiving or storing paperwork from Love Loughborough.	The system which is used to store waste duty of care documentation should be easily accessible by all team members, and should contain all duty of care waste documentation.	Oct 19	Being progressed
									Clear-a-Bee A weighbridge ticket has been provided for the collection of waste by Clear-a-Bee. This does not show details of the waste transfer.	The transfer notes should be sought from Clear-a-Bee.	Lack of record keeping and lack of awareness from Clear-a-Bee	Each time Clear-a-Bee come to site, Charnwood Museum staff should ask for a waste transfer note to sign before the operative leaves.	Oct 19	Being progressed

Charnwood Museum														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 10	ESP	08.02.19	C Costelow	Legal	COSHH	Risk of release of chemicals to environment/human health if release not handled correctly or in timely manner	1	4	No COSHH R.A. or MSDS readily available. To manage environmental risk, it is important that COSHH Risk Assessments and Materials Safety Data Sheets (MSDS) are readily accessible in order to provide an emergency response to potential spills and release to air. These Risk Assessments and MSDS need to be readily accessible in the event of an emergency. The notes are kept on the IT system and were not readily accessible.	If COSHH Risk Assessments are available on the IT system then these should be printed and stored with chemicals at each site, as a hard copy.	Lack of emergency planning	A full COSHH Audit is recommended. This would entail the creation of a register of all chemicals used at site, the production of a COSHH Risk Assessment for each and the request of an MSDS for each. It is recommended that these are kept in paper form where the chemicals are kept. If chemicals are being transported from the Museum to the Carillon, a COSHH folder should be kept in the Carillon also. If any chemicals are brought in to the site for use, a risk assessment and MSDS should be produced immediately, prior to both use and storage.	Oct 19	Being progressed
NCR 11	ESP	08.02.19	C Costelow	Legal	Air con	Inability to fulfil compliance obligations	4	3	There are no records of F-Gas inspections and servicing being carried out	If records can be found these should be placed in an easy to access place on the online system. These inspections should be undertaken annually so if no inspection is present one should be booked immediately.	Not known	Set up calendar reminders to ensure compliance is renewed annually. Reports should be placed in an easy to access place on the online system.	Oct 19	Being progressed
NCR 12	ESP	08.02.19	C Costelow	Legal	Air con	Inability to fulfil compliance obligations	4	3	There is no TM44 in place for the air conditioning unit used at site, which contains a refrigerant.	A TM44 inspection should be booked immediately.	Lack of awareness that this was a requirement	Set up calendar reminders to ensure compliance is renewed every 5 years. Reports should be placed in an easy to access place on the online system.	Oct 19	Check unit size. If under 12kw regulations do not apply.

Charnwood Museum														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Issue 6	ESP	08.02.19	C Costelow	System	System				NCR Previously raised about the equipment on the balcony has not been resolved after 6 months.	No immediate action can be taken but ensure sources of ignition are placed away from the items.	Lack of appropriate storage space	A more appropriate storage area needs to be found for if such an eventuality happens again. This should be in an area away from visitors.	Oct 19	Lottery bid in place for Carillon project Review storage options due to length of project
Issue 7	ESP	08.02.19	C Costelow	System	System				Facilities management operates its own environmental management system separate to the centralised system. This is not always easily accessible. Although an environmental system is being used by the Building Manager and their department, this system is not the system which is used by Environmental Services team or the Sustainability Officer. This system has been devised by Management of the Museum and operates independently. It is located on a drive which not accessible to anyone other than Museum Management.	Consideration as to how appropriate the current EMS is should be undertaken, and discussions with building managers should determine the best course of action to manage the environmental risks, opportunities and compliance obligations at each site. A brief guide on the requirements of such a system should be produced.	Centralised system not appropriate for localised operational requirements of site.	Though best practice would be to have a system accessible by both the sites and the Sustainability Officer, a separate system for storage of documents and active environmental management would be appropriate as long as the IT and physical documents meet the legal and other compliance requirements of CBC.	Oct 19	Legislation Update System (LUS) to be used to store EMS documentation. All sites will have access. Training to be provided September 2019.
Issue 8	ESP	08.02.19	C Costelow	Operational	Waste	Inability to fulfil compliance obligations	4	1	The waste cooking oil stored in the waste yard prior to collection is not stored sufficiently to avoid contamination of a nearby drain if the containment system were to fail.	A containment method is required which can hold at least 110% of the maximum amount of oil which will be stored at any one time. This could take the form of a drip tray or tank. If the waste oil must be stored outside then this should be covered to ensure that rain water does not fill the containment system.	Lack of awareness that this was a requirement.	A limit to the amount of oil (this must be under 200L) which can be stored in the containment system at any one time is required to be determined with the cafe, based on waste collection and use of oil. This will ensure that the containment method is not overfilled.	Oct 19	Being progressed

Charnwood Museum														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Recommendation 6	ESP	08.02.19	C Costelow	Operational	Waste				Waste fluorescent tubes should not be kept on site for more than 12 months. This is something the museum should be aware of for future reference.	Conversations with staff should determine when the fluorescent tubes became waste.	Lack of clarity and labelling	A labelling system for the waste tubes could be set up so that a sticker is added to each piece of waste and therefore how long it has been on site can be determined. These stickers should be checked every few months.	Oct 19	Being progressed
Recommendation 7	ESP	08.02.19	C Costelow	Operational	Energy				Investigation in to installation of de-stratification fans is recommended.	N/A	N/A	N/A	Oct 19	Being progressed
Recommendation 8	ESP	08.02.19	C Costelow	System	System				A root-cause analysis of the reason for storage of items on the balcony should be undertaken.	See Issue 6	See Issue 6	See Issue 6	Oct 19	Being progressed

Down Hall														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 13	ESP	08.02.19	K Cutts	Legal	Waste	Inability to fulfil compliance obligations	3	2	In the yard there are several paint tins with drying paint inside. This paint is drying so that it can be disposed of. There is risk that with lids off the tins, rain water could mix with wet paint and be released to the drains via run off. It could also contaminate the non-hazardous waste it is stored outside with.	These tins should either be stored inside away from drains, or outside in a bunded area.	Lack of emergency preparedness	A dedicated area for drying paint should be set up in or storage cupboard or similar area.	Oct 19	Being progressed A metal cabinet may be used to contain paint tins.
NCR 14	ESP	08.02.19	K Cutts	Legal	Waste Documentation	Inability to fulfil compliance obligations	4	1	Fluorescent tubes and batteries are collected by Mercury Recycling Ltd. and are stored in a secure coffin in the yard. The hazardous waste consignment note dated 22.03.18 shows the SIC code 43.21/0 which is different to the organisation's SIC code of	The correct SIC code for Charnwood BC should be communicated to Mercury Recycling Ltd. and Love Loughborough.	Lack of clarity as to what the SIC code is used for on notes and what it actually is (i.e. 84.11/0)	Discussions with waste providers should be undertaken so that templates of notes have the appropriate SIC code. If needed, the Council could create a template of note to ensure	Oct 19	Being progressed

Town Hall														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
									84.11/0. There is no SIC code on the waste transfer note between Love Loughborough and CBC.			compliance is achieved.		
NCR 15	ESP	08.02.19	K Cutts	Legal	COSHH	Risk of release of chemicals to environment/ human health if release not handled correctly or in timely manner	1	4	No COSHH R.A. or MSDS readily available. To manage environmental risk, it is important that COSHH Risk Assessments and Materials Safety Data Sheets (MSDS) are readily accessible in order to provide an emergency response to potential spills and release to air. These Risk Assessments and MSDS need to be readily accessible in the event of an emergency. The notes are kept on the IT system and were not readily accessible. Three chemicals were sampled which are used (C1T - RTU Cleaner Sanitiser, Bactosol Beerline Cleaner and Dr Johnson's Sterilising Fluid). MSDS sheets and COSHH assessments could not be found at the time of audit.	If COSHH Risk Assessments are available on the IT system then these should be printed and stored with chemicals at each site, as a hard copy.	Lack of review	A full COSHH Audit is recommended. This would entail the creation of a register of all chemicals used at site, the production of a COSHH Risk Assessment for each and the request/sourcing of an MSDS for each. It is recommended that these are kept in paper form where the chemicals are kept. If any chemicals are brought in to the site for use, a risk assessment and MSDS should be produced immediately, prior to both use and storage.	Oct 19	Being progressed
NCR 16	ESP	08.02.19	K Cutts	Legal	AHU	Inability to fulfil compliance obligations	4	3	There is no TM44 in place for the air handling units used at site, which contain a refrigerant.	A TM44 inspection should be booked immediately.	Lack of awareness that this was a requirement	Set up calendar reminders to ensure compliance is renewed every 5 years. Reports should be placed in an easy to access place on the online system.	Oct 19	Being progressed Inspection booked June 2019

Town Hall														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
	ESP	08.02.19	K Cutts	System	System				Facilities management operates its own environmental management system separate to the centralised system. This is not always easily accessible. Although an environmental system is being used by the Building Manager and their department, this system is not the system which is used by Environmental Services team or the Sustainability Officer. This system has been devised by Management of the Town Hall and operates independently. It is located on a drive which not accessible to anyone other than Town Hall Management. No evidence of waste duty of care compliance could be provided for General Waste (Bakers), Mixed Recycling (Bakers), Mixed Recycling (Love Loughborough Scheme), Glass (Bakers) and Sanitary Waste, as the team member who manages the waste compliance was off sick on the day of audit. This documentation should be readily accessible by at least one team member on site at any time to demonstrate compliance.	Consideration as to how appropriate the current EMS is should be undertaken, and discussions with building managers should determine the best course of action to manage the environmental risks, opportunities and compliance obligations at each site. A brief guide on the requirements of such a system should be produced.	Centralised system not appropriate for localised operational requirements of site.	Though best practice would be to have a system accessible by both the sites and the Sustainability Officer, a separate system for storage of documents and active environmental management would be appropriate as long as the IT and physical documents meet the legal and other compliance requirements of Charnwood BC.	Oct 19	Legislation Update System (LUS) to be used to store EMS documentation. All sites will have access. Training to be provided September 2019.

Town Hall														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Issue 10	ESP	08.02.19	K Cutts	Operational	AHU	Inability to fulfil compliance obligations	4	1	Carrier Air Handling undertake maintenance and are REFCOM registered (REF1009625). It is unclear whether the engineers working on behalf of the Council are competent in F-Gas handling.	Carrier Air Handling should be contacted to obtain the f-gas competency of the last engineer to carry out f-gas inspections at site.	Lack of awareness that this was a requirement	Each time an F-gas engineer visits site, the competence should be requested either prior to or on the day of the visit, and a copy should be kept on file until the next visit.	Oct 19	Completed
Recommendation 9	ESP	08.02.19	K Cutts	Operational	Waste				Waste in yard is mixed together and kept in a disorganised fashion.	Waste stored in the yard should be tidied and segregated properly.	N/A	Segregation of yard sections is recommended.		Being progressed
Recommendation 10	ESP	08.02.19	K Cutts	Operational	Energy				A lighting expert should be employed to determine a more energy efficient lighting solution for the foyer.					Being progressed
Recommendation 11	ESP	08.02.19	K Cutts	Operational	AHU				F-Gas equipment should be properly labelled.					Being progressed

Oak Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 17	ESP	08.02.20	D Wall E Oliff	Legal	Waste documentation	Inability to fulfil compliance obligations	4	2	Waste Transfer Season Ticket 1.11.18 to 31.10.19 between CBC and Serco on behalf of CBC needs a valid Waste Carrier's Licence must be present on the season ticket which is not currently seen.	Serco and Charnwood BC should determine the correct waste carriers licence which should be included where missing.	Lack of appropriate note provided by waste companies.	Discussions with waste providers should be undertaken so that templates of notes have all the appropriate information on. If needed, Charnwood BC could create a template of note to ensure compliance is achieved.	Oct 19	Completed
NCR 18	ESP	08.02.19	D Wall E Oliff	Legal	Waste documentation	Inability to fulfil compliance obligations	1	4	Waste Transfer Season Ticket 1.11.18 to 31.10.19 between CBC and Serco on behalf of CBC has a SIC Code on the waste transfer notes which does not reflect the SIC code for Charnwood BC as a whole. Waste Transfer Season Ticket 23.10.18 to 22.10.19 between CBC and Cathedral Hygiene - the SIC Code on the waste transfer notes does not reflect the SIC code for Charnwood BC as a whole	The correct SIC code for Charnwood BC should be communicated to Serco and Charnwood BC. The correct SIC code for Charnwood BC should be communicated to Cathedral Hygiene.	Lack of clarity as to what the SIC code is used for on notes and what it actually is (i.e. 84.11/0)	Discussions with waste providers should be undertaken so that templates of notes have the appropriate SIC code. If needed, the Council can create a template of note to ensure compliance is achieved.	Oct 19	Completed
NCR 19	ESP	08.02.19	D Wall E Oliff	Legal	Waste documentation	Inability to fulfil compliance obligations	4	3	A waste transfer note is required for transfer of waste fluorescent tubes from one site to another. There are waste fluorescent tubes in the basement of the Oak Business Centre. It was verbally confirmed that the tubes are removed regularly by the Property Team and taken to the coffin at the Southfield Road Offices. This transfer would require a hazardous waste consignment note for the movement of the waste tubes and the appropriate licence	The documents should be sourced on the IT system or requested from the waste management companies. If a hazardous note is not being produced for the transfer of fluorescent tubes, this should be completed at the next collection.	Lack of awareness that this was a requirement	The system which is used to store waste duty of care documentation should be easily accessible by all team members. If a hazardous note is not being produced for the transfer of fluorescent tubes, this should be completed for all collections.	Oct 19	Housing Services required to obtain an Upper Tier Waste Carriers Licence All transfers have been stopped until the upper tier waste transfer licence has been obtained by Housing,

Oak Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR 20	ESP	08.02.19	D Wall E Oliff	Legal	Waste documentation	Inability to fulfil compliance obligations	4	3	Several wooden pallets were stacked in the car park next to the bins. It was verbally confirmed that these are collected by another company but the paperwork is kept by the company with no paperwork for this retained at the Oak Business Centre. This paperwork is required to be kept on site, or on a digital readily accessible system, so that waste duty of care compliance can be demonstrated.	The paperwork should be acquired from the carrier immediately and kept on file.	Lack of awareness that this was a requirement	Each time the carrier comes to site, the Oak Business Centre staff should ask for a waste transfer note to sign before the operative leaves.	Oct 19	Being progressed
Page 47 NCR 21	ESP	08.02.19	D Wall E Oliff	Legal	COSHH	Risk of release of chemicals to environment/human health if release not handled correctly or in timely manner	3	2	No COSHH R.A. or MSDS readily available. To manage environmental risk, it is important that COSHH Risk Assessments and Materials Safety Data Sheets (MSDS) are readily accessible in order to provide an emergency response to potential spills and release to air. These Risk Assessments and MSDS need to be readily accessible in the event of an emergency. Although the cleaning cupboard has a signposting document to show where to access the COSHH Risk Assessments and MSDS's, these are not easily accessible in the case of an emergency.	If COSHH Risk Assessments are available on the IT system then these should be printed and stored with chemicals at each site, as a hard copy.	Lack of regular review	A full COSHH Audit is recommended. This would entail the creation of a register of all chemicals used at site, the production of a COSHH Risk Assessment for each and the request/sourcing of an MSDS for each. It is recommended that these are kept in paper form where the chemicals are kept. If any chemicals are brought in to the site for use, a risk assessment and MSDS should be produced immediately, prior to both use and storage.	Oct 19	Completed

Oak Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Issue 11	ESP	08.02.19	D Wall	System	System				Facilities management operates its own environmental management system separate to the centralised system. Although an environmental system is being used by the Facilities Manager and their department, this system is not the system which is used by Environmental Services team or the Sustainability Officer. This system has been devised by Facilities Management and operates independently. It is located on a shared drive which not accessible to anyone other than Facilities Management.	Consideration as to how appropriate the current EMS is should be undertaken, and discussions with building managers should determine the best course of action to manage the environmental risks, opportunities and compliance obligations at each site. A brief guide on the requirements of such a system should be produced.	Centralised system not appropriate for localised operational requirements of site.	Though best practice would be to have a system accessible by both the sites and the Sustainability Officer, a separate system for storage of documents and active environmental management would be appropriate as long as the IT and physical documents meet the legal and other compliance requirements of Charnwood BC.	Oct 19	Legislation Update System (LUS) to be used to store EMS documentation. All sites will have access. Training to be provided September 2019.
Issue 12	ESP	08.02.19	D Wall E Oliff	Operational	Waste	Inability to fulfil compliance obligations	4	2	There are loose cigarette butts on the ground in the car park.	These should be removed immediately by an appropriate party.	Lack of staff co-operation.	Verbal and written warnings and signage above cigarette bin.	Oct 19	Being progressed
Issue 13	ESP	08.02.19	D Wall E Oliff	Operational	Waste	Inability to fulfil compliance obligations	4	2	Fluorescent tubes loose and at risk of breakage.	It is recommended that tubes are stored in a coffin or similar box to reduce the risk of breakage.	Lack of awareness that this was a requirement.	As in immediate action.	Oct 19	Being progressed
Issue 14	ESP	08.02.19	D Wall E Oliff	Operational	Waste	Inability to fulfil compliance obligations	4	2	The bins are accessible to the public if the gates to the car park are open. There is not currently an issue with fly-tipping at this site, but the bins should be secured by the gate while not in use, or contained within a locked area, to keep the waste safe and secure.	The access to the bin area can perhaps be coordinated with a current key-fob system or similar.	Lack of awareness that this was a requirement.	As in immediate action.	Oct 19	Change in contractor has led to plastic bins with no lock rather than previous metal lockable containers
Recommendation 12	ESP	08.02.19	D Wall E Oliff	Operational	Waste				Items in storage areas are somewhat haphazardly placed and it is a concern of the auditor that it may not be known the status (i.e. Is it waste?) of some items	Labelling for items in basement should be considered to ease organisation.				Completed

Oak Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Recommendation 13	ESP	08.02.19	D Wall E Oliff	Operational	Energy				Outside lights in the car park were left on all day. Photocells for these lights could reduce the use of the lighting when not required	N/A				Being progressed

Ark Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
NCR Page 49 22	ESP	08.02.19	D Wall E Oliff	Legal	Waste documentation	Inability to fulfil compliance obligations	4	2	Waste Transfer Season Ticket 1.11.18 to 31.10.19 between CBC and Serco on behalf of CBC needs a valid Waste Carrier's Licence present on the season ticket which is not currently seen	Serco and Charnwood BC should determine the correct waste carriers licence which should be included where missing.	Lack of appropriate note provided by waste companies.	Discussions with waste providers should be undertaken so that templates of notes have all the appropriate information on. If needed, CBC could create own template of note to ensure compliance is achieved.	Oct 19	Completed
	ESP	08.02.19	D Wall E Oliff	Legal	Waste documentation	Inability to fulfil compliance obligations	4	2	Waste Transfer Season Ticket for mixed municipal waste between CBC and Serco on behalf of CBC does not reflect the SIC code for Charnwood BC as a whole. Waste Transfer Season Ticket between CBC and Cathedral Hygiene does not reflect the SIC code for Charnwood BC as a whole.	The correct SIC code for Charnwood BC should be communicated to Serco and Charnwood BC. The correct SIC code for Charnwood BC should be communicated to Cathedral Hygiene.	Lack of clarity as to what the SIC code is used for on notes and what it actually is (i.e. 84.11/0)	Discussions with waste providers should be undertaken so that templates of notes have the appropriate SIC code. If needed, Charnwood BC could create own template of note to ensure compliance is achieved.	Oct 19	Completed
	ESP	08.02.20	D Wall E Oliff	Legal	Water	Inability to fulfil compliance obligations	4	3	Charnwood BC require a permit for the discharge of trade effluent in to drains managed by the site, from the mobile vehicle washer	Charnwood BC require a permit for the discharge of trade effluent in to drains managed by the site, from the mobile vehicle washer	Lack of awareness that this was a requirement	Until a permit is acquired, a notice should be issued to tenants that they are not to order the mobile washing unit until further notice.	Oct 19	Being progressed All tenants have been notified 6 tenants have been identified with discharges to storm water Potential to cripple a small

Ark Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
														business if worked stopped immediately Cost for a site interceptor would require capital expenditure.
CR 25	ESP	08.02.19	D Wall E Oliff	Legal	COSHH	Risk of release of chemicals to environment/human health if release not handled correctly or in timely manner	1	4	No COSHH R.A. or MSDS readily available. To manage environmental risk, it is important that COSHH Risk Assessments and Materials Safety Data Sheets (MSDS) are readily accessible in order to provide an emergency response to potential spills and release to air. These Risk Assessments and MSDS need to be readily accessible in the event of an emergency.	If COSHH Risk Assessments are available on the IT system then these should be printed and stored with chemicals at each site, as a hard copy.	Lack of regular review	A full COSHH Audit is recommended. This would entail the creation of a register of all chemicals used at site, the production of a COSHH Risk Assessment for each and the request/sourcing of an MSDS for each. It is recommended that these are kept in paper form where the chemicals are kept. If any chemicals are brought in to the site for use, a risk assessment and MSDS should be produced immediately, prior to both use and storage.	Oct 19	Completed

Ark Business Centre														
Issue	Raised by	Date Raised	Process Owner	Subject of Non-Conformity	Area	Overall Risk Rating	Likelihood	Impact	Non-conformity	Immediate Recommended action	Root Cause	Corrective Action to be taken (how do we stop it happening again)	Follow-up by	Update May 2019
Page 51 Issue 15	ESP	08.02.19	D Wall E Oliff	System	System				Facilities management operates its own environmental management system separate to the centralised system. Although an environmental system is being used by the Building Manager and their department, this system is not the system which is used by Environmental Services team or the Sustainability Officer. This system has been devised by Management of the Ark Business Centre and operates independently. It is located on a drive which not accessible to anyone other than Ark Business Centre Management.	Consideration as to how appropriate the current EMS is should be undertaken, and discussions with building managers should determine the best course of action to manage the environmental risks, opportunities and compliance obligations at each site. A brief guide on the requirements of such a system should be produced.	Centralised system not appropriate for localised operational requirements of site.	Though best practice would be to have a system accessible by both the sites and the Sustainability Officer, a separate system for storage of documents and active environmental management would be appropriate as long as the IT and physical documents meet the legal and other compliance requirements of CBC.	Oct 19	Legislation Update System (LUS) to be used to store EMS documentation. All sites will have access. Training to be provided September 2019.
	ESP	08.02.19	D Wall E Oliff	Operational	Waste	Inability to fulfil compliance obligations	4	1	Waste segregation: recycling waste was found in the general waste bin in the outside bin area	Management at Ark Business are, in the opinion of the auditor, doing all they can to encourage tenants to segregate waste in the communal bins.	Lack of staff co-operation.	Though at the time of audit there was recyclable waste in the general waste, it is felt that Charnwood BC should continue with the level of education and communication with tenants which is currently in action.	Oct 19	Being progressed
	Issue 17	ESP	08.02.19	D Wall E Oliff	Operational	Waste documentation	Inability to fulfil compliance obligations	3	2	Printer cartridges were being collected in the foyer in cardboard box. It was verbally confirmed that they were removed by a courier. No service agreement was available.	Carrier Air Handling should be contacted to obtain the f-gas competency of the last engineer to carry out f-gas inspections at site.	Lack of awareness that this was a requirement	The system which is used to store waste duty of care documentation should be easily accessible by all team members, and whenever waste leaves site, the duty of care documentation should be signed and obtained.	Oct 19
Recommendation 14	ESP	08.02.19	D Wall E Oliff	Operational	Energy				Daylight sensors could reduce energy use in sunny areas of the building					Being progressed

Likelihood	Very Likely (4)	4	8	12	16
	Likely (3)	3	6	9	12
	Unlikely (2)	2	4	6	8
	Remote (1)	1	2	3	4
		Minor (1)	Significant (2)	Serious (3)	Major (4)
		Impact			

OVERALL RISK RATING	
12 - 16	HIGH
6 - 9	MODERATE
3 - 4	LOW
1 - 2	VERY LOW

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

Part A

ITEM INTERNAL AUDIT CHARTER

Purpose of Report

To present the Internal Audit Charter to the Committee for approval.

Recommendation

The Committee is recommended to approve the Internal Audit Charter as appended to this report.

Reason

To conform with the requirements of the Public Sector Internal Audit Standards (PSIAS).

Policy Justification and Previous Decisions

The PSIAS came into effect on 1st April 2013, they apply to all internal audit service providers, whether in-house, shared services or outsourced. The PSIAS (Attribute Standard 1000) requires organisations to have an Internal Audit Charter that formally defines the purpose, authority and responsibility of the internal audit activity, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

Implementation Timetable including Future Decisions

The Charter is reviewed annually and presented to the Audit Committee for approval.

Report Implications

The following implications have been identified for this report.

Financial Implications

None.

Risk Management

There are no risks associated with this decision.

Background Papers: None

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Part B

Background

1. The Public Sector Internal Audit Standards (PSIAS) came into effect on the 1st April 2013. The standards are the result of collaboration between CIPFA and the Institute of Internal Auditors (IIA) to develop a set of internal audit standards applicable to all areas of the UK public sector. The Standards apply to all internal audit service providers, whether in-house, shared services or outsourced.
2. CIPFA has also produced an Application Note as the sector –specific requirements for local government organisations. The PSIAS and the Local Government Application Note together supersede the 2006 CIPFA Code of Practice for Internal Audit in Local Government in the UK.
3. Although the PSIAS do not fundamentally differ to the Code, one additional requirement of the PSIAS is for the organisation to have an Internal Audit Charter.

The Charter is defined in the PSIAS as: ‘a formal document that defines the purpose, authority and responsibility of the internal audit activity’.

4. In the public sector, the internal audit charter must also:
 - a. define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity;
 - b. cover the arrangements for appropriate resourcing;
 - c. define the role of internal audit in any fraud-related work; and
 - d. include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.
5. The ‘board’ is described as:

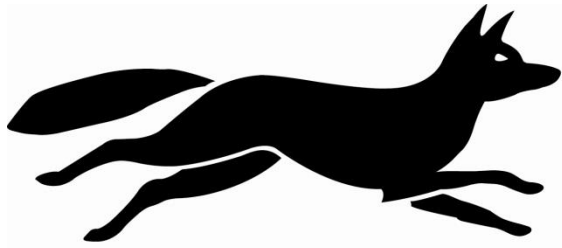
“the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting”.

In a local authority it is the responsibility of the Chief Audit Executive (CAE) and the organisation to decide which group fulfils this definition and document this in the Charter. At their meeting of 30th April 2014, the Senior Management Team approved the CAE’s proposal for the fulfillment of this role to be undertaken by the Audit Committee.

6. The Charter is required to be approved by ‘senior management’ and the ‘board’, and thereafter reviewed annually by the Chief Audit Executive and presented for approval to both ‘senior management’ and the ‘board’. The Charter was reviewed during May 2019 and an amendment made to section 3.6 to clarify arrangements in the event that the Audit & Risk Manager post is vacant.

Appendices:

Appendix A – Internal Audit Charter (May 2019)



Charnwood



CHARNWOOD BOROUGH COUNCIL

INTERNAL AUDIT CHARTER

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1. Introduction

The Public Sector Internal Audit Standards (PSIAS), Attribute Standard 1000, require that the purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter (hereafter referred to as the Charter), consistent with the *Mission of Internal Audit* and the mandatory elements of the International Professional Practices Framework (the *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *Standards* and the *Definition of Internal Auditing*). The chief audit executive is required to periodically review the Charter and present it to senior management and the 'board' for approval. Final approval of the Charter resides with the 'board'.

The Charter establishes the internal audit activity's position within the Council, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

2. Mission of Internal Audit

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

3. Definitions

For the purposes of this charter the following definitions will apply:

3.1 Internal Audit

The definition of Internal Audit as set out in the PSIAS:

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

3.2 Assurance

The PSIAS defines assurance engagements as:

'An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.'

3.3 Consultancy

The PSIAS defines consulting services as follows:

'Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility.'

3.4 The 'Board'

The Board is defined as:

'the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting'.

Within this Council the role of the 'Board' will be fulfilled by the Audit Committee.

3.5 Senior Management

Senior Management is defined as:

'those responsible for the leadership and direction of the Council'.

Within this Council the role of 'Senior Management' will be fulfilled by the Senior Management Team (SMT).

3.6 Chief Audit Executive

The Chief Audit Executive is described as:

'a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Definition of Internal Auditing, the Code of Ethics and the Standards. The Chief Audit Executive or others reporting to the Chief Audit Executive will have appropriate professional certifications and qualifications'.

Within this Council the role of the Chief Audit Executive will be fulfilled by the Audit and Risk Manager (or if that post is vacant, by the Head of Strategic Support, providing that person is suitably qualified and experienced).

4. Purpose of Internal Audit

The Accounts and Audit Regulations 2015 (Regulation 5 (1)) require that local authorities to which this regulation applies 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

As an independent appraisal function, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of processes and controls across the entire Council.

5. Professionalism

The internal audit activity will govern itself by adherence to the Public sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The service, and individual staff, will be governed by the Code of Ethics of the relevant professional bodies of which they are a member, and all codes and policies operated by the Council including the standard operating procedures set out in the Internal Audit Manual.

6. Authority of Internal Audit

The authority of Internal Audit is as set out in the Council's Financial Regulations that form part of the Constitution.

The Head of Strategic Support has nominated a head of internal audit (the Audit & Risk Manager) who has the right to direct access to the Head of Paid Service, the Cabinet and the Audit Committee where necessary.

Internal audit staff have access to all Council property and assets at any reasonable time and have the authority to apply any test or check they deem necessary to the accounts, cash, securities or other properties or records which relate in any way to the operations of the Council and can require and receive such explanations from any Officer or Member as deemed necessary.

All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

7. Organisation

The Internal Audit function sits within the Audit and Risk Team of the Strategic Support service that forms part of the Corporate Services Directorate.

The Head of Strategic Support, who also fulfils the role of the Council's Monitoring Officer, reports directly to the Strategic Director of Corporate Resources, who fulfils the role of the Council's Section 151 Officer, and also reports functionally to the Audit Committee (Board).

Under the Council's Constitution, the Head of Strategic Support is responsible for maintaining an adequate and effective internal audit function and the nomination

of an officer to act as the head of internal audit (Chief Audit Executive). The Audit and Risk Manager is the nominated head of internal audit and is responsible for the day to day management of the Internal Audit function.

The Chief Audit Executive has free and unfettered access to the Chief Executive, Section 151 Officer, Monitoring Officer and the Chair of the Audit Committee.

The Chief Audit Executive will communicate and interact directly with the Board, including in and between Board meetings as appropriate.

8. Responsibility of Internal Audit

The key responsibilities of Internal Audit are as laid out in the Council's Financial Regulations:

- The Head of Strategic Support is responsible for maintaining an adequate and effective internal audit function.
- The internal audit function will operate in accordance with the Public Sector Internal Audit Standards
- The internal audit function is responsible for providing assurance on the Council's system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- In fulfilling their responsibilities Internal audit staff will undertake effective reviews of systems and procedures on a regular basis.

9. Scope of Internal Audit

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance.
- Effectiveness and efficiency of operations and employment of resources.
- Compliance with significant policies, plans, procedures, laws, and regulations.
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information.
- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of the entity including governance processes and risk management processes. It also assists the Audit Committee in evaluating the quality of performance of external auditors and maintains proper degree of coordination with internal audit.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the Board or management, as appropriate.

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Board and to Senior Management, including fraud risks, governance issues, and other matters needed or requested by the Board.

10. Independence and Objectivity

The internal audit activity will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the board, at least annually, the organisational independence of the internal audit activity.

The independence of the Chief Audit Executive is safeguarded by the Chief Executive reviewing and countersigning the performance reviews of the Chief Audit Executive and feedback is also sought from the Chair of the Audit Committee.

11. Internal Audit Plan

At least annually, the Chief Audit Executive will submit to the Board an internal audit plan for review and approval, including risk assessment criteria. The internal audit plan will include timing as well as budget and resource requirements for the next fiscal year. The Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management and the board. Prior to submission to the Board for approval, the plan will be

discussed with senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

12. Internal Audit Resources

The Chief Audit Executive will hold an appropriate professional qualification (CMIIA, CCAB or equivalent) and have extensive internal audit experience.

The Head of Strategic Support is responsible for providing the Chief Audit Executive with the appropriate resources to maintain an adequate and effective internal audit service.

The Chief Audit Executive will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit plan.

13. Reporting and Monitoring

A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The final version of the internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response is required to include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain on the outstanding recommendations record until cleared.

14. The Role of Internal Audit in Fraud Related Work

The role of Internal Audit in fraud related work is set out in the following Council documents:

- Financial Regulations
- Anti – Fraud, Corruption, and Bribery Strategy
- Whistleblowing Policy
- Fraud Response Plan.

The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with management. Completion of planned audit work assists this process by highlighting areas where controls are inadequate or are not operating as intended.

15. Performance of Non – Audit Activities

The Chief Audit Executive has line management responsibility for the Council's health and safety, insurance and risk management functions which form part of the Audit and Risk Team. To maintain independence and avoid conflict of interest any internal audits of these functions will be undertaken by an externally procured resource.

Where individual internal auditors undertake non – audit activities, for example in participating in corporate projects in a non – audit role, the auditor involved will not participate in future audits of the service/project area until at least one year has elapsed from completion of the activity.

16. Periodic Assessment

The Chief Audit Executive is responsible for periodically providing a self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the Chief Audit Executive will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

The Chief Audit Executive will agree the scope of external assessments with the Head of Strategic Support and the Chair of the Audit Committee.

17. Review

The Chief Audit Executive will review this Charter annually and present it to senior management and the Board for approval.

AUDIT COMMITTEE – 11TH JUNE 2018

Report of the Head of Strategic Support

Part A

ITEM ALLOWANCES AND EXPENSES CLAIMED BY
COUNCILLORS AND CO-OPTED MEMBERS 2018/19

Purpose of Report

To consider the amounts claimed by members of the Borough Council and co-opted members under the Council's Members' Allowances Scheme for 2018/2019.

Recommendations

1. That the amounts claimed in allowances and expenses by Councillors and co-opted members be noted; and
2. that any issues arising from the report be referred to the Head of Strategic Support for further investigation.

Reasons

1. To enable the Committee to ensure that the operation of the Members' Allowances Scheme complied with the published standards and controls.
2. To ensure that the issues could be investigated and a response given, and if necessary recommendations made for addressing any unresolved issues.

Policy Justification and Previous Decisions

The role of the Audit Committee is to provide part of the Council's assurance/compliance framework, including considering the Council's compliance with its own and other published standards and controls.

Implementation Timetable including Future Decisions

Any issues that the Committee identify should be referred to the Head of Strategic Support for further investigation and a further report if necessary.

Report Implications

The following implications have been identified for this report.

Financial Implications

None.

Part B

Background

1. The Council's Members' Allowances Scheme is reviewed by an Independent Remuneration Panel which makes recommendations to Council on the Allowances to be paid to Councillors and co-opted members and what expenses can be claimed and the criteria under which a claim can be made.
2. The Regulations require the Panel to produce a report making recommendations to the Council, so it can set:
 - the amount of basic allowance;
 - whether special responsibility allowances should be paid and, if so, the duties to which they should apply and the amounts of those allowances;
 - whether an allowance relating to the expense of arranging for the care of children or dependents should be available (carers' allowance) and, if so, the amount of that allowance;
 - whether travelling and subsistence allowances should be available and, if so, the duties for which they should be payable and the amounts of those allowances; and
 - whether a basic allowance should be paid to co-opted members and, if so, the amount of that allowance.
3. For the year 2018/2019, the recommendations of the Panel and revised Scheme were approved at the Council meeting on 25th March 2019 (Council Minute 91.4 2018/2019).
4. The Local Authorities (Members' Allowances) (England) Regulations 2003 require each local authority to publish details of allowances paid to each Councillor for the previous year. The information for the financial year 2018/2019 is attached as an Appendix to this report.

Appendices

Appendix – Allowances and Expenses paid to Councillors and Co-opted Members (April 2018 to March 2019).

CHARNWOOD BOROUGH COUNCIL - ALLOWANCES AND EXPENSES PAID TO COUNCILLORS AND CO-OPTED MEMBERS (April 2018 to March 2019)

		Basic Allowance	Mayor Allowance	Leader Allowance	Deputy Leader Allowance	Cabinet	Opp Leader Allowance	Special Resp Allowance	Co-opt Chair	Co-opt Member	Expenses and Subsistence	Fares	Mileage	Total
Councillors														
* Baines	Paul	1,418.83												1,418.83
Barkley	Tom	5,075.04			8,775.96	2,507.52								16,358.52
Bebbington	William	5,075.04						1,506.00						6,581.04
Bentley	Iain	5,075.04												5,075.04
Bokor	Jenny	5,075.04				5,015.04							662.40	10,752.48
Bradshaw	Julie	5,075.04												5,075.04
Brookes	Matthew	5,075.04												5,075.04
Campsall	Roy	5,075.04												5,075.04
Capleton	John	5,075.04						3,020.18					346.50	8,441.72
Cooper	Beatrice	5,075.04												5,075.04
Draycott	Mary	4,974.96												4,974.96
Forrest	Sandie	5,075.04						1,506.00						6,581.04
Fryer	Hillary	5,075.04						3,510.96						8,586.00
Gaskell	David	5,075.04						640.05						5,715.09
Gerrard	Sue	5,075.04											684.00	5,759.04
Grimley	Daniel	5,075.04											348.30	5,423.34
Hachem	Harley	5,075.04										36.00		5,111.04
Hadji-Nikolaou	Leon	5,075.04												5,075.04
Hamilton	Colin	5,075.04												5,075.04
Hampson	Stephen	5,075.04												5,075.04
Harper-Davies	Leigh	5,075.04				5,015.04								10,090.08
Harris	Christine	5,075.04	6,284.86											11,359.90
Harris	Keith	5,075.04						1,506.00						6,581.04
Hayes	David	5,075.04												5,075.04
Huddlestone	Richard	5,075.04												5,075.04
* Hunt	Jane	3,933.16												3,933.16
* Jones	Renata	1,661.88						101.05						1,762.93
Jukes	Ron	5,075.04												5,075.04
Lowe	Mark	5,075.04						856.24						5,931.28
Mercer	Paul	5,075.04				5,015.04								10,090.08
Miah	Jewel	5,075.04					4,203.00	1,755.48						11,033.52
Morgan	Jonathan	5,075.04		12,537.96								69.78	303.50	18,224.78
Murphy	Paul	5,075.04												5,075.04
Pacey	Ken	5,075.04											330.75	7,912.83
Page	Brian	5,075.04				593.18		3,306.08						8,974.30
Paling	Andy	5,075.04												5,075.04
Parsons	Geoff	5,075.04						3,510.96						8,586.00
Parton	Ted	5,075.04												5,075.04
Poland	James	5,075.04				5,015.04								10,090.08
Radford	Christine	5,075.04											125.55	5,200.59
Ranson	Pauline	5,075.04	981.42					1,299.53					43.20	7,399.19
* Rattray	Shona	2,777.17												2,777.17
Rollings	Roy	5,075.04				1,872.62								6,947.66
Savage	John	5,075.04												5,075.04
Seaton	Brenda	5,075.04	1,509.68					3,510.96					307.80	10,403.48
Shepherd	Richard	5,075.04												5,075.04
* Slater	David	424.82						297.01						721.83
Smidowicz	Margaret	5,075.04				5,015.04						66.85	67.05	10,223.98

		Basic Allowance	Mayor Allowance	Leader Allowance	Deputy Leader Allowance	Cabinet	Opp Leader Allowance	Special Resp Allowance	Co-opt Chair	Co-opt Member	Expenses and Subsistence	Fares	Mileage	Total
Smith	Luke	5,075.04												5,075.04
Snartt	David	5,075.04												5,075.04
* Sutherland	John	2,619.38											43.20	2,662.58
Tassell	Joan	5,075.04						865.95						5,940.99
Taylor	Deborah	5,075.04				4,421.86		415.27			2.80	4.20	854.55	10,773.72
Tillotson	Jenni	5,075.04						753.00						5,828.04
Vardy	Eric	5,075.04				5,015.04					12.60		1,209.60	11,312.28
Co-opted Members														
Angell	Bev								3,510.96					3,510.96
* Ball	Victoria									275.11				275.11
Cleere	Patrick									199.92				199.92
Crick	Betty									252.96				252.96
* Marchant	Dennis									252.96				252.96
Moss Waghorn	Gill									199.92				199.92
Smith	Paul									200.04				200.04
		261,412.12	8,775.96	12,537.96	8,775.96	39,485.42	4,203.00	30,867.76	3,510.96	1,380.91	85.18	410.55	5,261.40	376,707.18

* Only served for part of the year

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

Part A

ITEM ANNUAL UPDATE RE THE ANTI- FRAUD & CORRUPTION STRATEGY AND WHISTLE - BLOWING POLICY

Purpose of Report

To provide information on the operation of the Anti-Fraud & Corruption Strategy and Whistle-blowing Policy during 2018/19.

Recommendations

The Committee is requested to note the information on the operation of the Anti-Fraud & Corruption Strategy and the Whistle-blowing Policy.

Reason

To ensure the Committee is kept up to date on the operation of the policies, and instances where they have been applied.

Policy Justification and Previous Decisions

The Council is obliged under the Public Interest Disclosure Act to maintain a Whistle-blowing Policy, designed to encourage staff, elected Members, contractors and the public to raise legitimate concerns about wrong-doing within the Council without fear of reprisal. In line with its role of community leadership, and its responsibilities for the stewardship of public funds, the Council also has an Anti-fraud & Corruption Strategy setting out how cases of fraud and corruption will be prevented, and how suspicions will be dealt with.

Implementation Timetable including Future Decisions

Updates will continue to be provided to the Committee on an annual basis.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no financial implications relating to this report

Risk Management

There are no risks arising from this report.

Background Papers: None

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Part B

1. Background

All new members of staff receive awareness training re the documents as part of their Induction process. The Whistle-blowing Policy is also provided to potential suppliers as part of the procurement process.

2. Policy Documents

The documents have been reviewed and no amendments have been identified.

3. Whistleblowing Notifications

No whistleblowing notifications were received during the year.

4. Fraud

Investigation of housing benefit fraud is now undertaken by the DWP Single Fraud Investigation Service and the DWP Fraud and Error Service.

No other instances of fraud or corruption were identified during the year.

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

Part A

ITEM ANNUAL INTERNAL AUDIT REPORT

Purpose of Report

The purpose of this report is to present the Annual Internal Audit report, which is one of the sources of evidence used to inform the production of the Annual Governance Statement, which will be considered by the Committee at its meeting on 24th July 2019.

Recommendation

The Committee notes the annual report of the Chief Audit Executive as appended to this report.

Reason

To enable the Committee to consider the report prior to receiving the Annual Governance Statement for consideration at its meeting of the 24th July 2019.

Policy Justification and Previous Decisions

As set out in Public Sector Internal Audit Standard (PSIAS) 2450, the Chief Audit Executive must provide an annual report to the board (Audit Committee) timed to support the Annual Governance Statement. This report and opinion should be considered as part of the evidence supporting the Annual Governance Statement.

Implementation Timetable including Future Decisions

The Annual Governance Statement will be considered by the Audit Committee at its meeting of the 24th July 2018.

Report Implications

The following implications have been identified for this report.

Financial Implications

There are no financial implications relating to this report.

Risk Management

There are no specific risks relating to this report.

Background Papers:

None

Officers to contact:

Adrian Ward

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Part B

Annual Internal Audit Report and Opinion 2018/19

1. Opinion on the Overall Adequacy and Effectiveness of the Council's Governance, Risk Management and Internal Control Environment

Based upon the work undertaken by Internal Audit during the year, moderate assurance can be given that the Council's overall framework of governance, risk management and internal control is adequate and effective, subject to any qualification set out below.

2. Qualifications to the Opinion

There are no qualifications to the opinion given in this report.

3. Independence of Internal Audit

There have been no impairments to the independence of internal auditors during the period 2018/19.

4. Summary of Audit Work Undertaken

A summary of the audit work undertaken during the year, and the opinions arising from each audit, is attached at Appendix A. The outcomes of each assignment have been reported to the Audit Committee as they occurred during the year.

5. Comparison of Audit Work Undertaken to that Planned.

Appendix A provides a summary of work undertaken against that planned.

There has been some slippage with the completion of the Audit Plan during the financial year with a number of audits still in progress at the 31st March 2019. A provision was included in the 2019/20 Audit Plan to allow for completion of those audits that had not been fully completed by the end of March 2019.

6. Issues Relevant to the Preparation of the Annual Governance Statement

No audits undertaken during the year resulted in a 'Limited' assurance opinion.

There were no other issues identified by Internal Audit during the year that are relevant to the preparation of the Annual Governance Statement. A special investigation was undertaken in relation to delays in banking income within the Sport & Active Recreation team, but the amounts involved were not significant and recommendations have been implemented to prevent similar occurrences in the future.

7. Performance of Internal Audit

The following table outlines the results against the local performance indicators relating to Internal Audit for the year ended 31 March 2019:

Indicator	Target	Result	Notes
Percentage of clients satisfied or very satisfied with the services provided by Internal Audit	90%	-	Annual survey to be undertaken.
Percentage of agreed Internal Audit plan delivered	90%	87.8%	Allowance made in the 2019/20 audit plan to complete slippage
Percentage of agreed recommendations arising from internal audits implemented by the agreed date.	80%	79%	April 2018– March 2019 (105 / 133 recommendations)

8. Quality Assurance and Improvement Programme.

Internal Assessments

Under the requirements of the PSIAS, the quality of internal work is required to be assessed periodically by the Chief Audit Executive. The monitoring arrangements currently in place include:

- Ongoing monitoring of the performance and quality of internal work is completed throughout the year. All internal audit work completed is reviewed by the Audit and Risk Manager.
- Annual customer satisfaction questionnaires are issued to Heads of Service at the end of the financial year.
- Quarterly progress reports are provided to the Senior Management Team and the Audit Committee;
- Under the Accounts and Audit Regulations 2015 (Regulation 6), the Council is required to undertake an annual review of the effectiveness of its system of internal control. The performance and effectiveness of internal audit will form part of this review.

External Assessments

External assessments are required to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. An external assessment was undertaken in June 2016. The results of the external assessment were reported to the Audit Committee at their meeting held 6th September 2016.

9. Conformance with the Public Sector Internal Audit Standards (PSIAS)

The external quality assessment undertaken in June 2016 identified no areas of work that did not comply with the Standards, although some areas of partial compliance were identified. A number of medium priority recommendations and lower priority suggestions were made to improve compliance with the standards and an Action Plan produced which has now been addressed.

Annex

Comparison of planned work to work completed for 2018/19

Annex – Comparison of planned work to work completed for 2018/19

2018/19 Audit Plan	Plan Days	Spent Days (30.04.19)	Status as at 30.04.19	Assurance Level	Corporate Significance
Key Financial Systems					
<i>Full Systems Audit</i>					
Accountancy & Budgetary Control	10.00	10.00	Completed	Substantial	High
Payroll	10.00	3.00	In Progress		
Capital Accounting	8.00	8.00	Completed	Substantial	High
Non-Domestic Rates	8.00	9.50	In Progress		
<i>Targeted Testing:</i>					
Creditors	3.00	1.50	In Progress		
Debtors	2.00	5.50	In Progress		
Income Collection	2.00	0.50	In Progress		
Housing Benefits and Council Tax Support	3.00	3.50	Draft Report issued		
Council Tax	3.00	3.00	Completed	Substantial	High
Housing Rents	3.00	0.00	Scheduled		
<i>Quarterly Testing:</i>					
Treasury Management	2.00	2.00	Completed	N/A	
Bank Reconciliation	2.00	2.00	Completed	N/A	

2018/19 Audit Plan	Plan Days	Spent Days (30.04.19)	Status as at 30.04.19	Assurance Level	Corporate Significance
Sub Total – KFS Reviews	56.00	48.50			
Strategic & Service Risk Audits					
NFI/Counter Fraud	10.00	10.00	Completed	N/A	
Homelessness	12.00	13.00	Completed	Substantial	High
Decent Homes Contract	15.00	0.50	Scheduled		
Grants to Community Groups (Landlord Services)	8.00	5.50	Completed	Moderate	Low
Licensing	10.00	2.00	Scheduled		
Car Parking fees	12.00	2.25	Scheduled		
Enforcement (Cross cutting)	20.00	18.50	Draft Report issued		
Revenues & Benefits Contract	12.00	11.00	In Progress		
Performance Management	10.00	7.50	In Progress		
Staff Allowances & Expenses	10.00	10.25	Completed	Moderate	Low
Garden Waste Scheme	10.00	11.00	Completed	Moderate	Medium
Sport & Active Recreation	10.00	10.00	Completed	Substantial	Low
CCTV	8.00	0.50	Scoping undertaken		
Mayoralty	8.00	4.50	Completed	Substantial	Medium
Holiday pay/flexi/toil policies and application.	12.00	10.50	Draft report issued		

2018/19 Audit Plan	Plan Days	Spent Days (30.04.19)	Status as at 30.04.19	Assurance Level	Corporate Significance
ASB (cross cutting use of Sentinel etc)	9.00	10.00	Completed	Moderate	High
Corporate Credit Cards	10.00	10.00	Completed	Moderate	Medium
Sub Total – Strategic & Services Audits	184.00	137.00			
Other Work					
Recommendations - Follow Ups	20.00	20.00	Completed	N/A	
Ad Hoc Investigations/Contingency	30.00	7.50	N/A	N/A	
Allowance to complete 2017/18 Audits	10.00	50.00	N/A	N/A	
Sub Total – Other work	60.00	77.50			
TOTAL – Audit Plan (not including IT externally resourced audit)	300.00	263.00			

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

Part A

ITEM INTERNAL AUDIT PROGRESS REPORT

Purpose of Report

The report summarises the progress against audits for the 2018/19 Audit Plan and outlines the key findings from final audit reports and details of follow-up work completed since the previous progress report considered by the Audit Committee at the meeting held 26th February 2019.

Recommendation

The Committee notes the report.

Reason

To ensure the Committee is kept informed of progress against the approved Internal Audit Plan.

Policy Justification and Previous Decisions

The Accounts and Audit Regulations 2015 state (Regulation 5 (1)) that the relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and any appropriate guidance.

Implementation Timetable including Future Decisions

Reports will continue to be submitted to the Committee on a quarterly basis.

Report Implications

The following implications have been identified for this report:

Financial Implications

None

Risk Management

There are no specific risks associated with this report

Background Papers:

Final Internal Audit Reports

Officers to contact:

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Part B

1. Progress against the 2018/19 Audit Plan

Progress against the 2018/19 plan is summarised in Appendix A, which shows that there continues to be some slippage due to staff resourcing issues. At the last Audit Committee, it was reported that a total of 48 days additional resource were being procured, which has enabled two financial system audits and two service audits to be undertaken:

Accountancy and Budgetary Control – 10 days
Capital Accounting – 8 days
Enforcement – 20 days
Holiday Entitlement/Flexi/TOIL – 10 days

There is an allowance included within the 2019/20 audit plan to complete the outstanding audits from the 2018/19 plan.

IT Audits – IT audits are undertaken by an external contractor and as scheduled the 2019/20 audit on Cyber Security is in progress. In addition, the two remaining IT Audits 2019/20 (Disaster Recovery and IT Helpdesk/Demand Management) have been scheduled for September 2019 and January 2020, respectively.

2. Internal Audit Resourcing

The Head of Strategic Support is currently fulfilling the role of the Council's chief audit executive in the current absence of a full-time Audit and Risk Manager.

There is funding available from the budgets for currently vacant internal audit posts to procure additional support to deliver planned audits so that the 2018/19 and 2019/20 audit plans can be delivered.

Following recent staff turnover, various options have been considered and evaluated for resourcing the internal audit function moving forwards. As a result of these considerations, discussions are currently underway with two neighbouring authorities in Leicestershire who already successfully operate a shared internal audit service with a view to Charnwood joining that arrangement.

If this option proceeds, the three authorities would share a designated chief audit executive, and a pool of suitably qualified and experienced internal audit staff, including the remaining Auditor still employed by Charnwood. It is anticipated that this option would improve resilience, and also offer opportunities to share staff skills and experience more widely. There may also be potential financial savings available over time, although the main aim is to have a more resilient internal audit function.

3. Final Audit Reports Issued

The following final audit reports have been issued since the last update report to the Committee. Further detail in respect of these audits is attached in Appendix B, including a background section, the executive summary, and the agreed action plan listing recommendations made and the management responses.

Audit	Field Work Completed	Draft Report Issued	Final Report Issued	Current Level of Assurance	Previous Audit Level of Assurance	Corporate Significance
Council Tax 2018/19	Feb-19	Feb-19	Feb-19	Substantial	Substantial	High
Homelessness 2018/19	Jan-19	Jan-19	Feb-19	Substantial	Substantial	High
Sports and Active Recreation 2018/19	Feb-19	Mar-19	Apr-19	Substantial	Moderate	Low
Accountancy and Budgetary Control 2018/19	Mar-19	Mar-19	Apr-19	Substantial	Substantial	High
Capital Accounting 2018/19	Mar-19	Mar-19	Mar-19	Substantial	Substantial	High

4. ICT Audits

There have been no final audit reports issued since the last update report to the Committee.

5. Follow Up of Recommendations

The table below summarises the follow-up status of recommendations which were due to be implemented during the quarter January 2019 – March 2019.

The status of recommendations is as follows:

	Priority Level	Implemented	Not Implemented	No Further Action
Jan - Mar 2019	High	2	0	0
	Medium	8	0	0
	Low	12	1#	0
Percentages		96%	4%	0%

The recommendation was implemented in the following month.

6. Special Investigations

One special investigation has been undertaken during the reporting period. The investigation was in respect of income collection for Sports and Active Recreation. Concerns were raised by the Cash Office on the 24th October 2018 when income dating back to September 2017 was presented for banking. A review of the collection, recording and banking of income was due to be undertaken as part of the 2018/19 audit on Sports and Active Recreation, however as the findings of this particular area

of testing could impact on the assurance rating in the other areas of risk reviewed, it was decided to report this separately.

Following the incident revised procedures for handing income have been introduced and recommendations have been made to review income procedures with regard to cash handling.

7. Performance Indicators for Internal Audit

The following summary outlines the results against the local performance indicators for Internal Audit for 2018/19.

Indicator	Target	Result	Notes
Percentage of clients that rated the performance of Internal Audit as satisfactory or higher.	90% (Annual)	-	Annual survey for 2018/19 to be undertaken
Percentage of the agreed 2018/19 Internal Audit plan delivered (as at 30/04/2019).	90%	87.8%	See commentary in Section 1 of Part B of this report. Percentage completed is based upon actual time spent on 2018/19 planned audits.
Percentage of agreed recommendations arising from internal audit reviews implemented by the agreed date (as at 31.03.19)	80%	96%	Jan – March 2019 (22/23 recommendations)

Appendices

Appendix A – Summary of progress against the 2018/19 Audit Plan as at the 30th April 2019

Appendix B – Summary of Final Audit Reports Issued

Appendix C – Recommendations not implemented by the Agreed Date as at 31st March 2019

PROGRESS AGAINST THE 2018/19 AUDIT PLAN

2018/19 Audit Plan	Plan Days	Spent Days (30.04.19)	Status as at 30.04.19	Assurance Level	Corporate Significance
Key Financial Systems					
<i>Full Systems Audit</i>					
Accountancy & Budgetary Control	10.00	10.00	Completed	Substantial	High
Payroll	10.00	3.00	In Progress		
Capital Accounting	8.00	8.00	Completed	Substantial	High
Non-Domestic Rates	8.00	9.50	In Progress		
<i>Targeted Testing:</i>					
Creditors	3.00	1.50	In Progress		
Debtors	2.00	5.50	In Progress		
Income Collection	2.00	0.50	In Progress		
Housing Benefits and Council Tax Support	3.00	3.50	Draft Report issued		
Council Tax	3.00	3.00	Completed	Substantial	High
Housing Rents	3.00	0.00	Scheduled		
<i>Quarterly Testing:</i>					
Treasury Management	2.00	2.00	Completed	N/A	
Bank Reconciliation	2.00	2.00	Completed	N/A	
Sub Total – KFS Reviews					
	56.00	48.50			
Strategic & Service Risk Audits					
NFI/Counter Fraud	10.00	10.00	Completed	N/A	
Homelessness	12.00	13.00	Completed	Substantial	High
Decent Homes Contract	15.00	0.50	Scheduled		
Grants to Community Groups (Landlord Services)	8.00	5.50	Completed	Moderate	Low

2018/19 Audit Plan	Plan Days	Spent Days (30.04.19)	Status as at 30.04.19	Assurance Level	Corporate Significance
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Car Parking fees	12.00	2.25	Scheduled		
Enforcement (Cross cutting)	20.00	18.50	Draft Report issued		
Revenues & Benefits Contract	12.00	11.00	In Progress		
Performance Management	10.00	7.50	In Progress		
Staff Allowances & Expenses	10.00	10.25	Completed	Moderate	Low
Garden Waste Scheme	10.00	11.00	Completed	Moderate	Medium
Sport & Active Recreation	10.00	10.00	Completed	Substantial	Low
CCTV	8.00	0.50	Scoping undertaken		
Mayoralty	8.00	4.50	Completed	Substantial	Medium
Holiday pay/flexi/toil policies and application.	12.00	10.50	Draft report issued		
ASB (cross cutting use of Sentinel etc)	9.00	10.00	Completed	Moderate	High
Corporate Credit Cards	10.00	10.00	Completed	Moderate	Medium
Sub Total – Strategic & Services Audits	184.00	137.00			
Other Work					
Recommendations - Follow Ups	20.00	20.00	Completed	N/A	
Ad Hoc Investigations/Contingency	30.00	7.50	N/A	N/A	
Allowance to complete 2017/18 Audits	10.00	50.00	N/A	N/A	
Sub Total – Other work	60.00	77.50			
TOTAL – Audit Plan (not including IT externally resourced audit)	300.00	263.00			

SUMMARY OF FINAL AUDIT REPORTS ISSUED

Council Tax 2018/19

1. Background

The Council Tax system is one of the identified key financial systems, which are to be audited on an annual basis. The Revenues and Benefits function which administers Council Tax is undertaken by Capita. Capita's responsibilities include three main functions: i.e. billing; enforcement and control. The monitoring of the Capita contract is overseen by the Head of Customer Experience.

2. Executive Summary

2.1 Overview

**ASSURANCE RATING –
SUBSTANTIAL ASSURANCE**

**CORPORATE
SIGNIFICANCE – HIGH**

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based upon the work undertaken during the review the controls in place are generally satisfactory and no significant areas for improvement were identified. However, testing did identify that on five occasions reconciliations had not been undertaken in a timely manner in accordance with the agreed current practice, due to a lack of resources within the Team.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Service failures would have significant impact on customers

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Reconciliations are undertaken between the Academy system and the general ledger on a regular basis.
- New properties in the Borough are identified and notified to the Valuation Office.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates in accordance with agreed procedures and to minimise the risk of fraud or error not being identified in a timely manner.

- Testing showed that out of the 27 reconciliations reviewed, 2 were not undertaken before the 19th of the following month and 4 were not checked by the 19th of the following month.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. Testing showed that out of the 27 reconciliations reviewed, 2 were not undertaken before the 19 th of the following month and 4 were not checked by the 19 th of the following month.	Anomalies are not identified in a timely manner.	1. Reconciliations are undertaken and independently checked in a timely manner, in accordance with normal practice.	Low	As stated in the report it was identified that this issue occurred due the resourcing levels which has now been addressed.	Head of Customer Experience	Implemented with immediate effect.

Homelessness 2018/19

1. Background

Each local housing authority is required to consider housing needs within its area, including the needs of the homeless. Part 7 of the Housing Act 1996 places a statutory duty with local authorities to provide assistance to those who are homeless or threatened with homelessness. In April 2018 new legislation in the form of the Homelessness Reduction Act 2017 came into force. The Act makes provision about measures for reducing homelessness and places statutory duties on local housing authorities to intervene at earlier stages to prevent homelessness in their areas. It also requires housing authorities to provide homelessness services to all of those affected, not just those who have priority need.

Charnwood Borough Council’s Homelessness Strategy for 2018-2020 sets out how the Council aims to prevent homelessness and ensure that accommodation and support is available for people who become homeless within the Borough. The Strategy was developed in consultation with key partners following a review of homelessness in the borough and takes into account the recent developments in the Homelessness legislation and policy.

The responsibility for the delivery of the Council’s statutory duty for homelessness services sits within Strategic and Private Sector Housing in the Housing, Planning, Regeneration and Regulatory Directorate.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Whilst this audit has reviewed the Council's procedures in place to tackle homelessness the testing undertaken concentrated on the key changes in legislation following the introduction of the Homelessness Reduction Act 2017 in April 2018. Through testing and discussion, it was found that there are adequate procedures in place to provide assistance and tackle homelessness for those who are homeless or threatened with homelessness and that the authority is meeting the statutory legislative requirements.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)
- Major health and safety risk (serious injury or death)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There is a strategy in place which clearly sets out the Council's approach for tackling homelessness and takes into account the recent changes in legislation.
- Tailored advice and information about homelessness and the prevention of homelessness is readily available in accordance with the new legislative requirements.
- There are satisfactory monitoring procedures in place to monitor homelessness.
- Assessments and Personal Housing Plans are completed in accordance with new legislative requirements.

3. Action Plan

There are no recommendations for management consideration.

Sports and Active Recreation 2018/19

1. Background

The Sports and Active Recreation Service delivers sport and physical activities around the borough, offering opportunities for all groups/cultures of the local community to participate in sport, leisure and health initiatives. The service works in partnership with a number of organisations to provide sports opportunities to residents, these include Fusion Lifestyle; Leicestershire and Rutland Sport; Active Charnwood Alliance (ACA), North and South Charnwood School Sport Partnership and Loughborough Sport.

The responsibility for delivering this service falls under the Neighbourhoods and Community Wellbeing Directorate.

The collection, recording and banking of income has been reviewed separately following the identification of significant delays in the paying over of income received to the Cash Office; the findings and recommendations from this work has been excluded from this report and is subject to a separate report.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – LOW
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

In respect of the service identifying and managing key operational risks, the six mitigating actions recorded in the risk register were reviewed and it was found that these were being managed; however, two areas for improvement were identified in respect of risk assessments and on the checks completed on venue owners.

Current practice in respect of the completion of risk assessments is very thorough as an annual holiday programme risk assessment is undertaken and individual risk assessments are completed for each activity. Whilst undertaking testing it was found that the holiday activities programme risk assessment covers the same risks as the risk assessments for the individual activities on the programme which has led to duplication in some areas.

The process in respect of the checks completed on venue owners was devised in conjunction with the Council's Corporate Health and Safety Officer some years ago when the service was advised to obtain employers liability insurance however discussions with the Council's Insurance Officer during the course of the audit found that we should be obtaining copies of the public liability insurance certificates. Testing also found that health and safety policies are not always obtained from venue owners.

Corporate Significance

The area being audited has been rated as being of medium corporate significance, on the basis of:

The area reviewed has been rated as being of low corporate significance, on the basis of:

- General risk of financial loss less than £10,000
- Service failures would have limited impact on customers
- Risk of minimal reputational damage (e.g. customer complaints)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Risk assessments are completed for all activities undertaken.
- There is sufficient resilience to ensure activities are appropriately staffed with a member of staff from Charnwood present.
- Appropriate DBS checks have been completed for both staff and external providers.
- Numerous first aid boxes are made available for officers to take to activities and officers have had appropriate training.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- There is duplication in work regarding risk assessments. The holiday activities programme risk assessment covers the same risks as the risk assessments for the individual activities on the programme.
- Testing found that in 9/10 cases copies of the providers Health and Safety Policies were not obtained and in 6/10 evidence of public liability insurance was not obtained.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. There is duplication in work regarding risk assessments. The holiday activities programme risk assessment covers the same risks as the risk assessments for the individual activities on the programme.	Inefficient use of resources.	1.1 The holiday programme risk assessment should be reviewed before each holiday programme ensuring venues are listed and risks associated with those venues/activities considered. This will in turn eliminate the need to complete risk assessments for each activity on the programme.	Low	1.1 Review overarching holiday programme risk assessment before each programme, ensuring venues are listed and risks associated with venues/activities are identified.	Sports and Active Recreation Manager/Senior Sports Development Officer	July 2019
		1.2 Risk assessments and programmes are sent to the Council's Insurance Officer and Corporate Health and Safety Officer for review to help ensure risk assessments are adequate and capture and assess all appropriate risks.	Low	1.2 Overarching holiday activity programme risk assessment and copy of holiday activity programme to be sent to Council's Insurance Officer and Corporate Health & Safety Officer before each holiday	Sports and Active Recreation Manager/Senior Sports Development Officer	July 2019

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
				programme commences.		
2. Testing found that in 9/10 cases copies of the providers Health and Safety Policy was not obtained and in 6/10 public liability insurance was not confirmed.	In the event of an incident liability may fall to the Council if the venues aren't appropriately covered.	2.1 Copies of public liability insurance and health and safety policies should be obtained from the person/organisation responsible for the venue.	Medium	2.1 To obtain up to date copies of Public Liability Insurance and Health & Safety Policies from each person/organisation responsible for the activity venue.	Sports and Active Recreation Manager/Senior Sports Development Officer	July 2019
		2.2 The document checks should be completed before each holiday programme to ensure that the provider's information on file is up to date and adequate.	Medium	2.2 To check prior to each holiday activity programme that all insurance and H & S documentation held on file for the venue are current. To obtain up to date documents where expiry dates have elapsed.	Sports and Active Recreation Manager/Senior Sports Development Officer	July 2019

Accountancy and Budgetary Control 2018/19

1. Background

The Council's main accounting system is Agresso, an integrated financial system that incorporates the Purchase and Sales ledgers. The main accounting system is the mechanism by which the Council manages its financial affairs. It encompasses the monitoring and control of the Council's financial statements and budgetary control processes. Finance supports budget holders by providing budgetary monitoring information and presents management accounts to the Senior Management Team, Cabinet Lead Members and the Performance Scrutiny Panel, highlighting spending patterns and forecast variations from budget, in order to demonstrate performance to date.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based upon the audit work undertaken, no significant weakness has been identified, however, it should be noted that the audit work was restricted to a 'Desktop' review of documents/ information. Due to lack of staff availability within the Finance team as a result of work commitments taking priority.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000.

- Service failures would have significant impact on customers.
- Risk of serious reputational damage.

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Both year end and month end closedown timetables are in place.
- Opening balances brought forward on Agresso for the new financial year are reviewed by the Senior Accountancy Assistant;
- Journals are processed with adequate supporting evidence and reasoning;
- There is adequate segregation of duties between the maintenance of the general ledger and budgetary control procedures;
- The Council's approved revenue and capital budget captures appropriate information on income and expenditure;
- Responsibilities for budget areas are delegated to named officers, who are aware of budget monitoring procedures and requirements, as stated in their respective job descriptions;
- Virements are supported by appropriate documentation and authorised in accordance with the Council's scheme of budgetary virement (Financial Procedure Rules – Appendix 3);
- Budgetary control information is provided to budget holders, on a monthly basis. Whereas, Senior Management Team (SMT), Performance Scrutiny Panel and Cabinet Lead Members are presented with financial reports four times during the year; and
- Budget holders provide explanations to over/underspends as part of the monthly monitoring review conducted by Finance.

However, from the work undertaken during the review, we have also identified an area where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- Seven budget holders were selected from Agresso, to establish whether their job descriptions made reference to budgetary responsibility and accountability. It was noted that for six budget holders their respective job descriptions correctly contained such a reference. However, in the sample selected, it was identified in one instance that the officer was a Group Accountant and therefore his job description correctly did not include budgetary responsibility, although as a matter of good practice, it was noted that his job description had not been updated since August 2009.

On further investigation, it was noted that that the Group Accountant had been assigned responsibility for nine Housing Revenue Account cost centres, of which six required year end transaction processing and three were for Housing Dwelling Rents, which would be under the remit of the Landlord Services Team.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>1. A sample of seven budget holders, were selected from Agresso. To confirm whether budgetary responsibilities was reflected in their job descriptions.</p> <p>It was identified that in one instance the budget holder was a Group Accountant and therefore did not include budget responsibility, however as a matter of good practice, his job description had</p>	<p>Failure to review and update job descriptions may lead to roles and responsibilities not reflecting current working practices thereby not accurately representing the job an employee is performing.</p>	<p>1.1 The Group Accountant's job description should be reviewed and updated, capturing current role and responsibilities.</p>	<p>Low</p>	<p>Not required as agreed, to transfer responsibility to Landlord Services. Email sent to Head of Landlord Services (16.04.19).</p>	<p>Interim Head of Finance & Property Services</p>	<p>April 2019 Implemented</p>
		<p>1.2 Additionally, Finance should review and establish</p>	<p>Low</p>			

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>not been updated since August 2009.</p> <p>On further investigation it was noted that the Group Accountant was not a 'budget holder' however, was assigned nine Housing Revenue Accounts cost centres of which three related to the Housing Dwelling Rents. The remaining six cost centres were used in the main for year-end processing.</p>	<p>Unclear lines of responsibility for budget cost centres.</p>	<p>whether the Housing Dwelling Rent cost centres should be assigned to the Landlord Services Team rather than the Group Accountant to ensure appropriate responsibility is reflected on Agresso.</p>				

Capital Accounting 2018/19

1. Background

The capital accounting system is one of the identified key financial systems, which are required to be audited on an annual basis. The system is managed within Finance and Property Services by the Accountancy and Asset Management teams.

2. Executive Summary

2.1 Overview

**ASSURANCE RATING –
SUBSTANTIAL ASSURANCE**

**CORPORATE
SIGNIFICANCE – HIGH**

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

The work undertaken demonstrates that the systems and controls in place for appraising, reporting and monitoring of capital budgets are robust.

It was however noted, that the Capital Programme Team's Terms of Reference are not subject to annual review and approval. Additionally, Star Chamber meetings held during the budget setting period, to discuss and review budgets including appraising capital schemes, are not minuted and therefore two low level recommendations to address these findings have been raised in this report.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000.

- Service failures would have significant impact on customers.
- Risk of serious reputational damage

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Capital appraisals are reviewed and evaluated by the Star Chamber meetings which are attended by both the Senior Management and Corporate Management Teams.
- The Capital Programme is monitored and reported four times during year to the Capital Programme Team (CPT), Senior Management Team and Cabinet.
- The CPT reviews all capital schemes over £50,000 and those schemes below £50,000 which have triggered an under/overspend variance of 10% or £2500.
- The Council's Financial Procedure Rules provides adequate guidance on the management process underpinning the Capital Programme and Monitoring.
- The Asset Register is reconciled at year end by Finance which incorporates a review and analysis of acquisitions and disposals processed during the year and a depreciation calculation.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- The Council's Capital Programme is a rolling three plan and is revisited every second year for inclusion of new capital schemes. This exercise was last undertaken in 2018/19. Budget holders complete a 'Capital Scheme Appraisal Form' which forms the basis of a business case. All capital appraisals are reviewed at the Star Chamber meetings, held during the budget setting period between October to December. The Star Chamber attendees consist of the Senior Management and Corporate Management Teams. These meetings are not minuted to enable to gauge an understanding of the review process and to provide a formal documentation of the approved and rejected schemes.

We were advised by the Group Accountant (Capital) that she is verbally informed of the approved capital schemes to be included on the Capital Programme by the Head of Finance & Property Services.

- The Capital Programme Team (CPT) is chaired by the Head of Finance & Property Services and requires the Head of Housing to be in attendance in order to form 'quoracy'. The CPT, is in the main, responsible for monitoring capital

schemes over £50,000, however, schemes below £50,000 which have triggered a variance for under/overspend, as stipulated in the Financial Procedure Rules, Appendix 4, are also reviewed.

The CPT's 'Terms of Reference' (TOR) were last reviewed in May 2016. We were advised that the TOR is reviewed whenever there is a key change otherwise is carried forward each year.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. Review of the Capital Programme Team's terms of reference revealed that these were last reviewed in May 2016. We were advised that the terms of reference are reviewed whenever there are any notable changes to be actioned.	Failure to review the Capital Programme Team's terms of reference annually demonstrates poor governance arrangements which the Council may be criticised upon, impacting on their reputation.	1.1 The Capital Programme Team's terms of reference should be reviewed and approved annually. To ensure relevance and to accord with best practice.	Low	Agreed, will be reviewed prior to the August 2019 meeting.	Interim Head of Finance and Property Services	July 2019
2. The Star Chamber appraise 'capital schemes' proposed by Service areas. It was noted that	The audit trail underpinning the decision making and subsequent inclusion of capital schemes on the	2.1 It should be ensured that formal minutes are documented at the Star Chamber meetings, to ensure	Low	Disagreed, there is a compensatory control in the form of capital budget monitoring and it is not practical to take minutes, given	N/A	No Further Action

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>these meetings are not minuted.</p> <p>In the absence of these meeting minutes, the Head of Finance & Property Services verbally informs the Group Accountant (Capital) of the approved capital schemes for inclusion on the Capital Programme.</p>	<p>Capital programme is incomplete and decision making is not transparent</p>	<p>that there is documentary evidence to support approval of capital schemes and their inclusion on the Council's Capital Programme, together with the discussion and approval of variances.</p>		<p>the Chamber's member make-up.</p>		

Follow Ups: Recommendations Not Implemented by the Agreed Date as at 30th March 2019

Audit	Observation	Recommendation	Priority	Agreed Action	Agreed Date	Responsible Officer	Comments
Key ICT Controls 2016/17	Controls need to be tightened in respect of the guest Wi-Fi e.g. at present the connectivity is not time limiting and the generic password has not been changed for over a year.	ICS should ensure that controls are strengthened around access to the guest Wi-Fi.	Low	Agreed as per recommendation	April 2018	ICT Service Delivery Manager	<p>This was followed up in January 2019 at which time a technical solution for the GUEST network had been identified however the implementation of this required a substantial change to the existing network and set-up.</p> <p>This was followed up again in April 2019 and has now been fully implemented.</p>

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

Part A

ITEM RISK MANAGEMENT (RISK REGISTER) UPDATE

Purpose of Report

The purpose of this report is to provide the Committee with details of the Strategic Risk Register produced for the period to 2019/20.

Recommendation

The Committee notes the report.

Reason

To ensure the Committee is kept informed of progress against the strategic risks that should they crystallise would cause the Council to be unable to operate and/or provide key services leading to a significant adverse effect on public wellbeing.

Policy Justification and Previous Decisions

The Strategic Risk Register for the remainder of the 2018/19 financial year and for 2019/20 was approved by Cabinet on the 13th December 2018. Cabinet resolved that the Audit Committee monitor progress against those risks on the register by receiving and considering monitoring reports on a quarterly basis.

Implementation Timetable including Future Decisions

Reports will continue to be submitted to the Committee on a quarterly basis.

Report Implications

The following implications have been identified for this report.

Financial Implications

None

Risk Management

There are no specific risks associated with this decision.

Background Papers: None

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Part B

Background

1. In accordance with the Committee's work programme the Committee receives monitoring reports in respect of the Council's risk management arrangements. The reports provide a detailed commentary against the risks included in the strategic risk register.

Risk Management Arrangements

2. Following a recent review, a revised Risk Management Strategy and Framework together with a proposed Strategic Risk Register were presented to and approved by Cabinet at their meeting of 13th December 2018.
3. The Risk Management Strategy is a high level document that sets out the Council's strategic approach to risk management. (Appendix A).
4. The Risk Management Framework provides the detailed approach to risk management including the risk matrix and risk appetite tables for measuring the level of risk and ensuring that risks are managed within the Council's risk appetite. (Appendix B)
5. The format of the Strategic Risk Register has been amended as set out in the Risk Management Framework. The revised format allows for commentary to be included as to the current status of the risk and for a risk owner to be identified who will be responsible for the management of the risk. This template will also be used at service level for operational risk registers incorporated into Team Plans).

The Strategic Risk Register

6. The Strategic Risk Register was produced following consultation with the Corporate Management Team, Cabinet members and Audit Committee members.
7. In reading the current version of the Strategic Risk Register attached at Appendix C it is important to understand that the 'Overall Score' shown in the first risk matrix is the risk that the Council would bear if **no** actions were taken to mitigate the risk. In the vast majority of cases the Council is able to operate risk mitigation processes which result in the lower 'Net Risk Score' shown in the second risk matrix it is this latter score which represents the current assessment of strategic risks faced by the Council.

Appendices

Appendix A – Risk Management Strategy

Appendix B – Risk Management Framework

Appendix C – Strategic Risk Register 2019/20 (as at May 2019)



Risk Management Strategy

November 2018

Appendix A

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Appendix A

1. Introduction

The purpose of this document is to outline an overall approach to risk management that addresses the risks, both negative and positive, facing the Council in achieving its objectives and which will facilitate the effective recognition and management of such risks. The approach has been designed to support Members and officers in fulfilling their risk management responsibilities in a consistent manner.

Risk management will be embedded within the daily operations of the Council, from strategy and policy formulation through to business planning, general management and operational processes. It will also be applied where the Council works in partnership with other organisations to ensure that partnership risks are identified and managed appropriately.

Through understanding risks, decision-makers will be better able to evaluate the impact of a particular decision or action on the achievement of the Council's objectives.

Risk management will not focus upon risk avoidance, but on the identification and management of an acceptable level of risk. It is the Council's aim to proactively identify, understand and manage the risks inherent in our services and associated with our plans, policies and strategies, so as to support responsible, informed risk taking and as a consequence, aim to improve value for money. The Council will not support reckless risk taking.

The Council will seek to learn from other organisations where appropriate and to keep up to date with best practice in risk management.

2. Risk Management Objectives

The Council is committed to establishing and maintaining a consistent risk management approach throughout its decision making and operational processes.

The Council's risk management objectives are to:

- Ensure that the risks that could prevent the Council achieving its objectives are identified and appropriately managed.
- Ensure that risk management is clearly and consistently applied and evidenced throughout the Council.
- Raise awareness of the principles and benefits involved in the risk management process, and to obtain staff and Member commitment to the principles of risk management and control
- Inform policy and operational decisions through the identification of risks and their likely impact.
- Ensure compliance with statutory requirements.
- Ensure safety and wellbeing of staff, Members and customers.

Appendix A

These objectives will be achieved by:

- Defining clear roles, responsibilities and accountability for risk management.
- Maintaining documented risk management procedures and provision of guidance and training to Members and staff.
- Considering risk management implications in reports and decision making processes.
- Maintaining strategic and operational risk registers that identify and rank all significant risks facing the Council, which will assist the Council achieve its objectives through pro-active risk management.

3. Assessment

This will involve consideration of all potential risks facing the Council, with risks broken down into strategic risks, which could impact on the achievement of the Council's objectives, and operational (service) risks which could impact upon service delivery or the achievement of service objectives.

Identified risks will be assessed on the basis of the likelihood of the risk materialising and the impact to the Council should the risk materialise. This will include an assessment of both the inherent risk i.e. the level of risk prior to mitigating actions and controls being applied and the residual risk i.e. the level of risk considering the mitigating actions and controls in place. The Council's specified risk matrix will be used to score each risk.

Where the risk carries more than one risk type e.g. financial and compliance; the primary risk factor will be used to ensure the risk is managed within the Council's risk appetite.

4. Risk Appetite

The Council will define its risk appetite across designated risk types i.e. strategic, delivery, financial and compliance. Appropriate mitigating actions and controls will be put into place to ensure that residual risk scores are within the risk appetite for the primary risk type.

5. Risk Registers

The Strategic Risk Register will be approved by Cabinet annually and reviewed quarterly through the Risk Management Group. Quarterly monitoring reports will be provided to the Audit Committee as resolved by Cabinet

Appendix A

Operational Risk Registers will be maintained by Heads of Service and will be reviewed at least quarterly. Where an operational risk materialises to a level where it becomes a potential strategic risk this will be escalated to the Risk Management Group for consideration.

All risks will be allocated a 'Risk Owner' who will be responsible for ensuring that the risk is appropriately managed.

6. Governance

There will be clear accountability for risks. This will be achieved through an annual report to Cabinet on risk management, an Annual Governance Statement signed by the Chief Executive and the Leader of the Council, and by making the Council's risks and risk management process open to regular Internal Audit and external inspection (e.g. by the Council's external auditors). The Audit Committee will be responsible for monitoring the Council's risk management arrangements.

An annual review of this Strategy will be undertaken to ensure it remains current and up to date and reflects current best practice in risk management. Recommendations will be made to the Cabinet if it is considered that any improvements or amendments are required.

Members of the Cabinet will be briefed regularly to ensure they are aware of significant risks affecting their portfolios and any improvements in controls which are proposed.

The Risk Management Group will meet regularly to ensure that risk management processes are being applied consistently, to promote risk management throughout all services and to ensure continuous improvement in risk and opportunity management.

The Internal Audit section will focus audit work on significant risks, as identified by management, and will audit the risk management process across the whole Council to provide assurance on its effectiveness.



Risk Management Framework
November 2018

Appendix B

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3. Risk Management Process.....	6

Appendix B

1. Introduction

The purpose of the risk management framework is to define how risks and opportunities will be handled within Charnwood District Council. The framework provides information on roles and responsibilities, processes and procedures. It sets the context for the management of risks and defines how they will be identified, assessed, managed and reviewed.

The Council has a clear framework and process for identifying, assessing, managing / controlling, reviewing and reporting of its risks. The leadership, roles and responsibilities are defined for managing those risks. Some groups or individuals will have a specific leadership role or responsibility for risk management and this detail is set out in Section 2.

The Council expects all of its employees, officers and Councillors to have a level of understanding of how risks and opportunities could affect the performance of the Council and to regard the management of those risks / opportunities as part of their everyday activities. This could be the management of strategic risks (those risks that need to be taken into account when making judgements about medium and long-term goals), or operational risks that managers and staff will encounter in the daily course of their work.

The Council has a four-step process for identifying, assessing, managing and controlling and reviewing risk (See Figure 1, page 5). This is a continuous process and integrates with performance management. The Council has agreed criteria by which to judge the likelihood and impact of risks, effectiveness of control measures and required levels of management of residual risks.

2. Leadership, roles & responsibilities

- | | |
|--|---|
| The Cabinet | <ul style="list-style-type: none">• Approve the Council's Risk Management Strategy and Framework and Strategic Risk Register• Consider risk management implications when making decisions• Agree an appropriate response to the Council's highest risks• Receive an annual report on risk management |
| Audit Committee | <ul style="list-style-type: none">• To maintain an independent oversight of risk management issues• To undertake reviews of specific areas of risk management activity or initiatives where required• To consider the effectiveness of the implementation of the risk management strategy• To review and approve the Council's Annual Governance Statement |
| The Officer Risk Champion (Head | <ul style="list-style-type: none">• To be responsible for the oversight of the risk management activities of the Council |

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of Strategic Support)

- To provide the Cabinet and Audit Committee with assurance that the Council's corporate business risks are being actively and appropriately managed.

Senior Management Team

- To oversee the corporate approach to risk management
- To identify, assess and capture improved performance and value for money through risk and opportunity management
- To ensure that a robust framework is in place to identify, monitor and manage the Council's strategic risks and opportunities
- To demonstrate commitment to the embedding of risk management across the organisation

Risk Management Group (Corporate Management Team)

- To raise the awareness of risk management issues and promote a risk management culture across the organisation
- To create a forum for discussion and a focal point for risk management
- To assess strategic risks and opportunities identified by the Authority
- To review and keep up to date the strategic risk register
- To ensure that the most appropriate and cost effective measures are adopted to avoid, minimise and control those risks in accordance with 'Best Value' principles
- To develop good risk management practices within the Council
- To encourage the development of contingency plans

Heads of Service

- To identify and assess new risks and opportunities
- To include Risk Management as an Agenda item at team meetings
- To maintain the Council's operational risk registers in relation to their areas of responsibility, identifying and reporting upwards any significant risk management issues affecting their service area
- To ensure compliance with corporate and service risk management standards
- To ensure that all service deliverers (employees, volunteers, contractors and partners) are made aware of their responsibility for risk management and the mechanisms for feeding concerns into the Council's risk management process
- To ensure that an effective framework is in place to manage risks faced by the service
- To identify and analyse risks for impact and likelihood and introduce risk control measures
- To identify initiatives that could reduce the impact and/or likelihood of risks occurring
- To identify initiatives that could increase the likelihood of an opportunity being realised

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- To ensure that risk register entries and controls are accurate and up to date
- To monitor the progress of planned actions on a quarterly basis to ensure that aims are achieved
- To report quarterly to their Director on the progress of risk management action plans and any new risks identified
- To communicate the risk process to all staff and ensure they are aware of their responsibilities

Team Risk Owners (if other than Head of Service)

- To have responsibility for the management of risk within their area, including the implementation of action plans
- To include Risk Management as an Agenda item at team meetings
- To review each risk at least quarterly and report to the Head of Service and/or Director, identifying any changes in circumstances or factors around the risk
- To communicate the risk process to staff in their section and to ensure that they are aware of their responsibilities

Audit & Risk Manager and Insurance Officer

- To provide facilitation, training and support to promote an embedded proactive risk management culture throughout the Council
- To provide facilitation, training and support to Members
- To assist services in identifying, analysing and controlling the risks that they encounter
- To ensure that risk management records and procedures are properly maintained and that clear audit trails exist in order to ensure openness and accountability
- To provide risk management advice & support to Strategic Directors, Heads of Service, risk owners and service teams
- To develop means of best practice in risk management by reference to risk management standards and comparisons with peer authorities
- To address internal audit recommendations
- To keep SMT and the Head of Strategic Support fully briefed on the Council's top risks and any other risk issues as appropriate
- To liaise with internal and external audit / Insurers / Health & Safety / Emergency Planning
- To liaise with external consultants and risk management organisations to promote and maintain best practice within the Council
- To ensure the timely purchase of adequate insurance for the transfer of risk

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All Employees

- Within their given area of responsibility and work, to have an understanding of risks and regard their management as part of their everyday activities, including the identification and reporting of risks and opportunities which could affect the Council
- To carry out or assist with risk assessments for their areas of work
- To maintain an awareness of risk and feed this into the formal management and reporting processes
- To support and participate in risk management activities

Internal Audit

- To independently assess the Council's risk management arrangements
- To review the content and scope of the risk registers
- To review the adequacy of procedures by departments to assess, review and respond to risks
- To review the effectiveness of the Council's system of internal control
- To consider the content of the risk registers when preparing the Annual Audit Plan

3. Risk Management Process

The following four step process is fundamental to good risk management. Figure 1 below shows the four steps and the link to business objectives.

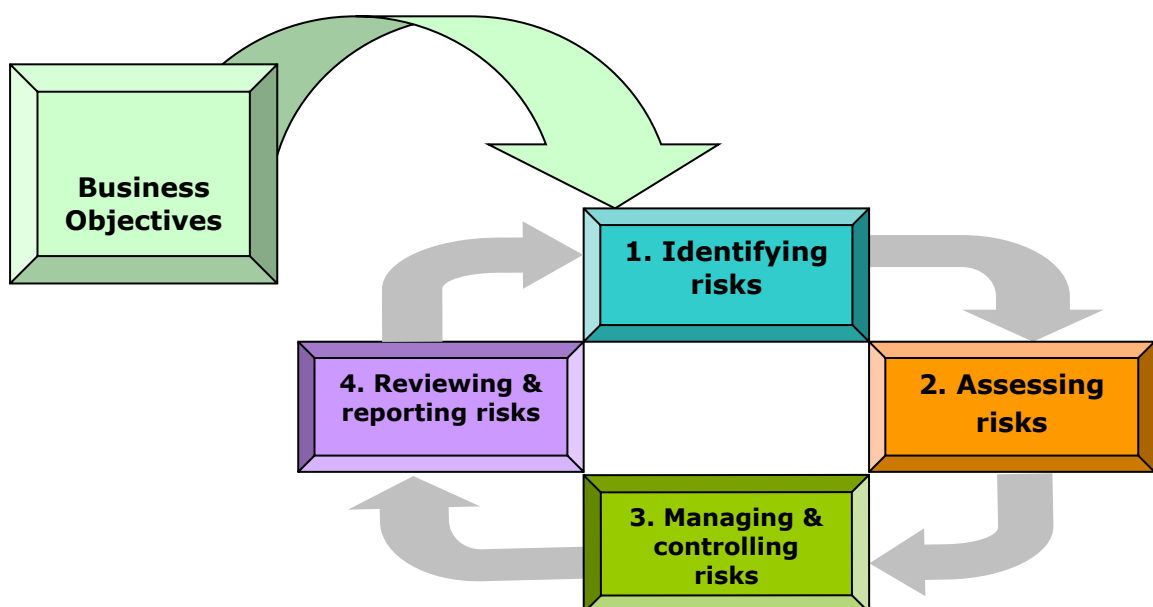


Figure 1: The four steps of the risk management cycle

Step 1: Identifying Risks

Our working definition of risk is:

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“Risk is something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat.

Drivers of risk

The Council faces risks from both internal and external factors. Understanding this helps us to assess the level of influence we may have over the risk.

There are three parts to a risk – an **event** that has a **consequence** that leads to an **impact** on our objectives - and it can be measured by estimating the **likelihood** of the event happening and the **impact** it may have on our objectives if it does.

It also helps to think of risk being driven by two basic categories, **Strategic** and **Operational**. At strategic levels, the focus is on identifying the key risks to successful achievements of the Council’s overall objectives. Operational risks are the risks (or opportunities) that are most likely to affect the performance and delivery of business services.

Strategic and operational risks are not mutually exclusive and a risk may escalate from one to another. They can all be driven by either external or internal factors, or a combination of both.

Identifying risk

- We need to be clear what the business objectives are;
- In the risk identification stage we are concerned with identifying events that can impact on the business objectives – **‘what could happen?’** We need to look at both the positive and the negative effect and so should also ask ourselves **‘what could happen if we don’t?’** This will help us become more confident with risk taking and exploiting opportunities. Insignificant risks can be ignored, significant risks can be planned for and the costs of taking action can be compared with the price to be paid if the adverse event occurs;
- It will help to use prompts to identify the areas of risk. Common areas are:
 - **Strategic:** doing the wrong things as an organization, missing opportunities
 - **Finance:** losing monetary resources or incurring unacceptable liabilities
 - **Reputation:** the Council’s image, loss of public confidence
 - **Political:** political embarrassment, not delivering local or national policies
 - **Partnerships:** the risks/opportunities the Council is exposed to as part of a partnership
 - **Legal / Regulatory:** claims against the Council, non-compliance
 - **Operational:** doing the right things in the wrong way (service delivery failure, targets missed). Missing business opportunities
 - **Information:** loss or inaccuracy of data, systems or reported information

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- **Customer/ citizens:** understanding their needs; delivery of services
 - **Environmental:** things outside of our control; environmental impact
 - **People:** risks associated with employees, management and Councillors.
- Using the categories above, consider the things that could prevent or hinder your team from achieving its business objectives. Try not to get too bogged down with the categories, or what risk fits under which category – they are just a general guide to aid your thinking.
 - The thoughts and ideas gathered then need to be grouped into common themes and developed into the actual risk.

Risks and issues:

Very often issues will be raised and you will need to get to the root cause i.e. what is the risk that the issue poses? An issue is a concern that cannot be avoided or maybe ongoing, whereas a risk may not actually materialise.

Risks can become issues, but issues cannot become risks.

Expressing the risks as a statement is often harder than it first seems. It may require re-thinking some basic assumptions about a situation and re-evaluating the elements that are most important. For example “lack of staff” is an issue and is not in itself a complete description. Try to externalise the issue and develop it into a risk that expresses how the issue will impact upon achievement of the Council’s strategic objectives.

Try to include those three parts to your risk **Event – Consequence – Impact.** **This will ensure that focus, and therefore action is placed on the event.**

Typical risk phrasing could be

loss of...	}	leads to resulting in.....
failure of.....		
failure to...		
lack of...		
partnership with...		
development of...		

For example, Environmental Services may identify the failure of the waste collection service, e.g. due to bad weather conditions, as a risk. They develop this around **event, consequence, impact** to:

“Failure of the waste collection service due to inclement weather (the event) could lead to unacceptable delays in collecting refuse (the consequence), resulting in public health issues and loss of reputation.

Step 2: Assessing Risks

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You will now have a list of risks. The next step is to assess those risks in terms of the likelihood that they will occur and the impact if they do. This will give us an **inherent risk** score that will help us identify the most serious risks **before any controls have been applied**. Using that information we can make decisions about the significance of those risks and how or whether we should address them.

The Council has agreed criteria for the levels of likelihood and impact for risks and criteria for opportunities, shown in tables 1 and 2 below.

Consider each of the identified risks and using the criteria in the tables below, assess the risk in terms of the **likelihood** that it will occur and **impact** on the Council if it should occur.

- **Focus on the description** when assessing the level of likelihood and impact. Use the number rating to summarise the descriptive information.
- When you have assessed both the risk likelihood and impact, multiply the likelihood score by the impact score – this will give the **Inherent** risk score. This is the score we use to identify which risks are the most serious, allowing us to make decisions about the significance of those risks to the Council and how, or whether, we should address them.

Table 1: LIKELIHOOD - Description and definitions

Rating	Score	Indicative Guidelines	
		Threat	Opportunity
Very Likely	4	<ul style="list-style-type: none"> • Regular occurrence • Circumstances frequently encountered 	Favourable outcome is likely to be achieved in short term (within 1 year)
Likely	3	<ul style="list-style-type: none"> • Likely to happen at some point in the next 3 years • Circumstances occasionally encountered. 	Reasonable prospects of favourable outcome in short term (within 1 year)
Unlikely	2	<ul style="list-style-type: none"> • Only likely to happen once every 3 or more years • Circumstances rarely encountered 	Some chance of favourable outcome in medium term (up to 3 years)
Remote	1	<ul style="list-style-type: none"> • Has never happened before • Circumstance never encountered. 	Little chance of a favourable outcome in short or medium term (up to 3 years).

Table 2: IMPACT - Description and definitions

Rating	Score	Indicative Guidelines	
		Threat	Opportunity
Major	4	<ul style="list-style-type: none"> • Major loss of service for more than 5 days. 	<ul style="list-style-type: none"> • Major improvement in service delivery.

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Rating	Score	Indicative Guidelines	
		Threat	Opportunity
		<ul style="list-style-type: none"> • Severe disruption to the Council and its customers affecting the whole council. • Major financial loss > £1,000,000 • Loss of life, intervention by HSE. • National news coverage • Likely successful judicial review or legal challenge of Council decision. • Major environmental damage. 	<ul style="list-style-type: none"> • Income generation/savings >£1,000,000 • Positive national press, national award or recognition. • Noticeable widespread environmental improvements.
Serious	3	<ul style="list-style-type: none"> • Loss of service for 3 to 5 days. • Serious disruption, ability to service customers affected across several service areas of the Council. • Serious financial loss £100,000 - £999,999 • Extensive/multiple injuries, intervention by HSE • Local adverse news item/professional press item • Likely judicial review or legal challenge of service specific decision. • Serious damage to local environmental. 	<ul style="list-style-type: none"> • Noticeable improvement to customers in service delivery, quality and cost. • Income generation/savings > £100,000. • Sustained positive recognition and support from local press. • Noticeable improvement to local environment.
Significant	2	<ul style="list-style-type: none"> • Loss of service for 1 – 3 days • Noticeable disruption, some customers would be affected across a service area of the Council • High financial loss £10,000 - £100,000 • Severe injury to an individual/ several people • Local news/minor professional press item • Moderate damage to local environment 	<ul style="list-style-type: none"> • Slight improvement in internal business processes. No noticeable change in service delivery or customer service. • Income generation/savings> £10,000 • Positive support from local press • Minor improvement to local environment
Minor	1	<ul style="list-style-type: none"> • Brief disruption to service less than 1 day – minor or no loss of customer service. • Low financial loss > £10,000 • Minor/no injuries. • Minimal news/press impact. • Affects single team only. 	<ul style="list-style-type: none"> • No noticeable improvement to service delivery or internal business processes. • Income generation/savings up to £10,000 • No press coverage

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Rating	Score	Indicative Guidelines	
		Threat	Opportunity
		• Minor/no damage to local environment.	• Insignificant/no environmental improvements

- Now that the inherent risk score has been calculated, we need to plot the risks on a risk prioritisation matrix to show the level of the risks and so make decisions about the significance of those risks to the Council, and how they will be managed (see figure 2 below). This is our **risk profile**.

Likelihood	Very Likely (4)	4	8	12	16
	Likely (3)	3	6	9	12
	Unlikely (2)	2	4	6	8
	Remote (1)	1	2	3	4
		Minor (1)	Significant (2)	Serious (3)	Major (4)
OVERALL RISK RATING					
12 - 16		HIGH			
6 - 9		MODERATE			
3 - 4		LOW			
1 - 2		VERY LOW			

Figure 2: Risk Prioritisation Matrix & Risk Rating

- Risks need to be managed within the Council's risk appetite. Where the inherent risk score exceeds the Council's risk appetite for the type of risk, mitigating controls and actions need to be applied to manage the risk down to an acceptable level.
- Table 3 below sets out the level of risk deemed to be acceptable for the different risk types and the risk factors to consider for each risk type. Risks identified will often have risk factors that fall within more than one risk type, in these cases the risk type deemed to present the highest level of risk should be designated as the Primary Risk Type and this used to ascertain the risk appetite for the risk.

Table 3: Risk Appetite

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Risk Type & Definition	Risk Factors	Risk Appetite
Strategic – Achievement of strategic priorities.	<p>External Factors</p> <ul style="list-style-type: none"> • Political • Economic • Social • Partners <p>Strategy</p> <ul style="list-style-type: none"> • Digital Strategy • Local Plan • Communications Strategy • Commercial Strategy <p>Governance</p> <ul style="list-style-type: none"> • Council Structure • Council Performance • Risk Appetite <p>Reputational Damage</p> <ul style="list-style-type: none"> • Media coverage 	<p>Moderate - to reflect the Council's approach in developing the local economy and creating attractive and safe environment.</p> <p>In meeting the objectives relating to these elements of the Corporate Plan it is important to consider innovative service delivery and hence some risk is acceptable.</p>
Delivery – day to day operation of Council services	<p>Corporate Plan</p> <ul style="list-style-type: none"> • Delivery of objectives • Delivery of business plan objectives. <p>Service Delivery</p> <ul style="list-style-type: none"> • Delivery of service/ team objectives. <p>Project Management</p> <ul style="list-style-type: none"> • Delivery of project objectives <p>Staff</p> <ul style="list-style-type: none"> • Recruitment & Retention • Training • Key Personnel <p>IT</p> <ul style="list-style-type: none"> • Network Infrastructure • Business Applications • IT Security 	<p>Moderate - to reflect the Council's approach in developing the local economy and creating an attractive and safe environment.</p> <p>In meeting the objectives in the Corporate Plan it is important to consider innovative service delivery and hence some risk is acceptable.</p>

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Risk Type & Definition	Risk Factors	Risk Appetite
	<p>Resilience</p> <ul style="list-style-type: none"> • Business Continuity Planning • Emergency Planning <p>External 3rd party performance</p> <p>Reputational Damage</p> <ul style="list-style-type: none"> • Media coverage • Complaints 	
Financial - financial impact or loss	<p>Revenues</p> <ul style="list-style-type: none"> • Collection Rates • Debt Recovery • Commercial income generation <p>Treasury Management</p> <ul style="list-style-type: none"> • Debt Management • Investment Strategy <p>Finance</p> <ul style="list-style-type: none"> • Statutory Accounts • Budget Monitoring • Income Generation • Grants and Funding • Capital Spending 	<p>Low –long term financial stability is an important factor to the Council in continuing to provide services and meeting Corporate Plan objectives.</p> <p>Some judiciously managed risk will be accepted, but the long term future of the authority will not be jeopardised.</p>
Compliance – breaches to law or regulation.	<ul style="list-style-type: none"> • Data Protection • Health & Safety • Public Health • Government Regulations • Constitution • Regulatory Bodies • Planning Inspectorate • Procurement • Housing 	<p>Very Low – as a Local Authority we lead by example and should demonstrate a high level of compliance.</p>

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Step 3: Managing & Controlling Risks

- Now that the risks and opportunities have been identified and assessed for likelihood and impact and the risk appetite determined, there needs to be agreement on **who** will own the risk (and/or manage it) and **how** the risk/opportunity will be managed, controlled or exploited.

There are three questions that will help here:

1. Can we reduce the likelihood of occurrence?
2. Can we reduce the impact?
3. Can we change the consequences of the risk?

There are four common approaches to treating risk: **'the four T's'**

- **TOLERATING** the risk. An organisation that recognises the value of risk management may accept that it might be appropriate to continue with an 'at risk' activity because it will open up greater opportunities for the future (but not before documenting the full reasoning behind that decision). Or perhaps nothing can be done to mitigate a risk at a reasonable cost in terms of potential benefit, or the ability to do anything about a risk may be very limited.

Where the Council decides to set these levels of acceptance is known as its **risk appetite**, e.g. the Council may tolerate a risk where:

- The inherent risk score is within the risk appetite for the risk type
- The risk is effectively mitigated by internal controls, even if it is a high risk
- The risk cannot be mitigated cost effectively
- The risk opens up greater benefits

These risks must be monitored and contingency plans should be put in place in case the risks occur.

- **TREATING** the risk. This is the most widely used approach. The purpose of treating a risk is to continue with the activity which gives rise to the risk, but to bring the risk to an acceptable level by taking action to control it in some way through either
 - **containment** actions (these lessen the likelihood or consequences of a risk and are applied before the risk materialises) or
 - **contingency** actions (these are put into action after the risk has happened, thus reducing the impact. These **must** be pre-planned)
- **TERMINATING** the risk – doing things differently and therefore removing the risk. This is particularly important in terms of project risk, but is often severely limited in terms of the strategic risks of an organisation.
- **TRANSFERRING** some aspects of the risk to a third party, e.g. via insurance, or by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks, or risks to assets, e.g. transferring

Appendix B

a risk may be considered to reduce the exposure of the Council, or because another organisation is more capable of effectively managing the risk. However it is a limited option – very few strategic risks are insurable and only around 15-20% of operational risks can be insured against.

When risk management is embedded, we become more confident risk takers and a fifth option is open to us:

- **TAKING THE OPPORTUNITY:** This is not an alternative to any of the above, rather it is an option to be considered whenever tolerating, treating, or transferring a risk. There are two aspects to this:
 - The first is whether or not at the same time as mitigating a threat an opportunity arises where a positive impact can be exploited. For example, if a large sum of capital funding is to be put at risk in a major project, are the relevant controls judged to be good enough to justify increasing the sum of money at stake to gain even greater advantages?
 - The second is whether or not circumstances arise which, whilst not generating threats, offer positive opportunities, e.g. lowering the cost of providing goods or services may free up resources that can be re-deployed.
- Try to establish the cost of your planned actions. Remember, the cost of management and control of the risk should be proportionate to the risk that is being addressed. Some measures may be relatively easy to address, others might have to be implemented in phases. If you have identified risk treatment that falls outside your immediate area of influence, this should be referred to the Risk Management Group so that they can help to co-ordinate control measures between services.
- Identify existing controls / action plans. Develop new controls / action plans where none exist. Refer to the Risk Management Group where assistance is required with co-ordination of controls outside of your own immediate area. When drawing up control measures, it is good practice to consider whether you can identify any early warning signs or triggers that will tell you it is time to put contingency plans in place. (Looking at your performance measures might help).
- Identify and agree who will own the risk and who will manage it (this may be the same person). The risk owner should have delegated authority to implement and manage the controls.
- Using the guidelines in the risk prioritisation matrix, agree how the risk will be managed (i.e. which of the 4 T's?).
- When the existing controls and action plans have been identified, the risk can be re-assessed for likelihood and impact. The new score is the **residual risk**, i.e. that which exists after controls have been applied and so the **real** level of risk to the Council. The residual risk score must be within the Council's **risk appetite** for the primary risk type relative to the risk.

Step 4: Recording & Reviewing Risks

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Recording Risks

Risks should be recorded on a risk register. The risk register template is appended at Appendix A to this framework.

The Council maintains two levels of risk register i.e. the Strategic Risk Register and Operational Risk Registers.

The Strategic risk Register is monitored by the Risk Management Group and quarterly updates provided to the Audit Committee.

Operational Risk Registers are maintained and monitored at service level.

Reviewing Risks

Circumstances and business priorities can, and do, change, and therefore risks, opportunities and their circumstances need to be regularly reviewed. Some risks will move down the priority rating, some may leave, and new risks will be identified.

As part of the Council's risk management framework, risk owners are required to review their risks at least quarterly. Any new very high risks, or the escalation of existing risks, should be reported to the Head of Service immediately.

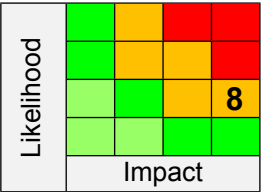
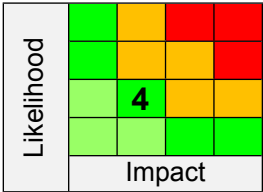
Risk management should be included as an item on the agenda of all service management and team meetings.

The risk management framework (the four steps of risk management) is a continuous cycle designed not only to identify, assess, manage and review risks, assess but also to support your business objectives. You should review the risk identification process when drawing up your annual team service plan so that the risks and opportunities link directly to your business objectives. That way, risks and opportunities are directly linked to the achievement of the business objectives, which can then be prioritised using that information.

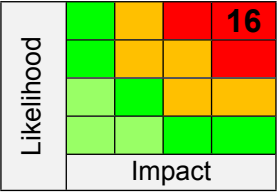
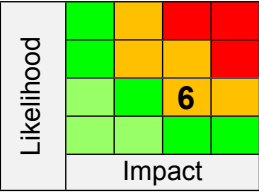
Risk Management Framework - Risk Register Template

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
	<i>Strategic/ Delivery/ Financial/ Compliance</i>				MAINTAIN AS CURRENT
Current Treatments and Controls					
Planned Future Actions and Responsible Officer(s).	<u>Description:</u>	<u>Responsible Officer:</u>	<u>Target Date:</u>		

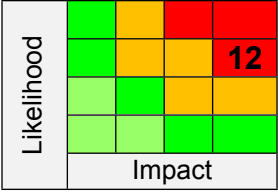
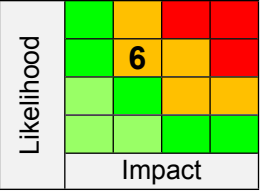
Appendix C: Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR1 Inadequate business continuity and recovery arrangements, resulting in major internal and/or external disruption to services in the event of an incident.	Strategic	<ul style="list-style-type: none"> • Inability to deliver key/critical services e.g. benefits, refuse collection, homelessness applications, emergency repairs. • Reduction in access channels available to residents / customers i.e. contact centre, customer services, telephony 			MAINTAIN AS CURRENT
Current Treatments and Controls	<ul style="list-style-type: none"> • Business Continuity Planning • IT Disaster Recovery Plan • Website hosted externally • Off-site data back-up arrangements • Stand-by generator for ICS building • Cloud based telephony infrastructure • Contingency planning for failure of major contractor • On – going testing 				
Risk Owner	Strategic Director of Corporate Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Business Continuity Plans currently being reviewed and updated with assistance from		<u>Responsible Officer:</u> Head of Strategic Support	<u>Target Date:</u> Complete	

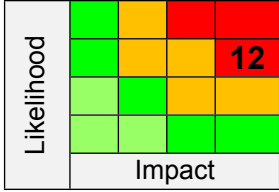
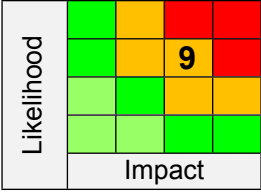
Appendix C: Strategic Risk Register

	the County Council's business continuity team				
Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR2 Inadequate data sharing and data security arrangements.	Strategic	<ul style="list-style-type: none"> • Ineffective processes for sharing data with other agencies / authorities leading to data breaches • Major reputational damage and loss of public confidence • Potentially significant fines 			MAINTAIN AS CURRENT
Current Treatments and Controls	<ul style="list-style-type: none"> • Information sharing agreements in place with key agencies and authorities • Annual IT health checks including penetration testing • Data Protection Officer in post • Data protection training and awareness for staff and councillors • IT security policies in place • Protective marking of emails • Policies are reviewed on a regular basis 				
Risk Owner	Strategic Director of Corporate Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Not Applicable		<u>Responsible Officer:</u> N/A	<u>Target Date:</u> N/A	

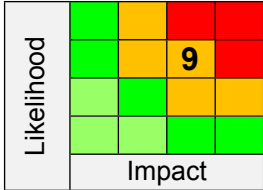
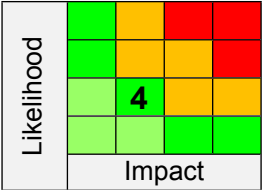
Appendix C: Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR3 Inadequate civil contingency arrangements resulting in failure to respond appropriately to a major incident (eg. flooding, terrorism etc).	Strategic	<ul style="list-style-type: none"> • Inability to respond to affected peoples' basic needs (food, shelter etc) • Adverse effect on the local economy • Major reputational damage and loss of public confidence Extending the recovery phase longer than necessary 			MAINTAIN AS CURRENT
Current Treatments and Controls	<ul style="list-style-type: none"> • Participation in the Local Resilience Partnership and Forum (LRP and LRF) • Appropriate emergency and incident planning in place • Regular Testing and exercising of emergency plans • Training and awareness for relevant staff • 24/7 call-out arrangements for senior managers (SMT / CMT) • Participation in county-wide Events Safety Group (SAG) • Reviews periodically undertaken within current Treatments and Controls 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Not Applicable		<u>Responsible Officer:</u> N/A	<u>Target Date:</u> N/A	

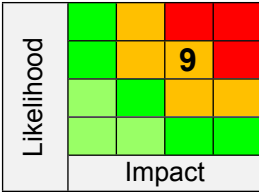
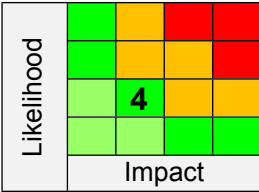
Appendix C: Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR4 Significant reduction in external funding and/or income generated leading to a reduction in the financial resources available for service provision and/or to fund corporate objectives.	Strategic	<ul style="list-style-type: none"> • Inability to meet demand for services • Inability to meet statutory duties • Ceasing or reducing some services 			MAINTAIN AS CURRENT
Current Treatments and Controls	<ul style="list-style-type: none"> • Annual production and monitoring of Medium Term Financial Strategy (MTFS) • Treasury Management Strategy • Budget and revenue monitoring processes • Business continuity planning • Production and monitoring of efficiency plan • Maintenance of reserves at specified required levels • Monitor, consider and respond to government proposals affecting budgets and/or income 				
Risk Owner	Strategic Director of Corporate Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Not Applicable		<u>Responsible Officer:</u> N/A	<u>Target Date:</u> N/A	

Appendix C: Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR5 Failure to maintain adequate risk management arrangements and processes, including monitoring risks at operational level and escalating these where required.	Strategic	<ul style="list-style-type: none"> • Adverse impact on service delivery • Reputational damage 			MAINTAIN AS CURRENT
Current Treatments and Controls	<ul style="list-style-type: none"> • Approved risk management framework in place • Identification and regular monitoring of strategic and operational risks • Quarterly meetings of Risk Management Group to monitor risks, insurance claims, health & safety incidents, and data breaches • Monitoring of strategic risks by the Audit Committee • Escalation processes in place (strategic risks to Cabinet, operational risks to Risk Management Group) 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Not Applicable	<u>Responsible Officer:</u> N/A	<u>Target Date:</u> N/A		

Appendix C: Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR6 Ineffective strategic communication arrangements	Strategic	<ul style="list-style-type: none"> • Reputational damage • Adverse media coverage • Damage to relationships with partners • Damage to staff morale 			MAINTAIN AS CURRENT
Current Treatments and Controls	<ul style="list-style-type: none"> • Adequately staffed and experienced corporate communications team • Corporate Communications Plan in place • Regular monitoring of all media sources • Continue to expand on social media use and reach • 'Horizon scanning' for potential communication issues at each Corporate Management Team meeting 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Not Applicable	<u>Responsible Officer:</u> N/A	<u>Target Date:</u> N/A		

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

Part A

ITEM COUNCIL'S USE OF REGULATORY OF INVESTIGATORY
POWERS ACT (RIPA)

Purpose of Report

The purpose of this report is to provide the Committee with a summary of the Council's use of RIPA powers.

Recommendation

The Committee notes that there has been no use of RIPA powers by the Council for the period from 1st February 2019 to 30th April 2019.

Reason

To enable the Committee to comply with the request from Cabinet that the Audit Committee assumes responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the Policy or that the Policy may not be fit for purpose.

Policy Justification and Previous Decisions

The use of RIPA to conduct covert surveillance in appropriate instances supports many of the Council's enforcement and anti-fraud policies. The Home Office Code of Practice, which relevant bodies are obliged to follow when using RIPA, requires that elected Members should consider reports on the use of RIPA on at least a quarterly basis to ensure that it is being used consistently with the policy and the policy remains fit for purpose.

Implementation Timetable including Future Decisions

Reports will continue to be submitted to the Committee on a quarterly basis.

Report Implications

The following implications have been identified for this report.

Financial Implications

None.

Risk Management

There are no risks associated with this decision.

Background Papers:

Home Office Code of Practice – Covert
Surveillance & Property Interference (2014)

Officer to contact:

Adrian Ward (01509 634573)
adrian.ward@charnwood.gov.uk

Part B

Background

1. RIPA provides for the authorisation of covert surveillance by the Council where that surveillance is likely to result in the obtaining of private information about a person.
2. Surveillance includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. Surveillance is covert if it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.
3. The Council only has the power to authorise covert surveillance under RIPA for the purpose of preventing or detecting crime, or of preventing disorder. Since 2012, RIPA applications are required to be approved by a Justice of the Peace (JP) at the Magistrates' Court in addition to the existing application and authorisation process. The amendments in the Protection of Freedoms Act 2012 mean that local authority authorisations and notices under RIPA for the use of particular covert investigation techniques can only be given effect once an order approving the authorisation or notice has been granted by a Justice of the Peace (JP)
4. At its meeting on 14th February 2019 Cabinet agreed to resolve that the Audit Committee continue to assume responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the Policy or that the Policy may not be fit for purpose. This Committee will therefore continue to receive a regular report on the Council's use of RIPA powers.
5. During the period from 1st February 2019 to the 30th April 2019 the Council made no use of RIPA powers.
6. During the same period there was one request received from the Police for the use of the Council's CCTV system for RIPA purposes, which related to an operation to locate suspects wanted in connection with drug related offences in Loughborough and the surrounding areas.
7. The Committee has the option to report to Cabinet any concerns arising from RIPA monitoring reports that may indicate that the use of RIPA is not consistent with the Council's RIPA Policy or that the Policy may not be fit for purpose.

AUDIT COMMITTEE – 11TH JUNE 2019

Report of the Head of Strategic Support

WORK PROGRAMME

Purpose of Report

This report is submitted to enable the Committee to consider its Work Programme.

Action Requested

Following consideration of the Work Programme, the Committee is asked to consider any deletions, additions or amendments it wishes to make.

This will enable planning for future meetings to be undertaken, for reports and information to be prepared and for the attendance of officers and/or others to be arranged.

Background

The Work Programme agreed at the last meeting of the Committee is attached as an appendix for the consideration of the Committee.

Officer to contact: Nadia Ansari
Democratic Services Officer
(01509) 634502
nadia.ansari@charnwood.gov.uk

ISSUE	MEETING
Internal Audit Business	Ongoing
2018/19 Statement of Accounts	24 th July 2019 (Accounts Meeting) Annually
2018/19 Annual Governance Statement and Review of the Code of Corporate Governance	24 th July 2019 (Accounts Meeting) Annually
Internal Audit Plan – Progress	24 th September 2019 Quarterly
Risk Management (Risk Register)	24 th September 2019 Quarterly - detailed report every six months, exception report quarters in-between.
Council's Use of Regulation of Investigatory Powers Act (RIPA)	24 th September 2019 Quarterly
Annual IT Health Check (Code of Connection) Confidential Report	24 th September 2019 Annually
Treasury Management Mid-Year Review	19 th November 2019 Annually
2019/20 Treasury Management Statement, Annual Investment Strategy and MRP Strategy	18 th February 2020 Annually
2020/21 Internal Audit Plan	18 th February 2020 Annually
2018/19 Annual Internal Audit Report	9 th June 2020 Annually
2018/19 Review of the effectiveness of Internal Audit (Feedback from Panel)	9 th June 2020 Annually
Internal Audit Charter	9 th June 2020 Annually (for approval)
2018/19 Members' Allowances Claimed	9 th June 2020 Annually
Whistle Blowing and Anti-fraud, Corruption and Bribery	9 th June 2020 Annually
Environmental Audits – Report on	9 th June 2020

Outcomes	Annually <i>Note: Six month exception report where identified actions are not implemented by the target date.</i>
2018/19 Treasury Management Outturn	9 th June 2020 Annually
Future of Local Public Audit	Report on Government proposals considered 5 th July 2011. Further report once final regulations/guidelines are known. <i>Note:</i> Appointing Your External Auditor briefing note considered June 2016.
Policy for Engagement of External Auditors for non-audit work	Considered March 2013. Review policy - date to be agreed
External Audit Business	Ongoing
2019/20 Annual Governance Report	24 th July 2019 (Accounts Meeting) Annually
External Audit Progress Report and Technical Update	24 th September 2019 Quarterly
2018/19 Annual Audit Letter	February 2020 Annually
Certification of Claims and Returns (2019/20 Audit)	February 2020 Annually
2020/21 External Audit Plan	February 2020 Annually