



AUDIT COMMITTEE

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To: Councillors Boldrin, Bolton (Vice-Chair), S. Bradshaw, Hadji-Nikolaou, Parsons, Snartt and Ms Nellist (Chair) (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 the Preston Room, Woodgate Chambers, Woodgate, Loughborough on Tuesday, 28th September 2021 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

20th September 2021

AGENDA

1. APOLOGIES
2. MINUTES FROM THE PREVIOUS MEETING 3 - 17

The Committee is asked to confirm as a correct record the minutes of the meeting of the Committee held on 8th June 2021.

3. DISCLOSURES OF PERCUNIARY AND PERSONAL INTEREST

4. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8
No questions were submitted.
5. INTERNAL AUDIT PROGRESS REPORT 2021/22 TO 10TH SEPTEMBER 2021 18 - 59
A report of the Head of Strategic Support.
6. RISK MANAGEMENT (RISK REGISTER) UPDATE 60 - 79
A Report of the Strategic Director for Environment and Corporate Services.
7. COUNCIL'S USE OF REGULATORY OF INVESTIGATORY POWERS ACT (RIPA) 80 - 82
A report of the Head of Strategic Support.
8. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE 83 - 87
A report of the External Auditors.
9. WORK PROGRAMME 88 - 91
Report of the Head of Strategic Support.
10. EXEMPT INFORMATION
It is recommended that members of the public be excluded from the meeting during the consideration of the following item on the grounds that it will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
11. INVESTMENT PERFORMANCE REPORT - Q1 2021/22
An exempt report of the Strategic Director for Commercial Development, Assets and Leisure, circulated to members of Committee. **To Follow.**

**AUDIT COMMITTEE
8TH JUNE 2021**

PRESENT: The Chair (Jane Nellist)
 The Vice Chair (Councillor Bolton)
 Councillors S. Bradshaw, Hadji-Nikolaou, Parsons
 and Snartt

Strategic Director; Environment and Corporate
Services

Head of Strategic Support

Head of Financial Services

Head of Landlord Services

Head of Planning and Regeneration

Audit Manager

Senior Auditor

Sustainability Officer

Democratic Services Officer (NC)

Democratic Services Officer (EB)

M. Surridge – External Auditor

Councillor Rollings (Lead Member for
Transformation)

APOLOGIES: Strategic Director; Commercial Development,
Assets and Leisure

The Chair stated that the meeting would be recorded and the sound recording subsequently made available via the Council's website. She 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.

1. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 9th February 2021 were confirmed as a correct record.

2. AGENDA VARIANCE

At the approval of the Chair the following item was brought forward: Item of Urgent Business - Appointment of Vice Chair 2021-22.

3. ITEM OF URGENT BUSINESS - APPOINTMENT OF VICE-CHAIR 2021-22

Councillor Parsons was nominated to be the Audit Committee Vice-Chair for 2021/22. The proposal was put to the vote by the committee.

RESOLVED that Councillor Parsons be appointed Vice-Chair of the Committee for the Council year 2021/22.

4. DISCLOSURES OF PECUNIARY AND PERSONAL INTEREST

No disclosures were made.

5. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

6. 2019/20 ANNUAL AUDIT LETTER

A report of the External Auditors was submitted setting out the Annual Audit Letter for 2019/20 (item 5 on the agenda filed with these minutes).

Mark Surridge, representing the External Auditors, attended the meeting to assist the Committee with the consideration of this item.

It was noted that all areas of responsibility were assessed with a green rating, meaning that the External Auditors had clean opinions.

The Committee were advised in response to a question that with regards to the financial statement materiality being based on 2% of Total Gross Expenditure, this figure was based on gross revenue including Housing Revenue Allowance expenditure as well as General Fund expenditure. It also included areas of non-general funds such as appreciation.

RESOLVED that the report be noted.

Reason

To acknowledge the Committee's consideration of the matter.

7. AUDIT STRATEGY MEMORANDUM - YEAR ENDING 31 MARCH 2021

A report of the External Auditors was submitted setting out the Audit Strategy Memorandum for the financial year ending 31st March 2021 (item 6 on the agenda filed with these minutes).

Mark Surridge, representing the External Auditors, attended the meeting to assist the Committee with the consideration of this item.

It was noted that:

- It was the responsibility of the External Auditor to issue an opinion on financial statements.
- External Auditors had a duty to provide Value for Money (VfM) commentary.
- Electors had rights to ask questions of the Auditors.

- It was the responsibility of the Auditors to design procedures for fraud rather than to detect it.
- There were 4 main areas of significant risk:
 - Management override of controls – This was not necessarily a heightened risk.
 - Net defined benefit liability valuation – This related largely to the pension scheme and involved very large numbers based on judgements and estimates. As such, extra time was spent on estimates.
 - Valuation of land & buildings, council dwellings, investment properties (where material) and assets held for sale (where material) – This was supported by a professional valuer.
 - Covid-19 grant recognition – This considered which grants would end up in financial statements and looking at accounting arrangements. The eligibility of business rate payers for grants was not tested. This was considered to be a significant risk as it was a new risk and involved large amounts of money. The Committee were advised not to take false assurance from this work.
- The VfM element had a new code of Audit Practice creating a new approach on the way the auditors worked. In previous years there had been a conclusion whereas this year there was a detailed commentary on the arrangements that the Council had in place. The VfM Commentary Report would be in the public domain, showing the processes on financial sustainability, governance and costs and performance. Each aspect should be in place in any public sector organisation.
- The committee were assured that the external auditors were fair, balanced, independent and objective.
- A webinar was being run by Mazars that would cover the basics of an Audit Committee.

The Committee were advised in response to questions that:

- The reason that Management Override Controls had more of an impact than the pension fund was because there had been an increase in the level of the reporting of fraud and as such the auditors were professionally sceptical of arrangements in place and as such it was appropriate that due diligence was taken.
- With regard to Covid-19 grant recognition, finance teams judgement was driven by accounting standards using 'principle', which referred to specific issues such as revenue support grants, and 'agent', which referred to issues such as business rates whereby the authority was passing funds through on behalf of another body.
- The competence of the VfM conclusion was decided through concerns raised at Audit Committee meetings and was seen as a collective responsibility. This issue would be covered in their webinar.
- VfM Measurements had been made this financial year as there had been a number of criticisms whereby organisations had not acted on auditor advice and has led to high-profile failings. The new code gave auditors more power to enact on organisations that were not performing. The external auditors had a shared responsibility with the Audit Committee and it was officers' responsibility to act on advice.

RESOLVED that the report be noted.

Reason

To acknowledge the Committee's consideration of the matter.

8. 2020/21 INTERNAL AUDIT ANNUAL REPORT

A report of the Head of Strategic Support was submitted presenting the Internal Audit annual report (item 7 on the agenda filed with these minutes).

The Audit Manager attended the meeting to assist with consideration of the item.

It was noted that:

- The report assessed the adequacy and effectiveness of the control environment.
- Reasonable assurance was given that there was a sound system of governance risk management. There was some scope for improvement, but there was a positive position overall.
- There was a requirement to flag up any issues on the annual governance statement and the Asbestos Management Report had been flagged up.
- There was a requirement to include the details of the quota improvement programme.
- There were no gaps in compliance over the year.

The Committee were advised in response to questions that:

- Good progress had been made following up on recommendations, including on the Asbestos Management Report. There would be more following on later in the year and the Committee would be updated through progress reports.
- When development control was looked at it was seen what arrangement plans were in place to go through applications as they came in to ensure that they went through the correct process. Legislation was considered in terms of performance standards, the appeals process and fees. The audit included a range of aspects but primarily looked at internal policies and procedures such as the training given to the Plans Committee.
- Outsourcing had not featured on this year's audit, but it may feature on the audit plan in terms of how the Council were managing contracts.
- Feedback through customer satisfaction surveys was welcomed and senior management would be consulted on whether surveys should be followed up on.
- A large amount of time was taken on research for Tree Preservation Orders.
- Adjusting to a remote audit had caused processes to take longer, including for payroll testing. A high number of days was needed for a substantial audit. Assurance could have been taken at an earlier stage and this would be considered as a team.

RESOLVED that the report be noted.

Reason

To enable the Committee to consider the report prior to receiving the Annual Governance Statement for consideration.

9. INTERNAL AUDIT PROGRESS REPORT 2020/21 TO 31ST MAY 2021

A report of the Head of Strategic Support was submitted summarising the progress against the 2020/21 Audit Plan, outlining key findings from final reports and any outstanding recommendations (item 8 on the agenda filed with these Minutes).

The Audit Manager and the Head of Landlord Services attended the meeting to assist with the consideration of this item.

It was noted that:

- There had been many reports from this period and the Committee would receive another report that would fully conclude everything in the 2020-21 financial year.
- Limited assurance could be given on the Asbestos Management Audit.
- Work had commenced on the 2021-22 plan, although there were no outcomes at this time.
- Work had been carried out on new business grants and insurance schemes for the original grant scheme would continue.

The Committee were advised in response to questions that:

- New resources would be in place for tenant safety through the actions of the audit.
- Statistics on the levels of asbestos-related illness were not available, however there was regular monitoring of occupational health.
- Regarding the extension of implementation dates, there was a discussion between the auditor and the relevant Head of Service or Service Manager over what was reasonable and feasible.
- If it was thought that actions were taking an unacceptably long time or that there was an unacceptable response, these would be highlighted. If there was an unacceptable level of risk, it would be reported back upon.
- When audits were carried out on services, efficiency was considered, and controls were considered if necessary. It was also considered as to what controls in place were trying to achieve. Not every service was audited so an audit review programme may be looked at.
- The focus was on governance and management and internal arrangements so comparisons may not necessarily be seen. If data was available, then comparisons could be made and knowledge from other authorities used to challenge.
- Looking at statistics on whether complaints had risen or fallen would be beyond the role of the internal audit as there was a focus on how complaints were dealt with rather than trends on the amount received.

- Regarding fraud concerning discounts and exemptions on Council Tax, samples of testing were collected, and reviews were carried out by the service. Substantive testing was carried out to ensure that procedures to pick up fraud were correct.

At the request of the Chair it was agreed that a spreadsheet would be added to the end of the next report to show which issues were outstanding going forward.

At the request of the Chair, an offer was extended for Committee members to shadow the Internal Audit to see what they do.

RESOLVED

1. That the report be noted; and
2. that a spreadsheet showing outstanding issues be appended to the next report; and
3. an offer be made for Committee Members to shadow Internal Audit

Reason

1. To ensure the Committee is kept informed of progress against the Internal Audit plan and work of Internal Audit.
2. The information had been requested by the Chair.
3. The offer was requested by the Chair.

10. ALLOWANCES AND EXPENSES CLAIMED BY COUNCILLORS AND CO-OPTED MEMBERS 2020/2021

A report of the Head of Strategic Support was submitted to the committee to consider the amounts claimed by members of the Borough Council and co-opted members under the Council's Members' Allowances Scheme for 2020/2021 (item 9 on the agenda filed with these minutes).

It was noted that some Councillors had claimed mileage during lockdown as they had 4 months to submit claims and pre-lockdown claims could have come in the following financial year.

The Committee were advised in response to a question that not much had been saved by not paying travel during lockdown as not many Councillors had claimed it prior to lockdown.

RESOLVED

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.

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

A report of the Head of Strategic Support was submitted a report providing the committee with information on the operation of the Anti-Fraud & Corruption Strategy and Whistle-blowing Policy during 2020/21 (item 10 on the agenda filed with these minutes).

It was noted that some frauds had been identified on Covid-19 grants and much of it had been reclaimed.

The Committee were advised in response to questions that:

- The volume of Covid-19 grants had been extensive and the government had been keen for the Council to pay as quickly as possible. In the very early weeks of the lockdown, pre-paid cheques were issued in line with government instruction as the alternative was a very bureaucratic process that was difficult to evaluate. Every effort had been made to recover and prevent frauds.
- It was unclear when information would be available on treasury management. Some discretionary grants could be given to deserving cases. This was not considered a big liability for the Council.

RESOLVED that the report be noted.

Reason

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

12. ENVIRONMENTAL AUDITS - REPORT ON OUTCOMES

A report of the Head of Planning and Regeneration was submitted updating the Committee on the outcome of environmental audits undertaken for March 2021. (item 11 on the agenda filed with these minutes).

Councillor Rollings (Lead Member for Transformation), The Head of Planning and Regeneration and the Sustainability Officer attended the meeting to assist the Committee with the consideration of this item.

It was noted that:

- Compliance with regulations was good, despite the impact of home working.
- There were a small number of issues, but these had been addressed adequately.
- Audits had been shared with building managers.
- Audits had been prioritised in relation to risk.
- Non-Conformance with Requirement (NCR) could be an issue or a recommendation. In this years' audit 6 NCRs with improvement plans were already in place, including 14 issues and 6 recommendations.

The Committee were advised in response to questions that:

- The audit only covered buildings. Other departments, such as the waste vehicle fleet, would be managed within their departments.
- As the Charnwood Borough Council Environmental Management System specifically concerned the Council's own buildings, points about Mountsorrel Quarry and Housing would fall under different regulatory regimes. Planning permission for the quarry fell under Leicestershire County Council minerals authority under which there would be an environmental impact assessment. Housing fell under the Charnwood Borough Council Planning department and any major developments would be subject to an environmental impact assessment and would be taken into consideration when considering whether or not to grant planning permission.
- The local plan contained an appendix on sustainability.

RESOLVED that the outcome of the report be noted, including the identified actions for any mitigation required.

Reason

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

13. RISK MANAGEMENT (RISK REGISTER) UPDATE

A report of the Strategic Director for Environment and Corporate Services was submitted providing the Committee with details of the Strategic Risk Register produced for the period to 2020/21, and also to provide information on the risk register that has been compiled to reflect the ongoing COVID-19 situation (item 12 on the agenda filed with these minutes).

It was noted that no new risks had been added or removed, but ratings had been updated, particularly on the Covid-19 Risk Register.

It was noted by the Chair that Internal Audit will have used this information, as well as other resources, to inform planning the audit.

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, and also about the COVID-19 risk register.

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

A report of the Head of Strategic Support was submitted providing the Committee with a summary of the Council's use of RIPA powers (item 13 on the agenda filed with these minutes).

It was noted that:

- RIPA had not been used by the Council in the previous quarter.
- The 4-year inspection to ensure the act was being used correctly was due shortly.

It was clarified that there had been an error with the dates on the report and it should have read that the period covered December 2020 to the end of February 2021.

RESOLVED that the Committee note that there has been no use of RIPA powers by the Council for the period from 1st December 2020 to 28th February 2020.

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.

15. TREASURY OUTTURN REPORT 2020/21

A report of the Head of Financial Services was submitted reporting to the Committee the Council's Treasury Management, Investment Management and Prudential Code Outturns for the year 2020/21 (item 14 on the agenda filed with these minutes).

It was noted that:

- In Capital Expenditure the budget on the General Fund was £57.8 million against a spend of £30 million with an underspend of £27.8 million.
- There was a slippage request of £25.4 million that left a balance of an underspend of £2.4 million that would go back into the Capital Plan.
- The slippage report would go to Cabinet on 1st July.
- The HRA budget was £9 million with a balance of £5 million and a slippage request of £2 million.

- The HRA underspend of £3 million would fall back in to the HRA financing fund.
- Regarding the Investment Outturn Report, the interest earned for the financial year was £342,000 against a revised budget of £300k. In the 2019/20 financial year the outturn had been £562,000.
- Rates had dropped low and there was a good return on external property funds of £182,000 with internally managed funds of £160,000.
- The budget for next financial year had been set at a level of £300,000.
- The Loughborough Town Deal had been approved and £17 million should be added to the Capital Plan.

The Chair noted that slippage in terms of capital expenditure was to be expected in the current climate.

A document detailing the slippage figures was circulated (appended with these minutes).

The Committee were advised in response to questions that:

- There were two areas of underspend. Underspend on Revenue would go back into the General Fund Balance. Regarding underspend on Capital, there would be some projects that would not progress as quickly as hoped and there were project management lessons to be learned. There was a clear rationale to carry forward and numbers would reflect the Council's commitment with regards to projects such as the £15 million Enterprise Zone. Schemes with the Leicester and Leicestershire Enterprise Partnership (LLEP) were eligible for forward funds. Some of the Town Deal regeneration budget would be spent against this and there was another £10 million available to spend this financial year. It was possible that not all of the money would be spent by 31st March 2022. It was added that there was a Capital monitoring process three times a year as well as the outturn.
- Section 106 monies were monitored internally with a team of officers in conjunction with external parties such as the NHS and the Police. Many schemes were project managed in conjunction with Parish Councils. It was not thought that the Council had needed to pay money back to developers that had not been used in time.
- There was a 5-year overriding rule that investments did not hit the bottom line. Valuation losses were accounted for. Unusable reserve accounts did not hit the General Fund reserve balances. This information was included for transparency purposes and good returns had been taken on them. Money taken out of reserves would be a line in the Statement of Accounts.
- Negative cost figures in the HRA were more obvious as there was lost debt. Negative figures were due to interest receivable being higher than interest payable.

RESOLVED that the report be noted.

Reason

To acknowledge the Committee's consideration of the matter.

16. WORK PROGRAMME

A report of the Head of Strategic Support was submitted to enable the Committee to consider its work programme (item 15 on the agenda filed with these minutes).

It was noted that the External Quality of Internal Audit had been considered at the meeting of the Audit Committee on 9th February 2021.

The Committee were advised in response to questions that:

- The Ombudsman report would go to Full Council and any risk areas identified would follow to the Risk Report which would be seen by the Audit Committee.
- There had been a recommendation from Budget Scrutiny that Commercial Investments be monitored either by the Audit Committee or by the Scrutiny Commission.

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

17. EXEMPT INFORMATION

It was resolved that members of the public be excluded from the meeting during the consideration of the item on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

18. GOVERNANCE AND RISK ASPECT OF COMMERCIAL INVESTMENT AND PERFORMANCE REVIEW

An exempt report of the Strategic Director for Commercial Development, Assets and Leisure (Exempt item 17 on the agenda filed with these minutes).

A summary of the Committee's discussion on this matter is provided in the exempt minute (Audit Committee 18E. 2020/21)

RESOLVED

1. that decisions be made as detailed in the exempt minute (Audit Committee Minute 18E 2020/21);
2. that the exempt report of the Audit Committee be noted.

Reason

As set out in the exempt minute (Audit Committee Minute 18E 2020/21).

NOTES:

1. No reference may be made to these minutes at the next meeting of the Full Council 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.

(TM Outurn Report 08/06)

Summary Capital Budget 2020

General Fund

	25,000,000.00
	4,800,000.00
	2,038,000.00
	15,000,000.00
	5,000,000.00
	1,657,000.00
	600,000.00
	1,013,800.00
	250,000.00
	2,469,600.00
Total GF Budget	<u><u>57,828,400.00</u></u>

Outturn Summary Position

GF Capital Budget	57,828,400.00
Less Spend in yr	-29,906,229.00
Less Slippage	-25,436,900.00
GF Underspend	<u><u>2,485,271.00</u></u>

HRA Budget	9,099,700.00
Less Spend in Year	-4,025,988.00
Less Slippage	-2,238,400.00
HRA Underspend	<u><u>2,835,312.00</u></u>

(Capital Outturn Report 01/07)

Summary of Capital Budgets Slippage to 2021/22

General Fund	£	
Commercialisation		0
Fleet		0
Bedford Sq	1,525,600.00	
Committed Enterprise Zone	15,000,000.00	External borrowing
Committed Town Deal/Regeneration Budget	4,795,400.00	External borrowing
Disabled Facilities Grants	990,300.00	Grant funded
Shephed Bull Ring	504,400.00	Capital Receipts
3rd Party Schemes/S106	785,500.00	S106 Funded/Externally Grant Funded
Vaccination Centre	50,000.00	NHS Externally Funded
Other Live GF Capital Schemes	1,785,700.00	
Total GF Carry Forward Cabinet Request	<u>25,436,900.00</u>	

GF
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GF

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AUDIT COMMITTEE – 28th SEPTEMBER 2021

Report of the Head of Strategic Support

Part A

ITEM 5 INTERNAL AUDIT PROGRESS REPORT 2021/22 TO 10TH SEPTEMBER 2021

Purpose of Report

The report summarises the progress against the 2021/22 Audit Plan, outlining key findings from final reports and any outstanding recommendations.

Recommendation

The Committee notes the progress report set out in Appendix 1.

Reason

To ensure the Committee is kept informed of progress against the Internal Audit plan and work of Internal Audit.

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 regular 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: Public Sector Internal Audit Standards

Officers to contact:

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Part B

The details regarding this report are set out in the Appendix.

Appendices

Appendix 1 – INTERNAL AUDIT PROGRESS REPORT 2021/22 TO 10TH
SEPTEMBER 2021



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

**Internal Audit Progress Report 2021/22 to
10th September 2021**

1.0 Introduction

1.1 Internal Audit is provided through a shared service arrangement by North West Leicestershire District Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to update on Internal Audit activity from 01.06.21 to 10.09.21.

2.0 Internal Audit Plan Update

2.1 Since the last update report to Audit Committee on 8th June 2021, 6 final audit reports have been issued. Appendix A shows the current position of the 2021/22 Audit Plan and the executive summaries for the six final reports issued are detailed in Appendix B:

- Debtors (2020/21) – Substantial Assurance
- Rent Accounting (2020/21) – Reasonable Assurance
- Fire Safety & Management (Housing) (2020/21) – Reasonable
- Asset Management – Limited Assurance
- Commercial Property Project – Reasonable Assurance
- Corporate Risk Management – Limited Assurance

2.2 The Asset Management audit was issued with a limited assurance opinion. There were 7 high, 3 medium and 1 low priority recommendations made. The main issues associated with the control weaknesses related to the Asset Management Strategy supporting policies, procedures and action plans and the currency and completeness of the data held within the asset management register.

The Corporate Risk Management audit was also issued with a limited assurance opinion, with 3 high and 4 medium priority recommendations being made and agreed. The main issues related to the updating and review of policies and procedures, training and awareness of staff and consistency across all risk registers with links to be developed to corporate strategies.

3.0 Outstanding Recommendations

3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are 14 overdue recommendations which are detailed in Appendix C for information. As progress has been made with these recommendations the Audit Manager does not have any specific concerns at this time.

3.2 Appendix D details recommendations previously reported but, as yet, they have not reached their implementation date and therefore no follow up has been carried out.

4.0 Internal Audit Performance Indicators

4.1 Progress against the agreed Internal Audit performance indicators is included in Appendix E. There are no concerns to report at this time.

5.0 Internal Audit Charter Review

5.1 The Audit Manager has completed the annual review of the Charter, detailed in appendix F. The following minor amendments have been made:

- Reference to Seven Principles of Public Life added.
- Section 13 changed from Consulting and Advisory work to Nature of Services, assurance definition added (13.1) and the purpose of our work explained (13.2).
- Paragraph 9.4 added to confirm approach to work for organisations outside of the shared service.

6.0 Team Update

Lisa Marron, Audit Manager, will be leaving on 7th October however, a recruitment process is underway and minimal disruption is expected.

APPENDIX A

2021/22 AUDIT PLAN AS AT 10th SEPTEMBER 2021

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Asset Management	Audit	10	12	Completed	Limited	-	7	3	1	
Disabled Facilities Grants	Certification	5	-	Scheduled for Q2						
Commercial Property Project	Audit	10	11.5	Completed	Reasonable	-	2	2	-	
Commercial Lettings	Audit	10	7	In progress						
Acquisitions Policy	Audit	8	0.5	In progress						
Fleet Management	Audit	10	5	Report drafting						
Risk Management	Audit	10	7	Completed	Limited		3	5	-	
Choice Based Lettings	Audit	10	-	Scheduled Q4						
Building Control	Audit	8	-	Scheduled Q4						Joint audit for NWLDC
Electrical Safety	Audit	8	-	Scheduled Q4						
Covid-19 related assurance	Assurance	40	63	As required						This has been higher than planned in Q1 due to new grants and level of checking required by central

										government. Will be able to use some of the NFI time as do not expect to use all of that.
Procurement Advisory	Advisory	3	-	As required						
SWAP Advisory	Advisory	15	-	As required						
DVLA Database Access	Advisory	3	2.6	Completed						
Markets – New Booking System	Advisory	2	-							
NFI	Assurance	30	0.5	As required						Likely to be able to use this time to offset overrun on Covid-19 related assurance.
IT Project Management	Audit	BDO		Scheduled Q3						Audit to be delivered by BDO ICT audit specialist.
IT and Cloud Strategy	Audit	BDO		Engagement Planning						Audit to be delivered by BDO ICT audit specialist.
Data Governance and Operational Cloud Security	Audit	BDO		Scheduled Q4						Audit to be delivered by BDO ICT audit specialist.

Definitions

Audit Opinion

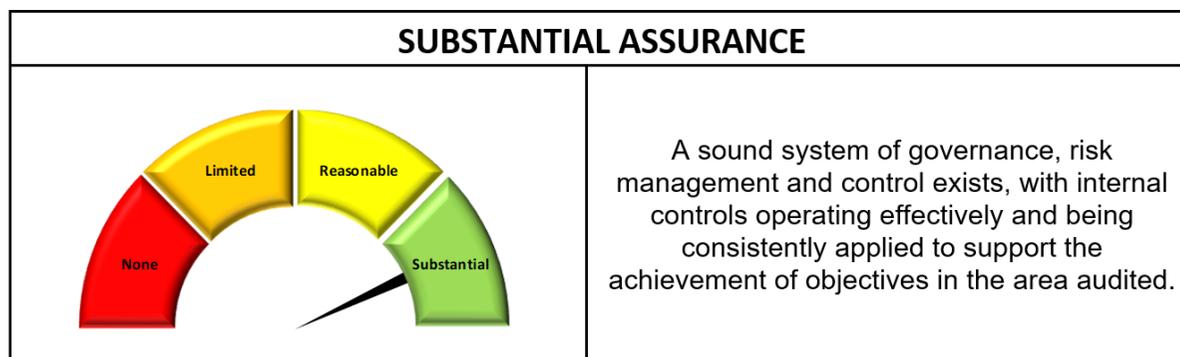
Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited

Recommendation Priority

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made,
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.

SUMMARY OF FINAL AUDIT REPORTS ISSUED BETWEEN 01 JUNE 2021 AND 10 SEPTEMBER 2021

2020/21 REPORTS

DEBTORS**Key Findings**

Areas of positive assurance identified during the audit:

- There are comprehensive policies and procedures in place that are accessible to staff.
- There are adequate procedures in place to ensure debtors accounts are raised promptly.
- There are adequate segregation of duties.
- Adequate controls exist to ensure that accounts are raised for the correct amounts and are credited to the appropriate cost centre.
- Mechanisms are in place to ensure all income received is recorded and where possible posted to the correct account when it is received.
- There are satisfactory controls in place for the recovery of outstanding payments.
- Write-offs are appropriately recorded and authorised.
- Regular reconciliations are being undertaken between the debtor's system, the cash receipting system and the general ledger.
- Collection rates are monitored against targets by means of an aged debt analysis and regularly reported to management.
- User access is regularly reviewed and relevantly controlled.

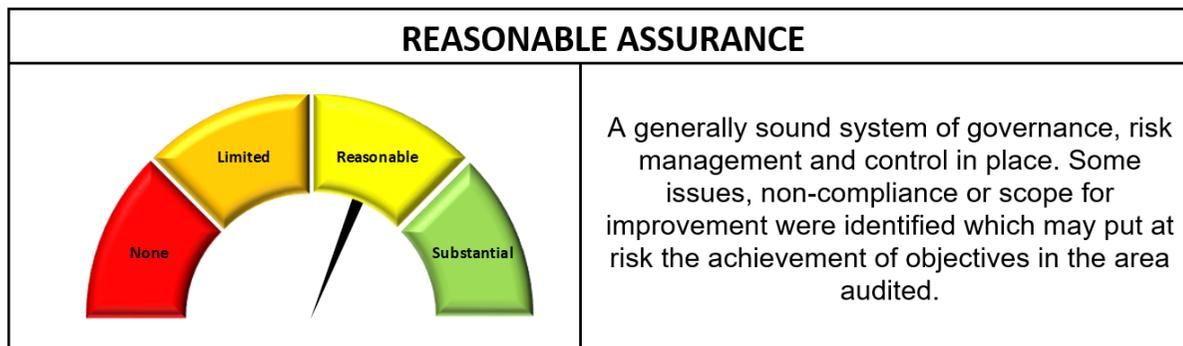
The main areas identified for improvement are:

- Supporting evidence for the raising of credit notes was not available.
- Targets on performance should be set and relevantly reported.

Two medium and one low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1.Procedures should be put in place to ensure credit notes are only raised on receipt of an authorised request.	Medium	A cancellation folder will be created on the shared drive for all cancellation requests to be filed.	Senior Income Officer	July 2021 Audit follow up – implemented.
2. For completeness review dates should be added to the procedure guides.	Low	Agreed that procedure guides will be reviewed and review dates added.	Senior Income Officer	September 2021
3. Review the performance indicators and set appropriate targets to report against. The indicators should be reported for scrutiny to the appropriate committee.	Medium	An agreed target will be set. Discuss with the Organisational Change Officer to establish if the indicator can be added to the corporate performance management process, which is reported to the Finance and Performance Scrutiny.	Head of Financial Services and Senior Income Officer	September 2021

RENT ACCOUNTING



Key Findings

Areas of positive assurance identified during the audit:

- There is adequate separation of duties within the housing rents system and between debit control and collection.
- There is an adequate process in place for ensuring that rents for new or acquired properties are set in line with the Rents Policy.
- Collection rates are regularly monitored by the Landlord Services Management Team.
- Adequate procedures are in place for the processing of refunds.
- Suspense accounts are regularly reviewed, and items are promptly investigated.
- All types of arrears are pursued appropriately.
- There is a current Housing Income and Financial Inclusion Policy 2019-2024 in place.

The main areas identified for improvement are:

- The Tenancy Policy and procedural guides have not been reviewed for a number of years.
- The recovery reports that are generated by the software, Rent Sense, may not have all accounts in arrears listed.
- The procedures in place are not enough to ensure user access is revoked.

Two medium and one low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The policies and procedures guides should be reviewed on a regular basis to ensure they reflect current practices.	Low	Agreed that policies and procedure guides will be reviewed and version control maintained.	Landlord Services Manager	September 2021
2. Management liaises with the software provider to resolve this issue to ensure all accounts in arrears are being captured and pursued.	Medium	Agreed as per recommendation.	Income Management Team Leader	August 2021
3. A cleansing exercise be undertaken on the system to revoke access to those who have left Charnwood employment or no longer need access. A regular review of system access is carried out to ensure that access is appropriate, and leavers are revoked appropriately.	Medium	The cleansing exercise will be completed by the end of August. The Service will continue to review system users on a quarterly basis when reports are received from ICS.	Housing System Team Leader.	August 2021

FIRE SAFETY AND MANAGEMENT (HOUSING)



Key Findings

Areas of positive assurance identified during the audit:

- The need for full procedures has been identified and is currently being address.
- Training is carried out appropriately and new courses are currently being developed at different levels across the authority.
- The service is currently introducing a new process to ensure that all actions identified through both Fire Risk Assessments and from local checks have a full audit trail in place to evidence that actions have been implemented and the date of implementation.
- Inspections are carried out and fully documented by both wardens and the contractor.
- The Fire Management Plan details the responsibilities of officers in regard to fire safety.
- Work has been started to ensure that the authority is meeting the requirements of the new Fire Safety Act 2021 with the intention to carry out fire risk assessments on all relevant properties during the 2021/22 year.

The main areas identified for improvement are:

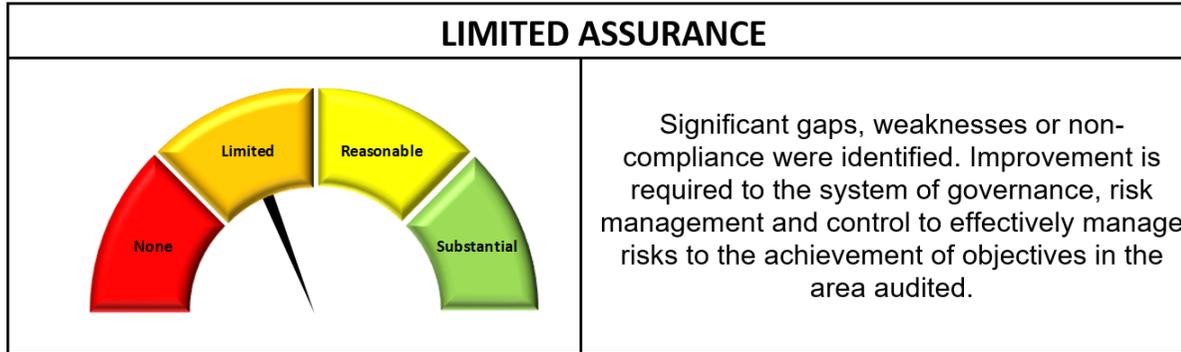
- Contract Management and timeliness of procurement.
- Reporting of accurate performance indicators.

Three medium and three low priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1 Officers ensure that contracts are procured in a timelier manner than has been previously the case.	Medium	Agreed, in progress.	Repairs & Investment Manager	September 21
2 Contract monitoring is carried out on a regular basis and appropriately documented.	Medium	Agreed – to be established as part of mobilisation of new contracts	Compliance Manager	October 21
3. A review of the figures reported for KPI's are reviewed for accuracy.	Low	Agreed. New set of FRA's being conducted and accurate figures will be reported upon.	Compliance Manager	September 21
4. Relevant KPI's are in place for contracts.	Low	Agreed. New contracts to have relevant and reportable KPI's	Repairs & Investment Manager	September 21
5. Officers ensure that the record of fire doors is accurately recorded, giving consideration to record these within the QL system.	Low	Agreed.	Repairs & Investment Manager	October 21
6. Further work is carried out to ensure that the inspections carried out by the Housing Assistant are relevantly reported and issues are actioned.	Medium	Agreed.	Landlord Services Manager	October 21

2021/22 REPORTS

ASSET MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

- Sufficient documents are retained to support compliance testing.
- Assets are regularly valued, in accordance with guidance and have been insured.

The main areas identified for improvement are:

- The Asset Management Strategy is due for review this year and supporting policies/action plans need creating.
- Key processes for managing asset information need documenting.
- A comprehensive single data source needs developing to record adequate information on assets necessary to enable evidence-based decision making.
- Officers are not advising the Council's Insurance Officer of changes to insurance provision during the year.

Seven high, 3 medium and one low priority recommendation were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>1. Officers ensure that a new Asset Management Strategy is produced and approved in time to replace the current strategy and that it becomes a working document that is updated as the priorities of the council develop over the time.</p> <p>Management should consider existing resources, such as the Royal Institution of Chartered Surveyors Asset Management Guidelines and Department of Communities and Local Government framework for Local Authorities on Asset Management when developing the Strategy and any related documents.</p>	High	A revised Strategy, with guiding principles rather than a list of objectives, will be put in place to lead the council forward	Strategic Director of Commercial Development, Asset and Leisure	April 2022
2. Officers ensure that all policies and documents are in place, up to date and available to support the progression of the strategy.	High	As per recommendation one.	Strategic Director of Commercial Development, Asset and Leisure	April 2022
3. The processes in place for managing the asset information are formalised. These processes should at least describe how council's collect, analyse and evaluate the information to ensure decision making is evidence based and identifies the roles and responsibilities of the officers involved in those processes.	High	Relevant processes will be put in place as per response to recommendation one.	Strategic Director of Commercial Development, Asset and Leisure	April 2022
4. Management should consider the National Asset Management Assessment Framework self-assessment which assesses the maturity of asset management practices and processes.	Low	Agreed as per recommendation.	Strategic Director of Commercial Development, Asset and Leisure	April 2022
5. The current asset insurance list is circulated annually, prior to the renewal of insurance, requesting that officers update the areas relevant to their service.	Medium	Agreed as per recommendation to issue to CLT annually.	Insurance Officer	January 2022

6. In accordance with Financial Procedure Rule 17.2.2, Heads of Service are reminded of their responsibility to advise the insurance officer of any in year acquisitions, disposals or changes in responsibility related to insurance (e.g. lease changes) within their service areas, to ensure that all assets owned by the authority are relevantly insured and the authority is not over insuring assets that they no longer own.	Medium	This is will be added to the Risk Management Group Agenda.	Organisational Development Manager	September 2021
7. Management develops a comprehensive single source of data to track and record assets which allows them to see a complete picture for each asset in real time, which can be used to support the Asset Management Action Plan and give assurance that the authority is meeting their legal responsibilities.	High	Agreed.	Strategic Director of Commercial Development, Asset and Leisure and Strategic Asset Manager	September 2022
8. An Asset Management Group is introduced, and a repairs and maintenance programme developed to ensure that a full overview of works required is available to assist in the prioritisation of expenditure on assets, as is detailed in the Asset Management Strategy.	High	This recommendation is not agreed as this will be managed by SLT as part of the capital programme. A previous programme was approved and included in the capital programme but was subsequently removed due financial pressures due to Covid-19.	N/A	N/A
9. Consideration is given to asset maintenance budgets being centralised to ensure that the authority can maintain their asset stock to the condition required.	Medium	Agreed in principle though the governance programme will be changed this will be undertaken in line with recommendation one.	Strategic Director of Commercial Development, Asset and Leisure	April 2022
10. The review and validation of the register should ensure that all information held is complete and accurate. Consideration should be given to including fields such as acquisition and disposal dates, current	High	Agreed that the review will be completed and key data considered.	Strategic Asset Manager	September 2022

condition/defects and running cost, inspection and compliance requirements and planned works.				
11. The reporting framework is followed to ensure that both Councillors and Senior Management receive reports that contain asset performance, condition, and costs to enable challenge and assist in the strategic long-term planning.	High	Will be set out as part of recommendation one.	Strategic Director of Commercial Development, Asset and Leisure	April 2022

COMMERCIAL PROPERTY PROJECT



Key Findings

Areas of positive assurance identified during the audit:

- Adequate due diligence had been completed and appropriate authorisation obtained before investment properties were acquired.
- Appropriate reporting is in place to ensure there is adequate challenge to decision making.
- Collectively officers managing and scrutinising decisions on commercial properties have the appropriate skill set.
- Portfolio management arrangements are in place and appropriately monitored.

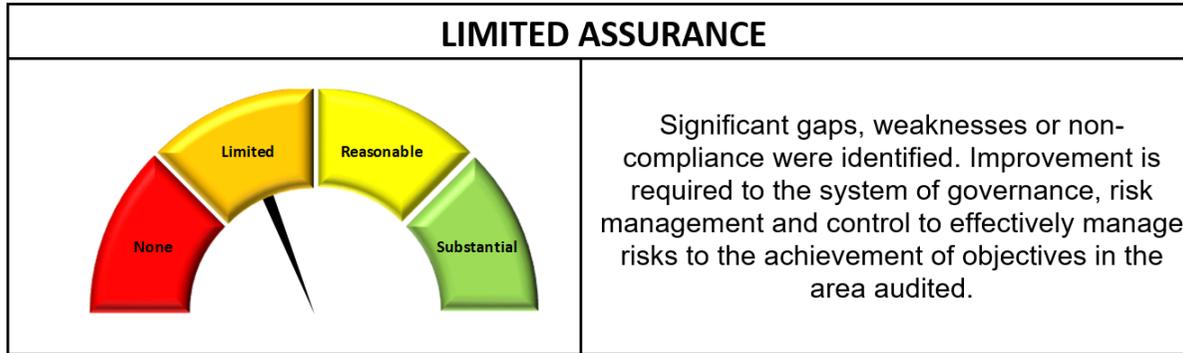
The main areas identified for improvement are:

- The implementation of a risk assessment which reflects the current risks associated with the project.
- Some councillors who would have benefited from the training due to their membership to the Cabinet or Audit Committee, who will provide scrutiny on commercial properties did not attend the members training session.
- Timing in respect of insuring properties should have been considered and more notification should have been given to the Council's Insurance Officer.

Two high and two medium priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. A risk assessment is completed which considers the current risks associated with investment properties which is regularly reviewed, and where necessary updated, and is included in the report to Audit Committee.	High	Officers will investigate the addition of risks to the corporate risk management process and relevant risks will be included in the report for Audit Committee.	Strategic Director of Commercial Development, Asset and Leisure.	December 2021
2. Management ensure all members of the Audit Committee receive appropriate training, within the annual Audit Committee training programme, to enable them to challenge decision making should it be necessary to do so.	Medium	Officers will liaise with Democratic Services to ensure that this is added to the Audit Committee training programme.	Strategic Director of Commercial Development, Asset and Leisure.	September 2021
3. Management ensure that the Insurance Officer is consulted at an early stage for potential new investments, changes to reinstatement costs and changes in leases, to allow for adequate cover to be included in the procurement stage and arranged timely.	High	<p>Management acknowledge the issues raised, however, there are no future plans to purchase investment properties.</p> <p>There are standard processes in place that encompass this with a completion memo.</p> <p>If this situation should occur again then management will reconsider this recommendation.</p>	Not Applicable	No further action.
4. Evidence of insurance for all properties is held by the Council.	Medium	Agreed, this is included on the landlord checklist.	Strategic Asset Manager	September 2021

CORPORATE RISK MANAGEMENT



1.1 Key Findings

Areas of positive assurance identified during the audit:

- The strategic risk register is regularly reported to both councillors (Audit Committee) and senior officers.
- A report on risk management is presented annually to Cabinet.
- It was seen fit to implement a specific COVID risk register at the start of the pandemic, this has been regularly reviewed, updated and reported to committee.

The main areas identified for improvement are:

- Policies and procedures need updating.
- Training for staff and members is required on a regular basis.
- Consistency across all risk registers and links to the relevant corporate strategies need to be developed.

Three high and four medium priority recommendations were made.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The strategy and framework are reviewed and updated, and relevantly approved to reflect the current position of the authority.	High	Agreed	Organisational Development Manager	December 2021
2. The strategy and framework are made available for staff to ensure the promotion of risk management across the authority.	Medium	Agreed	Organisational Development Manager	December 2021
3. Standard risk management templates are used across the authority for consistency and to ensure the same level of risk management is embedded in all services, projects and partnerships.	Medium	Agreed	Organisational Development Manager	March 2022
4. Officers should ensure that the strategic risk register is accurately recorded and updated and is being managed in line with the risk management framework.	High	Agreed	Organisational Development Manager	December 2021
5. Terms of Reference for the Risk Management Group are developed, agreed and relevantly distributed to ensure that the group is fully aware of its responsibilities and focussing on the relevant areas.	Medium	Agreed	Organisational Development Manager	December 2021
6. Consideration should be given to promoting the use of specific risk registers when working in partnerships to encourage ownership of particular risks across the partnership.	Medium	Agree, will be included in the new framework but to fully implement will be looking at March 2022	Organisational Development Manager in conjunction with relevant Heads of Service	March 2022
7. A review of training is carried out to ensure that all officers and members receive the correct level of training to reflect their responsibilities within the risk management process.	High	Agreed	Organisational Development Manager	May 2022

APPENDIX C

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 10 SEPTEMBER 2021 (CRITICAL, HIGH AND MEDIUM PRIORITY)

Report	Recommendation	Priority	Officer Responsible	Target Date	Internal Audit Comments
2020/21 Audit Reports					
Right to Buy	5 Officers should ensure that where information detailed within the application does not fully match that held by the authority further investigation is carried out and documented to ensure that only bone fide applications can proceed. Additionally, checks against the housing benefits system should be introduced to ensure any fraudulent claims are identified.	High	Strategic Asset Manager & Right to Buy Officer	Feb 21 June 21 Feb 22	01.04.21 - NFI app now procured and ready for use. Further follow up in June 2021 to allow for process to be fully implemented. 27.08.21 – Further issues, greater than just the implementation of the recommendation, have arisen.
Absence Management	4.1 All staff with absence management responsibilities (e.g. line managers and Heads of Service) should attend a training session delivered by the HR team to discuss discretion and how and when it can be applied. The session should address the application of manager discretion to the absence management policy and aim to clarify when it is and is not appropriate to apply discretion.	Medium	Organisational Development Manger	Feb 21 Dec 21	04.01.21 - All of the changes relating to Absence Management are to be agreed at Personnel Committee on the 12 January 2021. We will implement after agreement at that meeting. 29.04.21 - HR are currently undertaking other briefing sessions so have not scheduled Absence Management Briefing Sessions as yet.

Strategic Communications	1	The Annual Communications Report should refer to the strategy, for example detailing the original objectives and under each stating what has been done that year to achieve the objective, supporting figures and performance statistics and a reflection on the performance.	Medium	Communications Manager	March 21 Sept 21	29.04.21 - The review is underway, and surveys with internal and external audiences about the effectiveness of the Council's communications have been carried out. 04.08.21 - This is now being included in the development of a new communications strategy which will include an annual communications plan which will relate more closely to the Corporate Strategy. Therefore, the annual report will more closely reflect the corporate strategy. Expected completion: September 2021. It has not been completed so far due to other pressures on the comms team.
NNDR	2	Consideration is given to awarding reliefs and exemptions for a set period only. This should be detailed within the policy	Medium	Head of Customer Experience	June 21 Sept 21	This will be reviewed as part of the Discretionary Business Rates policy due to be implemented Sept 21.
NNDR	8	A full review of the contract is carried out by the authorised officer and where shortfalls are identified these are relevantly rectified, including the resurrection of the Partnership Board meetings.	High	Head of Customer Experience	March 21 June 21 Sept 21	Due to other priorities and unavailability of from both organisations the first meeting was deferred.
NNDR	9	All meetings are relevantly minuted.	Medium	Head of Customer Experience	March 21 June 21 Sept 21	As above, NNDR recommendation 8
Gas Servicing Contract Monitoring	1	A reconciliation between the QL system and the details held by Sure of the properties requiring a CP12 is carried out on a quarterly basis to ensure that all properties are recorded.	Medium	Compliance Manager	June 21 July 21 Dec 21	The recently appointed Compliance Gas Inspection Surveyor has resigned, which along with two serious heating related issues at sheltered accommodation has impacted on the

						level of available resource to complete this action.
Gas Servicing Contract Monitoring	2	Officers entering the figures into the performance report ensure that these are correctly entered and correspond to the figures provided.	Medium	Compliance Manager	July 21 Dec 21	This links into the above action. Until the data is correct, the process and training cannot be delivered.
Asbestos Management	6	Officers ensure that KPI's are being reported and reviewed, with enough information being provided to confirm the accuracy of the KPI's.	Medium	Compliance Manager	July 21 Oct 21	The new contract has been executed, and KPIs are contained in the contract. Extension needed provide sufficient time to build the reports and the output the data.
Asbestos Management	8	Officers ensure all documentation is received following asbestos removal works, and where decisions have been made these should be relevantly documented in a central location.	Medium	Compliance Manager	Jul 21 Aug 21 Oct 21	Decisions will be relevantly documented and stored on the relevant property folder on sharepoint.
Asbestos Management	9	A review of the information held on the asbestos register is carried out and updated to ensure that the authority is meeting its legislative requirement in relation to keeping an up-to-date record of the location and condition of the asbestos- containing materials - or materials which are presumed to contain asbestos.	High	Compliance Manager	Aug 21 Sept 21 Oct 21	The Alpha tracker is currently being implemented following the execution of the contract with MCP. Will look in to uploading the ASB visuals report to show work carried out.
Asbestos Management	12	To ensure that officers attend relevant training a full training record should be developed that details the level of training required, when officers have attended training and the frequency that training should be attended.	Medium	Health, Safety & Environmental Manager	Aug 21 Oct 21	

Income Collection	4	Management explore fraud training options, particularly around card fraud and Payment Card Industry awareness.	Medium	Head of Customer Experience & Customer Service Delivery Manager	June 21 Oct 21	Learning & Development have made the training available but to date no-one has completed the training.
Absence Management	3.1	<p>The HR Management System (iTrent) has a workflow facility which automatically sends an email to HR and to the relevant Manager once an employee reaches a trigger point in the absence management policy. e.g. has a third absence in six months. It is recommended that this facility is utilised so that HR and Managers receive real-time notifications of triggered absences.</p> <p>The workflow should be set up by the Systems Administrator based on a staffing establishment / organisational structure to ensure that notifications are sent to the right people</p>	Medium	Systems Analyst	Dec 20 July 21 Sept 21	Work has started on this and the Systems Administrator for iTrent is currently finalising the process. Now that the cloud project has been completed the administrator can focus on this. The workflow has been written and needs to be tested.

**RECOMMENDATIONS TRACKER – RECOMMENDATIONS PREVIOUSLY REPORTED BUT NOT YET DUE AS AT 10 SEPTEMBER 2021
(CRITICAL, HIGH AND MEDIUM PRIORITY)**

Report	Audit Year	Recommendation	Priority	Officer Responsible	Target Date
Income Collection	20/21	A Money Laundering Officer is appointed; this should be an officer of an appropriate position within the authority	Medium	Director of Corporate Services	Sep-21

INTERNAL AUDIT PERFORMANCE INDICATORS

PERFORMANCE MEASURE	POSITION AS AT 10 th SEPTEMBER 2021	COMMENTS
Delivery of 2021/22 Audit Plan	36%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	Based on four returns for 20/21. Discussed low response rate with SLT and no requirement for IA to chase services for returns.
Compliance with the Internal Audit Standards	Conforms	Inspection took place w/c 30 th November 2020. Internal Audit Service conforms to the Public Sector Internal Audit Standards.
Compliance testing of completed recommendations	100%	



INTERNAL AUDIT CHARTER

Charnwood Borough Council

Version Control

Author	Date	Action
Lisa Marron Audit Manager	May 2020	Aligned Charter for all authorities.
Lisa Marron Audit Manager	September 2021	Reference to Seven Principles of Public Life added. Section 13 changed from Consulting and Advisory work to Nature of Services, assurance definition added (13.1) and the purpose of our work explained (13.2). 9.4 added to confirm approach to work for organisations outside of the shared service.

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1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 place a statutory duty on the Council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance.
- 1.2 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'.
- 1.3 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 Definitions

- 2.1 In line with 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."

- 2.2 For the purpose of this charter the following definitions shall apply:

The Board – 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.

At this Council this shall mean the Audit Committee.

Senior Management – those responsible for leadership and direction of the Council.

At this Council this shall mean the Senior Leadership Team (SLT).

Chief Audit Executive –the person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIAS. The Chief Audit Executive or others reporting to the Chief Audit Executive will have appropriate professional certifications and qualifications.

At this Council the Chief Audit Executive is the (Shared Service) Audit Manager.

3 Mission and Purpose of Internal Audit

3.1 In line with the PSIAS the mission of Internal Audit is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

3.2 The purpose of Internal Audit is to review, appraise and report on the adequacy of risk management, control and governance processes across the Council.

4 Professionalism

4.1 The Internal Audit activity will govern itself by adherence to the PSIAS. 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.

4.2 The service, and individual staff, will be governed by the Code of Ethics of the relevant professional bodies of which they are a member in addition to the Core Principles for the Professional Practice of Internal Auditing and the Code of Ethics from the International Professional Practices Framework. The Core Principles are:

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

- 4.3 Internal Auditors who work in the public sector must also have regard to the Committee on Standards in Public Life's Seven Principles of Public Life, information on which can be found at www.public-standards.gov.uk.

5 Scope of Internal Audit

- 5.1 There are no restrictions placed upon the scope of Internal Audit's work. Internal Audit work will usually include, but is not restricted to:
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
 - evaluating and appraising the risk associated with areas under review and making proposals for improving the management of risks;
 - appraising the effectiveness and reliability of the risk management framework and recommending improvements where necessary;
 - assisting management and members to identify risks and controls with regard to the objectives of the Council and its services;
 - reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the Council is in compliance;
 - reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
 - appraising the economy, efficiency and effectiveness with which resources are employed;
 - reviewing operations and programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and
 - reviewing the operations of the Council in support of the Council's Anti-Fraud and Corruption policy.

6 Authority of Internal Audit

- 6.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, this Charter and the Council's Constitution. Internal Audit staff have the authority to:
- enter any Council owned or occupied premises or land at all reasonable times (subject to any legal restrictions outside the Council's control);
 - have access at all times to the Council's records, documents and correspondence;
 - require and receive such explanations from any employee or member of the Council as he or she deems necessary concerning any matter under examination; and
 - require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.
- 6.2 The Audit Manager shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.

- 6.3 All employees and members are requested to assist the Internal Audit activity in fulfilling its roles and responsibilities.

7 Responsibility of Internal Audit

- 7.1 The Chief Audit Executive will be 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.
- 7.2 Internal Audit will have the responsibility to review, appraise and report as necessary on:
- the adequacy and effectiveness and application of internal controls, governance and risk management processes and systems;
 - the extent of compliance with financial regulations and standing orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
 - the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

8 Reporting Lines

- 8.1 Day to day management of the Internal Audit team will be performed by the Chief Audit Executive. The Chief Audit Executive reports to the Board for organisational purposes but will report significant audit findings and audit progress directly to the Section 151 Officer. The Chief Audit Executive will keep the Section 151 Officer and the Board informed of progress and developments on a regular basis.
- 8.2 The Internal Audit team is employed by North West Leicestershire District Council and sits within the Legal and Commercial Services Team reporting to the Head of Legal and Commercial Services. The performance of Internal Audit is also monitored by the Head of Strategic Support who is the contract manager.
- 8.3 The Chief Audit Executive has free and unfettered access to the Chief Executive, Section 151 Officer, Monitoring Officer and 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.

9 Independence and Objectivity

- 9.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice. Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made.

Objectivity requires that Internal Auditors do not subordinate their judgement on audit matters to others.

9.2 To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the Internal Audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to senior management and the Board;
- reports in their own name;
- rotates responsibilities for audit assignments (where possible) within the Internal Audit team;
- completes individual declarations confirming compliance with rules on independence and conflicts of interest; and
- has a planning process which recognises and addresses potential conflicts of interest through Internal Audit staff not undertaking an audit for at least two years in areas where they have had previous operational roles.

9.3 If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to senior management and the Board. The nature of the disclosure will depend upon the impairment.

9.4 There may be times when Internal Audit are asked to provide audit services for other organisations outside of the shared service. The nature of this work will be formally set out and agreed in advance and, in line with the shared service inter-authority agreement, all partners will be consulted to ensure there are no conflicts of interest or objections to the work.

10 Accountability

10.1 The Chief Audit Executive shall be accountable to the Board and the S151 Officer for:

- providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
- reporting significant issues related to the processes for controlling the activities of the Council and its affiliates, including recommendations and status of implementation of improvements;

- periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit's function's resources; and
- co-ordination with other significant assurance functions.

11 Internal Audit Resources

- 11.1 The Chief Audit Executive will be professionally qualified (CIMA, CCAB or equivalent) and have wide Internal Audit and management experience, reflecting the responsibilities that arise from the need to liaise with Members, senior management and other professionals, both internally and externally.
- 11.2 The Strategic Director of Environmental & Corporate Services (S151 Officer) will provide the Chief Audit Executive with the appropriate resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion.
- 11.3 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.
- 11.4 The annual plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Audit Executive can propose an increase in audit resource or reduction in the coverage if insufficient resources are available.

12 Management Responsibilities

- 12.1 An Internal Audit service can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Board and Senior Management are mandating management to co-operate with Internal Audit in the delivery of the service by:
- agreeing audit engagement plans no later than the agreed deadline, to include agreements on duration, scope, reporting and response;
 - sponsoring each audit at senior management level;
 - providing Internal Audit with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay;
 - responding to the draft internal report, including provision of management responses to recommendations, within the timescale requested by the audit team;
 - implementing agreed management actions in accordance with the agreed timescales; and
 - updating Internal Audit with progress made on management actions, informing Internal Audit of proposed changes and developments in

processes and systems, newly identified significant risks and cases of a criminal nature.

- 12.2 Whilst the annual Internal Audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from Internal Audit will be agreed with the Board at the beginning of the year and presented in the annual Internal Audit plan (and subsequent agreed amendments). As such, the annual Internal Audit opinion does not replace responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

13 Nature of Services

- 13.1 The Public Sector Internal Audit Standards define assurance 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.”

- 13.2 In general the main purpose our work will be to provide assurance services to report to the shared service Councils and their Audit Committees. There may be times when our assurance is required by others for example it may be relied upon by partners of the shared service Councils or by Central Government for grant certification work. In all cases this will be clearly set out through engagement plans or grant declarations as appropriate.

- 13.3 The Public Sector Internal Audit Standards allow that Internal Audit may sometimes be more usefully focussed towards providing advice rather than assurance of core controls. Where appropriate, Internal Audit will act in a consultancy/advisory capacity by providing guidance and advice for strengthening the control environment, providing:

- the objectives of the consulting/advisory engagement address governance, risk management and control processes to the extent agreed upon with the Council;
- the scope of the consulting/advisory engagement has been clearly defined;
- Internal Audit is considered to have the rights skills, experience and available resource;
- management understand that the work being undertaken is not Internal Audit work; and

- Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

13.4 When performing consultancy/advisory services, the auditor must maintain objectivity and not take on a management responsibility. The Chief Audit Executive is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal Audit will assume on any particular advisory assignment will be agreed with the sponsor, will be documented within the assignment plan, and reported to the Board.

14 Role of Internal Audit in Fraud-Related Work

14.1 The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with senior management. An annual programme of internal audits is designed to assist this process by highlighting areas where controls are inadequate or are not operating.

14.2 All fraud investigations will be conducted in accordance with the Council's Constitution, Anti-Fraud and Corruption Policy and the Confidential Reporting (Whistleblowing) Policy.

14.3 All cases of suspected fraud and/or irregularity should also be reported to the Chief Audit Executive, with the exception of benefit fraud which should be reported to the Department of Work and Pensions. This is to ensure that appropriate action is taken and to enable the Chief Audit Executive to fully answer External Audit queries relating to the International Standard on Auditing (ISA) 240 "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements".

15 Relationships

15.1 The Chief Audit Executive and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

- **Relationships with Management**
The Chief Audit Executive and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with during the audit planning process. Timing of audit engagements will be in conjunction with management.
- **Relationships with External Audit**
Internal Audit have an established working relationship with the current external auditors which includes periodic meetings and plans and reports are shared.
- **Relationships with Regulators and Inspectors**

The Chief Audit Executive and Internal Audit staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Chief Audit Executive will establish a dialogue with representatives of the appropriate inspection agencies.

- **Relationships with Elected Members**

The Chief Audit Executive will establish a working relationship with members, in particular members of the Audit Committee. The Chief Audit Executive has the opportunity to meet with the Chair of the Audit Committee if required.

16 Quality Assurance

16.1 The Public Sector Internal Audit Standards require that the audit function is subject to a quality assurance and improvement programme that must include both internal and external assessments. The results are included in the Internal Audit Annual Report.

16.2 Internal Assessments

All Internal Audit engagements are subjected to a thorough internal peer review of quality, to ensure that its work meets the standards expected from the Internal Audit staff. For example, the internal file quality reviews cover the following:

- the work is planned and undertaken in accordance with risks associated with areas under review;
- sampling is undertaken in accordance with the agreed methodology; and
- the conclusions are fully supported by detailed work.

16.3 Internal Audit performance is also monitored in the following ways:

- quarterly progress reports to the Board and senior management team;
- customer satisfaction surveys following each audit;
- monthly meetings with the S151 Officer; and
- monthly meetings with the Head of Strategic Support.

16.4 External Assessments

An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Audit Executive will discuss options for the assessment with senior management including the S151 Officer and the Board.

17 Records Retention

17.1 Audit engagement records will be retained for six years. This is in line with Local Government Association guidance.

18 Review

- 18.1 The Internal Audit Charter will be reviewed annually by the Chief Audit Executive and presented to Senior Management and the Board for approval if any significant changes are identified.

AUDIT COMMITTEE – 28th September 2021

Report of the Strategic Director for Environment and Corporate Services

Part A

ITEM 6 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 2020/21, and also to provide information on the risk register that has been compiled to reflect the ongoing COVID-19 situation.

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, and also about the COVID-19 risk register.

Policy Justification and Previous Decisions

The Strategic Risk Register was approved by Cabinet on the 11th February 2021.

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: Cabinet Report 11th February 2021 – Item 11
Audit Committee Report 8th June 2021 – Item 13

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Helen Gretton
Organisational Development Manager
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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 and the COVID-19 risk register.

Development of the Strategic Risk Register and COVID-19 Risk Register

2. In reading the risk registers attached in the appendices, 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.
3. The registers continue to be monitored and reviewed by the Senior and Corporate Leadership Teams at the quarterly Risk Management Group meetings, and are updated as required.
4. No changes have been made to the risk registers in this period.
5. An internal audit of Corporate Risk Management was undertaken by the Internal Audit Partnership during July / August 2021. The audit covered the periods from July 2020 to June 2021.
6. Limited assurance has been given as to the effectiveness of the system of internal control in place to manage the risk associated with Corporate Risk Management.
7. A number of recommendations have been identified and agreed. Audit Committee will receive an update at the meeting in January 2022 regarding progress.

Appendices

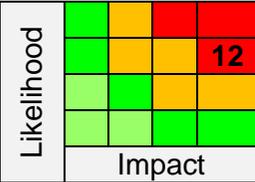
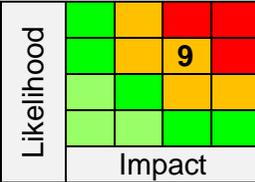
- Appendix 1 - Strategic Risk Register
- Appendix 2 – COVID-19 Risk Register

Strategic Risk Register

OVERVIEW

RISK		OWNER	INHERENT RISK			RESIDUAL RISK		
			Likelihood	Impact	Total	Likelihood	Impact	Total
SR1	Inadequate business continuity and recovery arrangements, resulting in major internal and/or external disruption to services in the event of an incident.	Strategic Director of Environment and Corporate Services	3	4	12	3	3	9
SR2	Inadequate data sharing and data security arrangements.	Strategic Director of Environment and Corporate Services	3	4	12	2	3	6
SR3	Inadequate civil contingency arrangements resulting in failure to respond appropriately to a major incident (eg. flooding, terrorism etc).	Chief Executive	4	4	16	3	4	12
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 Director of Environment and Corporate Services	4	4	16	3	4	12
SR5	Ineffective strategic communication arrangements	Chief Executive	3	3	9	2	3	6
SR6	Risk that the proposed Environment Bill will cause financial hardship to the Council due to loss of income relating to Garden Waste and the additional cost of food waste collection and garden waste collection from every household	Strategic Director of Environment and Corporate Services	4	4	16	3	4	12

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 				
Risk Owner	Strategic Director of Environment and Corporate Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Link to work regarding concurrent incidents Link to workforce mental health	<u>Responsible Officer:</u> Head of Strategic Support	<u>Target Date:</u> Ongoing		

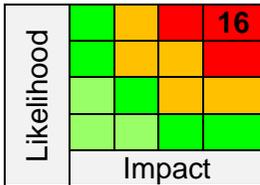
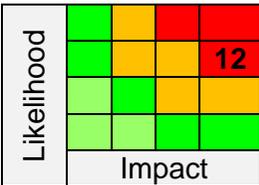
Strategic Risk Register

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	<p>Ineffective processes for sharing data with other agencies / authorities leading to data breaches</p> <p>Major reputational damage and loss of public confidence</p> <p>Potentially significant fines</p> <p>Increased risk due to the operating processes and people possibly taking documents home</p>	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	Yellow	12	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>Yellow</td><td>6</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	Yellow	6	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				MAINTAIN AS CURRENT
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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 and data protection training and awareness for staff and councillors • Data Protection Impact Assessment form developed and circulated • IT security policies in place • Protective marking of emails • Policies are reviewed on a regular basis • Information Security Group to be established with CLT • Checking the location of data storage post Brexit – EU / UK • Cyber Security Insurance procured 																																																
Risk Owner	Strategic Director of Environment and 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																																														

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 • Dealing with the COVID pandemic will have a negative effect on the management of concurrent incidents 	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>16</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>Red</td><td></td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>Yellow</td><td></td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td></td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td>Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	16		Green	Yellow	Red			Green	Yellow	Yellow			Green	Green	Yellow			Green	Green	Green						Impact	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>12</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>Red</td><td></td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>Yellow</td><td></td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td></td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td>Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	12		Green	Yellow	Red			Green	Yellow	Yellow			Green	Green	Yellow			Green	Green	Green						Impact	MAINTAIN AS CURRENT
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Current Treatments and Controls	<ul style="list-style-type: none"> • Participation in the Local Resilience Partnership and Forum (LRP and LRF) – and awareness of guidance regarding concurrent incident with COVID • 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 (SLT / CLT) • 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> Work with LRF partners regarding Covid and the changes in infection rates and the availability of support for concurrent incidents including rest centres		<u>Responsible Officer:</u> Head of Strategic Support	<u>Target Date:</u> Ongoing Ongoing																																																													

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 • Consider commercialisation opportunities • Due to the implications of the COVID pandemic the financial challenge and impact is greater • Continued uncertainty and volatility in Local Government funding and Council funding is replicated on a range of one off stop gaps • Follow up on the subsidy associated with the Supported Living costs 				
Risk Owner	Strategic Director of Environment and 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		

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																												
SR5 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 • Competing demands due to the COVID pandemic 	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Green	Green	Green	Green		Impact				<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>6</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	Yellow	Red		Green	Green	6	Yellow		Green	Green	Green	Green		Green	Green	Green	Green		Impact				MAINTAIN AS CURRENT
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Current Treatments and Controls	<ul style="list-style-type: none"> • Adequately staffed and experienced corporate communications team – including additional resources to support the ongoing COVID pandemic • Corporate Communications Plan in place • Communications Strategy being developed • Regular monitoring of all media sources • Continue to expand on social media use and reach • ‘Horizon scanning’ for potential communication issues at each Corporate Leadership Team meeting • Joint working with LCC Comms 																																																																
Risk Owner	Chief Executive																																																																
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Strategic Risk Register

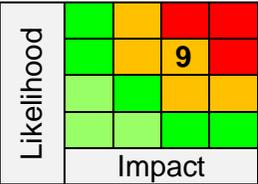
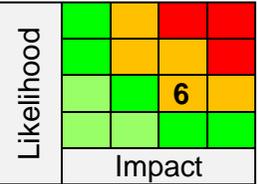
Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
SR6 – Risk that the proposed Environment Bill will cause financial hardship to the Council due to loss of income relating to Garden Waste and the additional cost of food waste collection and garden waste collection from every household	Strategic	<ul style="list-style-type: none"> Financial damage Reputational damage Not complying with legislation 	<table border="1"> <tr> <td rowspan="4">Likelihood</td> <td>High</td> <td>Medium</td> <td>Low</td> <td>16</td> </tr> <tr> <td>Medium</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td>Low</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td>Very Low</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Impact</td> <td></td> </tr> </table>	Likelihood	High	Medium	Low	16	Medium	Medium	Low		Low	Medium	Low		Very Low	Medium	Low					Impact		<table border="1"> <tr> <td rowspan="4">Likelihood</td> <td>High</td> <td>Medium</td> <td>Low</td> <td>12</td> </tr> <tr> <td>Medium</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td>Low</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td>Very Low</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td>Impact</td> <td></td> </tr> </table>	Likelihood	High	Medium	Low	12	Medium	Medium	Low		Low	Medium	Low		Very Low	Medium	Low					Impact		MAINTAIN AS CURRENT
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Current Treatments and Controls	<ul style="list-style-type: none"> Lobbying MP's regarding the implications of the Bill Monitoring the Bill as it moves through Parliament Meeting with DEFRA Liaising with other Districts Reviewing and understanding the financial implications (full modelling would require external assistance) Cabinet Member Briefing – 17th June Uncertainty regarding where the funding will come from – Central Govt or Local 																																																
Risk Owner	Strategic Director of Environment and Corporate Services																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Bill is at the Committee Stage – will monitor and update the risk accordingly		<u>Responsible Officer:</u> Head of Cleansing and Open Spaces		<u>Target Date:</u> Ongoing																																												

COVID-19 Risk Register

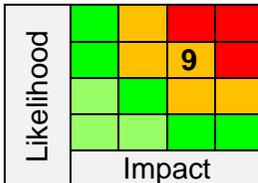
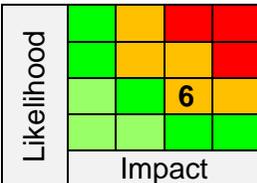
OVERVIEW

RISK		OWNER	INHERENT RISK			RESIDUAL RISK		
			Likelihood	Impact	Total	Likelihood	Impact	Total
CVD1	Risk that Charnwood does not adequately monitor the data relating to COVID-19 and respond appropriately to the fluctuations in infection rates and the changes in tiers	Strategic Director of Environment and Corporate Services	3	3	9	2	2	4
CVD2	Risk that there are inadequate health and safety arrangements for staff, Members and volunteers, resulting in infection by the virus.	Head of Regulatory Services	3	3	9	3	2	6
CVD3	<i>(linked to SR5)</i> Risk that there are inadequate communications arrangements (internal and external)	Chief Executive	3	3	9	2	3	6
CVD4	<i>(linked to SR3)</i> Risk that there are inadequate civil contingency arrangements resulting in failure to respond appropriately to the COVID-19 major incident	Chief Executive	3	4	12	3	3	9
CVD5	<i>(linked to SR4)</i> Risk that there is a significant reduction in income generated leading to a decrease in the financial resources available for service provision and/or to fund corporate objectives.	Strategic Director of Environment and Corporate Services	3	4	12	3	3	9
CVD6	Risk that there is a breakdown in IT service caused by equipment, failure of internet connections, or staff shortages resulting in a reduction or lack of service delivery	Strategic Director of Environment and Corporate Services	3	3	9	2	3	6
CVD7	Risk that a significant number of staff become affected by COVID-19 leading to a reduction in service delivery, specifically in services identified as critical.	Strategic Director of Environment and Corporate Services	3	3	9	2	3	6
CVD8	Risk that because there is a greater level of homeworking due to the pandemic that staff will encounter health issues leading to increased sickness absence and staff retention.	Strategic Director of Environment and Corporate Services	3	3	9	2	3	6
CVD9	Risk that there following easing of national covid controls, an inadequate corporate response to Variants of Concern, that are not protected sufficiently from the the vaccine roll out and boosters, resulting in significant community outbreaks	Chief Executive						

COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
CVD-2 Risk that there are inadequate health and safety arrangements for staff, Members and volunteers, resulting in infection by the virus.	Strategic	<ul style="list-style-type: none"> • Sickness absence • Loss of confidence • Reputational damage • Legal action and claims for damages 			KEEP UNDER CONSTANT REVIEW
Current Treatments and Controls	<ul style="list-style-type: none"> • Health & Safety Group established and meeting regularly • Appropriate use and monitoring of stock levels of PPE (personal protective equipment) • Monitoring and applying relevant national guidance • Introduction of extensive home working to comply with social distancing requirements • Use of remote meeting powers for council and committee meetings • Home visit protocol developed and updated. • Generic Risk Assessments in place and communicated to HoS • Longer term DSE assessment developed – outlining potential equipment requirements to be addressed • Consideration of staff returning to the workplace • Return to in person Committee Meetings • Return to office working in line with the lockdown easing • Updated guidance for the use of office space issued – 07 September 				
Risk Owner	Head of Regulatory Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> <ul style="list-style-type: none"> • Revision to Home Visit Protocol • Generic Staff Homeworking VDU Assessments to be updated • PPE equipment requirements on-going reviewed and inform SLT • Advice for staff regarding testing • Allocation of flu vouchers to protect against seasonal flu 	<u>Responsible Officer:</u> Head of Regulatory Services (Chair of Health & Safety Group)	<u>Target Date:</u> Ongoing		

COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
CVD-3 (linked to SR5) Risk that there are inadequate communications arrangements (internal and external)	Strategic	<ul style="list-style-type: none"> Major reputational damage and loss of public confidence Members, residents and staff unaware of latest guidance and developments Vulnerable groups unaware of potential support options Businesses unaware of potential grant funding arrangements Competing demands placed on the comms team 			KEEP UNDER CONSTANT REVIEW
Current Treatments and Controls	<ul style="list-style-type: none"> Communications team in place using various suitable channels (website, press releases, social media) Participation in the LRF communications cell Review of comms resources Monitor of resources particularly around concurrent incidents Messages linked to the roadmap to recovery 				
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		

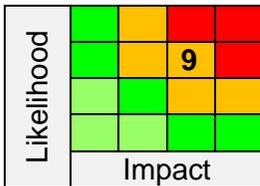
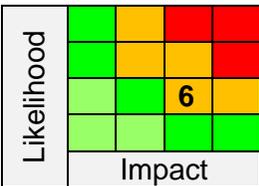
COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
CVD-4 (linked to SR3) Risk that there are inadequate civil contingency arrangements resulting in failure to respond appropriately to the COVID-19 major incident	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 • Consideration of concurrent events such as flooding, terrorism 	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	Yellow	12	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	9	Red	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				KEEP UNDER CONSTANT REVIEW
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Current Treatments and Controls	<ul style="list-style-type: none"> • Participation in the Local Resilience Partnership and Forum (LRP and LRF) • Implementation of relevant business grants schemes • Implementation of a 'Community Hub' at John Storer House • Major incident plan updated by LRF • Consideration of the implications of Concurrent incidents and specifically demand and management of rest centres 																																																
Risk Owner	Chief Executive																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Continued participation in LRF's SCG and TCG, and recovery cells Monitor LRF Rising Tide Plan		<u>Responsible Officer:</u> Chief Executive and Head of Strategic Support	<u>Target Date:</u> Ongoing																																													

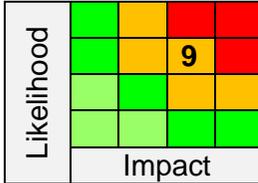
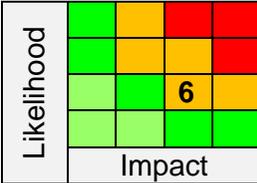
COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
CVD- 5 (linked to SR4) Risk that there is a significant reduction in income generated leading to a decrease 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 	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	Yellow	12	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	9	Red	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				KEEP UNDER CONSTANT REVIEW
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Current Treatments and Controls	<ul style="list-style-type: none"> • Budget and revenue monitoring processes • Business continuity planning • Development of budget during the 21/22 financial year • Ongoing review of the funding available from Central Government • Respond to request from Govt through Delta returns • ERDF Funding, Welcome Back Funding and Contain Outbreak Management Funding – still longer term issues to consider when the funding ceases 																																																
Risk Owner	Strategic Director of Environment and Corporate Services																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Review of budget and related strategies by autumn 2021 Monitor at half year point		<u>Responsible Officer:</u> Strategic Director of Environment and Corporate Services	<u>Target Date:</u> Ongoing																																													

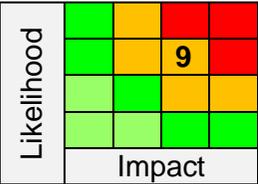
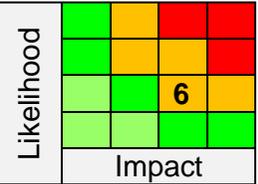
COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
CVD- 6 Risk that there is a breakdown in IT service caused by equipment, failure of internet connections, or staff shortages resulting in a reduction or lack of service delivery	Strategic	<ul style="list-style-type: none"> Inability of significant numbers of staff to continue with effective home working leading to service disruption Individual risks regarding connectivity 			KEEP UNDER CONSTANT REVIEW
Current Treatments and Controls	<ul style="list-style-type: none"> Secure and resilient IT infrastructure at Network and Server levels Performance and security monitoring in place by key staff and (where appropriate) by suppliers Automated backup schedule, in line with agreed retention policies Ensuring correct and updated contact numbers on emergency contact lists Alternative contacts and secondary responsibilities in place for key functions and tasks Introduction of extensive home working to comply with social distancing requirements Consideration of IT supporting agile working in the recovery phase Consideration of supporting extended working hours Review of individual risk regarding connectivity and solutions considered such as using own devices 				
Risk Owner	Strategic Director of Environment and Corporate Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Ongoing maintainance of current infrastructure and equipment Linking back to the IT strategy Link to partners Agile working	<u>Responsible Officer:</u> Strategic Director of Environment and Corporate Services	<u>Target Date:</u> N/A		

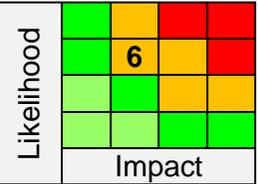
COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
CVD- 7 Risk that a significant number of staff become affected by COVID-19 leading to a reduction in service delivery, specifically in services identified as critical.	Strategic	<ul style="list-style-type: none"> Inability to deliver services Availability of tests 			KEEP UNDER CONSTANT REVIEW
Current Treatments and Controls	<ul style="list-style-type: none"> Review of sickness being undertaken through the COVID Monitoring Group Staff skills audit undertaken Critical staff being reviewed regarding testing Redeployment processes in place Maintaining COVID Secure workplaces Monitoring staff who are CEV Promoting vaccine to staff Note - low staff sickness during 2020-21 reporting year 				
Risk Owner	Strategic Director of Environment and Corporate Services				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Ongoing assessment of data and redeployment requirements	<u>Responsible Officer:</u> Strategic Director of Environment and Corporate Services	<u>Target Date:</u> Ongoing		

COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
CVD-8 Risk that because there is a greater level of homeworking due to the pandemic that staff will encounter health issues leading to increased sickness absence and staff retention.	Strategic	<ul style="list-style-type: none"> • Long term sickness absence – both physical and mental health • Staff retention 			KEEP UNDER CONSTANT REVIEW
Current Treatments and Controls	<ul style="list-style-type: none"> • Revised DSE Assessments compiled • Staff who are struggling are able to return to the office • Equipment being made available and processes being established for collection / delivery / purchase • Regular Health and Wellbeing advice, support and training made available to staff 				
Risk Owner	Strategic Director of Environment and Corporate Services				
Planned Future Actions and Responsible Officer(s).	Act on the responses regarding the DSE Assessment Monitor sickness – especially muscular-skeletal and mental health issues	<u>Responsible Officer:</u> Head of Regulatory Services (Chair of Health & Safety Group)	<u>Target Date:</u> Ongoing		

COVID-19 Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
CVD-9 Risk that following easing of national COVID-19 controls, an inadequate corporate response to Variants of Concern, that are not protected sufficiently from the vaccine roll out and boosters, resulting in significant community outbreaks	Strategic	<ul style="list-style-type: none"> Staff diverted on to a further major incident Effect on staffing Inability to deliver services 			KEEP UNDER CONSTANT REVIEW
Current Treatments and Controls	<ul style="list-style-type: none"> Monitor and review levels at Covid Monitoring Group and deploy staff as required. Subject to continuation of Monitoring Group – review levels at SLT. Update Local Emergency plan to reflect future approach and need to escalate actions. Retention of PPE as necessary to deploy. Use of COMF to ensure staff resources and resilience remains in place for 2021-22. Support and facilitate local IMT and OCTs set up. 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	Monitor data from central Government and local resilience forum	<u>Responsible Officer:</u> Head of Regulatory Services (Chair of Health & Safety Group)		<u>Target Date:</u> Ongoing	

AUDIT COMMITTEE – 28th SEPTEMBER 2021

Report of the Head of Strategic Support

Part A

ITEM 7 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 1 June 2021 to 31 August 2021.

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:

None

Officer to contact:

Adrian Ward

Head of Strategic Support

(01509) 634573

adrian.ward@charnwood.gov.uk

Part B

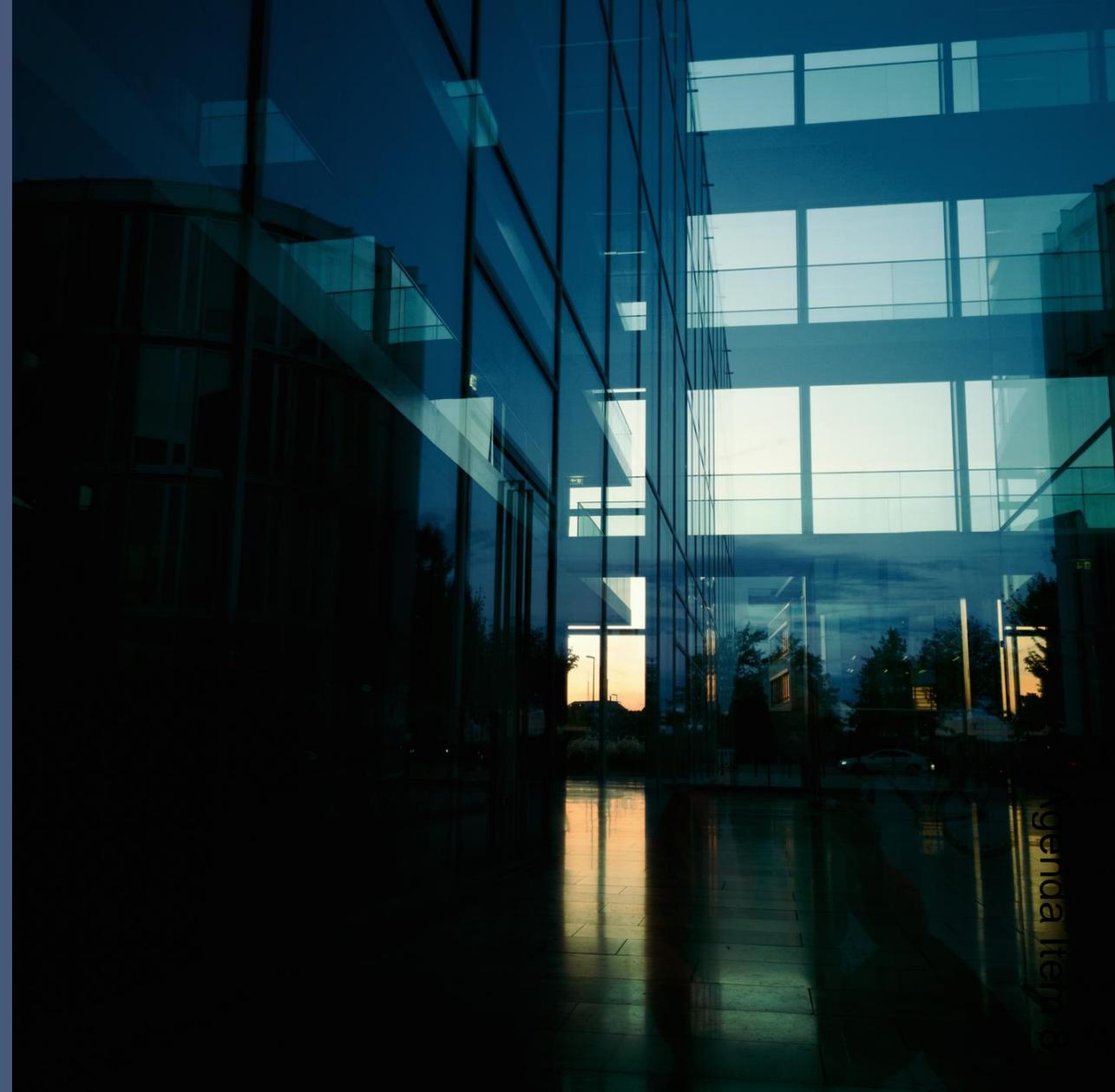
Background

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 11 February 2021 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 June 2021 to the 31st August 2021 the Council made no use of RIPA powers.
6. 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.
7. For information, the Council has recently been subject to an inspection by the Office of the Surveillance Commissioner in relation to its RIPA processes and arrangements. The report from the inspection is awaited, and further details will be reported in the next RIPA update report to the Committee.

Audit Progress Report

Charnwood Borough Council – Year
ended 31 March 2021

September 2021
Page 83



Status of the audit

The detailed scope of our work as your appointed auditor for 2020/21 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

During the course of the audit we have had the full co-operation of management. The audit was again carried out remotely but there were no significant difficulties in carrying out our normal audit procedures and obtaining the audit evidence required to complete the audit. We continue to work with management to complete any remaining audit work and resolve audit queries and are grateful for the co-operation and support provided.

Significant audit risks

As part of our planning procedures, we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

No new risks have been identified since we issued our Audit Strategy Memorandum, with a reminder of those significant risks set out in the table below.

	Significant audit risks: description	Fraud	Error	Judgement
1	<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>	●	-	-
2	<p>Net defined benefit liability valuation</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p>	-	●	●
3	<p>Valuation of land & buildings, council dwellings, investment properties (where material) and assets held for sale (where material)</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of council dwellings and land & Buildings, with the majority required to be carried at valuation. The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p>	-	●	●
4	<p>Covid-19 grant recognition</p> <p>Throughout 2020/21, the Government has provided substantial sums of financial support to local authorities. These grants are material and we have identified the completeness and accuracy of this income as an audit risk.</p>	-	●	-

Status of the audit



Page 85

Timeline

Our audit is in line with our expected timeline as set out in the diagram above.

2020/21 New approach to assessing arrangements for Value for Money

In our Audit Strategy Memorandum, we explained the new approach to our assessment of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We continue to review the Council's board papers and meet with management and review reports by regulators to inform our 2020/21 value for money risk assessment, this process is ongoing throughout the audit year. In addition,

Our evaluation is ongoing and to date, no significant weaknesses have been identified that need to be brought to the attention of Members.

Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2021 and expect to report our findings in the 2020/21 Annual Auditors Report within 3 months of giving our audit opinion (Appendix A).
- Whole of Government Accounts - The National Audit Office has not yet issued its Group Instructions for local authority audits.

We will update the Audit Committee when more information is known.

Appendix A

Audit Committee
Charnwood Borough Council
Southfield Road
Loughborough
LE11 2TX

Dear Committee Members

Audit letter – Delay in issuing the Auditor’s Annual Report

The 2020 Code of Audit Practice requires us to issue our Auditor’s Annual Report, which includes our commentary on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources (our VFM commentary) within 3 months of issuing our opinion on the financial statements, and before 30th September. Where this is not possible, we are required to write to you setting out the reasons for the delay in an ‘audit letter’. For the purposes of compliance with the Code of Audit Practice, this letter constitutes the ‘audit letter’.

As a result of the ongoing pandemic, the National Audit Office updated its guidance to auditors in April 2021 to allow auditors to delay the completion of their work on VFM arrangements. The revised guidance requires auditors to complete their work and issue their Auditor’s Annual Report no more than three months after the date of the date of the opinion on the financial statements.

In line with the National Audit Office guidance, we have not yet issued our Auditor’s Annual Report including our VFM commentary. We expect to publish the Auditor’s Annual Report in December 2021.

Yours sincerely



Mark Surridge

For and on behalf of Mazars LLP

Mark Surridge, Key Audit Partner

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AUDIT COMMITTEE – 28TH SEPTEMBER 2021

Report of the Head of Strategic Support

ITEM 9 WORK PROGRAMME

Purpose of Report

To enable the Committee to consider its Work Programme.

Actions Requested

That the Committee considers any items that it wishes to add to or amend, in its work programme for future meetings.

Reason

To enable the Committee to identify future items of business and enable planning for future meetings to be undertaken, for example preparing reports and arranging for the attendance of officers and/or others at meetings.

Background

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

As agreed by the Cabinet at its meeting on 13th February 2020 and by the Scrutiny Commission at its meeting on 10th August 2020, the Budget Scrutiny Panel undertook scrutiny of the Council's draft budget for 2021/22. It made several recommendations to be submitted to the Cabinet. It recommended that:

The income from commercial investments should be monitored and reported by the Audit Committee and/or Scrutiny Commission on a monthly basis, since this income is crucial for maintaining safe and appropriate level of reserves.

This recommendation was considered by the Cabinet at its meeting on 11 February 2021 (minute 84 2021 refers) and agreed:

that in respect of Panel Recommendation 1, in order to better reflect true asset performance, reports are submitted to the Audit Committee and/or Scrutiny Commission on a quarterly basis, after the quarter days where rent payments are made.

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ISSUE	MEETING
Internal Audit Plan – Progress	September 2021 Quarterly
Risk Management (Risk Register)	September 2021 Quarterly - detailed report every six months, exception report quarters in-between.
Council’s Use of Regulation of Investigatory Powers Act (RIPA)	September 2021 Quarterly
External Audit Progress Report and Technical Update External Audit Business	September 2021 Quarterly
Governance and Risk Aspect of Commercial Investment and Performance Review - EXEMPT	September 2021 Quarterly
2020/21 Statement of Accounts	October 2021 (Accounts Meeting) Annually
2020/21 Annual Governance Statement and Review of the Code of Corporate Governance	October 2021 (Accounts Meeting) Annually
2020/21 Annual Governance Report External Audit Business	October 2021 (Accounts Meeting) Annually

Treasury Management Mid-Year Review	November 2021 Annually
Environmental Audits Outcomes – Progress update	November 2021 -Six Monthly Update
Internal Audit Plan – Progress	November 2021 Quarterly
Risk Management (Risk Register)	November 2021 Quarterly - detailed report every six months, exception report quarters in-between.
Risk register COVID-19	November 2021 (if required)
Council's Use of Regulation of Investigatory Powers Act (RIPA)	November 2021 Quarterly
External Audit Progress Report and Technical Update External Audit Business	November 2021 Quarterly
Governance and Risk Aspect of Commercial Investment and Performance Review - EXEMPT	November 2021 Quarterly
2020/21 Treasury Management Statement, Annual Investment Strategy and MRP Strategy	February 2022 Annually
2021/22 Internal Audit Plan Internal Audit Business	February 2022 Annually
2020/21 Annual Audit Letter	February 2022 Annually
External Audit Progress Report and Technical Update External Audit Business	February 2022 Quarterly
Capital Strategy 2021-22	February 2022 Annually
Internal Audit Plan – Progress	February 2022 Quarterly
External Quality Assessment of Internal Audit	February 2022
Governance and Risk Aspect of Commercial Investment and Performance Review - EXEMPT	February 2022 Quarterly
Annual IT Health Check (Code of Connection) Confidential Report	February 2022 Annually – Moved from September

	2021 meeting
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