



**AUDIT COMMITTEE**

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To: Councillors Boldrin, S. Bradshaw, A. Gray, Hadji-Nikolaou, Parsons (Vice-Chair), Snartt and 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 Committee Room 1, at the Council Offices, Southfields, Loughborough on Wednesday, 4th May 2022 at 6.00 pm for the following business.

Chief Executive

Southfields  
Loughborough

26th April 2022

**AGENDA**

1. APOLOGIES
2. MINUTES FROM THE PREVIOUS MEETING 3 - 13

The Committee is asked to confirm as a correct record the minutes of the meeting of the Committee held on 15<sup>th</sup> February 2022.

3. DISCLOSURES OF PERCUNIARY AND PERSONAL INTEREST

4. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8  
No questions were submitted.
5. EXTERNAL AUDIT PROGRESS REPORT 14 - 44  
A report of the External Auditors.
6. COUNCIL'S USE OF REGULATORY OF INVESTIGATORY POWERS ACT (RIPA) 45 - 47  
A report of the Head of Strategic Support.
7. INTERNAL AUDIT PROGRESS REPORT Q4 2021-22 48 - 68  
A report of the Head of Strategic Support.
8. RISK MANAGEMENT (RISK REGISTER) UPDATE 69 - 83  
A report of the Strategic Director for Environment and Corporate Services.
9. WORK PROGRAMME 84 - 86  
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 – Q4 (JANUARY TO MARCH) 2021/22  
An exempt report of the Strategic Director for Commercial Development, Assets and Leisure, circulated to members of Committee.
12. IT HEALTH CHECK UPDATE  
An exempt report of the Information Technology Delivery Manager.

## AUDIT COMMITTEE 15TH FEBRUARY 2022

PRESENT: The Chair (Ms Jane Nellist)  
The Vice Chair (Councillor Parsons)  
Councillors Boldrin, Charles, Gray, Hadji-Nikolaou  
and Snartt

External Auditor (Mazars)  
Strategic Director - Environmental and Corporate  
Services  
Strategic Director - Commercial Development,  
Assets and Leisure  
Head of Strategic Support  
Audit Manager  
Democratic Support Officer (EB)

APOLOGIES: Councillor S. Bradshaw

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.

### 49. MINUTES FROM THE PREVIOUS MEETING

Two amendments were requested to the minutes of the previous meeting:

- Page 6 the minutes stated the following: "The Chair raised issues with the lack of clarity in the narrative of the Statement of Accounts, highlighting that the narrative needed to explain issues to people who did not necessarily have a marketing background." This was amended to read 'accounting background'.
- Page 6 of the minutes stated the following: "There was a policy on Reinvestment Reserve. When these reserves reached a sufficient level they were no longer topped up. At times the Working Balance could be put into the Capital Reserve. Potentially circumstances could prevail to change the allocation of reserves." This was amended to read: "Regarding whether movement of money in and out of reserves was based on policy or circumstance, it was clarified that there was no general policy on when money was moved in and out of reserves, and usually occurred in response to circumstances. However standard custom and practice operates in respect of the Reinvestment Reserve which is topped up to a £500k on a regular basis (subject to the working balance having sufficient capacity) to allow ongoing funding for 'spend to save' activities."

Other than the above the minutes of the meeting of the Committee held on 31<sup>st</sup> January 2022 were agreed as a correct record and the amended minutes would be signed at the next meeting.

50. DISCLOSURES OF PERCUNIARY AND PERSONAL INTEREST

No disclosures were made.

51. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

52. EXTERNAL AUDIT PROGRESS REPORT

A report of the External Auditors providing a progress report and technical update was submitted to the Committee for consideration. (Item 5 on the agenda filed with these minutes).

Mark Surridge from Mazars attended the meeting via video-link and assisted with the item.

The Committee were informed that:

- The Financial Statement and the final drafts of the Annual Audit Reports had been signed off.
- Conclusions around Value for Money were clean and there were no modifications.
- The 2020/21 Audit certificate could not be issued until the Auditors report and information on Government Accounts were received. This remained outstanding and there was no indication on when they would arrive.
- Resources were in place for the 2021 Audit. Assurances were set up to be completed over the summer. Whilst the majority of arrangements were the same, a consultation had been issued proposing changes that may impact this year including:
  - A proposal to defer implementation of lease accounting by another year.
  - A proposal to change accounting requirements for land and buildings including a 2-year pause on valuations.

The External Auditor noted that a watching brief needed to be maintained on the above proposals.

Councillor Snartt raise the issue of scrutinising cyber-security arrangements and asked if anything more could be done on the issue or whether the Council was compliant.

The External Auditor drew the attention of the Committee to the recent cyber-attack on Gloucester City Council and stressed the importance of being vigilant on the issue and suggested that it is something that the Committee should be aware of. He added that there were controls in place, however it was important not to be complacent as attacks can happen out of nowhere and an increase in attacks had been seen across the corporate sector.

The Vice-Chair drew the Committee's attention to the Government-recommended high-level questions used to train Councillors on cyber-security issues and stated that

he would welcome training on cyber-security and the Government recommended questions as this would help the Committee understand and scrutinise the delayed IT Health Check report.

In response to a question from the Vice-Chair it was clarified that liability benchmarking referred to how big a loan-book was in comparison to other organisations.

The Councillor Parsons enquired as to whether since CIPFA and the Government had banned the Council from investing in commercial property for revenue, was it acceptable to include a historic investment when mentioning the purpose and objective of each category of investments.

The External Auditor clarified that it could be included as anything historical could not be backdated. He further clarified that the proposed changes were designed to restrict over-borrowing and over exposure.

**RESOLVED** That the Committee noted the report.

#### Reason

To acknowledge the Committee's consideration of this item.

#### 53. RISK MANAGEMENT (RISK REGISTER) UPDATE

A report of the Strategic Director, Environmental and Corporate Services, was submitted providing the Committee with details of the Strategic Risk Register produced for the period to 2022/23. (Item 6 on the agenda filed with these minutes).

The Organisational Development Manager attended the meeting to assist the Committee with the consideration of this item and informed the Committee that the document had been reviewed in line with recommendations from the Internal Audit Report and revised to include 10 risks instead of six. There were four new risks relating to: Staffing and Workforce, Governance, Partnerships and Climate Change. These had been included following a benchmarking exercise taking into account what other authorities were collating in their Strategic Risk Registers.

The Organisational Development Manager further noted that there had been a change to Strategic Risk 10 in the Risk Register (SR10) to reflect the wide legislative changes surrounding the Environment Bill. She also noted that the Risk Management Framework had been updated.

The Chair suggested that an accompanying narrative would be useful for the Financial Statements in order to highlight areas for the Committee to look at.

The Chair expressed approval that a benchmarking exercise had been done and that the Register had been updated to include new risks.

The Chair drew attention to the section of the report which outlined the 'Four T's' (Tolerating the Risk, Treating the Risk, Terminating the Risk, Transferring the Risk) and requested that reference to the '5<sup>th</sup>' T be made clearer.

The Vice-Chair raised the following points:

- The Residual Risk on SR2 breakdown should be 9 rather than 12.
- On the breakdown of SR3 on Current Treatments and Controls, the final two bullet points appeared as statements rather than actions.
- Management processes were a missing factor as it was important to ensure that processes were correct and not focus solely on performance.
- Regarding SR6, if it started with an inherent risk of 4 and went to 2, was it really a risk at that level?
- Regarding SR8 Current Treatments and Controls, what was done to monitor their effectiveness?
- Regarding SR9, there was nothing in Treatment and Controls.

The Organisational Development Manager responded:

- The typo on the SR2 Breakdown would be corrected.
- The final two bullet points on the Current Treatments and Controls on the breakdown of SR3 would be made into actions rather than statements or removed.
- Processes could be included in respect of SR5.
- Regarding SR6, it also tied in with organisations risk appetite which was set at a certain level for issues regarding partnership. It started low but would not necessarily need to be reviewed in a lot of detail.
- The issues surrounding SR8 and SR9 were an omission.

Councillor Snartt drew attention to SR4 Statutory Workforce Treatment and Controls and noted that certain areas of the Council may be struggling more than others and as such this did not fully reflect the risk.

The Organisational Development Manager explained that risk was put in as some areas were harder to recruit to and offered to bring this out in more detail.

The Vice-Chair drew attention to the Risk Appetite and enquired as to whether it referred to the risk now and whether it was a political or an officer decision.

The Organisational Development Manager clarified that it referred to the risk now as identified in the Risk Management Framework that had been signed off by Cabinet. She added that the current Risk Management Framework would also go to Cabinet. She further added that an annual risk-management workshop was held with members of the Cabinet where risk was identified.

The Head of Strategic Support further clarified that in terms of risk management policy and framework, when it was updated in 2018, there had been a discussion with Cabinet as to what the risk appetite was, and it had been agreed. It had since been reviewed again and it would go back to Cabinet to endorse.

The Organisational Development Manager suggested that similar risk appetite would be seen in similar organisations.

**RESOLVED** that the Committee note the report.

Reason

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

*The Organisational Development Manager left the meeting following the conclusion of this item.*

54. CAPITAL STRATEGY (INCLUDING THE TREASURY MANAGEMENT STRATEGY) FOR 2022/23

A report of the Head of Finance and Property Services was submitted providing the Committee with an opportunity to scrutinise the proposed Capital Strategy for 2022/23 and associated recommendations that are being recommended by Cabinet to full Council for approval. (Item 7 on the agenda filed with these minutes).

The Strategic Director for Environmental and Corporate Services attended the meeting to assist the Committee with the consideration of this item.

The Committee were informed in regard to the Treasury Management Strategy that:

- The strategy would be largely similar to the existing strategy.
- There would be a more proactive treasury management approach. Balances were high, peaking around £60million and would reduce towards the end of the financial year due to how Council tax was collected.
- Security and liquidity were priorities.

The Committee were informed in regard to the Capital Strategy that:

- The strategy had been amended to reflect the findings of the External Auditor's report.
- The ability to borrow from the Public Works Loan Board to finance commercial properties had been curtailed. The new prudential code would require that the Section 151 Officer sign that any borrowing for assets for yield. The Council would not be able to invest in commercial property unless it had significant Capital Reserves.
- The Council's Minimum Revenue Protection (MRP) policy was in line with the previous code and sufficiently prudent.
- Loans to subsidiaries had been left in the strategy as the Council may wish to do so in the future and it gave flexibility in the strategy, however there were no immediate plans to do this. If such loans were to be made it would be subject to a report to Cabinet and Council.

The Chair suggested that risks could be re-written in line with the framework.

The Strategic Director for Environmental and Corporate Services clarified that current reports were completed in line with the previous framework and when the new strategy came into place it would have to go through templates.

The Chair raised objection to the use of the phrase 'assumed' as it appeared speculative.

The Strategic Director for Environmental and Corporate Services responded that he would consider the wording.

A typographical error was noted on page 11 of the Treasury Management Strategy. 2019/20 should have read 2020/21.

Councillor Snartt asked if there was a time limit on the amounts going forward for availability in future years.

The Strategic Director for Environmental and Corporate Services clarified that £15million had been put into the plan approximately a year ago for the regeneration and funding of the Enterprise Zone as placemarkers for unknown opportunities that may arise. At the year-end in the Outturn Report, the Council would be asked to put this money into future years. The Council may reject this, however it was assumed it would happen. This is money that would be borrowed. If opportunities did arise then money could be spent against it. The governance rules of the Council required such an allocation to be in the Capital Plan and Capital Strategy and any major spend would need to be subject to a report to Cabinet and Council.

The Strategic Director for Commercial Development, Assets and Leisure added that any spending would need justification and if anything came into the plan it could be updated through the proper process.

Councillor Parsons suggested that Cabinet may wish to ringfence with a policy MRP money to prevent it disappearing into the treasury.

The Strategic Director for Environmental and Corporate Services clarified that the MRP restricted the Council's budget and the money was a balancing figure. Treasury balances were not hypothecated against the MRP. The MRP showed as a charge against the Council's budget. The MRP could be used if the Council defaulted to ensure that loans could be paid back if due. There was no link between what was in the MRP provision and the cash balance. The treasury was managed as a single pool of money. The MRP provision on the balance sheet was to recognise the issue of repaying loans. How the treasury was used was not impacted by the MRP.

The Strategic Director for Commercial Development, Assets and Leisure clarified that it was possible to conflate MRP with the Commercial Property Reserve, which mitigated against risk. He clarified that the MRP was an accumulation of principle to repay debt once it matured.

Councillor Parsons asked as to whether the statement on prudential borrowing was new.



The Strategic Director for Environmental and Corporate Services clarified that it was the same wording as last year, however if prudential borrowing was undertaken, it would be a departure from previous years. When asked by Councillor Parsons if this was a realistic option, the Strategic Director for Environmental and Corporate Services suggested that if the Council were to need to fund a significant investment then prudential borrowing would probably be required, however, this had not happened within the financial year.

Councillor Parsons drew attention to structural deficit within annual revenue budgeting and asked what could be done with borrowing to ensure that the general fund was dealt with if the Council took on that commitment and what assurance could be taken through prudential borrowing.

The Strategic Director for Environmental and Corporate Services suggested that it would depend on the opportunity and on the decisions of Cabinet and Council. Where the Council had borrowed recently was in the forward funding of the Enterprise Zone. There had been a repayment loan covering what would have been an MRP charge. This was what was usually seen with prudential borrowing. He added that if money was borrowed for regeneration it would come with an 'MRP ticket'. The charge would be relatively low but this would be a decision for Councillors to take.

Councillor Parsons asked if it could be ensured that Cabinet made the risk appetite clear if prudential borrowing occurred in order to avoid damage to the structural deficit.

The Strategic Director for Environmental and Corporate Services noted that the Council had applied the MRP in the finance of the refuse fleet contract extension and the total cost including MRP was lower than the comparable cost that would have been incurred had the contractor had to finance the fleet.

**RESOLVED** that the Capital Strategy (including the Treasury Management Strategy) for 2022/23 be noted.

#### Reason

To ensure that the proposed documents are appropriately scrutinised.

#### 55. INTERNAL AUDIT PROGRESS REPORT Q3 2021-22

A report of the Head of Strategic Support was submitted summarising the progress against the 2021/22 Audit Plan, outlining key findings from final reports and any outstanding recommendations. (Item 8 on the agenda filed with these minutes).

The Audit Manager attended the meeting to assist the Committee with the consideration of this item and informed the Committee that good progress was continuing to be made against the plan with a further three audit reports being issued since the last update, all having reasonable assurance, with executive summaries being included in appendix B of the report.

The Audit Manager drew the attention of the Committee to the Audit Recommendations. It was reported that three of the outstanding recommendations had been implemented with a further three nearing completion.

The Chair referred to the Audit Plan and enquired as to whether the Council would be compromised due to the Actual Days exceeding the Planned Days.

The Audit Manager clarified that sometimes days ran over depending on the engagement plan. She further clarified that there were no significant areas that were unable to be completed.

The Chair offered help from the Audit Committee in making sure that recommendations were implemented.

The Audit Manager confirmed that this was not necessary at this time as an updated way of getting recommendations implemented had been agreed with the Senior Leadership Team.

Councillor Snartt asked as to whether there were any updates on asbestos management.

The Audit Manager responded that the asbestos management contract had been coming to an end as it was being audited. The new tracker was now in place with a new contractor in order to better manage it. This was not yet fully completed, however, risks were not thought to be high as the Internal Auditors were aware of what was happening.

The Vice-Chair drew attention to Absence Management having been deferred for a year and asked if this was in hand.

The Audit Manager emphasised the need to look at what had been put in place. If it was not thought that it could be implemented in time, a report would be brought to the Audit Committee, however the Internal Auditors were comfortable with the implementation dates. A new target date would be set.

**RESOLVED** that the Committee note the report.

#### Reason

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

*The Strategic Director for Environmental and Corporate Services left the meeting and returned during this item.*

#### 56. 2022/23 INTERNAL AUDIT ANNUAL PLAN

A report of the Head of Strategic Support was submitted presenting the proposed Internal Audit Annual Plan for 2022/23, including the proposed IT Audit Plan for 2022/23. (Item 9 on the agenda filed with these minutes).

The Audit Manager attended the meeting to assist the Committee with the consideration of this item and informed the Committee that the Plan has been prepared based on organisational control and risk assessment in consultation with Senior Management. She added that timings were an indication and likely to change.

Councillor Snartt noted that only one Audit Area was based on the Strategic Risk Register and asked as to whether the Risk Register should be reflected in the internal Audit Plan.

The Audit Manager clarified that the Plan was based on all Risk Registers and not just the Strategic Risk Register. When the Audit Report was done, if a risk was in the Corporate Risk Register it was included, however, lower business risk registers did not go to Committee.

The Vice-Chair drew attention to the audit areas of Section 106 Agreements and Capital Programmes. He asked as to whether audits were based on performance and what the remit was for the audit. He further asked whether the Capital Plan Engagement Plan was about spending on time and to budget.

The Audit Manager responded that there had not been a full engagement plan agreed.

The Strategic Director for Environmental and Corporate Services added that the audit of Section 106 agreements considered the process of making sure there was an agreement in place and making sure that processes go through, and money was not handed back to developers. He added that they aimed to ensure that money was spent in line with the agreement. In terms of the audit of the Capital Plan, it considered processes surrounding project management and how the Plan was delivered and what officers thought needed to be on the Plan.

The Audit Manager added that the audits were an overview of the full process of the capital programming.

The Chair drew attention to the delay on the IT audit and enquired as to whether this increased the risk of cyber-attacks.

The Audit Manager stated that the contract was due to end in March 2022 and a procurement process was being undertaken for April 2022 onwards and the Audit was set up.

**RESOLVED** that the Committee approve the proposed audit plan.

Reason

To ensure that Internal Audit resources are effectively utilised.

57. 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 10 on the agenda filed with these minutes).

The Head of Strategic Support attended the meeting to assist the Committee with the consideration of this item and informed the Committee that no RIPA powers had been used by the Council. He further informed the Committee that Cabinet had approved updated RIPA policy for 2022 including recommendations from an inspection in September 2021. He added that a briefing note would be circulated to Councillors and to the Chair of the Audit Committee about RIPA and the circumstances under which it might be used.

**REVOLVED** that Committee notes the report and that there has been no use of RIPA powers by the Council for the period from 1 November 2021 to 31 January 2022.

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.

58. WORK PROGRAMME

A report of the Head of Strategic Support was submitted to enable the Committee to consider its work programme. (Item 11 on the agenda filed with these minutes).

The Head of Strategic Support noted that dates were provisional and were subject to approval by Council.

The Head of Strategic support noted that the Future of Local Public Audit and Policy for Engagement of External Auditors for non-audit work had now been brought to Committee. He further noted that the Committee was now considering the Governance and risk aspect of Commercial Investment and performance review includes consideration of rents and charges as a standing item.

Concern was raised by the Committee that there had been a long delay on the IT Health Check. It was clarified that the Public Services Network was being reviewed and this had delayed the IT Health Check. It was requested that an update be brought to Committee on progress made on the IT Health Check that would be understandable to non-IT specialists and would include a timescale of completion.

Attention was drawn to the long period of time before the next meeting of the Committee, and it was suggested that a further provisional Committee date was needed to cover Quarter 4 of 2021/22.

## RESOLVED

1. That an update on progress on the IT Health Check be brought to the Audit Committee including a timescale of completion.
2. That a further Committee date to cover Quarter 4 in the 2021/22 Council year be identified.

### Reasons

1. To keep the Committee informed of IT health issues and progress on the IT Health Check.
2. To cover issues for Quarter 4 in the 2021/22 Council Year.

### 59. EXEMPT INFORMATION

It was resolved that members of the public be excluded from the meeting during the consideration of the following 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.

*At this point in the meeting the recording was stopped.*

### 60. INVESTMENT PERFORMANCE REPORT – Q3 (OCTOBER TO DECEMBER) 2021/22

An exempt report of the Strategic Director for Commercial Development, Assets and Leisure. (Exempt item 13 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 60E. 2021/22).

### NOTES:

1. No reference may be made to these minutes at the Council meeting on Date Not Specified 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.
3. The Strategic Director for Commercial Development, Assets and Leisure and the External Auditor joined the meeting remotely.

# Audit Strategy Memorandum

Charnwood Borough Council

Year ending 31 March 2022

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Agenda Item 5

# Contents

- 01 Engagement and responsibilities summary
- 02 Your audit engagement team
- 03 Audit scope, approach and timeline
- 04 Significant risks and other key judgement areas
- 05 Value for money
- 06 Fees for audit and other services
- 07 Our commitment to independence
- 08 Materiality and misstatements
- 15 Appendix – Key communication points

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

## Audit Committee

Southfield Road,  
Loughborough,  
Leicestershire,  
LE11 2TX

23 March 2022

Dear Committee Members

## Audit Strategy Memorandum – Year ending 31 March 2022

We are pleased to present our Audit Strategy Memorandum for Charnwood Borough Council for the year ending 31 March 2022. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

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- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing Charnwood Borough Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit,

Client service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations so, if you have any concerns or comments about this document or audit approach, please contact me on [mark.surrIDGE@mazars.co.uk](mailto:mark.surrIDGE@mazars.co.uk).

Yours faithfully

Mark SurrIDGE, Mazars LLP



# 01

Section 01:

## **Engagement and responsibilities summary**

# 1. Engagement and responsibilities summary

## Overview of engagement

We are appointed to perform the external audit of Charnwood Borough Council for the year to 31 March 2022. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>. Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

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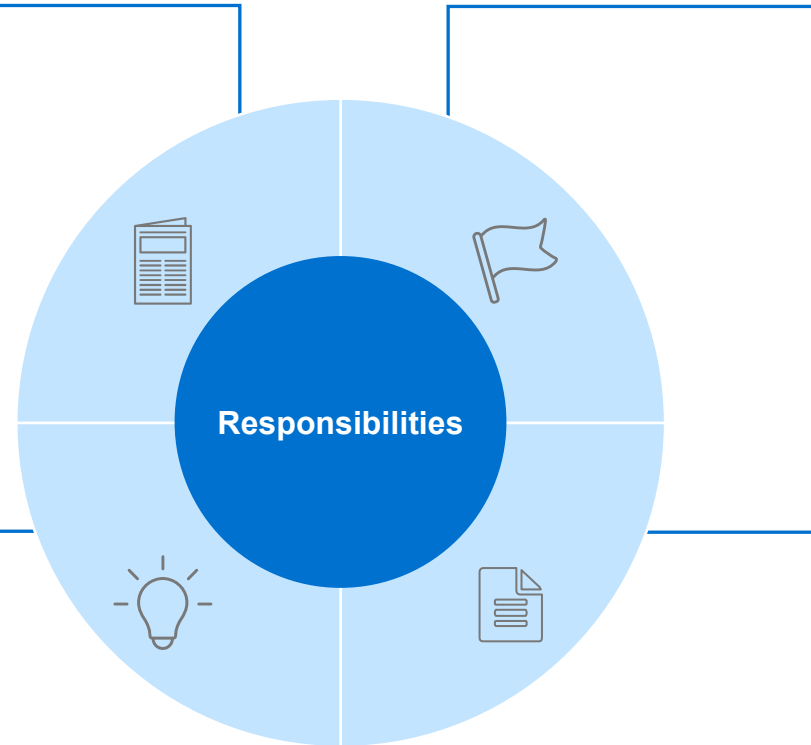
### Audit opinion

We are responsible for forming and expressing an opinion on the financial statements. Our audit does not relieve management or Audit Committee as those charged with governance, of their responsibilities.

The section 151 officer is responsible for the assessment of whether it is appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the section 151 officer's use of the going concern basis of accounting in the preparation of the financial statements.

### Value for money

We are also responsible for forming a commentary on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in section 5 of this report.



### Fraud

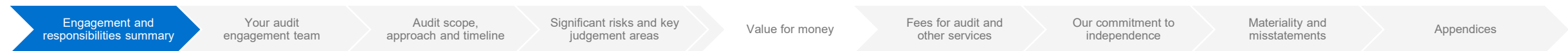
The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both those charged with governance and management. This includes establishing and maintaining internal controls over reliability of financial reporting.

As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit, as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However our audit should not be relied upon to identify all such misstatements.

### Wider reporting and electors' rights

We report to the NAO on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.



# 02

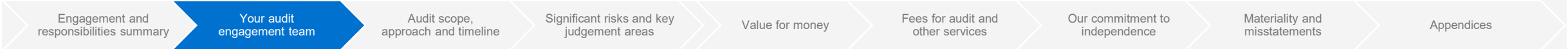
Section 02:

**Your audit engagement team**

# 2. Your audit engagement team

Individual	Role	Contact details
Mark Surridge	Engagement Lead	<a href="mailto:Mark.surridge@mazars.co.uk">Mark.surridge@mazars.co.uk</a> +44 (0)7875 974 291
Leah Parsons	Audit Manager	<a href="mailto:Leah.parsons@mazars.co.uk">Leah.parsons@mazars.co.uk</a> +44 (0)7387 242 114
Vikash Patel	Audit Assistant Manager	<a href="mailto:Vikash.patel@mazars.co.uk">Vikash.patel@mazars.co.uk</a> +44 (0)7974 750755

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# 03

Section 03:

**Audit scope, approach and timeline**

# 3. Audit scope, approach and timeline

## Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

## Audit approach

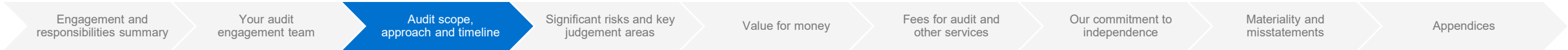
Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment.

If we conclude that appropriately-designed controls are in place then we may plan to test and rely upon these controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise: tests of details (of classes of transactions, account balances, and disclosures); and substantive analytical procedures. Irrespective of the assessed risks of material misstatement, which take into account our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transactions, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit and the indicative timeline at this stage based on the current national timetable proposed by the Department for Levelling Up, Housing and Communities (DLUHC). The specific dates are subject though as always to:

- the timely provision of information by third parties; and
- us being able to fully complete the audit procedures to the required quality standards.



# 3. Audit scope, approach and timeline

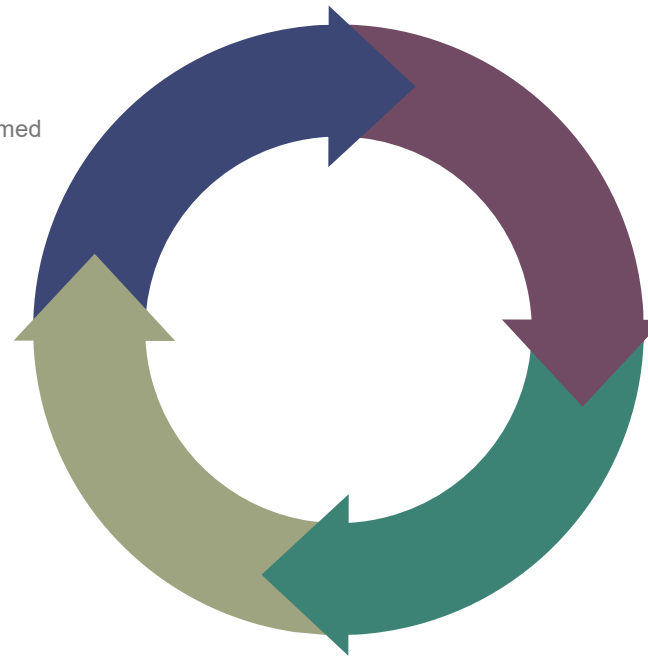
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## Planning February 2022

- Planning visit and developing our understanding of the Council
- Initial opinion and value for money risk assessments
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Preliminary analytical review

## Completion By November 2022

- Final review and disclosure checklist of financial statements
- Final partner review
- Agreeing content of letter of representation
- Reporting to the Audit Committee
- Signing the auditor's report
- Issuing the Auditor's Annual Report

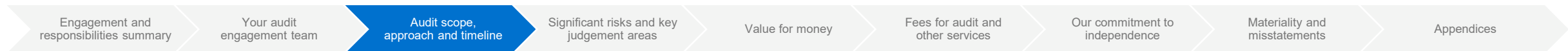


## Interim March 2022

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Ongoing value for money risk assessment procedures
- Reassessment of audit plan and revision if necessary

## Fieldwork August 2022

- Receiving and reviewing draft financial statements
- Receiving and reviewing the Annual Governance Statement
- Reassessment of audit plan and revision if necessary
- Executing the strategy starting with significant risks and high risk areas
- Ongoing assessment of potential VFM risks
- Communicating progress and issues
- Clearance meeting



# 3. Audit scope, approach and timeline

## Management's and our experts

Management makes use of experts in specific areas when preparing the Council 's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Property, Plant and Equipment & Investment Properties	<b>External valuer</b> Wilks, Head and Eve	None. We may utilize third party evidence provided via the NAO to support our challenge of valuation assumptions.
Pensions	<b>Hymans Robertson LLP</b> Actuary for Leicestershire Pension Fund (LGPS)	PWC (Consulting actuary appointed by the National Audit Office).
Financial Instrument disclosures	<b>Link Asset Management (LAM)</b> Treasury management advisors	None.

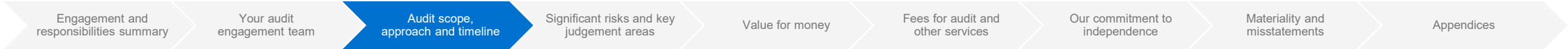
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## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. We have not identified any service organisations that are relevant for the purpose of our audit.

### Internal audit

We will continue to liaise with internal audit to inform our continual risk assessment





# 04

Section 04:

**Significant risks and other key judgement areas**

Page 25

# 4. Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

## Significant risk

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk.

## Enhanced risk

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk, these include but may not be limited to:

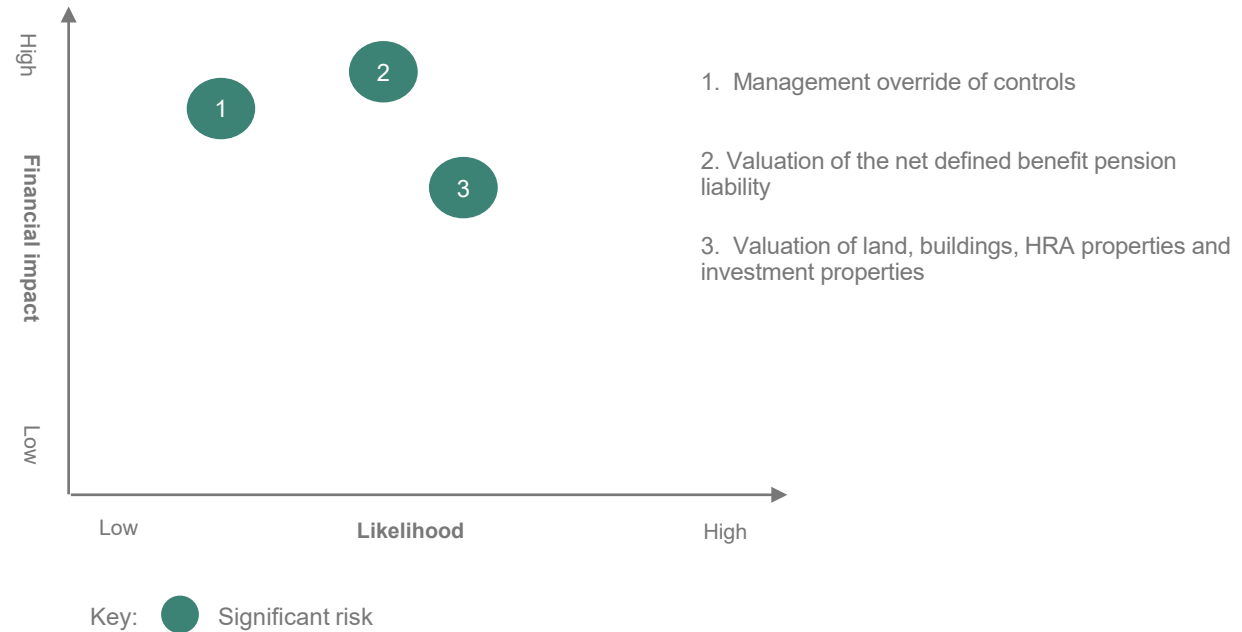
- key areas of management judgement, including accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement; and
- other audit assertion risks arising from significant events or transactions that occurred during the period.

## Standard risk

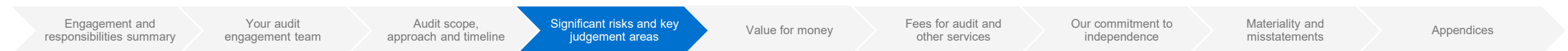
This is related to relatively routine, non-complex transactions that tend to be subject to systematic processing and require little management judgement. Although it is considered that there is a risk of material misstatement (RMM), there are no elevated or special factors related to the nature, the likely magnitude of the potential misstatements or the likelihood of the risk occurring.

## Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council . We have summarised our audit response to these risks on the next page.



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# 4. Significant risks and other key judgement areas

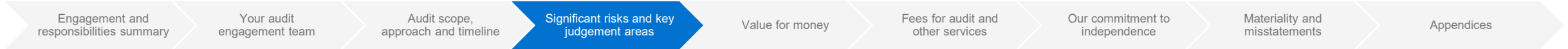
## Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to Audit Committee.

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	<p><b>Management override of controls</b></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>	●	-	-	We plan to address the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.

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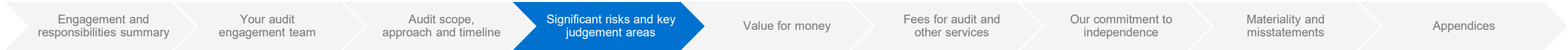


# 4. Significant risks and other key judgement areas

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
2	<p><b>Net defined benefit liability valuation</b></p> <p>The defined benefit liability relating to the Local Government Pension Scheme represents a significant balance on the Council's balance sheet.</p> <p>The Council uses an actuary for the scheme 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>	-	●	●	<p>We plan to address the risk by:</p> <ul style="list-style-type: none"> <li>assessing the competency, objectivity and independence of the Actuary at the Pension Scheme;</li> <li>liaising with the auditors of the Leicestershire Pension Fund to gain assurance over the design and implementation of controls in place at the Leicestershire Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;</li> <li>reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary (as applicable), and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and</li> <li>agreeing the data in the IAS 19 valuation reports provided by the Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> </ul>

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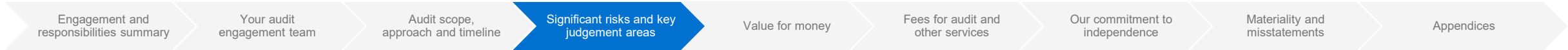


# 4. Significant risks and other key judgement areas

## Significant risks

	Description	Fraud	Error	Judgement	Planned response
3	<p><b>Valuation of land, buildings, HRA properties and investment properties</b></p> <p>Property related assets are a significant balance on the council's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p> <p>At the planning stage of the audit, this risk covers (figures have been taken from the final 2020/21 financial statements):</p> <ul style="list-style-type: none"> <li>• Land &amp; Buildings (£57.1m - Note 10)</li> <li>• HRA (£311.2m – Note 10)</li> <li>• Investment Properties (£26.2m – Note 11).</li> </ul>	-	●	●	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> <li>• critically assessing the scope of work, qualifications, objectivity and independence of each of the Council's valuers to carry out the required programme of revaluations;</li> <li>• considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA code of practice and the Council's accounting policies;</li> <li>• assessing whether valuation movements are in line with market expectations by considering valuation trends;</li> <li>• critically assessing the approach that the Council adopts to ensure that assets that are not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuers; and</li> <li>• considering engaging our own valuation expert to support our work.</li> </ul>

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# 05

## Section 05: **Value for money**

# 5. Value for money

## The framework for Value for Money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view, and sets out the overall criterion and sub-criteria that we are required to consider.

2021/22 will be the second audit year where we are undertaking our value for money (VFM) work under the 2020 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place and to report in the audit report and/or the audit completion certificate where we identify significant weaknesses in arrangements. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

## Specified reporting criteria

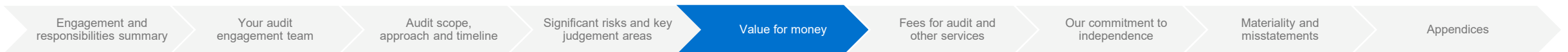
The Code requires us to structure our commentary to report under three specified criteria:

- Page 31
1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services
  2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks
  3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services

## Our approach

Our work falls into three primary phases as outlined opposite. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle and we are not expected to wait until issuing our overall commentary to do so.

Our VFM planning and risk assessment work is an ongoing process and to date, no risks of significant weaknesses in arrangements have been identified. We will report any further identified risks to the Audit Committee on completion of our planning and risk identification work.



# 06

Section 06:

**Fees for audit and other services**



## 6. Fees for audit and other services

### Fees for work as the Council's appointed auditor

Details of the 2020/21 Actual and indicative 2021/22 Audit fees in line with PSAA and other reporting mechanisms are set out below.

Area of work	2021/22 Proposed Fee	2020/21 Actual Fee
Scale audit fee	£42,325	£42,325
Fee variations:		
Additional work in relation to responding to increased regulatory challenge in auditing the IAS19 pension figures contained within the financial statements.	£3,000 <sup>1</sup>	£2,998
Additional work in relation to responding to increased regulatory challenge in auditing the PPE figures contained within the financial statements.	£4,500 <sup>1</sup>	£4,069
ISA540 - additional work in relation to auditing accounting estimates and related disclosure	£2,892 <sup>2</sup>	£2,892
Other	-	£1,188
Sub-total	£52,717	£53,472
Work undertaken in relation to VFM commentary	£9,000 <sup>3</sup>	£9,293
Grand Total	£61,717 <sup>4</sup>	£62,765

We continue to liaise with PSAA regarding fee variations and sector-wide adjustments to the scale fee.

<sup>1</sup> As previously reported to you, the scale fee has been adjusted to take into account the additional work required as a result of increased regulatory expectations in these areas.

<sup>2</sup> For 2020/21, new auditing standards have been introduced which will lead to additional audit work not reflected in the scale fee.

<sup>3</sup> As explained in section 5, the revised Code of Audit Practice has led to a substantial amount of additional audit work to support the new value for money conclusion and the changes in reporting requirements. The final fee will take into account the extent and complexity of any significant weaknesses in arrangements we identify.

<sup>4</sup> This is a proposed fee for 2021/22 at the point of the issue of our ASM. This figure is subject to change and additional costs will be discussed with management.

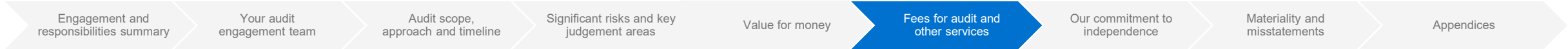
# 6. Fees for audit and other services

## Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section 7.

Area of work	2021/22 Proposed Fee	2020/21 Actual Fee
Assurance services – Pooling of capital housing receipts	£3,310 – Although appointment is to be confirmed	£3,150
Assurance services – Housing benefits	£9,850 – Although appointment is to be confirmed	£9,850

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# 07

Section 07:

**Our commitment to independence**

Page 35

# 7. Our commitment to independence

We are committed to independence and are required by the Financial Reporting Council to confirm to you at least annually in writing that we comply with the FRC's Ethical Standard. In addition, we communicate any matters or relationship which we believe may have a bearing on our independence or the objectivity of the audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities creating any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

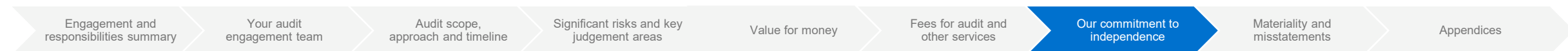
We have policies and procedures in place which are designed to ensure that we carry out our work with integrity, objectivity and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration;
- all new partners and staff are required to complete an independence confirmation and also complete computer based ethical training;
- rotation policies covering audit engagement partners and other key members of the audit team; and
- use by managers and partners of our client and engagement acceptance system which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this document, that the engagement team and others in the firm as appropriate, Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence please discuss these with Mark Surridge in the first instance.

Prior to the provision of any non-audit services Mark Surridge will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our auditor independence.

Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.



# 08

Section 08:

## **Materiality and misstatements**

# 8. Materiality and misstatements

## Summary of initial materiality thresholds

Threshold	Initial threshold £'000s
Overall materiality	1,520
Performance materiality	1,216
Specific materiality – Senior Officers Remuneration (Note 32 in the 2020/21 financial statements)	5
Trivial threshold for errors to be reported to Audit Committee	46

### Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of financial statements as a whole.

Misstatements in financial statements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on consideration of the common financial information needs of users as a group and not on specific individual users.

The assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- have a reasonable knowledge of business, economic activities and accounts;

- have a willingness to study the information in the financial statements with reasonable diligence;
- understand that financial statements are prepared, presented and audited to levels of materiality;
- recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement and the consideration of future events; and
- will make reasonable economic decisions on the basis of the information in the financial statements.

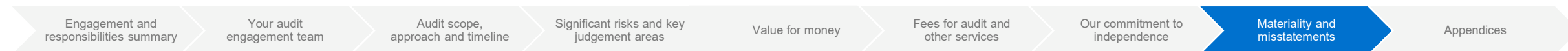
We consider materiality whilst planning and performing our audit based on quantitative and qualitative factors.

Whilst planning, we make judgements about the size of misstatements which we consider to be material and which provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

The materiality determined at the planning stage does not necessarily establish an amount below which uncorrected misstatements, either individually or in aggregate, will be considered as immaterial.

We revise materiality for the financial statements as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Our provisional materiality is set based on a benchmark of gross revenue expenditure. We will identify a figure for materiality but identify separate levels for procedures designed to detect individual errors, and also a level above which all identified errors will be reported to Audit Committee. We consider that the gross revenue expenditure remains the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.



# 8. Materiality and misstatements

## Materiality (continued)

We expect to set a materiality threshold at 2% of Gross Revenue Expenditure at Surplus/deficit on Provision of Services level. Based on prior year financial statements we anticipate the overall materiality for the year ending 31 March 2022 to be in the region of £1.5m.

After setting initial materiality, we continue to monitor materiality throughout the audit to ensure that it is set at an appropriate level.

## Performance Materiality

Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Our initial assessment of performance materiality is based on low inherent risk, meaning that we have applied 80% of overall materiality as performance materiality.

## Misstatements

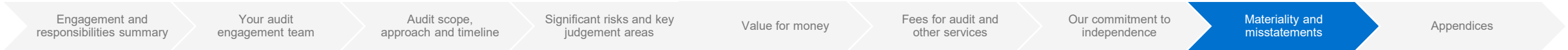
We accumulate misstatements identified during the audit that are other than clearly trivial. We set a level of triviality for individual errors identified (a reporting threshold) for reporting to Audit Committee that is consistent with the level of triviality that we consider would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements. Based on our preliminary assessment of overall materiality, our proposed triviality threshold is £46k based on 3% of overall materiality. If you have any queries about this please do not hesitate to raise these with Mark Surridge.

## Reporting to Audit Committee

The following three types of audit differences above the trivial threshold will be presented to the Audit Committee summary of adjusted audit differences;

- summary of adjusted audit differences;
- summary of unadjusted audit differences; and
- summary of disclosure differences (adjusted and unadjusted).

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## Appendix: Key communication points



# Appendix: Key communication points

We value communication with Those Charged With Governance as a two way feedback process at the heart of our client service commitment. ISA 260 (UK) 'Communication with Those Charged with Governance' and ISA 265 (UK) 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

## Form, timing and content of our communications

We will present the following reports:

- Audit Strategy Memorandum;
- Audit Completion Report; and
- Auditor's Annual Report

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

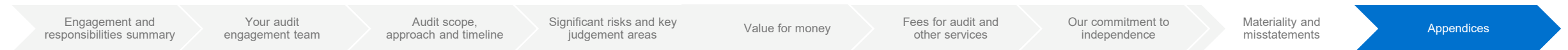
## Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;

- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

## Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

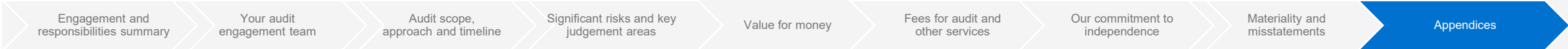


# Appendix: Key communication points

ISA (UK) 260 'Communication with Those Charged with Governance', ISA (UK) 265 'Communicating Deficiencies In Internal Control To Those Charged With Governance And Management' and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> <li>• uncorrected misstatements and their effect on our audit opinion;</li> <li>• the effect of uncorrected misstatements related to prior periods;</li> <li>• a request that any uncorrected misstatement is corrected; and</li> <li>• in writing, corrected misstatements that are significant.</li> </ul>	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• enquiries of Audit Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity;</li> <li>• any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• a discussion of any other matters related to fraud.</li> </ul>	Audit Completion Report and discussion at Audit Committee, Audit planning and clearance meetings
Significant matters arising during the audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> <li>• non-disclosure by management;</li> <li>• inappropriate authorisation and approval of transactions;</li> <li>• disagreement over disclosures;</li> <li>• non-compliance with laws and regulations; and</li> <li>• difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Audit Completion Report

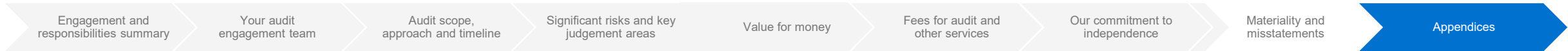
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# Appendix: Key communication points

Required communication	Where addressed
Significant findings from the audit including: <ul style="list-style-type: none"> <li>our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>significant difficulties, if any, encountered during the audit;</li> <li>significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>written representations that we are seeking;</li> <li>expected modifications to the audit report; and</li> <li>other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Audit Committee in the context of fulfilling their responsibilities.</li> </ul>	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and enquiry of Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that Audit Committee may be aware of.	Audit Completion Report and Audit Committee meetings
With respect to going concern, events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>whether the events or conditions constitute a material uncertainty;</li> <li>whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>the adequacy of related disclosures in the financial statements.</li> </ul>	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity	Audit Completion Report

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# Mark Surridge

## Mazars

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Birmingham, B3 3AX

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.

## AUDIT COMMITTEE – 4TH MAY 2022

### Report of the Head of Strategic Support

#### Part A

#### ITEM 6 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 February 2021 to 31 March 2022.

##### 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:

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## 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 10 February 2022 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 1<sup>st</sup> February 2022 to the 31<sup>st</sup> March 2022 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.

## AUDIT COMMITTEE – 4TH MAY 2022

### Report of the Head of Strategic Support

#### Part A

#### ITEM 7 INTERNAL AUDIT PROGRESS REPORT Q4 2021-22

##### 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

Appendices: Appendix 1 – Internal Audit report



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## **INTERNAL AUDIT SHARED SERVICE**

**Charnwood Borough Council**

**Internal Audit Progress Report 2021/22 Q4**

## **1. 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 during 2021/22 Q3.

## **2 Internal Audit Plan Update**

- 2.1 Since the last update report, Internal Audit work has continued on the 21/22 audit plan with 4 final audit reports being issued (see Appendix A). Work has also continued on the post payment assurance verification of COVID19 Business Grants. There are 1 audits from the 2021/22 plan currently in draft report stage (creditors) and one in progress (choice based lettings), both are expected to be finalised prior to the annual audit opinion being written.

- 2.2 The following audits were issued in final during Q4. The executive summaries and recommendations are included at Appendix B:

- 2021/22 Building Control - Reasonable
- 2021/22 Electrical Safety (HRA) - Limited
- 2021/22 IT Project Management - Substantial
- 2021/22 IT & Cloud Strategy - Substantial

## **3.0 Outstanding Recommendations**

- 3.1 Internal Audit monitor and follow up critical, high and medium priority recommendations. There are 9 overdue recommendations which are detailed in Appendix C for information.

- 3.2 A review of the process for the follow-up of recommendations has been carried out and it has been agreed with SLT that –

- Audit will carry out 2 follow-up reviews, the responsibility to advise audit of the implementation of the recommendation will then be passed to the officer responsible and the relevant head of service. In addition to this a report will be submitted to SLT on a monthly basis and CLT on a quarterly basis, detailing all overdue recommendations.
- Audit will continue to report overdue recommendations to Audit Committee.

## **4.0 Internal Audit Performance Indicators**

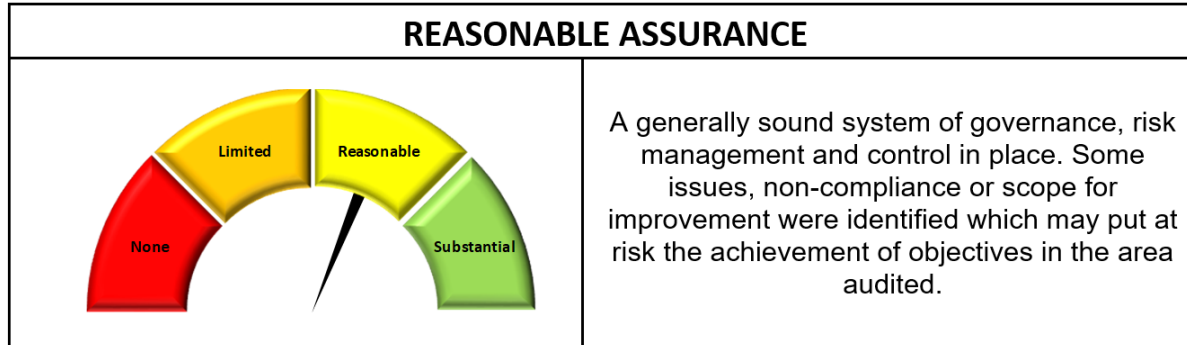
- 4.1 Progress against the agreed Internal Audit performance indicators is included in Appendix D. There are no areas of concern to highlight.

AUDIT PLAN AS AT 31<sup>st</sup> DECEMBER 2021

Audit Area (Report No.)	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	2.5	Completed						
Commercial Property Project	Audit	10	12.5	Completed	Reasonable	-	2	2	-	
Commercial Lettings	Audit	10	16.5	Completed	Reasonable	-	2	5	-	
Acquisitions Policy	Audit	8	9	Completed	Reasonable	-	2	3	1	
Fleet Management	Audit	10	12	Completed	Reasonable	-	3	2	-	
Risk Management	Audit	10	8	Completed	Limited	-	3	5	-	
Choice Based Lettings	Audit	10	2	In progress						
Building Control	Audit	8	6.5	Completed	Reasonable	-	3	4	-	Joint audit with NWLDC
Electrical Safety	Audit	8	9	Completed	Limited	-	4	3	-	
Main Accounting	Audit	5	3.5	Completed	Substantial	-	-	-	-	
Creditors	Audit	8	8.5	Draft report						
Stray Dog Contract	Audit	10	9	Completed	Reasonable	-	-	3	-	Addition to the plan

Benefits Subsidy	Assurance		74	Completed						Addition to the plan
Covid-19 related assurance	Assurance	40	83	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	3	Completed						
Markets – New Booking System	Advisory	2	-							
NFI	Assurance	30	10	As required						
IT Project Management	Audit	BDO		Completed	Substantial	-	-	-	1	Audit delivered by BDO ICT audit specialist.
IT and Cloud Strategy	Audit	BDO		Completed	Substantial	-	-	-	-	Audit delivered by BDO ICT audit specialist.
Data Governance and Operational Cloud Security	Audit	BDO		In progress						Audit to be delivered by BDO ICT audit specialist.

BUILDING CONTROL



**Key Findings**

Areas of positive assurance identified during the audit:

- Procedures have been reviewed or are in the process of being reviewed.
- Information is shared between authorities as outlined in the contract.
- Regular monitoring meetings are taking place, for both the Management Board and Sub-Group.

The main areas identified for improvement are:

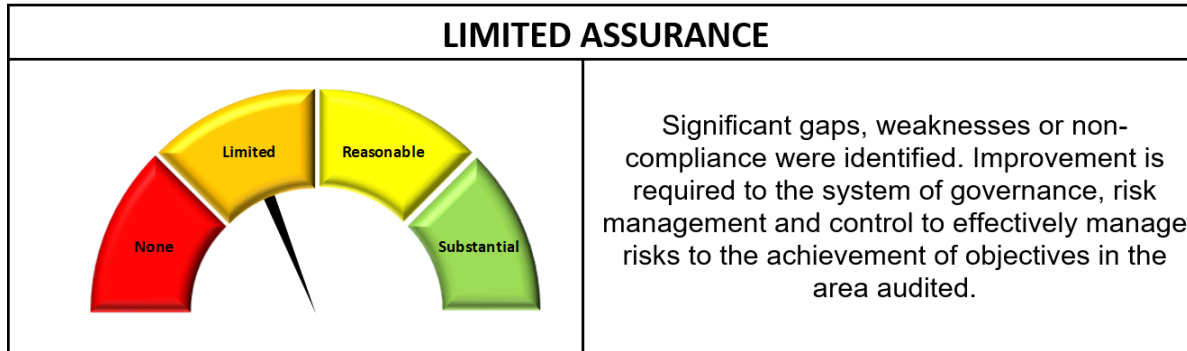
- Contract monitoring information, including financial data and key performance indicators, requires review to ensure suitability.
- A process needs to be established that effectively monitors and records issues raised by the Joint Management Board.
- Invoicing needs to be completed in accordance with the contract.
- A common scheme of fees and charges needs approving by the Management Board.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The quarterly finance report format is reviewed and data is presented in a clear and concise manner, with supporting information appended where necessary, to ensure that the financial position is fully visible and understandable to both authorities.	Medium	The format of the financial report presented to the Board, in February 2022, was approved and is to be adopted going forward.	Head of Planning and Regeneration, Head of Financial Services and Team Leader Building Control.	Implemented February 2022
2. A full review of the KPI's is carried out to ensure that the board are fully aware of the current position of the service and to assist in any future decisions.	High	A full review will be completed as part of the next service plan, as instructed by the Joint Management Board.  Once completed this will be approved by the Board.	Head of Planning and Regeneration in partnership with Head of Planning and Regeneration (NWLDC).	May 2022
3. KPI reports should include both specific period and year to date figures.	Medium	A KPI scorecard has been created in response to a request from the Joint Management Board and was presented and adopted in the February 2022 Board meeting.	Head of Planning and Regeneration and Team Leader Building Control.	Implemented February 2022
4. Each Board/ Group should develop an action plan to regulate direction and record progress.	Medium	Agree to review the format of the action plan.	Head of Planning and Regeneration and Team Leader Building Control.	May 2022
5. In accordance with the contract, a proposed common scheme of charges, with supporting documentation, is presented to Joint Management Board for approval.	Medium	Agreed as per recommendation.	Head of Planning and Regeneration and Team Leader Building Control.	May 2022.

6. The hourly rates for the reconciliation between agency costs and employment costs of a PO1 officer are verified and if appropriate any financial adjustments rectified.	High	Agreed to complete a reconciliation to present to the Board for approval.	Head of Planning and Regeneration and Head of Financial Services.	May 2022.
7. Following the agreement of the year to date financial report at the Joint Management Board in February 2022, an invoice should be raised for the remaining costs due to CBC, less any reimbursements due to NWLDC, thus ensuring the terms of the contract are adhered to.	High	Agreed as per recommendation.	Team Leader Building Control.	May 2022.



## ELECTRICAL SAFETY (HRA)



### Key Findings

Areas of positive assurance identified during the audit:

- There is an up to date Electrotechnical Care Safety Plan in place.
- Key documents such as certificates are filed promptly, consistently and securely and are easily retrievable when required.
- Officers and contractors are relevantly trained to ensure awareness and responsibilities.

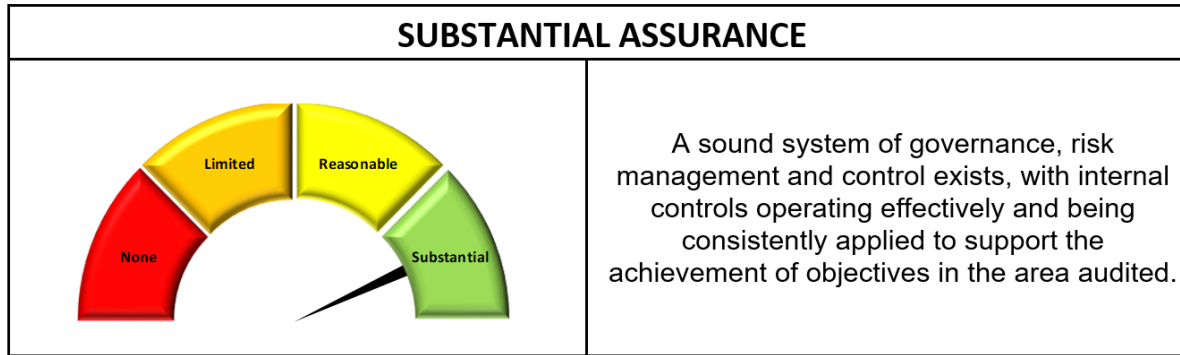
The main areas identified for improvement are:

- Procedure guides are not in place to assist with the processes and for business continuity purposes.
- There is no documented procedure or evidence in place to ensure all issues are regularly monitored, reviewed, rectified and appropriate certification is received and recorded.
- There is no forward planned programme in place to ensure that all properties are inspected in line with legislation.
- A reconciliation of property numbers between systems is not carried out.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Procedures are written for inhouse practices and made available to all relevant officers.	High	Agreed as recommendation.	Compliance Manager and Electrical Compliance Officer	December 2022
2. A reconciliation between the QL system and the CDMS system is carried out and appropriately documented on a regular basis to ensure that all properties are relevantly inspected.	Medium	A stock data extract is downloaded from QL and this report is used to update the CDMS system however this process will be formalised as a reconciliation.	Electrical Compliance Officer	September 2022
3. A full and accurate 5 year rolling programme should be established to enable forward planning and legislative compliance.	High	Agreed as per recommendation.	Compliance Manager and Electrical Compliance Officer	July 2022
4. A 'no access' process should be documented and implemented to ensure testing or remedial works can be undertaken promptly. This should be reiterated in the Tenancy agreement.	Medium	Agree with recommendation and it is reiterated in the new tenancy agreements.	Compliance Manager and Electrical Compliance Officer	December 2022
5. Officers need to review the accuracy of the system to ensure that full compliance is being met and relevantly reported.	High	Enquiries are being made with the software provider to flag or highlight certificates outside of the 5 years.  Orders were raised for 2016 certificates before the audit, as certificates were identified through a	Compliance Manager and Electrical Compliance Officer	July 2022

		<p>manual process in place, and testing is scheduled for completion.</p> <p>The implementation of the 5 year rolling programme will also identify this.</p>		
6. A process should be introduced to ensure all issues are regularly reviewed, rectified and appropriate certification is received and recorded.	High	<p>The focus has been on prioritising C1 remedial works identified following tests and undertaking testing where certificates are due. It is accepted that some C2 and C3 works are outstanding as a consequence of this prioritisation, and that evidence of regular monitoring needs to be enhanced. Agreed action as per recommendation.</p> <p>(C1- immediate action required, C2 - minor repair, C3 – recommendation)</p>	Compliance Manager and Electrical Compliance Officer	September 2022
7. Management ensures that as part of the annual contract review assurance is gained from the contractor in relation to the use of relevantly qualified contractors.	Medium	<p>Qualifications are checked by the Council already. Our preference is to retain that approach, as previous issues have been experienced with staff that are not suitably qualified on site. It is recognised this is more burdensome, but arguably the level of assurance is greater.</p>	N/A	N/A

## IT PROJECT MANAGEMENT



### Key Findings

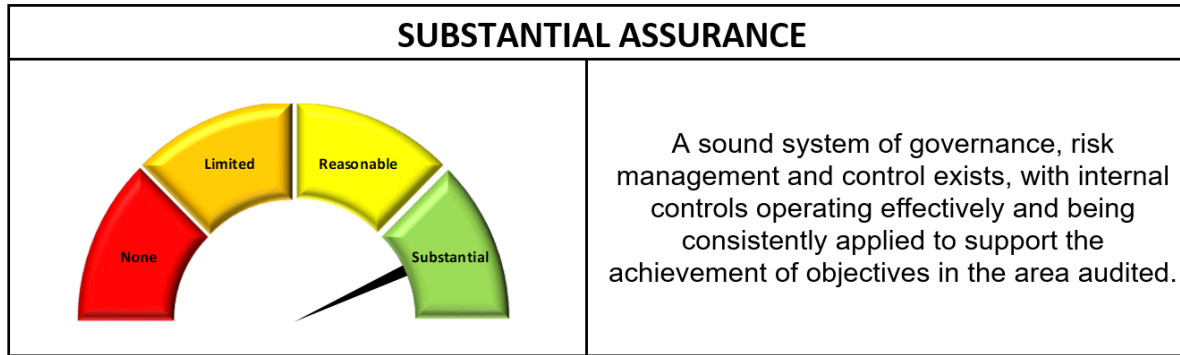
Areas of positive assurance identified during the audit:

- The Council has a Project Management guidance document and framework in place, which outlines the Council's project management procedures in line with the principles of PRINCE2
- The framework defines the procedures to be followed during the lifecycle of each project and includes a requirement for a project initiation document, a project plan and risk register to be put in place for each Council project
- The Council's Azure Migration Programme and the project for the implementation of the Northgate Assure system are supported by an approved business case and have a documented plan in place that defines the scope and objectives of each project
- The business cases include an identification of the costs and budgeting requirements for each project and there are arrangements in place for monitoring budgets on an ongoing basis in line with the Council's Capital Programme
- The Council has established a requirement for highlight reports to be presented to Senior Management on a regular basis and it was observed that monthly highlight reports for each of the IT projects are prepared on a monthly basis
- A Project Board has been established for the Azure Migration Programme and the project for the implementation of the Assure system, which meets on a monthly basis to review the progress of the projects against the project plan and objectives
- Risks and issues relating to the completion of the IT projects have been identified, assessed and documented and are regularly reviewed by each project's owner and relevant Project Board
- The Azure Migration Programme is on target to meet its planned completion date and it is recommended that once a period of stability has been reached, an overall assessment against initial planned objectives is undertaken.
-

No areas for improvement have been identified, however a low priority recommendation has been raised with regards to the identification and assessment of the risks relating to the completion of the Council's future IT projects.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>R1 Management should review and, where necessary, update the Council's IT project Risk and Issues Log template, so that for future projects it includes for all identified risks, but is not limited to:</p> <ul style="list-style-type: none"> <li>• A target risk score (in terms of risk likelihood and impact)</li> <li>• Clearly assigned action owners (names or job titles of individuals responsible for each action)</li> <li>• A target implementation date.</li> </ul>	<p>Low</p>	<p>Agreed – the IT Risk and issue log will be update with the recommended items</p>	<p>ICT Service Delivery Manager</p>	<p>September 2022</p>

## IT AND CLOUD STRATEGY



### Key Findings

Areas of positive assurance identified during the audit:

- The Council has made significant progress in the completion of planned cloud project milestones to date, with a cautious and diligent approach to the migration of applications and services, focused on reduction of risk and system availability
- The migration schedule has been planned by the ICT Service in defined “waves”, enabling assessment of system stability post-migration, whilst ensuring progress remained on course to meet overall target milestones
- A process is in place to assess future feasibility of migrating remaining systems in due course, with associated dependencies documented
- Regular progress reports are communicated to the Services Workspaces and People transformation board, which was set up to improve services, working environments and the development of Council employees
- There is an ICT Risk and Issues Log in place, which contains an entry for the measurement and monitoring of the migration project throughout its duration and this is reviewed on a monthly basis
- The Azure Migration Program agreement has permitted the ICT Service Delivery Manager to take advantage of education opportunities and there is a requirement to bolster the technical skills within the local ICT team prior to the end of the current contract with third party service provider Phoenix Software
- The cloud migration project is on target to meet its planned completion date and it is recommended that once a period of stability has been reached, an overall assessment against initial planned objectives is undertaken.

No areas for improvement have been identified, however a low priority recommendation has been raised with regards to an assessment of the cloud migration project following completion.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>R1 At a suitable point following the completion of the cloud migration project, it is recommended that a post-migration assessment is performed based upon the original requirements, dependencies and objectives of the business case and strategy.</p>	<p>Low</p>	<p>The Hybrid Cloud option and Capital funding was approved by SLT based on key areas covered in the 'Cloud Assessment – Options and Recommendation document'.</p> <p>Benefit assessment will be undertaken on completion of the cloud migration project.</p>	<p>ICT Service Delivery Manager</p>	<p>TBC</p>

**RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31<sup>ST</sup> MARCH 2022  
(CRITICAL, HIGH AND MEDIUM PRIORITY)**

**APPENDIX C**

Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Imp Date	1st Follow up comments	Extension Date	2nd Follow up comments	Extension Date
<b>2019/20</b>									
Absence Management	3.1 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. 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	Medium	Consider utilising the iTrent System to identify and manage triggers.	System Analyst	Dec-20	Original Implementation date was December 2020, deferred on five occasions. Audit were advised in September 2021 that the system analyst was working on the workflows for the system.	Feb-21 Mar-21 Jul-21 Sept-21 Dec-21	Further request to extend.	Dec-22
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	Medium	HR to include absence management in their next briefing sessions	LCC Human Resources	Apr-21	Original Implementation date was April 2021. No progress reported since April 2021	Dec-21	Further request to extend.	Apr-22



	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.					when advised that HR had not scheduled an Absence Management Briefing Session.			
<b>2020/21</b>									
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	Agreed, current system to be reviewed, developed, or replaced as appropriate.	Compliance Manager	Aug-21	Due to IT systems this had to be further extended.	Dec-21	Due to IT systems this had to be further extended.	May-22
Fire Safety and Management	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	Oct-21	There has been no movement on the implementation of this recommendation.	Nov 21 Jan 22	There has been no further movement on the implementation of this recommendation.	Apr-22
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	High	Agreed – an internal fraud checklist will be developed, and issues will be where this will be documented.	Strategic Asset Manager & Right to Buy Officer	Feb-21	Not implemented, further time requested	Feb-22	Testing carried out highlighted that documentation was still missing on the files to evidence that appropriate fraud related checks are being completed.	Mar-22

	should be introduced to ensure any fraudulent claims are identified.								
<b>2021/22</b>									
Commercial Property Project	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	Dec-21	Deferred	Mar-22	Deferred	Apr-22
Commercial Lettings	1. A full set of procedure documents should be in place which cover all key aspects of the Commercial Lettings area.	Medium	Agreed to implement local procedures to cover areas.	Business Centre / Ind Managers and Senior Property and Asset Officer.	Dec-21	No response received	Mar-22	No response received	Apr-22
Corporate Risk Management	2. The strategy and framework are made available for staff to ensure the promotion of risk management across the authority.	Medium	Agreed as per recommendation	Organisational Development Manager	Dec-21	Deferred to allow documentation to be approved.	Feb-22 April-22	Approved at Cabinet, yet to be publicised.	May-22
Fleet Management	1. Management review the policy and procedures for the reporting of non-compliance and defect issues and as part of that review ensure that relevant officers have appropriate decision-making authority. This will ensure that relevant	Medium	Agreed as per recommendation	Head of Cleansing and Open Spaces and Contracts Manager	Mar-22	No response received	Apr-22		

	action is taken in a timely manner to protect the authority in relation to legal requirements.								
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## INTERNAL AUDIT PERFORMANCE INDICATORS

PERFORMANCE MEASURE	POSITION AS AT 31 <sup>st</sup> MARCH 2022	COMMENTS
Delivery of 2021/22 Audit Plan	93%	1 audit is in progress, and one audit is at draft audit stage.
Percentage of Client Satisfaction with the Internal Audit Service	100%	Based on six returns for 21/22.
Compliance with the Internal Audit Standards	Conforms	Inspection took place w/c 30 <sup>th</sup> November 2020. Internal Audit Service conforms to the Public Sector Internal Audit Standards.
Compliance testing of completed recommendations	100%	

## AUDIT COMMITTEE – 4TH MAY 2022

### Report of the Strategic Director for Environment and Corporate Services

#### Part A

#### ITEM 8 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 2022/23.

##### Recommendation

That the Audit Committee notes the report.

##### Reason

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

##### Policy Justification and Previous Decisions

The Strategic Risk Register was approved by Cabinet on the 10th February 2022.

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 10<sup>th</sup> February 2022 – Item 11

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## Part B

### Background

1. In accordance with the Committee's work programme the Committee receives quarterly 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 identifies any changes to the risk rating and / updated treatments and controls.

### Development of the Strategic 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.

### Appendices

Appendix 1 - Strategic Risk Register

# Strategic Risk Register

## OVERVIEW

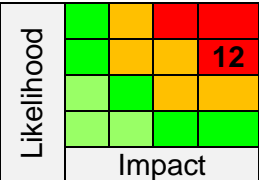
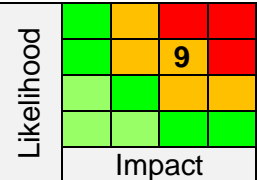
RISK		OWNER	INHERENT RISK			RESIDUAL RISK		
			Likelihood	Impact	Total	Likelihood	Impact	Total
SR1	Risk that there is a lack of adequate business continuity and recovery arrangements, leading to major internal and/or external disruption to services in the event of an incident (i.e. major ICT fail, fire etc), resulting in injury and/or loss of life and/or reputation	Strategic Director of Environment and Corporate Services	3	4	12	3	3	9
SR2	Risk that there is a lack of robust civil contingency arrangements established leading to a failure to respond appropriately to a major incident (e.g. flooding, terrorism etc) resulting in injury and/or loss of life	Chief Executive	4	4	16	3	3	9
SR3	Risk that there is a lack of external funding and/or income generated leading to a reduction in the financial resources available for service provision and/or to fund corporate objectives resulting in not being able to delivery services or being financially solvent	Strategic Director of Environment and Corporate Services	2	3	6	2	2	4
SR4	Risk that the Council does not attract suitable or capable staff or resources or there is a high sickness level or there are capacity issues from contractors and suppliers leading to a high number of vacancies or staff available resulting in poor service provision	Chief Executive	3	3	9	3	2	6
SR5	Risk that the Council does not follow its own governance procedures leading to failure to deliver services and/or value for money and/or it can be challenged through a legal	Chief Executive	2	3	6	2	2	4



## Strategic Risk Register

RISK		OWNER	INHERENT RISK			RESIDUAL RISK		
			Likelihood	Impact	Total	Likelihood	Impact	Total
	process leading to service delivery issues and/or reputation damage and/or criminal charges							
SR6	Risk that partnerships with key stakeholders are not developed or maintained leading to a failure to deliver shared outcomes and a lack of delivery to the public resulting in service delivery issues and/or reputational damage	Chief Executive	2	2	4	1	2	2
SR7	Risk that adequate data sharing and data security arrangements are not implemented leading to an increase in cyber-attacks resulting in service disruption or data loss or damage	Strategic Director of Environment and Corporate Services	3	4	12	2	3	6
SR8	Risk that the Council does not establish effective strategic communication arrangements leading in the public not being informed about Council activity resulting in reputational damage	Chief Executive	3	3	9	2	3	6
SR9	Risk that the Council does not lead by example and manage the ongoing impact of climate change leading to a lower than anticipated reduction in carbon output	Chief Executive	2	3	6	2	2	4
SR10	Risk that new legislation or external factors cause negative financial or reputational impact on the Council leading to a reduction in service provision (i.e., Environment Bill) resulting in service delivery issues and/or reputational damage	Chief Executive	3	4	12	3	3	9

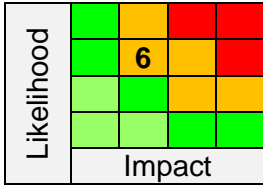
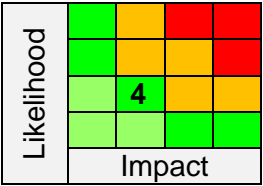
# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
<b>SR1</b> Risk that there is a lack of adequate business continuity and recovery arrangements, leading to major internal and/or external disruption to services in the event of an incident (i.e. major ICT fail, fire etc), resulting in injury and/or loss of life and/or reputation	Strategic	<ul style="list-style-type: none"> <li>Inability to deliver key/critical services e.g.benefits, refuse collection, homelessness applications, emergency repairs.</li> <li>Reduction in access channels available to residents / customers i.e. contact centre, customer services, telephony</li> </ul>			Baseline
<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>Business Continuity Planning</li> <li>IT Disaster Recovery Plan</li> <li>Website hosted externally</li> <li>Off-site data back-up arrangements</li> <li>Stand-by generator for ICS building</li> <li>Cloud based telephony infrastructure</li> <li>Contingency planning for failure of major contractor</li> </ul>				
<b>Risk Owner</b>	Strategic Director of Environment and Corporate Services				
<b>Planned Future Actions and Responsible Officer(s).</b>	<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																																												
<b>SR2</b> Risk that there is a lack of robust civil contingency arrangements established leading to a failure to respond appropriately to a major incident (e.g. flooding, terrorism etc) resulting in injury and/or loss of life	Strategic	<ul style="list-style-type: none"> <li>• Inability to respond to affected peoples' basic needs (food, shelter etc)</li> <li>• Adverse effect on the local economy</li> <li>• Major reputational damage and loss of public confidence</li> <li>• Extending the recovery phase longer than necessary</li> <li>• Dealing with the COVID pandemic will have a negative effect on the management of concurrent incidents</li> </ul>	<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>Medium</td> <td>Low</td> <td>Low</td> <td></td> </tr> <tr> <td>Low</td> <td>Low</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		Medium	Low	Low		Low	Low	Low					Impact		<table border="1"> <tr> <td rowspan="4">Likelihood</td> <td>High</td> <td>Medium</td> <td>Low</td> <td>9</td> </tr> <tr> <td>Medium</td> <td>Medium</td> <td>Low</td> <td></td> </tr> <tr> <td>Medium</td> <td>Low</td> <td>Low</td> <td></td> </tr> <tr> <td>Low</td> <td>Low</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	9	Medium	Medium	Low		Medium	Low	Low		Low	Low	Low					Impact		Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Participation in the Local Resilience Partnership and Forum (LRP and LRF) – and awareness of guidance regarding concurrent incident with COVID</li> <li>• Appropriate emergency and incident planning in place</li> <li>• Regular testing and exercising of emergency plans</li> <li>• Training and awareness for relevant staff</li> <li>• 24/7 call-out arrangements for senior managers (SLT / CLT)</li> <li>• Participation in county-wide Events Safety Group (SAG)</li> <li>• Reviews periodically undertaken within current Treatments and Controls</li> </ul>																																																
<b>Risk Owner</b>	Chief Executive																																																
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u> Taking the lead from the LRF regarding COVID response	<u>Responsible Officer:</u> Chief Executive	<u>Target Date:</u> End March 2022																																														

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
<b>SR3</b> Risk that there is a lack of external funding and/or income generated leading to a reduction in the financial resources available for service provision and/or to fund corporate objectives resulting in not being able to delivery services or being financially solvent	Strategic	<ul style="list-style-type: none"> <li>• Inability to meet demand for services</li> <li>• Inability to meet statutory duties</li> <li>• Ceasing or reducing some services</li> </ul>			Baseline
<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Annual production and monitoring of Medium Term Financial Strategy (MTFS)</li> <li>• Treasury Management Strategy</li> <li>• Budget and revenue monitoring processes</li> <li>• Production and monitoring of efficiency plan</li> <li>• Maintenance of reserves at specified required levels</li> <li>• Monitor, consider and respond to government proposals affecting budgets and/or income</li> <li>• Monitor the implications of the COVID pandemic on the financial situation</li> </ul>				
<b>Risk Owner</b>	Strategic Director of Environment and Corporate Services				
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u>	<u>Responsible Officer:</u>	<u>Target Date:</u>		

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																		
<b>SR4</b> Risk that the Council does not attract suitable or capable staff or resources or there is a high sickness level or there are capacity issues from contractors and suppliers leading to a high number of vacancies or staff available resulting in poor service provision	Strategic	<ul style="list-style-type: none"> <li>• Inability to meet demand for services</li> <li>• Inability to meet statutory duties</li> <li>• Ceasing or reducing some services</li> </ul>	<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 colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		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>6</td><td>Yellow</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 colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	6	Yellow	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Impact				Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Benchmarking with other Districts</li> <li>• Seeking guidance from established organisations such as Jobs Go Public, East Midlands Councils, District Councils Network and Local Government Association – especially relating to services which are hard to recruit to</li> <li>• Marketing the Council / Local Authority</li> </ul>																																																						
<b>Risk Owner</b>	Chief Executive																																																						
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u> Internal review of Recruitment	<u>Responsible Officer:</u> Organisational Development Manager		<u>Target Date:</u> August 2022																																																			

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																		
<b>SR5</b> – Risk that the Council does not follow its own governance procedures leading to failure to deliver services and/or value for money and/or it can be challenged through a legal process leading to service delivery issues and/or reputation damage and/or criminal charges	Strategic	<ul style="list-style-type: none"> <li>Financial damage</li> <li>Reputational damage</li> <li>Not complying with legislation</li> </ul>	<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 colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	Yellow	Red		Green	Green	6	Yellow		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>Yellow</td></tr> <tr><td></td><td>Green</td><td>4</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 colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	Yellow	Yellow		Green	4	Yellow	Yellow		Green	Green	Green	Green		Impact				Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>Annual review of the constitution</li> <li>Ensure that the Council's processes address the governance requirements</li> <li>Established governance arrangements for Risk Management, Performance Management, Projects and Programme Management</li> </ul>																																																						
<b>Risk Owner</b>	Chief Executive																																																						
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u>	<u>Responsible Officer:</u>	<u>Target Date:</u>																																																				

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
<b>SR6</b> – Risk that partnerships with key stakeholders are not developed or maintained leading to a failure to deliver shared outcomes and a lack of delivery to the public resulting in service delivery issues and/or reputational damage	Strategic	<ul style="list-style-type: none"> <li>• Reputational Damage</li> <li>• Lack of joined up working</li> <li>• Damage to relationships with partners</li> </ul>	<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>Red</td></tr> <tr><td>Green</td><td>4</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	Red	Green	4	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>Yellow</td></tr> <tr><td>Green</td><td>2</td><td>Green</td><td>Green</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	Yellow	Green	2	Green	Green	Green	Green	Green	Green		Impact				Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Joint working with key organisations with clearly identified terms of reference and joint outcomes</li> <li>• Up to date contact details within partner organisations</li> </ul>																																																
<b>Risk Owner</b>	Chief Executive																																																
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u>	<u>Responsible Officer:</u>		<u>Target Date:</u>																																													

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
<b>SR7</b> – Risk that adequate data sharing and data security arrangements are not implemented leading to an increase in cyber-attacks resulting in service disruption or data loss or damage	Strategic	<ul style="list-style-type: none"> <li>• Ineffective processes for sharing data with other agencies / authorities leading to data breaches</li> <li>• Reputational damage and loss of public confidence</li> <li>• Potentially significant fines</li> <li>• Increased risk due to the operating processes and people possibly taking documents home</li> </ul>	<table border="1"> <tr><td rowspan="4">Likelihood</td><td><span style="background-color: green;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: red;">■</span> 12</td><td><span style="background-color: red;">■</span></td></tr> <tr><td><span style="background-color: green;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: red;">■</span></td></tr> <tr><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: yellow;">■</span></td></tr> <tr><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	Likelihood	<span style="background-color: green;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: red;">■</span> 12	<span style="background-color: red;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: red;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td><span style="background-color: green;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: red;">■</span></td><td><span style="background-color: red;">■</span></td></tr> <tr><td><span style="background-color: green;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: yellow;">■</span></td><td><span style="background-color: red;">■</span></td></tr> <tr><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td><td><span style="background-color: yellow;">■</span> 6</td><td><span style="background-color: yellow;">■</span></td></tr> <tr><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td><td><span style="background-color: green;">■</span></td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	Likelihood	<span style="background-color: green;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: red;">■</span>	<span style="background-color: red;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: yellow;">■</span>	<span style="background-color: red;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: yellow;">■</span> 6	<span style="background-color: yellow;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>	<span style="background-color: green;">■</span>		Impact				Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Information sharing agreements in place with key agencies and authorities</li> <li>• Annual IT health checks including penetration testing</li> <li>• Data Protection Officer in post and data protection training and awareness for staff and councillors</li> <li>• Data Protection Impact Assessment form developed and circulated</li> <li>• IT security policies in place</li> <li>• Protective marking of emails</li> <li>• Policies are reviewed on a regular basis</li> <li>• Information Security Group established with CLT</li> <li>• Checking the location of data storage post Brexit – EU / UK</li> <li>• Cyber Security insurance procured</li> </ul>																																																
<b>Risk Owner</b>	Strategic Director for Environment and Corporate Services																																																
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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																																																		
<b>SR8</b> – Risk that the Council does not establish effective strategic communication arrangements leading in the public not being informed about Council activity resulting in reputational damage	Strategic	<ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Adverse media coverage</li> <li>• Damage to relationships with partners</li> <li>• Damage to staff morale</li> <li>• Competing demands due to the COVID pandemic</li> </ul>	<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></td><td></td><td></td><td>Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		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>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></td><td></td><td></td><td>Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	6	Yellow		Green	Green	Green	Green		Green	Green	Green	Green					Impact	Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Adequately staffed and experienced corporate communications team</li> <li>• Communications Strategy and Plan in place</li> <li>• Regular monitoring of all media sources</li> <li>• Continue to expand social media use and reach</li> <li>• ‘Horizon scanning’ for potential communication issues at each Corporate Leadership Team meeting and as part of the Corporate Delivery Plan setting</li> <li>• Joint working with LCC Comms</li> <li>• Monitor the effectiveness of communications channels and posts</li> </ul>																																																						
<b>Risk Owner</b>	Chief Executive																																																						
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u> Completion of the actions within the Communications Plan		<u>Responsible Officer:</u> Communications Manager		<u>Target Date:</u> End 2022/23																																																		

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																				
<b>SR9</b> – Risk that the Council does not lead by example and manage the ongoing impact of climate change leading to a lower than anticipated reduction in carbon output	Strategic	<ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Environmental damage</li> </ul>	<table border="1"> <tr><td rowspan="5">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>Red</td></tr> <tr><td>Green</td><td>Green</td><td>6</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</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	Red	Green	Green	6	Yellow	Green	Green	Green	Green	Green	Green	Green	Green		Impact				<table border="1"> <tr><td rowspan="5">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>Yellow</td></tr> <tr><td>Green</td><td>4</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</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	Yellow	Green	4	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green		Impact				Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>• Cabinet pledge regarding climate change</li> <li>• Climate Change Action Plan</li> <li>• Caring for the Environment as a Corporate Strategy Theme and associated actions</li> </ul>																																																								
<b>Risk Owner</b>	Chief Executive																																																								
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u> Completion of the Climate Change Action Plan		<u>Responsible Officer:</u> Strategic Director - Commercial Development, Asset and Leisure		<u>Target Date:</u> End 2022/23																																																				

# Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
<b>SR10</b> – Risk that new legislation or external factors cause negative financial or reputational impact on the Council leading to a reduction in service provision (i.e., Environment Bill) resulting in service delivery issues and/or reputational damage	Strategic	<ul style="list-style-type: none"> <li>Financial damage</li> <li>Reputational damage</li> <li>Not complying with legislation</li> </ul>	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>High</td><td>Medium</td><td>Low</td><td>Very Low</td></tr> <tr><td>Medium</td><td>High</td><td>Medium</td><td>Low</td></tr> <tr><td>Low</td><td>Medium</td><td>High</td><td>Medium</td></tr> <tr><td>Very Low</td><td>Low</td><td>Medium</td><td>High</td></tr> <tr><td colspan="5">Impact</td></tr> </table>	Likelihood	High	Medium	Low	Very Low	Medium	High	Medium	Low	Low	Medium	High	Medium	Very Low	Low	Medium	High	Impact					<table border="1"> <tr><td rowspan="4">Likelihood</td><td>High</td><td>Medium</td><td>Low</td><td>Very Low</td></tr> <tr><td>Medium</td><td>High</td><td>Medium</td><td>Low</td></tr> <tr><td>Low</td><td>Medium</td><td>High</td><td>Medium</td></tr> <tr><td>Very Low</td><td>Low</td><td>Medium</td><td>High</td></tr> <tr><td colspan="5">Impact</td></tr> </table>	Likelihood	High	Medium	Low	Very Low	Medium	High	Medium	Low	Low	Medium	High	Medium	Very Low	Low	Medium	High	Impact					Baseline
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<b>Current Treatments and Controls</b>	<ul style="list-style-type: none"> <li>Monitoring legislation through Parliament</li> <li>Liase with other Districts</li> <li>Reviewing and understand the financial implications</li> <li>Brief Cabinet</li> </ul>																																																
<b>Risk Owner</b>	Chief Executive																																																
<b>Planned Future Actions and Responsible Officer(s).</b>	<u>Description:</u> Monitor the Environment Bill through the various stages of parliament		<u>Responsible Officer:</u> Head of Cleansing and Open Spaces		<u>Target Date:</u> Ongoing																																												

## AUDIT COMMITTEE – 4TH MAY 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.*

Officer to contact: Ed Brown  
Democratic Services Officer  
(01509) 634502  
[Ed.brown@charnwood.gov.uk](mailto:Ed.brown@charnwood.gov.uk)

ISSUE	MEETING
External Audit Progress Report and Technical Update <b>External Audit Business</b> <i>If required</i>	<i>Standing Item</i>
Council's Use of Regulation of Investigatory Powers Act (RIPA)	<i>Standing Item</i>
Internal Audit Plan – Progress	<i>Standing Item</i>
Risk Management (Risk Register)	<i>Standing Item</i>
Governance and Risk Aspect of Commercial Investment and Performance Review - <b>EXEMPT</b>	<i>Standing Item</i>
IT Health Check Update - <b>EXEMPT</b>	4 <sup>th</sup> May 2022
2021/22 Annual Audit Letter <b>External Audit Business</b>	July 2022  Annually
2021/22 External Audit Plan <b>External Audit Business</b>	July 2022  Annually
2021/22 Annual Audit Letter <b>External Audit Business</b>	July 2022  Annually
2021/22 Members' Allowances Claimed	July 2022  Annually
Whistle Blowing and Anti-fraud, Corruption and Bribery	July 2022 2022  Annually
Environmental Audit	July 2022  Annually
2021/22 Treasury Management Outturn	July 2022
2021/22 Annual Governance Statement and Review of the Code of Corporate Governance	November 2022 (Accounts Meeting)  Annually
2021/22 Annual Governance Report External Audit Business	November 2022 (Accounts Meeting)  Annually
2021/22 Statement of Accounts	November 2022 (Accounts Meeting)

	Annually
Internal Audit Charter <b>Internal Audit Business</b>	November 2022  Annually (for approval)

Treasury Management Mid-Year Review	January 2023  Annually
2021/22 Treasury Management Statement, Annual Investment Strategy and MRP Strategy	April 2023  Annually
2022/23 Internal Audit Plan <b>Internal Audit Business</b>	April 2023  Annually
2021/22 Annual Audit Letter	April 2023  Annually
External Quality Assessment of Internal Audit	April 2023
Capital Strategy 2022/23	April 2023  Annually
Annual IT Health Check (Code of Connection) <b>-EXEMPT</b>	April 2023  Annually – <b>Moved from February 2021 meeting.</b>