



AUDIT COMMITTEE

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To: Councillors Nellist (Chair), Parsons (Vice-Chair), Boldrin, S. Bradshaw, A. Gray, Hadji-Nikolaou and Snartt (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 Tuesday, 25th April 2023 at 6.00 pm for the following business.



Chief Executive

Southfields
Loughborough

17th April 2023

AGENDA

1. APOLOGIES
2. MINUTES FROM THE PREVIOUS MEETING 3 - 8

To confirm as a correct record the minutes of the meeting of the Committee held on 31st January 2023.

3. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

For information, disclosable pecuniary interests and registrable interests relate to entries that are included, or should be included, on a councillor's register of interests. Non-registrable interests relate to any other matters.
4. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions were submitted.
5. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE (ANNUAL) 9 - 32

A report of the External Auditors.
6. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA) 33 - 35

A report of the Head of Governance and Human Resources.
7. RISK MANAGEMENT (RISK REGISTER) 36 - 55

A report of the Head of Transformation, Strategy and Performance.
8. CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022 56 - 66

A report of the Audit Manager.
9. INTERNAL AUDIT PLAN - PROGRESS 67 - 102

A report of the Audit Manager.
10. 2023/24 DRAFT INTERNAL AUDIT PLAN 103 - 111

A report of the Audit Manager.
11. WORK PROGRAMME 112 - 118

A report of the Director of Finance, Governance and Contracts.

AUDIT COMMITTEE 31ST JANUARY 2023

PRESENT: The Chair (Jane Nellist)
The Vice Chair (Councillor Parsons)
Councillors Forrest, A. Gray, Hadji-Nikolaou and
Snartt

Auditor (Mazars)

Director Commercial and Economic Development
Director Finance, Governance and Contracts
Director Housing and Wellbeing
Head of Finance
Head of Governance and Human Resources
Head of Transformation, Strategy and Performance
Audit Manager
Audit Manager
Democratic Services Officer (NC)

APOLOGIES: Councillor Boldrin and 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.

29. MINUTES FROM THE PREVIOUS MEETINGS

The minutes of the meetings of the Committee held on 8th November 2022 and 22nd November 2022 were confirmed as a correct record and signed.

The Chair noted that the Vice-chair of the Audit Committee had attended the Finance and Performance Scrutiny Committee on 6th December 2022 to present its views relating to the capital underspend. In addition the Audit Accounts considered at its meeting on 22nd November 2022 had now been signed off.

The Vice-chair read the statement to the Audit Committee that he had presented at the Scrutiny meeting in December and noted that there had not been any feedback. He stated that he had raised the concerns the committee noted regarding the capital underspend for the last six years and concluded that in his view the Council was again in the same situation for this financial year.

30. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

No disclosures were made.

31. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

32. CHARNWOOD BOROUGH COUNCIL AUDIT COMPLETION REPORT 2021/22 - UPDATE

A report of the external auditor was submitted to update the Committee further after the Audit Completion report was considered in November 2022 (item 5 on the agenda filed with these minutes).

Mark Surridge representing the external auditors (Mazars) attended to assist with the consideration of the item. He stated that the majority of work had been completed but they were unable to issue the Audit Certificate as requirements had not yet been received from the National Audit Office.

Two typos were noted (reference to a previous job title of the S151 officer and to a different Council) but that these had not impacted on the Auditor's stated position.

In response to a question, it was noted that Mazars were satisfied that any deviations by the Borough Council from accounting standards noted in the report had no material impact but that they had a responsibility to disclose.

RESOLVED that the report be noted

Reason

The Committee were satisfied with the contents of the report.

33. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

A report of the Head of Governance and Human Resources was submitted providing the Committee with a summary of the Council's use of RIPA powers, (item 6 on the agenda filed with these minutes).

The Head of Governance and Human Resources attended virtually to assist the Committee with its consideration of the report.

RESOLVED that the Committee noted there has been no use of RIPA powers by the Council for the period 1st October 2022 to 31st December 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 Policy or that the Policy may not be fit for purpose.

34. INTERNAL AUDIT PROGRESS REPORT Q3 2022-23

A report was submitted by the Head of Governance and HR (previously the Head of Strategic Support) to summarise progress against the 2022/23 Internal Audit plan, (item 7 on the agenda filed with these minutes).

The Audit Manager and Director of Housing and Wellbeing attended to assist the Committee in its consideration of the report. The key points of the report were highlighted by the Audit Manager who noted that the delivery of the 2022/23 Audit Plan at 31% was acceptable.

In response to questions it was noted that:

- with reference to Appendix C and some actions outstanding since 2021, managers were regularly contacted to obtain responses and the recommendations tracker was monitored monthly by the Senior Leadership Team. The COVID pandemic, leadership restructure and staffing shortages had resulted in delays in actions being completed but any significant issues would be highlighted to the Committee.
- the delay in choice-based lettings audit actions was due to changes in staffing. An interim housing needs manager was in place and recruitment was ongoing for other vacant posts.
- three recommendations (choice-based lettings) were not identified as high priority due to financial implications but as a result of challenges in managing the housing waiting list.

It was confirmed that the Committee would be reviewing the draft Audit Action Plan at its meeting scheduled for 25th April 2023 and would have an opportunity to add topics at this meeting if it wished.

RESOLVED that the Committee note 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

35. RISK MANAGEMENT (STRATEGIC RISK REGISTER) UPDATE

A report of the Head of Transformation, Strategy and Performance was submitted providing the Committee with details of the Strategic Risk Register for the period 2022/23 (item 8 on the agenda filed with these minutes).

The Head of Transformation, Strategy and Performance attended the meeting to assist the Committee with its consideration of the report.

It was noted that any issues with cladding in light of the Grenfell Tower fire would be considered as an operational risk by the Services and therefore would not be part of the Strategic Risk Register. After the fire all local authorities were required to file any risks regarding housing and cladding and as the Council did not own any highrise buildings no risks were filed.

The Council had established several Delivery Boards to monitor and review issues relating to staffing and housing for example. These were attended by Senior Leadership representatives and included work programmes and Terms of Reference. It was verified that these Boards did not appoint councillors as the matters considered related to operational processes but Councillors were entitled to see the outcomes. Members welcomed the changes from previous reports being highlighted in yellow and clarified that it was their role to challenge any actions with an overdue target date.

The Head of Transformation, Strategy and Performance agreed to share a Delivery Board structure diagram with the Committee.

RESOLVED that the Committee notes the report.

Reason

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

36. CAPITAL STRATEGY (INCLUDING THE TREASURY MANAGEMENT STRATEGY) FOR 2023/24

A report of the Director of Finance, Governance and Contracts was submitted to provide the Committee with an opportunity to scrutinise the proposed Capital Strategy for 2023/24 (including the Treasury Management Strategy Statement) that was being recommend by Cabinet to full Council for approval (item 9 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts, Director of Commercial and Economic Development and the Head of Finance attended the meeting to assist the Committee with its consideration of the report.

The Director of Finance, Governance and Contracts provided an overview stating that there was little change to previous years. He noted that the report had been written for the approval of full Council and referenced its consideration at Cabinet which was scheduled for 9th February 2023. As the Audit Committee meeting was being held prior to the Cabinet meeting any issues could be submitted to Cabinet.

In response to questions, it was noted that:

- any external borrowing proposed by the Council would proceed through usual governance processes and a robust business case would be prepared providing assurances of how the Council would pay back the loan.
- the capital expenditure varied from actual spend to estimated budget because some of the predicted expenditure related to third party schemes not under the Council's control.
- S106 expenditure was complex and triggers often had to be met before the monies could be released. It was noted that specific Ward related questions regarding S106 monies could be answered by officers outside the meeting.
- there had not been any policy changes in respect of hoarding money to supplement general funds and there was no intention to mislead the Committee

with regard to this. All schemes identified in the Capital Plan were in line to be delivered but there could be operational reasons why it was not possible to proceed. The Council was currently in a high cash position and reasons for this were listed. The Committee was reminded that the S151 Officer had a legal responsibility to manage finances of the Council prudently and was operating within a financially volatile situation at present.

- all projects completed a capital application form and documented details of funding. If external funding was indicated the availability of this would be checked. If the scheme was withdrawn from the Capital Plan the funding would also be withdrawn.

It was suggested that the phrasing on p79-80 of the agenda pack, in particular '*there is therefore a clear intention to husband cash carefully*', could be modified to clarify the Council's intention to manage cash balances.

Councillor Parsons requested that it be recorded in the minutes that in agreeing to note the report he had not voted to agree the capital expenditure forecast.

The Committee stated that it did not have any issues to raise with full Council and were content for this to be mentioned verbally by the Director of Finance, Governance and Contracts at the relevant Cabinet and Council meetings.

RESOLVED that the Committee considered the proposed Capital Strategy (including the Treasury Management Strategy Statement) for 2023/24 as attached in the Cabinet report extracts dated 9th February 2023 and determined there were no issues it wished to draw to the attention of full Council when they considered the relevant recommendations from Cabinet.

Reason

To ensure that the proposed documents are appropriately scrutinised.

37. WORK PROGRAMME

A report of the Director of Finance, Governance and Contracts was submitted to enable the Committee to consider its work programme (item 10 on the agenda filed with these minutes). He stated that mandatory training for the committee would be arranged for all members appointed after the elections.

It was noted that a work programme item (2021/22 Treasury Management Statement, Annual Investment Strategy and MRP strategy) scheduled for the meeting on 25th April 2023 had been carried over from the previous year in error and had been considered at this meeting. The work programme would be updated accordingly.

The Committee requested that the work programme included future training dates and was expanded to include report authors and future committee dates.

RESOLVED that the Committee proceeds on the basis of the work programme attached to the agenda.

Reason

To enable the Committee to identify future items of business and enable planning for future meetings to be undertaken.

38. EXEMPT INFORMATION

RESOLVED 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.

The Democratic Services officer confirmed that the meeting was no longer being recorded.

39. INVESTMENT PERFORMANCE REPORT - Q4 2022/23

An exempt report of the Strategic Director for Commercial and Economic Development was submitted (item 12 on the agenda filed with these minutes).

RESOLVED that the discussions as set out in Exempt minute 39E and the report are noted.

Reason

As set out in the exempt minute 39E

NOTES:

1. No reference may be made to these minutes at the next ordinary Council meeting 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. The following officers attended the meeting virtually: External Auditor, Director of Commercial and Economic Development, Head of Finance and the Head of Governance and HR.
3. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.

Auditor's Annual Report

Charnwood Borough Council – year
ended 31 March 2022

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March 2023



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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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01

Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Charnwood Borough Council ('the Council') for the year ended 31 March 2022. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

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Opinion on the financial statements

We issued our audit report on 24 January 2023, where our opinion was that the financial statements: give a true and fair view of the financial position of the Council as at 31st March 2022 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.



Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



Wider reporting responsibilities

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 to consider any objection made to the accounts. No such correspondence from electors has been received.

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Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 24th January 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

Qualitative aspects of the Council's accounting practices

We reviewed the Council's accounting policies and disclosures and concluded they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

Our detailed findings and recommendations were included in the Audit Completion Report to the Council's

Audit Committee, confirming there were no 'high' priority recommendations with potential for financial loss, damage to reputation or loss of information that may have implications for the achievement of business strategic objectives for immediate implementation.

Management co-operation during the audit

We had positive co-operation from management during the audit and particular want to thank the Head of Finance and the Director of Finance, Governance and Contracts for their support throughout.

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2. Audit of the financial statements

Main financial statement audit risks and findings

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. Following the risk assessment, we identified risks relevant to the audit of financial statements and the significant audit risks and conclusions reached are set out below:

Audit Risk	Level of audit risk	How we addressed the risk	Audit conclusions
<p>Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p>	<p>Significant risk: an area that, in our judgment, requires special audit consideration.</p>	<p>We addressed the risk through performing work over accounting estimates, journal entries and considering whether there were any significant transactions outside the normal course of business or otherwise unusual. In addition, we made enquiries of management and used our data analytics and interrogation software to extract accounting journals for detailed testing on specific risk characteristics.</p>	<p>There are no significant matters to report in respect of management override of controls.</p>
<p>Valuation of land & buildings and investment properties and council dwellings</p> <p>The valuation of these properties is complex and is subject to a number of management assumptions, judgements and a high degree of estimation uncertainty covering:</p> <ul style="list-style-type: none"> Council dwellings (£337m – Note 10) Other Land & Buildings (£58m - Note 10) Investment Properties (£25m – Note 11) 	<p>Significant risk</p>	<p>Our procedures to address this risk included, but was not limited to:</p> <ul style="list-style-type: none"> 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; assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends; critically assessing the approach that the Council adopts to ensure 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 Council's valuers; and testing a sample of individual valuations, back to source records to ensure appropriateness and to gain assurance over whether the correct accounting treatment has been applied. 	<p>There are no significant matters to report in respect of valuation of land, building and dwelling assets.</p>
<p>Valuation of the net pension liability</p> <p>The defined benefit liability relating to the Local Government pension scheme represents significant balances on the Council's balance sheet. The Council relies on an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk of misstatement in this area.</p>	<p>Significant risk</p>	<p>Our procedures to address this risk included, but was not limited to:</p> <ul style="list-style-type: none"> liaising with the auditors of the Leicestershire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed and implemented correctly. This included 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; reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuaries, and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office. 	<p>There are no significant matters to report in respect of valuation of land, building and dwelling assets.</p>

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Section 03:

Commentary on VFM arrangements

3. Commentary on VFM arrangements

Overall summary

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3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** – How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **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 work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are

further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.




- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

3. VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	2020/21 Actual significant weaknesses identified?	2021/22 Commentary page reference	2021/22 Identified risks of significant weakness?	2021/22 Actual significant weaknesses identified?	2021/22 Other recommendations made?
 Financial sustainability	No	13	No	No matters arising in 2021/22.	No
 Governance	No	16	No	No matters arising in 2021/22.	No
 Improving economy, efficiency and effectiveness	No	19	No	No matters arising in 2021/22.	No

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3. VFM arrangements – Overall summary

Context of the Auditor’s Annual Report

Our Auditor’s Annual Report summarises the work we have undertaken as the auditor for Charnwood Borough Council for the year ended **31 March 2022**, where at the time of reporting in March 2023, we recognise that the social, political and economic environment has changed and local government is facing significant challenges including:

- **Cost of Living:** With most people experiencing financial pressure, spending habits are changing. High energy costs and increasing food prices have impacted on levels of disposable income. With wage (and potentially benefit) increases failing to keep pace with inflation, more people will be facing hardship.
- **Added budget pressures:** With inflation soaring, the cost of goods, services and resources are becoming more expensive. Local authorities are not immune to the increasing cost of energy supply, although the government announcements on energy caps help, many local authorities are still facing higher costs. Local authorities typically budget for modest salary increases year on year, but expectations and demands on salary increases have changed and consideration on how they are to be funded is required.
- **Cost of Borrowing:** The Bank of England base rate has risen to 4.25% in March 2023 meaning that the cost of borrowing for capital projects has increased significantly.
- **Contractors and Suppliers:** The cost-of-living crisis has resulted in business failures. Although government support has been announced, some businesses will continue to struggle, with a greater risk of supplier failure. Supply failures anywhere in the supply chain will have a knock-on effect.
- **Service Delivery:** Likely budget reductions and savings plans are going to impact the ability of local authority services to maintain levels of delivery, particularly at a time of increased demand.

We maintain a watching brief over the key issues facing Charnwood Borough Council and, should we identify a risk of significant weakness in arrangements, will follow the process as described in section 3 to promptly raise these with management and issue any reports to the Audit Committee as part of our audit for the year ending 31 March 2023.

3. VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

Position brought forward from 2020/21

As set out in the table above, there are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2020/21.

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2021/22. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council's service users.

The Trust's financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Council's arrangements for budget monitoring remain appropriate, including quarterly reporting to Members and well established arrangements for year-end financial reporting.

We reviewed Revenue And Capital Outturn Position for 2021/22 presented to Cabinet 7th July 2022. The report set out the Council's year end outturn position for the revenue and capital budgets for the 2021/22 financial year, and the impact on both the General Fund and Housing Revenue Account (HRA) level of general Balances. The Council's General Fund Outturn saw a £1.6m favourable variance against budget, which was

transferred to Reserves to mitigate against expected future budget pressures. The Council achieved a surplus for the Housing Revenue Account in 2021/22.

Financial Statement performance 2021/22

We have carried out a high level analysis of the audited financial statements, including the Comprehensive Income and Expenditure Statement, the Balance Sheet and Movement in Reserves Statement. The Council's balance sheet position does not highlight any concerns. The Council's useable reserves have increased from £43.7m to £46.2 in 2021/22, with:

- General Fund Reserves of £6.5m, up from £5.8m in the prior year
- HRA Financing Fund Reserve of £14.5m, up from £11.6m in 2020/21
- Capital Reserves of £10.3m, up from £9.8m in 2020/21.

The Council's reserves position does not indicate a risk of significant weakness in VFM arrangements for financial sustainability and provide some mitigation against future financial challenges, and will assist in addressing future volatility and support savings and efficiencies plans. The Council will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long term solution to funding gaps.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Arrangements for the identification, management and monitoring of funding gaps and savings

For the 2021/22 General Fund budget, the Council set a balanced budget which relied on resources being taken from balances, and a savings target aimed at delivering efficiency savings and cuts against services totalling £2m.

We reviewed Revenue And Capital Outturn Position for 2021/22 provided to Cabinet on 7th July 2022. The report confirms a £1.6m favourable variance against budget which meant that the predicted £874k use of reserves was not required and the Council instead increased the General Fund working balance by £751k.

A balanced budget was set for the General Fund and HRA for 2022/23 in February 2022, with the General Fund position dependent on £1.1m transformation savings. The level of general fund reserves and ongoing budgetary control arrangements has led us to believe satisfactory arrangements are in place. We do, however, see it as an area to be challenged by officers and members to ensure appropriate action is taken to maintain service levels under increasing cost pressures beyond 2022/23.

The Council's arrangements and approach to financial planning 2022/23

We reviewed the Medium Term Financial Strategy (MTFS) set from 2022 to 2025 and confirmed it supports the Council's priorities communicated in its Corporate Strategy. The MTFS adequately identifies the financial implications from 2022 to 2025, noting that the key assumptions underpinning expenditure budgets through the MTFS included CPI, pay increases of 3% in 2022/23 and then 1.5% annually and pension contribution rate.

We supplemented our review of the 2022/23 budget and MTFS by reviewing the report of the Head of Finance to the Finance and Performance Scrutiny Committee on 15 March 2023 regarding the revenue outturn and forecast position at Quarter 3. This forecasts a £0.5m General Fund overspend and overspend of £0.3m on the HRA. The reasons for the variances are explained in detail including whether they are expected to be a one off or ongoing we noted as part of the minutes improvements to lead to savings in the future were also noted. In our view, this does not indicate a risk of significant weakness in arrangements for financial planning for the year ended 31 March 2023.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability for the year ended 31 March 2022.

3. Commentary on VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

The Authority's governance structure

Based on our work, we are satisfied that the Council has established governance arrangements, consistent with previous years, in place. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit.

Our review of corporate governance arrangements confirms the Council has an agreed Constitution, setting out how it operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people. Any recommendations for amendments to the Constitution need to be approved by Full Council.

Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, implications, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

Risk management and internal control

The Council has an established risk management strategy and systems in place which are built into the governance structure of the organisation. There is an approved Risk Management Strategy which includes the Council's approach to managing risk, guidance, the Council's risk appetite and roles and responsibilities.

The Audit Committee is responsible for maintaining an independent oversight of risk management issues and considering the effectiveness of the implementation of the risk management strategy. The Committee is presented with the risk register on a regular basis and provides challenge as part of the process. These

arrangements are consistent with what we would expect at a local authority and are adequate for the Council's purposes.

The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. The Audit Committee are responsible for review of the Council's Annual Governance Statement. No significant weaknesses in internal control have been identified from our work to date and Internal Audit have not identified or raised any significant concerns. We reviewed the Annual Governance Statements as part of our work on the financial statements with no significant issues arising.

We have attended Audit Committee meetings and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Council's requirements. Our attendance at Audit Committee has confirmed there continues to be an appropriate level of effective challenge.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Arrangements for budget setting and budgetary control

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the budget setting rules and financial procedures. As also explained on page 15, we have reviewed the budget setting arrangements through observation and discussions with Officers and no matters have been identified indicating a significant weakness in arrangements.

The Council's MTFS includes the identification and evaluation of risks to the Authority's finances and is developed in parallel to the budget for the following year and setting of the precept. Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts. There are rules in place regarding the reporting of budget variances and budget changes. There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting. The Treasury Strategy reports are approved at the same time as the revenue budgets and monitored and reported on throughout the year.

We have reviewed minutes of meetings and the year end financial outturn reports presented to the Cabinet during the year as well as the and narrative statement to the financial statements. In addition, we have reviewed capital expenditure as presented in the financial statements with no issues arising from our testing of additions.

We also reviewed the capital programme as included within the Council's 2022/23 approved MTFS, noting that the consolidated Capital Programme for the next three years from 2022/23 to 2024/25 is funded predominantly from capital receipts, capital grants and contributions other than 2023/24 when borrowing will be incurred. We have held regular discussions with officers regarding arrangements for the management and funding of capital programme, and noted no issues.

General Fund	2022/23	2023/24	2024/25
Total Capital Programme (€'000)	25,580	27,647	8,225
Funded by:			
GF Revenue Contributions	38	0	0
GF Capital Receipts	4,714	1,433	453
GF Capital Grants	8,580	1,558	1,127
GF Capital Plan Reserves	214	-	-
HRA MRR & Financing Fund	10,863	9,207	6,195
HRA Capital Receipts	1,171	449	450
Internal / External Borrowing	-	15,000	-
Total Funding	25,580	27,647	8,255

Overall, we have not identified any indicators of a significant weakness in the Trust's arrangements relating to the Governance criteria for the year ended 31 March 2022.

3. Commentary on VFM arrangements

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

The Council's Corporate Strategy 2020-2024 sets out the Council's priorities and objectives for the period covered by the Strategy, including the values which underpin the overarching vision of 'making Charnwood a stronger and more vibrant place for people to live, work and invest in'. The core themes in the Strategy are: caring for the environment, healthy communities and a thriving economy. Each of the themes have a detailed delivery plan in place with specific indicators to measure success.

We identified no significant changes in arrangements regarding partnership working and are satisfied the Council continues to have arrangements for standing financial instructions, purchase order controls and our work on the financial statements has not identified any significant internal control deficiencies regarding purchasing controls.

As part of the Council's Performance Management and Continuous Improvement Framework all service areas have objectives which form part of the Corporate Delivery Plan Objectives and Key Performance Indicators. These are reported on a quarterly basis to the Finance and Performance Scrutiny Committee. We reviewed the Finance and Performance Scrutiny Committee performance report from September 2022, which included the Service Plan Performance Indicators for areas including:

- Caring for the environment;
- Healthy Communities;
- A thriving economy;
- Your Council;

Overall, we have not identified any indicators of a significant weakness in the Trust's arrangements relating to the Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2022.

There is a summary sheet prior to the in depth report showing the status of all 69 actions in relation to the Corporate Delivery Plan. In the report in September this identified that 4 items were completed; 1 had yet to be started; 11 were rated as Amber status and 55 rated as Green. Progress is given against all actions in detail to allow action to be taken as required. No variances give us cause for concern and both the report and performance outturn are indicators of adequate arrangements in place.

04

Section 04:

Other reporting responsibilities and our fees

Page 29

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the National Audit Office (NAO) in respect of Whole of Government Accounts (WGA) consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have not received the instructions from the NAO and therefore this work remains incomplete.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum. Having substantially completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 fees	2021/22 fees	2022/23 Scale Fee
Scale fee in respect of our work under the Code of Audit Practice	£42,423	£42,325	£51,995
Estimated additional fees in respect of the new VFM approach	£9,293	£8,770	TBC
Estimated additional fees in respect of:			
• Prior period error		£4,080	-
• Additional testing on IAS19 Pension Liabilities*	£2,998	£3,740	-
• Additional testing on valuation of land, buildings, council dwellings and investment properties*	£4,069	£6,200	-
• Additional work arising from introduction of new auditing standards (ISA 540 Estimates)	£2,892	£3,590	TBC
• Other additional work	£1,188	-	TBC
Total fees	£62,765	£68,704	TBC

*The scale fee for 2022/23 has been uplifted to take into account a permanent increase for group accounts, pension testing and testing of land & buildings

Fee variations subject to PSAA approval process.

Fees for other work

We confirm that we have undertaken one assurance related service for the Council in the year: Assurance return on the pooling of housing capital receipts for £3,310 and Housing Benefits Assurance £10,100.

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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 - TUESDAY, 25 APRIL 2023

Report of the Head of Governance and Human Resources

Part A

COUNCIL'S USE OF REGULATION 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 January 2023 to 31 March 2023.

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

Financial Implications

None.

Risk Management

There are no risks associated with this decision.

Equality and Diversity

None identified.

Climate Change and Carbon Impact

None identified.

Crime and Disorder

None identified.

Wards Affected

Not applicable.

Publicity Arrangements

Not applicable.

Consultations

Not applicable.

Links to the Corporate Strategy

Caring for the Environment	No
Healthy Communities	No
A Thriving Economy	No
Your Council	No

Key Decision: No

Background Papers: None

Officer to contact: Adrian Ward
Head of Governance and Human Resources
Tel: 01509 634573
Adrian.Ward@charnwood.gov.uk

Part B

Background

1. RIPA provides for the authorisation of covert surveillance by the Council where that surveillance is likely to result in the obtaining of private information about a person.
2. Surveillance includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. Surveillance is covert if it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.
3. The Council only has the power to authorise covert surveillance under RIPA for the purpose of preventing or detecting crime, or of preventing disorder. Since 2012, RIPA applications are required to be approved by a Justice of the Peace (JP) at the Magistrates' Court in addition to the existing application and authorisation process. The amendments in the Protection of Freedoms Act 2012 mean that local authority authorisations and notices under RIPA for the use of particular covert investigation techniques can only be given effect once an order approving the authorisation or notice has been granted by a Justice of the Peace (JP).
4. At its meeting on 9th February 2023 Cabinet agreed to resolve that the Audit Committee continue to assume responsibility for receiving a quarterly report on the use of RIPA, and to report to Cabinet any concerns arising from those reports that may indicate that the use of RIPA is not consistent with the Policy or that the Policy may not be fit for purpose. This Committee will therefore continue to receive a regular report on the Council's use of RIPA powers.
5. During the period from 1st January 2023 to the 31st March 2023 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 – 25TH APRIL 2023

Report of the Head of Transformation, Strategy and Performance

Part A

RISK MANAGEMENT (STRATEGIC 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

The Committee notes the report.

Reason

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

Policy Justification and Previous Decisions

The Strategic Risk Register was approved by Cabinet on the 9th March 2023.

Cabinet resolved that the Audit Committee monitor progress against those risks on the register by receiving and considering 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 9th March 2023 – Item 12

Officers to contact: Helen Gretton
Head of Transformation, Strategy and Performance
(01509) 634556
helen.gretton@charnwood.gov.uk

Part B

Background

1. In accordance with the work programme the Committee receives quarterly monitoring reports regarding the Council's risk management arrangements. The reports provide a detailed commentary against the risks included in the Strategic Risk Register and identify any changes to the risk rating and any 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 – the inherent 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, this is the residual risk.
3. The register continues to be monitored and reviewed by the Senior and Corporate Leadership Teams at the quarterly Risk Management Group (RMG) meetings, and is updated as required. The most recent meeting of the RMG was 15th March 2023.
4. In addition the 2023/24 Strategic Risk Register was approved by Cabinet on the 9th March 2023 – item 12 refers.
5. The notable changes made to the Strategic Risk Register for 2023 are outlined on the table below;

Risk		Section	Details
SR1	Business Continuity	Current Treatments and Controls	Joining Leicestershire Districts in recruiting a shared Countywide Business Continuity Officer
SR2	Civil Contingencies	Planned Future Actions	Engage with National 'Mighty Oak' planning event regarding power outage
SR3	Financial Resources	Current Treatments and Controls	Establishment of Structural Deficit Group Review the financial risks to third party contractors
		Planned Future Treatments and Controls	Completed Action Further exploration of commercial opportunities
SR4	Staffing	Planned Future Actions	Target date changed from December 2022 to September 2023

Risk		Section	Details
SR5	Governance	Planned Future Actions	Target date changed from October 2022 to April 2023
SR6	Partnerships	Planned Future Actions	Completed Action Develop a LLR Chief Executive's Group
SR7	Data Security	Current Treatments and Controls	ICS Manager has undertaken a qualification regarding cyber security
SR10	External Factors	Planned Future Actions	Implementing the requirements of the Elections Act (including Voter ID)
SR11	Housing Demand	Current Treatments and Controls	Action plan in place to support faster re-let of HRA property Work with local advice and support agencies to prevent / reduce homelessness Review of low demand (sheltered and non-sheltered) HRA properties to ensure the best use of stock Develop an action plan to support faster void turnaround / faster letting of HRA properties (temporary and long term placements) Review of Housing Needs team staffing resources and service procedures to increase resilience and efficiency
		Planned Future Actions	Review of Homelessness and Rough Sleeping Reduction Strategy

5. Attached at **Appendix A** is the updated Strategic Risk Register for 2023/24 showing highlighted areas where the above changes are made.

Appendices

Appendix A - Strategic Risk Register 2023/24 – Version 1

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	Director of Finance, Governance and Contracts	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	Director of Finance, Governance and Contracts	3	3	9	2	3	6
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

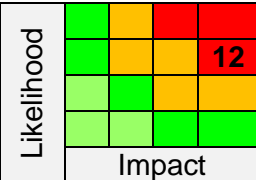
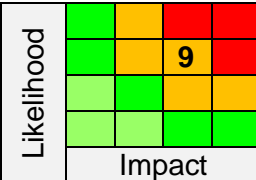
Strategic Risk Register

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	Director of Finance, Governance and Contracts	3	3	9	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
SR11	Risk that there is an inability to meet increased housing demand arising from inflationary pressures, and asylum and	Chief Executive	3	4	12	3	3	9

Strategic Risk Register

RISK		OWNER	INHERENT RISK			RESIDUAL RISK		
			Likelihood	Impact	Total	Likelihood	Impact	Total
	refugee dispersal, in the context of constrained supply of public and private rented sector housing resources, leading to increased homelessness and associated costs, services unable to meet demand, and consequential reputational damage.							

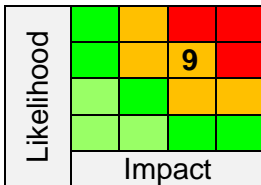
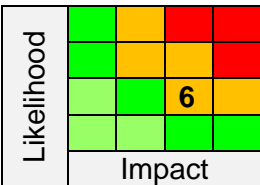
Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR1-Business Continuity 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"> Inability to deliver key/critical services e.g.benefits, refuse collection, homelessness applications, emergency repairs. Reduction in access channels available to residents / customers i.e. contact centre, customer services, telephony 			Remains the same
Current Treatments and Controls	<ul style="list-style-type: none"> Business Continuity Planning IT Disaster Recovery Plan Website hosted externally Off-site data back-up arrangements Stand-by generator for ICS building and back up power for the Southfields site Cloud based telephony infrastructure Contingency planning for failure of major contractor Joining Leicestershire Districts in recruiting a shared Countywide Business Continuity Officer 				
Risk Owner	Director of Finance, Governance and Contracts				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Op Lemur (power outage) session at CLT in early 2023		<u>Responsible Officer:</u> Head of Governance and HR		<u>Target Date:</u> Completed
	Link to work regarding concurrent incidents Update Business Continuity Plans				Ongoing
	Link to workforce mental health		Head of Transformation, Strategy and Performance		Ongoing

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
SR2-Civil Contingencies 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"> • Inability to respond to affected peoples' basic needs (food, shelter etc) • Adverse effect on the local economy • Major reputational damage and loss of public confidence • Extending the recovery phase longer than necessary • Dealing with the COVID pandemic will have a negative effect on the management of concurrent incidents 	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>■</td><td>■</td><td>■</td><td>16</td></tr> <tr><td>■</td><td>■</td><td>■</td><td></td></tr> <tr><td>■</td><td>■</td><td>■</td><td></td></tr> <tr><td>■</td><td>■</td><td>■</td><td></td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	■	■	■	16	■	■	■		■	■	■		■	■	■			Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>■</td><td>■</td><td>■</td><td></td></tr> <tr><td>■</td><td>■</td><td>■</td><td>9</td></tr> <tr><td>■</td><td>■</td><td>■</td><td></td></tr> <tr><td>■</td><td>■</td><td>■</td><td></td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	■	■	■		■	■	■	9	■	■	■		■	■	■			Impact				Remains the same
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Current Treatments and Controls	<ul style="list-style-type: none"> • Participation in the Local Resilience Partnership and Forum (LRP and LRF) • Appropriate emergency and incident planning in place • Regular testing and exercising of emergency plans • Training and awareness for relevant staff • 24/7 call-out arrangements for senior managers (SLT / CLT) • Participation in county-wide Events Safety Group (SAG) • Reviews periodically undertaken within current Treatments and Controls 																																																
Risk Owner	Chief Executive																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Engage with National 'Mighty Oak' planning event regarding power outage		<u>Responsible Officer:</u> Head of Governance and HR		<u>Target Date:</u> March 2023																																												

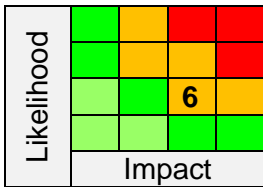
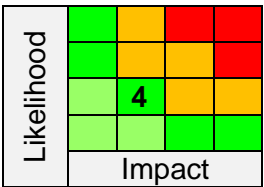
Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR3 – Funding 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"> • Inability to meet demand for services • Inability to meet statutory duties • Ceasing or reducing some services 			Direction of Travel increased due to impact of the revenue from the Town Hall and Car Parks
Current Treatments and Controls	<ul style="list-style-type: none"> • Annual production and monitoring of Medium Term Financial Strategy (MTFS) • Treasury Management Strategy • Budget and revenue monitoring processes • Maintenance of reserves at specified required levels • Monitor, consider and respond to government proposals affecting budgets and/or income • Monitor the implications of the COVID pandemic on the financial situation • Active work around Supported Living costs • Establishment of Structural Deficit Group • Review the financial risks to third party contractors 				
Risk Owner	Director of Finance, Governance and Contracts				
Planned Future Actions and Responsible Officer(s).	Description: Further exploration of commercial opportunities		Responsible Officer: Strategic Director - Commercial Development, Asset and Leisure		Target Date: December 2022 - COMPLETED
	Monitor inflationary pressures				Ongoing

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																												
SR4 – Staffing 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"> • Inability to meet demand for services • Inability to meet statutory duties • Ceasing or reducing some services 	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Green	Green	Green	Green		Impact				<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>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>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		Green	Green	Green	Green		Impact				Remains the same
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Current Treatments and Controls	<ul style="list-style-type: none"> • Benchmarking with other Districts • 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 • Marketing the Council / Local Authority • Local Government Pay Award – has been allocated • Establishment of Workforce Board and associated work programme 																																																																
Risk Owner	Chief Executive																																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Internal review of Recruitment		<u>Responsible Officer:</u> Head of Transformation, Strategy and Performance		<u>Target Date:</u> September 2023																																																												
	Review of Agency staff and where they are allocated				July 2022																																																												

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR5 – Governance 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"> Financial damage Reputational damage Not complying with legislation 			Remains the same
Current Treatments and Controls	<ul style="list-style-type: none"> Annual review of the constitution Ensure that the Council's processes address the governance requirements Established governance arrangements for Risk Management, Performance Management, Projects and Programme Management Modern.gov – good democratic governance Annual governance statement Internal audit programme External Audit process 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Roll out of the Modern.gov software	<u>Responsible Officer:</u> Head of Governance and HR	<u>Target Date:</u> April 2023		

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
SR6 – Partnerships 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"> • Reputational Damage • Lack of joined up working • Damage to relationships with partners • Assess the impact of the lightbulb project review 	<table border="1"> <tr><td rowspan="5">Likelihood</td><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td style="text-align: center;">4</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	Likelihood	■	■	■	■	■	■	■	■	■	4	■	■	■	■	■	■		Impact				<table border="1"> <tr><td rowspan="5">Likelihood</td><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td style="text-align: center;">2</td><td>■</td><td>■</td></tr> <tr><td></td><td colspan="4" style="text-align: center;">Impact</td></tr> </table>	Likelihood	■	■	■	■	■	■	■	■	■	■	■	■	■	2	■	■		Impact				Remains the same
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Current Treatments and Controls	<ul style="list-style-type: none"> • Joint working with key organisations with clearly identified terms of reference and joint outcomes • Up to date contact details within partner organisations • Six monthly parish clerk meetings • Community Safety Partnership Review • Consider Partnership Register • Maintain relationships across Leicester, Leicestershire and Rutland • Strategic Partner reviews • Maintain an overview of the budget situation of key partners within Leicestershire 																																																
Risk Owner	Chief Executive																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Develop a LLR Chief Executive's Group		<u>Responsible Officer:</u> Chief Executive		<u>Target Date:</u> October 2022 – COMPLETED																																												
	Map and register partnerships and shared services				January 2023																																												

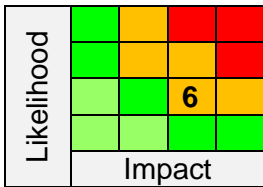
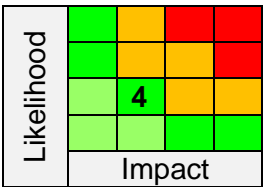
Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																												
SR7 – Data Security 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"> • Ineffective processes for sharing data with other agencies / authorities leading to data breaches • Reputational damage and loss of public confidence • Potentially significant fines • Increased risk due to the operating processes and people possibly taking documents home 	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Green	Green	Green	Green		Impact				<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>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>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		Green	Green	Green	Green		Impact				Direction of travel improved due to more robust treatments and controls
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Current Treatments and Controls	<ul style="list-style-type: none"> • Information sharing agreements in place with key agencies and authorities • Annual IT health checks including penetration testing • Data protection training and awareness for staff and councillors • Data Protection Impact Assessment form developed and circulated • IT security policies in place • Policies are reviewed on a regular basis • Information Security Group established with CLT • Checking the location of data storage post Brexit – EU / UK • Cyber Security insurance procured • Increased move to the Cloud • Review CPNI Information • ICS Manager has undertaken a qualification regarding cyber security 																																																																
Risk Owner	Director of Finance, Governance and Contracts																																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Procure and mobilise document management system in Housing – to be rolled out across the authority		<u>Responsible Officer:</u> ICS Manager		<u>Target Date:</u> April 2023																																																												

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																												
SR8 – Communication Risk that the Council does not establish effective strategic communication arrangements leading to the public not being informed about Council activity resulting in reputational damage	Strategic	<ul style="list-style-type: none"> • Reputational damage • Adverse social media coverage • Damage to relationships with partners • Damage to staff morale 	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td></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		Green	Green	Green	Green					Impact	<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>6</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td></td><td></td><td></td><td>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	Remains the same
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Current Treatments and Controls	<ul style="list-style-type: none"> • Adequately staffed and experienced corporate communications team • Communications Strategy and Plan in place • Regular monitoring of all media sources • Continue to expand social media use and reach • ‘Horizon scanning’ for potential communication issues at each Corporate Leadership Team meeting and as part of the Corporate Delivery Plan setting • Joint working with partners including LRF Comms Cells • Monitor the effectiveness of communications channels and posts 																																																																
Risk Owner	Chief Executive																																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Completion of the actions within the Communications Plan		<u>Responsible Officer:</u> Communications Manager		<u>Target Date:</u> March 2023																																																												

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR9 – Climate Change 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"> • Reputational damage • Environmental damage 			Remains the same
Current Treatments and Controls	<ul style="list-style-type: none"> • Cabinet pledge regarding climate change • Climate Change Action Plan • Caring for the Environment as a Corporate Strategy Theme and associated actions • Delivery of the new Strategy • Climate Action Board established – now met 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Completion of the Climate Change Action Plan		<u>Responsible Officer:</u> Director of Commercial and Economic Development		<u>Target Date:</u> March 2023

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
SR10 – External Factors 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 Act) resulting in service delivery issues and/or reputational damage	Strategic	<ul style="list-style-type: none"> Financial damage Reputational damage Not complying with legislation 	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■ 12</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	■	■	■	■	■	■	■	■ 12	■	■	■	■	■	■	■	■		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■ 9</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td>■</td><td>■</td><td>■</td><td>■</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	■	■	■	■	■	■	■ 9	■	■	■	■	■	■	■	■	■		Impact				Remains the same
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	■	■	■	■																																													
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Current Treatments and Controls	<ul style="list-style-type: none"> Monitoring legislation through Parliament Liase with other Districts Reviewing and understand the financial implications Regular briefings to Cabinet Implementing the requirements of the Elections Act (including Voter ID) 																																																
Risk Owner	Chief Executive																																																
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Environment Act – monitoring	<u>Responsible Officer:</u> Head of Contracts: Leisure, Waste and Environment / Head of Regulatory and Community Safety		<u>Target Date:</u> Ongoing																																													
	Supported Accommodation programme legislation	Director of Housing and Health		Ongoing																																													
	Potential Planning changes	Head of Planning		Ongoing																																													

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																																												
SR11 – Housing Demand Inability to meet increased housing demand arising from inflationary pressures, and asylum and refugee dispersal, in the context of constrained supply of public and private rented sector housing resources, leading to increased homelessness and associated costs, services unable to meet demand, and consequential reputational damage.	Strategic	<ul style="list-style-type: none"> Financial damage Reputational damage 	<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>12</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	Yellow	12		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Green	Green	Green	Green		Impact				<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Green	Green	Green	Green		Impact				Initially established
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Current Treatments and Controls	<ul style="list-style-type: none"> Review the acquisitions process for HRA property Work with local lettings agents and landlords to increase the supply of private rented sector accommodation Working with developers to provide more affordable housing through the planning system Council stock used a temporary accommodation Action plan in place to support faster re-let of HRA property Work with local advice and support agencies to prevent / reduce homelessness Review of low demand (sheltered and non-sheltered) HRA properties to ensure the best use of stock Develop an action plan to support faster void turnaround / faster letting of HRA properties (temporary and long term placements) Review of Housing Needs team staffing resources and service procedures to increase resilience and efficiency 																																																																
Risk Owner Planned Future Actions and Responsible Officer(s).	Chief Executive																																																																
	Description:	Responsible Officer:	Target Date:																																																														

Strategic Risk Register

	Review of housing development strategy	Head of Strategic Housing	2023/2024
	Review of Homelessness and Rough Sleeping Reduction Strategy		2023/2024
	Develop new HRA Asset Management Strategy in development.	Director of Housing and Wellbeing	2022/23

AUDIT COMMITTEE - TUESDAY, 25 APRIL 2023

Report of the Audit Manager

Part A

CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022

Purpose of Report

To inform members of the publication of CIPFA's 2022 edition of Audit Committees: Practical Guidance for Local Authorities and Police and to consider best practice recommendations within the guidance

Recommendations

1. That the Audit committee notes the report;
2. That the Audit Committee agrees to establish a cross party member working group, to be drawn from the audit and governance committee appointed at council on 23 May 2023, to work with the audit manager and the Chair of the Audit Committee to undertake a self assessment and training needs analysis and report back to the meeting of audit and governance committee at the July meeting.

Reasons

- 1&2 To ensure that the committee is aware of the updated guidance to meet its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

Policy Justification and Previous Decisions

CIPFA have updated their Position Statement to promote best practice and provide clear guidance for local authorities to maximise the effectiveness of their Audit Committees.

The guidance is not legislative but CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements.

Implementation Timetable including Future Decisions

The committee is required to report annually on how it has complied with the position statement, discharged its responsibilities, and include an assessment of its performance.

Report Implications

Financial Implications

None

Risk Management

None identified

Equality and Diversity

None identified

Climate Change and Carbon Impact

None identified

Crime and Disorder

None identified

Publicity Arrangements

Not applicable

Consultations

Not applicable

Links to the Corporate Strategy

Caring for the Environment	No
Healthy Communities	No
A Thriving Economy	No
Your Council	Yes

Background Papers:

Position Statement: Audit Committees in Local Authorities and Police 2022 (appendix A of the attached report)

Audit committees: practical guidance for local authorities and police (to be circulated)

Officer(s) to contact:

Kerry Beavis
Audit Manager
Tel: 01509 634806
Kerry.Beavis@charnwood.gov.uk

Part B

In May 2022, the Chartered Institute of Public Finance & Accountancy (CIPFA) published a revised and updated edition of the document *Position Statement: Audit Committees in Local Authorities and Police 2022*. In addition to the statement CIPFA also released guidance documentation in October 2022 – *Audit committees: practical guidance for local authorities and police*.

The previous version of the guidance was issued in 2018. The revised version builds on the previous versions and includes updates to the core functions and membership of the committee.

Appendices

Appendix 1 – Summary of changes and proposed action plan.

1. INTRODUCTION

- 1.1 In May 2022, the Chartered Institute of Public Finance & Accountancy (CIPFA) published a revised and updated edition of the document *Position Statement: Audit Committees in Local Authorities and Police 2022*. In addition to the statement CIPFA also released guidance documentation in October 2022 – *Audit committees: practical guidance for local authorities and police*.
- 1.2 The previous version of the guidance was issued in 2018. The revised version builds on the previous versions and includes updates to the core functions and membership of the committee. Any changes that have impacted the Constitution will be included in the annual review of the Constitution.
- 1.3 The guidance continues to include a strong focus on the factors that support improvement, including knowledge and skills that audit committee members require and a focus on where the audit committee adds value. It also provides practical support in evaluating the existing committee and planning any improvements identified.

2. GUIDANCE SUMMARY

- 2.1 This edition of the statement and guidance explicitly details the core functions of the audit committee in relation to governance, risk management, internal control and audit.
- 2.2 CIPFA's 2022 Position Statement on the role and functions of an audit committee outlines the core and potential other functions of an audit committee and emphasises those areas which promote the overall effectiveness of the audit committee.
- 2.3 The updated Position Statement is attached at Appendix A, the guidance will be circulated separately.

3. MAIN CHANGES TO THE 2022 GUIDANCE.

- 3.1 The following sections of the position statement have been updated to reflect good practice and ensure the effectiveness of the audit committee
 - **Independent & effective model** – the committee should be independent of both the executive and the scrutiny functions.
 - **Core Functions** – responsibilities for the specific areas now provide further detail to ensure good governance and accountability arrangements are in place.
 - **Audit committee membership**
 - ❖ The appointment of 2 co-opted independent members on the committee
 - ❖ A membership that is trained and has knowledge, expertise, and interest in the work of the committee.
 - **Engagement and outputs** – the committee is required to report annually on how it has complied with the position statement, discharged its responsibilities, and include an assessment of its performance.

- **Impact** - The committee should evaluate its impact and identify areas for improvement

4 EFFECTIVE AUDIT COMMITTEES

The Guidance lists nine principal areas where the committee can influence and add value:

- aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements
- promoting the principles of good governance and how they are applied during decision making
- raising awareness of the need for sound internal control and contributing to the development of an effective control environment
- supporting arrangements to govern risk and for effective arrangements to manage risk
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively across the authority
- reinforcing the objectivity, importance and independence of both internal and external audit and supporting the effectiveness of the audit functions
- supporting the development of robust arrangements for ensuring value for money
- helping the authority to implement the values of ethical governance, including effective arrangements for countering the risks of fraud and corruption
- promoting measures to improve transparency, accountability and effective public reporting to the authority's stakeholders and the local community.

- 4.2 The guidance suggests that a good standard of performance against recommended practice, together with a knowledgeable and experienced membership, are essential requirements for delivering effectiveness. Whilst an audit committee's effectiveness should be judged by the contribution it makes to, and the beneficial impact it has on, the authority's business it can be difficult to quantify.

The self-assessment evaluation tools, included at Appendix E & F of the Guidance, will enable an action plan to be drafted and delivered to support the committee in meeting recommended practice.

5 IDENTIFYING TRAINING NEEDS AND NEXT STEPS

- 5.1 The Statement and Guidance refer to the range of knowledge and experience that audit committee members can bring to the committee which will enable it to perform effectively. No individual committee member would be expected to be expert in all areas, however, there are some core areas of knowledge that committee members should be able to demonstrate.

It is recommended that regular briefings or training are undertaken to assist committee members in keeping up to date to extend their knowledge.

- 5.2 Appendix C of the Guidance sets out a knowledge and skills framework for audit committee members and the committee chair. A distinction is made between core areas of knowledge that all audit committee members should seek to acquire and a range of specialisms that can add value to the committee. This will be used when recruiting independent members. This will be circulated to members separately.

It is recommended that the knowledge and skills framework is utilised to undertake a training needs analysis for members of the Audit Committee. It is suggested that a small cross party working group be appointed to, work with the Audit Manager and the Chair of Audit Committee and lead this work to conduct both an assessment of the committee's effectiveness, using the assessment tools within the CIPFA guidance and a training needs analysis.

- 5.3 It is suggested that the working group meets initially to collectively agree the methodology to undertake a self-assessment of the committee's effectiveness, which may include obtaining the views of key officers and other members. In addition, a knowledge and skills assessment based on the framework at Appendix C of the guidance should be completed by individual members of the Committee to assist in identifying where further training may be required. A subsequent meeting should then be held to review the results of both the effectiveness self-assessment and the knowledge and skills assessment.
- 5.4 It is suggested that the findings of the exercise be reported back to Audit Committee in July 2023. Outcomes will then identify knowledge gaps and assist with identifying training needs.

6 PROPOSED TIMELINE OF ACTIONS

Action	Date
Appointment of Audit Committee	22 May 2023
Issue self-assessment documentation to audit committee	30 May 2023
Meeting of working group	Early June 2023
Report to Audit Committee to include <ul style="list-style-type: none"> • Training needs feedback and action plan 	July 2023 A&G meeting

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

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CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need

to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance

- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

**Report of the
Head of Governance & Human Resources**

Part A

INTERNAL AUDIT PLAN - PROGRESS REPORT 2022-23 QUARTER 4

Purpose of Report

The report summarises the progress against the 2022/23 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

Financial Implications

None

Risk Management

There are no specific risks associated with this report.

Equality and Diversity

None identified

Climate Change and Carbon Impact

None identified

Crime and Disorder

None identified

Publicity Arrangements

Not Applicable

Consultations

Not applicable

Links to the Corporate Strategy

Caring for the Environment	No
Healthy Communities	No
A Thriving Economy	No
Your Council	Yes

Background Papers:

Public Sector Internal Audit Standards

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Part B

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

Appendices

Appendix 1 – INTERNAL AUDIT PROGRESS REPORT 2022/23 Q4



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

Internal Audit Progress Report 2022/23 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 2022/23 Q4.

2. Internal Audit Plan Update

- 2.1 The 2022/23 audit plan is included in Appendix A for information and shows the audits in progress. Since the last update report eight final audit reports have been issued from the 2022/23 plan.
- Benefits – Reasonable assurance
 - Council Tax – Reasonable assurance
 - NNDR – Reasonable assurance
 - Creditors – Reasonable assurance
 - Debtors – Substantial assurance
 - Treasury Management – Reasonable assurance
 - S106 agreements – Limited assurance
 - Planned Maintenance – Limited assurance

The executive summaries for these reports are included at Appendix B

3.0 Outstanding Recommendations

- 3.1 Internal Audit monitor and follow up critical, high and medium priority recommendations. There are 19 overdue recommendations which are detailed in Appendix C for information.

4.0 Internal Audit Performance Indicators

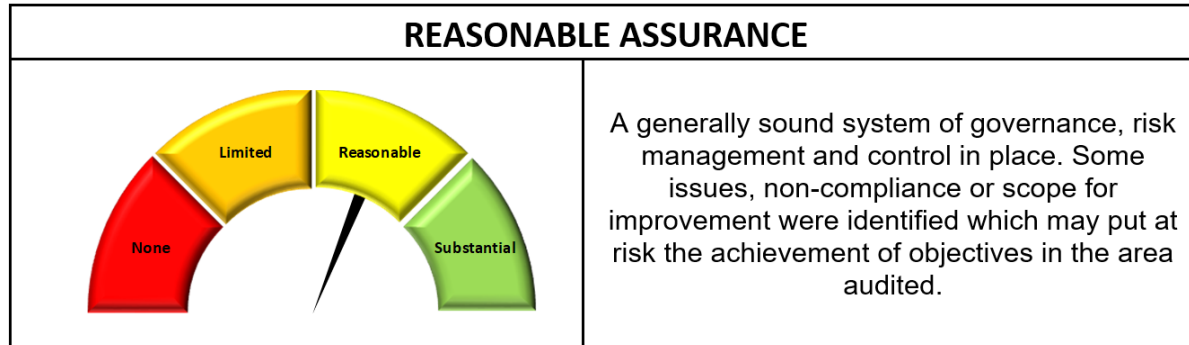
- 4.1 Progress against the agreed Internal Audit performance indicators is included in Appendix D. There are no areas of concern to highlight.

AUDIT PLAN AS AT 31 MARCH 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Disabled Facilities Grants	Certification & audit	6	3	Completed	N/A	-	-	-	-	
S106 Agreements	Audit	6	20	Completed	Limited	-	5	4	2	
Open Spaces Contract Management	Audit	7	10	Completed	Substantial	-	-	1	-	
Town Hall	Audit	10	1	Cancelled						Cancelled due to fire
Key Financial Systems										
• Benefits	Audit	3	6	Completed	Reasonable	-	1	1	-	
• Council Tax	Audit	3	5.5	Completed	Reasonable	-	1	3	1	
• NNDR	Audit	8	11.5	Completed	Reasonable	-	1	-	-	
• Income Collection	Audit	3	5	Report drafting						
• Creditors	Audit	8	13.5	Completed	Reasonable	-	3	3	-	
• Debtors	Audit	3	5.5	Completed	Substantial	-	-	2	1	
• Main Accounting/ Budgetary Control	Audit	8	4	In progress						
• Payroll	Audit	3	3	In progress						
• Rent Accounting	Audit	3	0.5	In progress						
• Treasury Management	Audit	3	3	Completed	Reasonable	-	-	4	1	
Capital Programmes	Audit	10	5.5	Report drafting						
Covid-19 related assurance work	Assurance	20	18	As required						
Benefits Subsidy	Assurance	60	45	Completed	N/A	-	-	-	-	
Planned & Cyclical Maintenance Q1	Audit	8	8	Completed	Reasonable	-	-	2	-	
Planned & Cyclical Maintenance Q2	Audit	8	10	Completed	Limited	-	1	4	1	
Planned & Cyclical Maintenance Q3	Audit	8	-	Q3						Moved to 23/24 due to the timing of the mobilisation of the contractors
Planned & Cyclical	Audit	6	-	Q4						Moved to 23/24 due to the

Maintenance Q4											timing of the mobilisation of the contractors
Responsive Repairs Q1	Audit	8	12	Completed	Limited	-	8	2	-		
Responsive Repairs Q2	Audit	8	13	Completed	Limited	-	3	4	1		
Responsive Repairs Q3	Audit	8		In progress							
Responsive Repairs Q4	Audit	6	-	Q4							Moved to 23/24 due to the timing of the mobilisation of the contractors
Workforce Planning	Audit	10	1	In progress							
National Fraud Initiative	Non audit	20	2	As required							
IT Key Controls Audit	Audit	10	-	IT Audit Contractor							Draft Report
IT Cyber Security	Audit	10	-	IT Audit Contactor							Draft Report

Benefits



Key Findings

Areas of positive assurance identified during the audit:

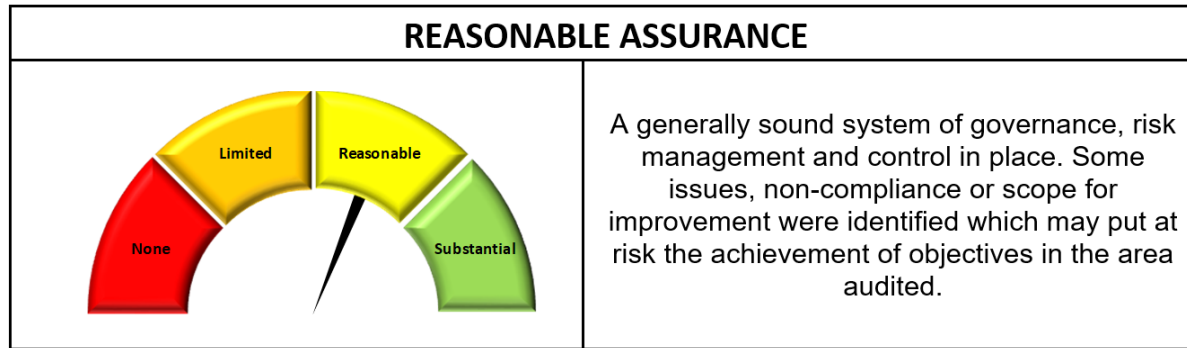
- The annual uplift of the benefit rates for 2022/23 was accurately uploaded to the benefits system.
- The Benefits system is regularly reconciled to the general ledger.

The main areas identified for improvement are:

- Management checks are not carried out as per the agreed performance indicators.
- System access is not regularly reviewed for appropriateness.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Management checks are carried out and appropriately reported as per KPI 007.	High	Agreed. Commenced again in January 2023.	Customer Experience Manager.	March 2023.
2. System access is regularly reviewed to ensure that Officers have appropriate access permissions in accordance with their role.	Medium	Agreed.	Customer Experience Manager.	April 2023

Council Tax



Key Findings

Areas of positive assurance identified during the audit:

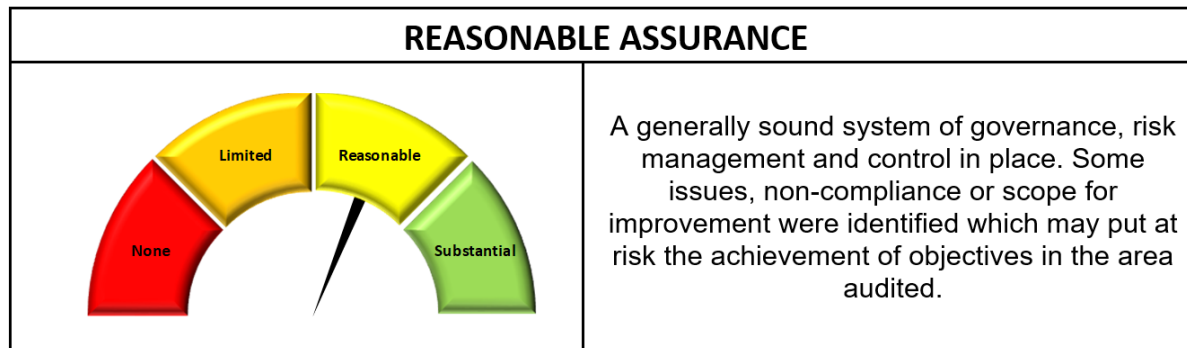
- Appropriate checks have been completed to ensure the system has been accurately updated to reflect the council tax charges for the current year.
- Council tax charges were appropriately approved in accordance with the Constitution.
- Checks are carried and evidenced to ensure accuracy of billing.
- Valuation Office schedules are actioned timely, reconciled to the system and appropriately evidenced.
- The suspense account is regularly reviewed.
- The Council Tax system is regularly reconciled to its feeder systems and the general ledger.

The main areas identified for improvement are:

- Reconciliation review dates need recording.
- Contract monitoring needs to be formally documented.
- The number of assessment checks completed needs increasing.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Reconciliation review dates are recorded to document the review was undertaken in a timely manner.	Low	Agreed.	Contract Manager (Capita).	March 2023.
2. As part of the annual access review, the contract officer reviews access levels and confirms with managers that that access is appropriate to the job role. The contract officer should have an understanding of the access level groups to enable them to complete this task.	Medium	Agreed.	Customer Experience Manager.	April 2023.
3. A meetings schedule is produced to ensure meetings take place in accordance with the contract.	Medium	Six monthly updates are received from the Management Director and Client Officer. If needed a meeting will be called as matters arise. Contract management meetings are scheduled for the 10 th of each month. The Partnership Board meetings have not been continued as it was not deemed to be necessary due to the stable nature of the contract. As an alternative to these meetings the Director of Customer Experience receives 6 monthly company updates from the Capita Management Director and Client Partner. If required meetings will be called as matters arise.	Director of Customer Experience and Customer Experience Manager.	Implemented as far as possible.
4. Documentation is retained to show that performance is discussed, at the various meetings and agreed improvements are recorded and shared for review and update at the next meeting.	Medium	Actions at present are noted by the Director of Customer Experience, moving forward any actions from these meetings will be added to the bottom of the monthly performance.	Director of Customer Experience.	May 2023.
5. Accuracy checks are completed, in accordance with the contract.	High	Agreed. Checks have been completed since January 2023.	Customer Experience Manager.	March 2023.

NNDR



1.1 Key Findings

Areas of positive assurance identified during the audit:

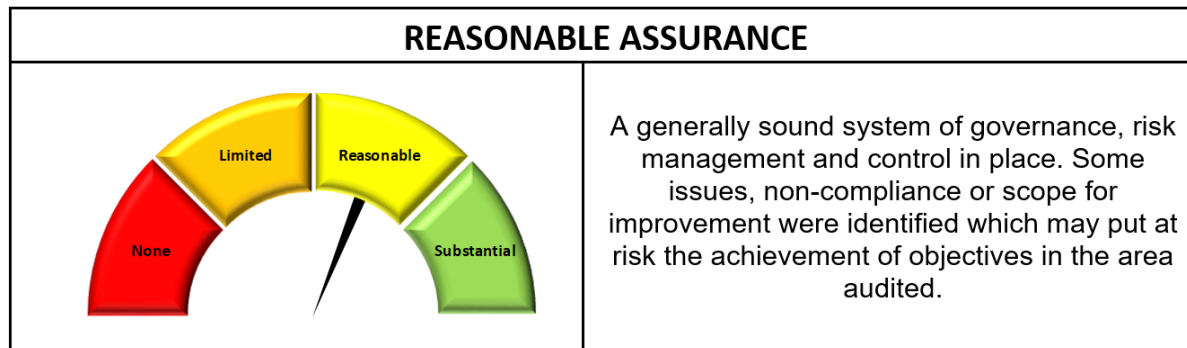
- There is adequate separation of duties between billing, collection and recording of income, and recording of transactions.
- There are adequate arrangements in place to receive information.
- The system has been accurately updated ensuring that the rates and reliefs accurately reflect legislation.
- The NNDR system is regularly reconciled to the Valuation Office records.
- Regular reconciliations are undertaken between the NNDR system, cash receipting and general ledger.
- There are adequate arrangements to confirm the status of properties and officers are preventing loss of income through fraud.
- There are adequate controls in place for recovery of arrears and to ensure that write-offs and refunds are recorded, monitored and authorised.
- The suspense account is reviewed and cleared on a regular, timely basis.
- There are adequate procedures in place to identify processing errors.

The main areas identified for improvement are:

- Declarations should be received from ratepayers for discounts awarded under the Government's Retail, Hospitality and Leisure Scheme.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
A declaration is requested for all retail, hospitality and leisure discounts, confirming that the business complies with the cash cap and exemption threshold. Awards should not be made until receipt of the declaration.	High	The proposal to address this would be that with the letters that we send out this year (as billing has already taken place) we have some very specific wording that states that by accepting the discount this is their declaration that they meet the requirements of the scheme and include a form to return to us if they believe they don't. This fits in with what many authorities have done and addresses the significant concerns about the resources and actions required if we were to ask all 573 businesses to return a slip that would then need to be processed and chased etc if not provided etc. I believe this meets the requirements of the scheme and would increase the proposed assurance level given.	Director of Customer Experience and Capita Contract Manager.	May 2023.

Creditors



Key Findings

Areas of positive assurance identified during the audit:

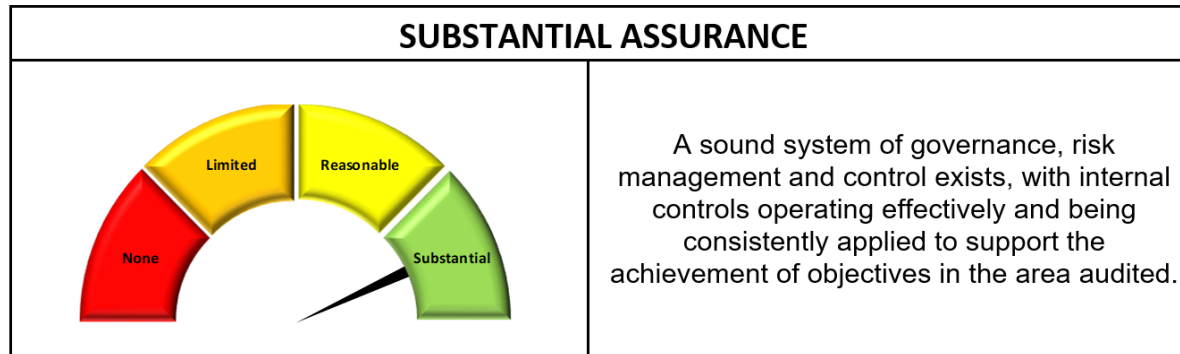
- There are comprehensive, up to date, policies and procedures that are accessible to staff.
- Segregation of duties exists between the ordering/payment of goods and services and the recording of transactions in the accounts of the Authority.
- Invoices are available to support payments, have been checked and authorised and coded to the appropriate service.
- Blank cheques are stored securely and logged as issued.
- There are adequate procedures in place for dealing with spoilt cheques.
- Open orders are periodically reviewed and closed if no longer required.
- There are adequate procedures in place for adding new and amending existing suppliers.
- Regular reconciliations are being undertaken between the creditors system the general ledger and the bank account.
- User access is controlled and monitored for appropriateness.

The main areas identified for improvement are:

- The segregation of duties between those raising orders and those authorising purchases need to be strengthened.
- Financial Procedure Rules are not regularly reviewed and updated.
- The approved signatories list needs reviewing to ensure officers listed and authorisation levels remain appropriate.
- Credit card applications should be processed and documented in accordance with policy and card monitoring procedures reviewed.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Consideration is given to amending access levels to the system to ensure there is a clear segregation of duties between the raising and authorising of orders.	Medium	Management accept the risk within the system. There are other mitigating actions within the payment processes. For example, controls with setting up new suppliers. Reminders of best practice will be sent to SLT/CLT and targeted emails to those officers that currently raising and authorising invoices themselves.	Head of Financial Services	February 2023
2. A review of the financial procedure rules and approved signatories list should be undertaken to ensure that changes are relevantly documented and approved.	High	Agreed. The Group Accountant's access will be removed from the creditors system to ensure an adequate segregation of duties exists.	Head of Financial Services	March 2023
3. Appropriate authorisation is obtained before BACS payments are made, in accordance with Financial Procedure Rules and the authorised signatories list.	High	Agreed.	Senior Payments Officer	February 2023
4. Cheque runs are authorised in accordance with financial procedure rules.	High	Will implement authorisation process.	Senior Payments Officer	February 2023
5. All credit card applications are processed in accordance with the policy and appropriate documentation retained to demonstrate this.	Medium	Review the process for authorising the card and limits and the policy will be updated to reflect this.	Head of Financial Services	March 2023
6. Credit card monitoring procedures are reviewed to ensure monthly expenditure is adequately checked, including the receipt of appropriate supporting documentation and reasonableness of the purchases made.	Medium	Review the process to include budget holders/Line Managers to do some checks for reasonableness/ supporting documentation and update the policy to reflect any changes.	Head of Financial Services	March 2023

Debtors



1.2 Key Findings

Areas of positive assurance identified during the audit:

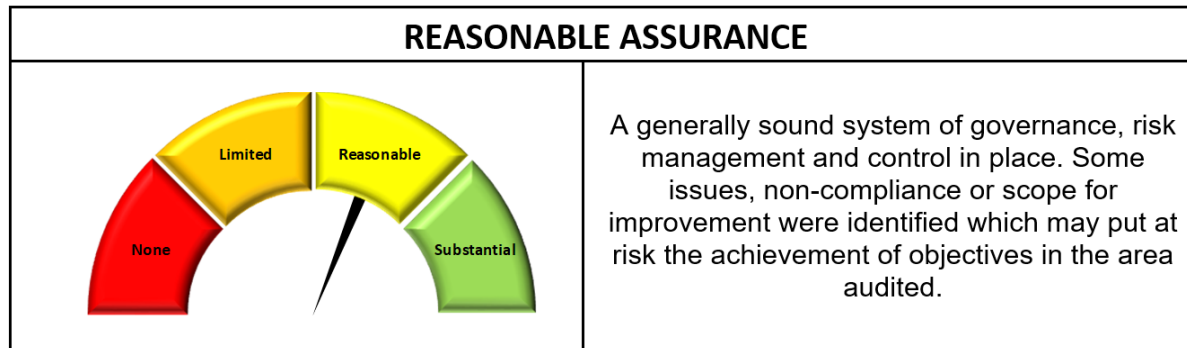
- There is a Sundry Debt Policy which is regularly reviewed and easily accessible to staff.
- Regular reconciliations are being undertaken between the debtor's system, the cash receipting system and the general ledger.
- Suspense accounts are reviewed and cleared regularly.
- There is adequate separation of duties between supply of services, raising of invoices, and recording of income.
- Invoices are raised promptly and accurately.
- User access is relevantly controlled.

The main areas identified for improvement are:

- Performance targets and reporting.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1.The Sundry Debtor suspense account should be reviewed for historic items and action taken as appropriate.	Low	This balance will be investigated, and action taken as appropriate.	Senior Income Officer	31 st March 2023
2. Provision of sundry debt performance information to the Finance and Performance Scrutiny Committee should be resumed.	Medium	Reporting to the Finance and Performance Scrutiny should have continued in 2022/23 but due to miscommunication this has not happened. Reporting is to be resumed from Q3 and will be reported to the committee at their meeting on 15 th March 2023.	Head of Financial Services	31 st March 2023
3. Appropriate targets should be set to measure the performance in relation to Sundry Debt Recovery.	Medium	Partially agreed. It is difficult to see the benefits of setting target rates for collection of Sundry Debts. Percentage collection rates will be reviewed on a quarterly basis with explanations noted should there be any significant variances. Year on year comparison of collection rates will continue.	Head of Financial Services	Immediate and ongoing.

Treasury Management



1.3 Key Findings

Areas of positive assurance identified during the audit:

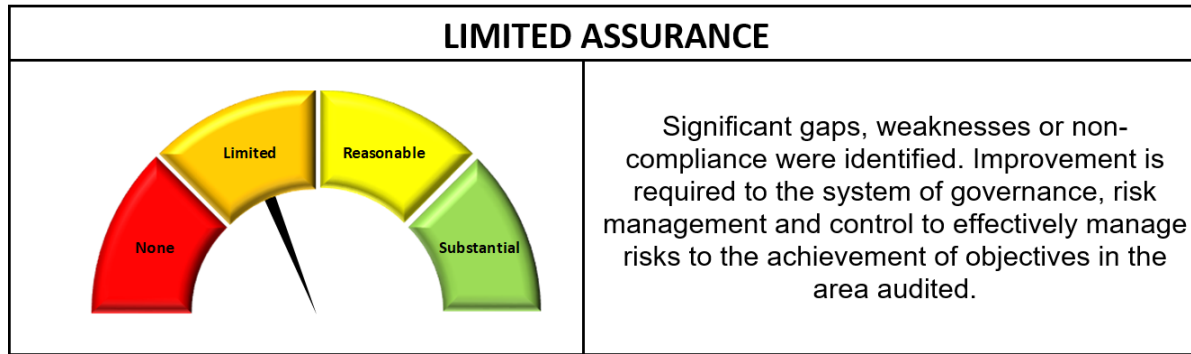
- The Capital and Treasury Management Strategies are adequate and up to date.
- There is a Treasury Management Policy in place that has been approved in accordance with the Constitution and complies with the CIPFA Code of Practice 2021.
- There is adequate segregation of duties within the loans and investments process.
- Registers of loans and investments are maintained.
- Investments have been made in line with policy and have been correctly authorised and processed.
- System access is restricted and users access is appropriate to job roles.

The main areas identified for improvement are:

- Quarterly reconciliations need to be independently reviewed in a timely manner.
- The Treasury Management Practices document is reviewed and updated.
- Fidelity Guarantee Insurance designated officers are updated with the insurers.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The Treasury Management Practices document is reviewed to ensure it complies with 2021 CIPFA Treasury Management Code.	Medium	Agreed as per recommendation. The Treasury Management Strategy has already been updated in line with the CIPFA Code and was approved by Council in February 2023.	Head of Finance and Senior Income Officer.	May 2023
2. Procedure guides are dated to confirm that they are regularly reviewed.	Low	Agreed.	Senior Income Officer.	May 2023
3. The fidelity insurance is updated to reflect the new job titles.	Medium	The fidelity insurance has now been updated.	Insurance Officer	Implemented
4. Officers are reminded of the requirement to update the Insurance Officer of any changes within their service which could have an impact on the insurance cover.	Medium	Agreed - The Insurance Officer will send out quarterly reminders to officers regarding updating of any changes. The Insurance Officer will also send out an annual review to relevant officers to confirm that insurance is correct and appropriate. It is also intended that the Insurance Officer will attend meetings with services to discuss and agree insurance arrangements, and that an introduction to insurance will be included in the new starter induction programme.	Insurance Officer	June 2023
4. The review of reconciliations is carried out in a timely manner at the end of the quarter to ensure any inaccuracies are identified at the earliest opportunity.	Medium	Agreed as per recommendation.	Head of Finance.	Implemented.

S106 Agreements



Key Findings

Areas of positive assurance identified during the audit:

- Relevant strategies and policies are up to date and a new local plan is currently being developed.

The main areas identified for improvement are:

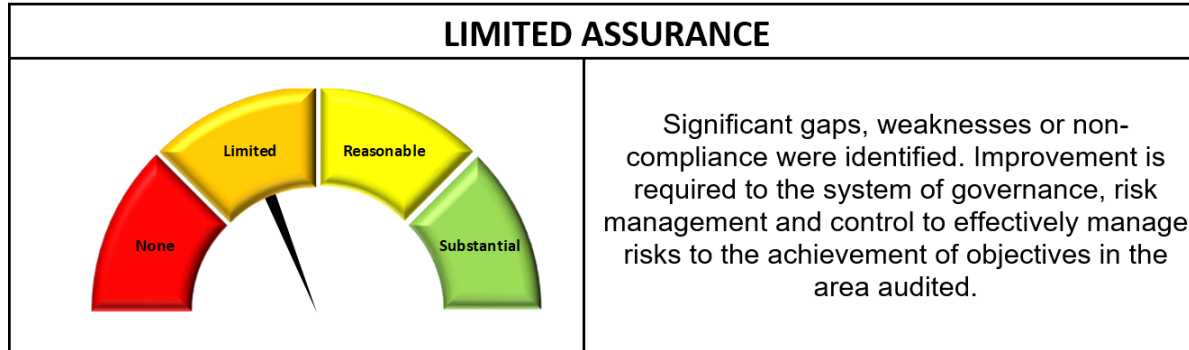
- Key documentation needs to be retained in one location.
- Systems need reviewing to ensure that they are being utilised to their full potential.
- The working group requires review following the departure of some key officers.
- The information on the financial monitoring spreadsheet needs to be more concise.
- Senior management and/or members receive updates for scrutiny.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Procedures are reviewed on a regular basis and version control is added.	Low	A review of the processes in currently in progress.	S106 Development Contributions Monitoring Officer	March 2024
2. A review of system capabilities and processes followed within each section that has involvement with S106 agreements is carried out with the aim of reducing duplication and streamlining the process to hold all information and documentation in one central location for efficiency and effectiveness, to reduce the risk of error and to assist in the management and monitoring of the S106 agreements.	High	Agreed in principle. There is a centralised planning file for each S106 agreement. A review is to be completed to ensure consistency in documentation retention on the planning file.	Group Leader - Development Management	May 2023
3. Relevant reporting options are developed to enable appropriate data to be extracted; eliminating the need for separate spreadsheets and trackers and enable reliable, timely and appropriate information to be provided to the working group.	High	The monitoring spreadsheet that is used by the working group is the single source however, since the restructure the progress updates in this spreadsheet have not been fully updated. When the working group is reinstated the monitoring spreadsheet will be updated and re-implemented. Current IT systems are being reviewed to see what opportunities there are for streamlining data sets.	Chair of the S106 Working Group.	May 2023
4. The contents of the financial monitoring spreadsheet are reviewed to ensure only necessary information is recorded to monitor unspent contributions received.	Medium	Agreed that a meeting will be set up to review the contents and amend/simplify the details within the spreadsheet.	Head of Financial Services and Head of Planning and Growth.	March 2023

5. In conjunction with recommendation 4 above, a review of access to the spreadsheet is carried out and only appropriate officers have permissions to amend.	Low	Restricted access is now in place. Access has been granted to the Senior Accountancy Assistant, the Planning Enforcement Officer and S106 Development Contributions Monitoring Officer.	Head of Financial Services	Implemented
6. Management consider introducing a requirement in the local validation list for the submission of Heads of Terms as part of the suite of documents submitted with relevant planning applications.	Medium	Agreed. This is currently being worked on.	Group Leader - Development Manager	June 2023
7. The officers' report template is reviewed and the potential for populating the report from data extracted from M3 investigated.	Medium	The report template has now been reviewed and is in use. M3 is due to be replaced soon and therefore not really relevant to use. Currently not sure if this would be possible with the new system to be implemented.	N/A	Implemented as far as possible
8. The document management system (Enterprise Information at Work) is utilised to its full potential, and work instructions are prepared to make clear that all documentation relating to the planning file are stored centrally so that they are available to all relevant officers.	High	Agreed, this should be done. A work instruction will be given and it will be included in the DM Operational guidance manual.	Group Leader - Development Manager	March 2023
9. In line with government guidance, a model agreement is developed to assist with the process of agreeing planning obligations, ensuring obligations are enforceable and agreements are consistent.	Medium	Agreed. Work has started on this area.	Group Leader - Development Manager	March 2023

This should be made publicly available to help with the planning application process.				
10. The constitution of the group is reviewed, and a Terms of Reference is produced, which sets out membership, the groups objectives, working arrangements, members responsibilities and a meeting schedule.	High	Agreed. In progress	Head of Planning and Growth	March 2023
11. Quarterly update reports are produced to advise senior management and relevant committees of the status and utilisation of Section 106 agreements.	High	Briefings are carried out to the lead member. The Director of Customer Experience is Chair of the working group and therefore any issues will be reported to SLT through this channel. Agree the annual monitoring report will be presented to the Finance & Performance Scrutiny Committee.	Head of Planning and Growth	October 2023 For this year and then going forward the annual meeting in June.

Planned Maintenance Q3 – Heating



1.4 Key Findings

Areas of positive assurance identified during the audit:

- Relevant checks are being carried out prior to payment being made and all invoices are relevantly authorised.
- Quotations are reviewed and any amendments to work are approved through the quotations process.
- Appropriate certificates and documentation are being received and retained.

The main areas identified for improvement are:

- Procedure guides need creating or require further development.
- Key documents within the payment process need dating.
- The inspection process needs further development, to ensure snagging works are identified and monitored.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. All key procedures are documented and made accessible to staff, these should support relevant policies and tenancy guides.	Low	Process guides are now in place for boiler installations and the valuation process. Processes still need developing in respect of the use of the inspections app, inspection process, and for monitoring of snagging works.	Compliance Manager	October 2023
2. A review of the QL system is completed to ensure that all data is accurately recorded and updated appropriately.	Medium	Monthly uploads will be completed of installation dates by the housing systems team. Manual updates to the system have commenced.	Repairs and Investments Manager	June 2023
3. An appropriate filing system is introduced which clearly identifies key documents.	Medium	Identified as a training issue rather than the filing system and this has been resolved. Valuation procedure guide clearly states which documents should be used and where they are filed.	Compliance Manager	Implemented.
4. Inspection processes need further development to ensure all documentation is retained and accessible to enable snagging works to be identified and if necessary for future scrutiny.	High	The electronic inspection process is now in place. Inspections are now carried out via an app using inspection forms and inspection details are recorded in Microsoft lists. With the introduction of the inspection app and Microsoft lists snagging can now be identified and monitored. Recruitment is in progress for a new compliance surveyor, which could take some time. In the interim the councils gas auditors will audit installations.	Compliance Manager	October 2023
5. Customer satisfaction surveys are issued to all tenants following installation.	Medium	Agreed.	Repairs and Investments Manager	October 2023.
6. All documentation should be dated to ensure payments are made in accordance with the contract payment mechanism.	Medium	Emails are now saved to record the date of receipt.	Compliance Manager	Implemented.

**RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31 MARCH 2023
(CRITICAL, HIGH AND MEDIUM PRIORITY)**

APPENDIX C

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Original Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further Ext Date
2021/22	Choice Based Lettings	4. A review of all applications within the register where banding has expired is undertaken to identify applicants whose banding needs to be extended or reduced and whether their circumstances have changed, in accordance with housing allocation policy.	High	Agreed	Housing Needs Manager and Housing Allocations Team Leader	Dec-22	04.01.23 - no response received to email of 01.12.22 18.01.23 - Significant staffing shortage with team had led to reduced capacity to address the recommendation. Number of cases requiring review has reduced but not significant progress has been made.	Mar-23				
2021/22	Choice Based Lettings	7. An exercise is completed to ensure all active applicants have an appropriate band expiry date recorded on the system.	High	Agreed	Housing Needs Manager and Housing Allocations Team Leader	Dec-22	04.01.23 - no response received to email of 01.12.22 18.01.23 - Significant staffing shortage with team had led to reduced capacity to address the recommendation. Number of cases requiring review has reduced but no significant progress has been made.	Mar-23				

2021/22	Asset Management	<p>1. Officers ensure that a new Asset Management Strategy is produced and approved in time to replace the current strategy and that it becomes a working document that is updated as the priorities of the council develop over the time.</p> <p>Management should consider existing resources, such as the Royal Institution of Chartered Surveyors Asset Management Guidelines and Department of Communities and Local Government framework for Local Authorities on Asset Management when developing the Strategy and any related documents.</p>	High	A revised Strategy, with guiding principles rather than a list of objectives, will be put in place to lead the council forward	Strategic Director of Commercial Development , Asset and Leisure	Apr-22	No response received	May-22	No response received	Jun-22	Work environments have not allowed this to be recorded as yet but basic principles of law and regs are underpinning the asset in situ. Those assets surplus to req are being brought to cabinet to be declared with a view to sell. Guidance and statute are being followed and best value being achieved, assets with tenants are being managed in accordance with their lease and the obligations with the council there in.	March 2023 due to other more pressing work commitments
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2021/22	Asset Management	2. Officers ensure that all policies and documents are in place, up to date and available to support the progression of the strategy.	High	As per recommendation one.	Strategic Director of Commercial Development , Asset and Leisure	Apr-22	No response received	May-22	No response received	Jun-22	All currently linked policies are in place in relation to env management. These will be decoupled from the future strategy and only relevant policies written and maintained given that regs are in place to support strategy	March 2023 due to other more pressing work commitments
2021/22	Asset Management	3. The processes in place for managing the asset information are formalised. These processes should at least describe how council's collect, analyse and evaluate the information to ensure decision making is evidence based and identifies the roles and responsibilities of the officers involved in those processes	High	Relevant processes will be put in place as per response to recommendation one.	Strategic Director of Commercial Development , Asset and Leisure	Apr-22	No response received	May-22	No response received	Jun-22	To be developed in line with the strategy in rec 1	March 2023 due to other more pressing work commitments

2021/22	Asset Management	7. Management develops a comprehensive single source of data to track and record assets which allows them to see a complete picture for each asset in real time, which can be used to support the Asset Management Action Plan and give assurance that the authority is meeting their legal responsibilities	High	Agreed	Strategic Director of Commercial Development , Asset and Leisure and Strategic Asset Manager	Sep-22	A compliance folder is now in place but further work is required to develop a single source of data.	Dec-22	Compliance data needs to be compiled and completed in the asset register.	Mar-23		
2021/22	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.	Strategic Asset Manager, Business Centre / Ind Managers and Senior Property and Asset Officer.	Dec-21	No response received	Mar-22	No response received	Apr-22	Currently drawing up a new set of templates to be used. The procedure documents will then follow.	01/11/2022 March 2023

2021/22	Commercial Lettings	2. Increases in rent charges should be calculated in line with Section 7 of the lease agreement. Details of how the increase has been calculated should be retained. The decision as to whether or not to increase rents should be formally documented and appropriately agreed.	Medium	Flat 3% increase applied for 3 years to 20/21 due to no previous increases being made. Going forward rent increases will be carried out in line with the lease agreement.	Strategic Director of Commercial Development , Asset and Leisure and Strategic Asset Manager.	Apr-22	No response received	May-22	No response received	Jun-22	As at 11th August 2022 no rent reviews have been completed but work is being carried out to review the rents.	01/11/2022 March 2023
2021/22	Commercial Lettings	3. A valuation of the Commercial Units should be undertaken in order to compare the rents currently charged for units to market rents. This exercise should be repeated at regular intervals, e.g. every five years, to provide assurance that the rents charged are in line with achievable income.	Medium	Agreed – will instruct external company for a comparable to be carried out.	Strategic Director of Commercial Development , Asset and Leisure and Strategic Asset Manager.	Apr-22	No response received	May-22	No response received	Jun-22	No progress has been made in relation to this.	01/12/2022 March 2023

2021/22	Commercial Lettings	4. A breakdown of all service costs is calculated to ensure it covers all rechargeable cost, as per the lease agreement. This is then provided to the tenant two months prior to the service charge review date, again, as per the lease agreement.	High	Agreed, a process will be implemented across all teams. As leases expire these will be reviewed and brought into line with the process.	Strategic Director of Commercial Development, Asset and Leisure and Strategic Asset Manager.	Apr-22	No response received	May-22	No response received	Jun-22	As at 11th August 2022 no rent reviews have been completed but work is being carried out to review the rents.	01/11/2022 March 2023
2021/22	Commercial Lettings	6. The performance measures report showing occupancy rates should be provided to Management on a regular basis e.g. monthly / quarterly as agreed	Medium	Agreed	Strategic Asset Manager	Dec-22	Extended as per Director request	Mar-23				

2021/22	Commercial Lettings	7. Management develops a comprehensive single source of data to track and record assets which allows them to see a complete picture for each asset in real time, which can be used to support the Asset Management Action Plan and give assurance that the authority is meeting their legal responsibilities.	High	Agreed, for the proportion that are controlled by the authority and where it is the tenant's responsibility evidence will be requested from the tenant.	Strategic Director of Commercial Development , Asset and Leisure and Strategic Asset Manager.	Apr-22	No response received	May-22	No response received	Jun-22	Due to staffing issues there has been no progress on this recommendation. A new surveyor has now been appointed and therefore progress is expected.	01/02/2023 March 2023
2022/23	Debtors	2. Provision of sundry debt performance information to the Finance and Performance Scrutiny Committee should be resumed	Medium	Reporting to the Finance and Performance Scrutiny should have continued in 2022/23 but due to miscommunication this has not happened. Reporting is to be resumed from Q3 and will be reported to the committee	Head of Financial Services	Mar-23						

				at their meeting on 15 th March 2023.								
2022/23	Creditors	1. Consideration is given to amending access levels to the system to ensure there is a clear segregation of duties between the raising and authorising of orders.	Medium	Management accept the risk within the system. There are other mitigating actions within the payment processes. For example, controls with setting up new suppliers. Reminders of best practice will be sent to SLT/CLT and targeted emails to those officers that currently raising and authorising invoices themselves.	Head of Financial Services	Feb-23	No response reminder issued 01.03.23					

2022/23	Creditors	5. All credit card applications are processed in accordance with the policy and appropriate documentation retained to demonstrate this.	Medium	Review the process for authorising the card and limits and the policy will be updated to reflect this.	Head of Financial Services	Mar-23						
2022/23	Creditors	6. Credit card monitoring procedures are reviewed to ensure monthly expenditure is adequately checked, including the receipt of appropriate supporting documentation and reasonableness of the purchases made.	Medium	Review the process to include budget holders/Line Managers to do some checks for reasonableness/ supporting documentation and update the policy to reflect any changes.	Head of Financial Services	Mar-23						
2022/23	S106 Agreements	9. In line with government guidance, a model agreement is developed to assist with the process of agreeing planning obligations, ensuring obligations are enforceable and agreements are consistent. This should be	Medium	Agreed. Work has started on this area.	Group Leader - Development Management	Mar-23						

		made publicly available to help with the planning application process										
2022/23	Benefits	1. Management checks are carried out and appropriately reported as per KPI 007.	High	Agreed. Commenced again in January 2023.	Customer Experience Manager.	Mar-23						
2022/23	Council Tax	5. Accuracy checks are completed, in accordance with the contract.	High	Agreed. Checks have been completed since January 2023.	Customer Experience Manager.	Mar-23						

INTERNAL AUDIT PERFORMANCE INDICATORS

PERFORMANCE MEASURE	POSITION AS AT 31 MARCH 2023	COMMENTS
Delivery of 2022/23 Audit Plan	73%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	2 responses received for 2022/23
Compliance with the Internal Audit Standards	Conforms	Inspection took place w/c 30 th November 2020. Internal Audit Service conforms to the Public Sector Internal Audit Standards.
Compliance testing of completed recommendations	100%	

AUDIT COMMITTEE - TUESDAY, 25 APRIL 2023

**Report of the
Head of Governance & Human Resources**

Part A

2023/24 INTERNAL AUDIT PLAN

Purpose of Report

To present the proposed Internal Audit Annual Plan for 2023/24

Recommendation

The Committee is recommended to approve the proposed audit plan as set out in the appendix.

Reason

To ensure that Internal Audit resources are effectively utilised.

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

Progress against the plan will be reported to Committee on a quarterly basis.

Report Implications

Financial Implications

None

Risk Management

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

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Failure to approve a satisfactory audit plan could lead to	Unlikely (2)	Serious (3)	Moderate (6)	Audit plans are developed using a risk-based methodology and

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
ineffective targeting of audit resources.				in consultation with Corporate and Senior Management Teams (the approach as required by the Public Sector Internal Audit Standards).

Equality and Diversity

None identified

Climate Change and Carbon Impact

None identified

Crime and Disorder

None identified

Publicity Arrangements

Not applicable

Consultations

Both the Senior Leadership Team and the Corporate Leadership Team have been consulted during the development of this plan

Links to the Corporate Strategy

Caring for the Environment	No
Healthy Communities	No
A Thriving Economy	No
Your Council	Yes

Background Papers:

Public Sector Internal Audit Standards

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Part B

1. BACKGROUND

- 1.1. The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive (CAE) establishes a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. The Chief Audit Executive for Charnwood Borough Council is the Shared Service Audit Manager.
- 1.2. The PSIAS also require that the risk-based plan must consider both the requirement to produce an annual Head of Internal Audit opinion to support the Annual Governance Statement and the assurance framework.
- 1.3. The Internal Audit Service will be delivered and developed as set out in the Internal Audit Charter
- 1.4. The audit plan is required to be reviewed and approved by both senior management and the 'Board'. As set out in the Internal Audit Charter, the role of the 'Board' is fulfilled by the Audit Committee. The Senior Leadership Team reviewed and approved the audit plan on the 5 April 2023.
- 1.5. Progress against the approved audit plan, together with any amendments required during the year, will be reported to the Audit Committee quarterly through the year.

2. INTERNAL AUDIT PLAN 2023/24

- 2.1. The proposed Audit Plan for 2023/24 is attached as an Appendix. The Audit Plan has been prepared following a risk-based assessment of the Council's activities and consultation with the Senior Leadership Team and Corporate Leadership Team, to identify the Council's key risks.
- 2.2. Each audit assignment included in the Plan has been aligned to the Strategic Risk Register where appropriate and to the priority area for the Council.
- 2.3. The specialist resources for technical Information Technology (IT) audits have been externally procured. Further details are recorded within the proposed plan.

Appendices

Appendix 1 - 2023/24 Internal Audit Plan



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

2023/24 Internal Audit Annual Plan

1. INTRODUCTION

1.1 The Public Sector Internal Audit Standards require the Chief Audit Executive (the Audit Manager for this Council) to develop a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. This document sets out the background and the approach to producing the annual plan, with the 2023/24 annual plan attached at Appendix A.

2. BACKGROUND

2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.

2.2. Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems are designed and working, with consulting or advisory activities available to help to improve those systems and processes where necessary. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

2.3. The Internal Audit Charter sets out the purpose, authority, and responsibilities of Internal Audit. The Charter:

- establishes Internal Audit's position within the organisation;
- authorises access to records, personnel, and physical properties relevant to the performance of engagements; and
- defines the scope of Internal Audit activities.

2.4 The Three Lines of Defence Model (below) is a valuable framework that explains Internal Audit's role in providing assurance that the management arrangements over governance, risk and internal control are adequate and effective.



Source: Chartered Institute of Internal Auditors

3. INTERNAL AUDIT PLAN

3.1. Overall Strategy

- 3.1.1 The key aim of the service is to provide an independent, objective assurance and advisory function which is designed to add value and improve the Council's operations. This supports Charnwood Borough Council in the achievement of its priorities and helps services to provide good value for money, as it brings a systematic disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.
- 3.1.2 The Audit Manager has produced a risk-based annual audit plan for 2023/24. This is informed by a risk assessment which is based on a combination of:
- consulting with key stakeholders including the existing audit team and senior management;
 - reviewing the strategic risk register and committee minutes;
 - reviewing reports from external agencies (for example external audit) and legislative updates;
 - factors such as changes in staffing, systems and processes; and
 - the Audit Manager's professional judgement.

This approach enables the finite resources of the team to be focussed on areas where it can add value and conforms to the Public Sector Internal Audit Standards.

- 3.1.3 The outcomes from each audit engagement undertaken as part of the annual audit plan underpin the Audit Manager's annual opinion on the Council's internal control environment. This opinion feeds into the Council's Annual Governance Statement.

- 3.1.4 It should be noted that the Public Sector Internal Audit Standards state that

"The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls."

The Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2023/24. In practice this may mean that audits are added to or removed from the plan, with details included in the quarterly progress reports.

3.2. Resources Available

- 3.2.1 The Audit Team who will deliver the 2023/24 annual audit plan at Charnwood Borough Council consists of the Audit Manager (0.4 FTE), an Internal Auditor (1 FTE), Internal Audit Assistant (0.86 FTE), Internal Audit Apprentice (0.33 FTE) and an IT audit contractor. Table 1 shows a calculation of the available audit days for 2023/24, this does not include the days for the IT Auditor. The Internal Audit Assistant post is currently vacant and, therefore, the number of days has been

adjusted to reflect this, and further contingency is in place to postpone some audits if the vacancy cannot be filled.

Table 1: Resources Available

Available Days	478
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit	52
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	34
Available Audit Days	392

3.3. Internal Audit Annual Plan 2023/24

3.3.1 The proposed 2023/24 Annual Audit Plan is shown in Table 2 below and the detailed plan is shown in Appendix A. The Plan will be subject to ongoing review to ensure that it remains aligned with the Council’s objectives and the risks identified by management and the audit team. Any changes will be reported to the Senior Leadership Team and the Audit Committee.

Table 2: 2023/24 Annual Audit Plan

Risk Based Audit Work 2023/24 (see Appendix A)	392
Completion of 2022/23 Outstanding Audits	20
Follow up reviews	11
Advisory – Adhoc	12
Public Sector Internal Audit Standards	5
NFI, Fraud	36
Contingency	14
Total Audit Days	294

3.3.2 The timings shown within the Internal Audit Annual Plan are estimates based on time taken on previous similar audits and a high-level consideration of the scope and existing arrangements. As part of the set-up process for each audit engagement the scope of the audit will be agreed in detail and a more accurate budget for audit days will be set. A contingency has been included in the plan to allow for variances in planned audits days against actual and for ad-hoc or fraud investigations that may arise during the year, 14 days have been included at this time. The quarterly progress reports to Audit Committee will include a comparison of planned to actual days for each audit undertaken.

3.4 Limitations

3.4.1 The matters raised in the audit reports will only be those which come to our attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or all the improvements that may be required. Whilst every care will be taken to ensure that the information contained in audit reports is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained therein. Our work does not provide absolute assurance that material errors, losses or fraud do not exist.

2023/24 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	RISK REGISTER (WHERE APPLICABLE)	CORPORATE SIGNIFICANCE	PLANNED AUDIT DAYS
HOUSING & WELLBEING						
Disabled Facilities Grants	Certification	Q2	Theme 2		Medium	3
Disabled Facilities Grants	Audit	Q2	Theme 2	SR11	High	9
Selective/ HMO Licensing	Audit	Q4	Theme 2	SR11	High	10
Housing Standards Service	Audit	Q1	Theme 2		Medium	8
Planned & Cyclical Maintenance	Audit	All year	Theme 2	SR11	High	35
Responsive Repairs	Audit	All year	Theme 2	SR11	High	35
Gas & Asbestos Compliance	Audit	Q4	Theme 2	SR5	High	10
Mould & Damp	Audit	Q2	Theme2	SR5	High	10
Community Grants	Audit	Q3	Theme 2		High	6
SUBTOTAL						126
TRANSFORMATION, STRATEGY & PERFORMANCE						
Performance Monitoring	Audit	Q3	All	SR8	Medium	8
Mandatory Training	Audit	Q3	All		Medium	8
Transformation Projects	Advisory	All year	All		Medium	5
SUBTOTAL						21
FINANCE, GOVERNANCE & CONTRACTS						
Key Financial Systems	Audit	Q3/Q4	Theme 4		Medium	55
Benefits Subsidy	Assurance	Q2	Theme 4	SR3	Medium	40
SUBTOTAL						95
CUSTOMER EXPERIENCE						
IT Asset Management	Audit	Q1	Theme 4		Medium	8
SUBTOTAL						8

CROSS CUTTING						
Contract Monitoring	Audit	Q3	Theme 4	SR5	High	9
Corporate Policy Management	Audit	Q1	Theme 4	SR5	High	8
Corporate Project Management	Audit	Q4	Theme 4	SR5	Medium	9
Safeguarding	Audit	Q2	Theme 4	SR5	High	10
Protect Duty	Audit	Q4	All	SR2	Medium	8
SUBTOTAL						44
TOTAL 'INHOUSE' DAYS						294
OUTSOURCED IT AUDITS – not included in audit days.						
Remote Support & Data Exchange	Audit		Theme 4	SR1	High	10
Itrent Application Review	Audit		Theme 4	SR1	High	10
SUBTOTAL						20
TOTAL						314

The areas detailed below are audits that will be brought on to the plan if time allows, if not they will be included on the 2024/25 plan.

- Town Hall
- Complaints
- Street naming & numbering
- Procurement
- Data protection

Key

- Theme 1 - Caring for the Environment
- Theme 2 - Healthy Communities
- Theme 3 - A Thriving Economy
- Theme 4 - Your Council

AUDIT COMMITTEE – 25TH APRIL 2023

Report of the Director of Finance, Governance and Contracts

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.

Amendments since the last meeting

The Work Programme agreed at the last meeting of the Committee is attached as an appendix for the consideration of the Committee with the following amendments since the last meeting:

- Addition of training sessions - as requested at the last meeting.
- Addition of two financial Treasury Management reports (Q1 in September 2023 and Q3 in January 2024) – to conform with a new Treasury Management requirement to report TM Monitoring to Audit Committee on a quarterly basis. This became known after the last meeting.
- Switching of the Audit Accounts meeting from September 2023 to November 2023 at the request of the Finance team and agreed by the external Auditors.
- The rescheduling of Annual IT Health Check (Code of Connection) item from the Committee's meeting to be held on 25th April to the meeting scheduled on 11th July 2023 – to enable a more detailed report to be considered by the Committee.
- Addition of item titled 'CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022' for the Committee's consideration at this meeting held on 25th April 2023.
- Addition of item titled 'External Quality Assessment of Internal Audit' for a future meeting in 2026 – to remind the Committee its required to be considered on a five year cycle.

All the above amendments were agreed in consultation with the Chair of the Audit Committee prior to this meeting.

In agreement with the Committee at its last meeting, and after consultation with the Chair, the format of the Work Programme has been modified for ease of consideration.

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MEETING DATE	ISSUE	OFFICER / INVITEE	COMMENTS
25th April 2023	External Audit Progress Report and Technical Update	External Auditor (Mazars)	External Audit Business, (if required)
	Internal Audit Plan – Progress	Audit Manager	<i>Standing item (every meeting)</i>
	Council's Use of Regulation of Investigatory Powers Act (RIPA)	Head of Governance & HR	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Transformation, Strategy & Performance	<i>Standing item (every meeting)</i>
	2023/24 Internal Audit Draft Plan	Audit Manager	<i>Annually, (April meeting)</i> Internal Audit Business
	CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022	Audit Manager	<i>Requested by Audit Manager</i>
5th July 2023	Mandatory Audit Committee training	Relevant officers	<i>Before the first meeting</i>

11th July 2023	Election of Vice-chair	n/a	<i>Annually (1st meeting of new council year)</i>
	Annual IT Health Check (Code of Connection) -EXEMPT	Director of Customer Experience / Information Technology Delivery Manager	<i>Annually, (April meeting)</i>
	External Audit Progress Report and Technical Update	External Auditor (Mazars)	External Audit Business, (if required) <i>Standing item (every meeting)</i>
	Internal Audit Plan – Progress	Audit Manager	<i>Standing item (every meeting)</i>
	Council's Use of Regulation of Investigatory Powers Act (RIPA)	Head of Governance & HR	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Transformation, Strategy & Performance	<i>Standing item (every meeting)</i>
	Allowances and Expenses claimed by Councillors & co-opted members	Head of Governance & HR	<i>Annually (July meeting)</i>
	Antifraud & Corruption Strategy and Whistleblowing strategy	Head of Governance & HR	<i>Annually (July meeting)</i>
	Treasury Management (Q 4) Outturn Report	Head of Finance	<i>Annually (July meeting)</i>
	Governance and Risk Aspect of Commercial Investment and Performance Review - EXEMPT	Director of Commercial & Economic Development	<i>Reported every six months (last reported 31 Jan 2023)</i>
	Environmental Audit (outcomes)	Director of Commercial & Economic Development / Sustainability Officer	<i>Annually (July meeting)</i> <i>Note: Six-month exception report where identified actions are not implemented by the target date.</i>

19th Sep 2023	External Audit Progress Report and Technical Update	External Auditor (Mazars)	External Audit Business, (if required) <i>Standing item (every meeting)</i>
	Internal Audit Plan – Progress	Audit Manager	<i>Standing item (every meeting)</i>
	Council’s Use of Regulation of Investigatory Powers Act (RIPA)	Head of Governance & HR	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Transformation, Strategy & Performance	<i>Standing item (every meeting)</i>
	Treasury Management Report (Q1)	Head of Finance	<i>Quarterly (new item)</i>
21st Nov 2023	Annual Governance Statement & review of the Code of Corporate Governance	Head of Governance & HR	<i>Annually (Accounts meeting)</i>
	Statement of Accounts 2022/23	Head of Finance	<i>Annually (Accounts meeting)</i>
	Annual External Audit Completion Report 2022/23	External Auditor (Mazars)	<i>External Audit Business</i> <i>Annually (accounts meeting)</i>
	Treasury Management Mid-Year review (six months April to Sept)	Head of Finance	<i>Annually (last reported Nov 2022)</i>

30th Jan 2024	External Audit Progress Report and Technical Update	External Auditor (Mazars)	External Audit Business, (if required) <i>Standing item (every meeting)</i>
	Internal Audit Plan – Progress	Audit Manager	<i>Standing item (every meeting)</i>
	Council’s Use of Regulation of Investigatory Powers Act (RIPA)	Head of Governance & HR	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Transformation, Strategy & Performance	<i>Standing item (every meeting)</i>
	2023/24 Capital Strategy, Treasury Management Statement, Annual Investment Strategy and MRP Strategy	Director of Finance Governance and Contracts / Head of Finance	<i>Annually, (January meeting)</i>
	Governance and Risk Aspect of Commercial Investment and Performance Review - EXEMPT	Director of Commercial & Economic Development	<i>Reported every six months</i>
	Treasury Management Report (Q3)	Head of Finance	<i>Quarterly (new item)</i>

23rd April 2024	Internal Audit Plan – Progress	Audit Manager	<i>Standing item (every meeting)</i>
	External Audit Progress Report and Technical Update	External Auditor (Mazars)	External Audit Business, (if required) <i>Standing item (every meeting)</i>
	Council’s Use of Regulation of Investigatory Powers Act (RIPA)	Head of Governance & HR	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Transformation, Strategy & Performance	<i>Standing item (every meeting)</i>
	2022/23 Internal Audit Plan	Audit Manager	<i>Annually, (April meeting)</i> Internal Audit Business
	2021/22 Annual Audit Letter	External Auditor (Mazars)	<i>Annually, (April meeting)</i> External Audit Business
	External Quality Assessment of Internal Audit	Audit Manager	<i>Annually, (April meeting)</i>
	Annual IT Health Check (Code of Connection) -EXEMPT	Director of Customer Experience / Information Technology Delivery Manager	<i>Annually, (April meeting)</i>
TBC	Annual Treasury Management Training	Link Asset Services	<i>Suggest before Sep meeting</i>
TBC	2021/22 Annual Audit Letter	External Auditor (Mazars)	<i>Annually, (meeting date to be confirmed)</i> External Audit Business
2026	External Quality Assessment of Internal Audit	Audit Manager	<i>Every five years, last considered in Feb 2021</i>