



AUDIT COMMITTEE

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To: Councillors Cory-Lowsley, Hadji-Nikolaou, Infield, Knight, Maynard, Popley and Ms Nellist (Chair) (For attention)

All other members of the Council
(For information)

You are requested to attend the meeting of the Audit Committee to be held in Committee Room 1, at the Council Offices, Southfields, Loughborough on Tuesday, 11th July 2023 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

3rd July 2023

AGENDA

1. APPOINTMENT OF VICE-CHAIR 2023-24

Committee procedure 12.3 of the Council's Constitution states that the Vice-Chair of the Audit Committee will be appointed by the Committee from among its members. The Committee is asked to do so for the Council Year 2023/24.

2. APOLOGIES

3. MINUTES FROM THE PREVIOUS MEETING
The Committee is asked to confirm as a correct record the minutes of the meeting of the Committee held on 25th April 2023.
4. DISCLOSURES OF PECUNIARY INTERESTS, AND OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS
5. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8
No questions were submitted.
6. INTERNAL AUDIT PLAN - PROGRESS 4 - 38
A report of the Audit Manager.
7. 2022/23 INTERNAL AUDIT ANNUAL REPORT 39 - 52
A report of the Audit Manager.
8. UPDATE ON THE IMPLEMENTATION OF THE CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022 53 - 68
A report of the Audit Manager.
9. COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS (RIPA) 69 - 71
A report of the Head of Governance and Human Resources.
10. ALLOWANCES AND EXPENSES CLAIMED BY COUNCILLORS AND CO-OPTED MEMBERS 72 - 76
A report of the Head of Governance and Human Resources.
11. ANTI-FRAUD AND CORRUPTION STRATEGY AND WHISTLEBLOWING STRATEGY 77 - 79
A report of the Head of Governance and Human Resources.
12. TREASURY MANAGEMENT (Q4) OUTTURN REPORT 80 - 93
A report of the Head of Finance.
13. RISK MANAGEMENT (RISK REGISTER) 94 - 112
A report of the Head of Transformation, Strategy and Performance.
14. ENVIRONMENTAL AUDIT (OUTCOMES) 113 - 128
A report of the Director of Commercial and Economic Development.

15. WORK PROGRAMME 129 - 135
A report of the Director of Finance, Governance and Contracts.
16. EXEMPT INFORMATION
It is recommended that members of the public be excluded from the meeting during the consideration of the following items on the grounds that they 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.
17. INVESTMENT PERFORMANCE REPORT - Q1 2023-24 136 - 148
An exempt report of the Director of Commercial and Economic Development circulated to members of the Committee.
18. ANNUAL IT HEALTH CHECK (CODE OF CONNECTION) 149 - 303
An exempt report of the Director of Customer Experience circulated to members of the Committee.

AUDIT COMMITTEE - TUESDAY, 11 JULY 2023

Report of the Head of Governance & Human Resources

Part A

INTERNAL AUDIT PLAN - PROGRESS REPORT 2023-24 Q1

Purpose of Report

The report summarises the progress against the 2023/24 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 that the Committee is kept informed of the 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

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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
Audit Plan 2023-24

Officers to contact:

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Part B

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

Appendices

Appendix 1 – INTERNAL AUDIT PROGRESS REPORT 2023/24 Q1



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

Internal Audit Progress Report 2023/24 Q1

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 2023/24 Q1.

2. Internal Audit Plan Update

- 2.1 Work on the 2023/24 audit plan has commenced, with three audits currently in progress. The 2023/24 audit plan is included at Appendix A for information.

The audits due to take place in Q2 are:

- Responsive Repairs Q2
- Planned Maintenance Q2
- DFG Audit
- DFG Certification
- Housing Mould & Damp
- Benefits Subsidy Testing
- Safeguarding

- 2.2 Since the last update report 6 final audit reports have been issued, 2 audits are at draft stage and 1 audit is still in progress, all of these are carried forward from the 2022/23 audit plan. The following 2022/23 audits were issued, and the executive summaries and recommendations are included at Appendix B:

Income Collection - Substantial
Main Accounting - Reasonable
Payroll - Reasonable
Capital Programmes - Reasonable
IT Health Check Audit - Limited
IT Cyber Security - Limited

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. Further details of overdue and extended recommendations are detailed in Appendix C for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
20/21	-	-	1	-	-	-
21/22	-	-	5	4	3	2
22/23	14	23	7	10	-	-

4.0 Internal Audit Performance Indicators

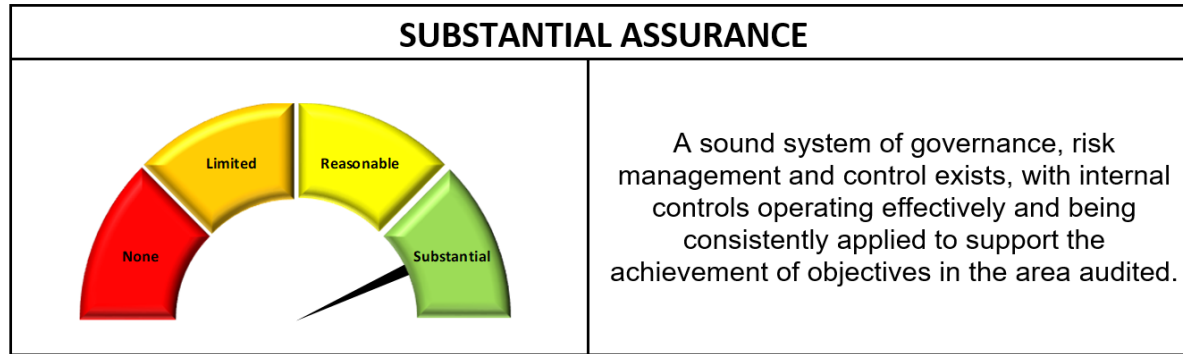
4.1 Progress against the agreed Internal Audit performance indicators is included in Appendix D. There are no areas of concern to highlight.

AUDIT PLAN AS AT 20 JUNE 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Disabled Facilities Grants	Certification	3		Q2						
Disabled Facilities Grants	Audit	9		Q2						
Selective/ HMO Licensing	Audit	10		Q4						
Housing Standards Service	Audit	8	0.5	Engagement Planning						
Planned & Cyclical Maintenance Q1	Audit	10	1	In progress						
Responsive Repairs Q1	Audit	10	1	In progress						
Planned & Cyclical Maintenance Q2	Audit	10		Q2						
Responsive Repairs Q2	Audit	10		Q2						
Planned & Cyclical Maintenance Q3	Audit	10		Q3						
Responsive Repairs Q3	Audit	10		Q3						
Planned & Cyclical Maintenance Q4	Audit	5		Q4						
Responsive Repairs Q4	Audit	5		Q4						
Gas & Asbestos Compliance	Audit	10		Q4						
Mould & Damp	Audit	10		Q2						
Community Grants	Audit	6		Q3						
Performance Monitoring	Audit	8		Q3						
Mandatory Training	Audit	8		Q3						
Transformation Projects	Advisory	5		All year						
Key Financial Systems	Audit	55		Q3/Q4						
Benefits Subsidy	Assurance	40		Q2						
IT Asset Management	Audit	8	0.5	Q1						Postponed to Q3
Contract Monitoring	Audit	9		Q3						
Corporate Policy Management	Audit	8	1	In progress						
Corporate Project Management	Audit	9		Q4						

Safeguarding	Audit	10		Q2						
Protect Duty	Audit	8		Q4						
Remote Support & Data Exchange	Audit	10								
Itrent Application Review	Audit	10								
Grants	Assurance	5	3							

Income Collection



Key Findings

Areas of positive assurance identified during the audit:

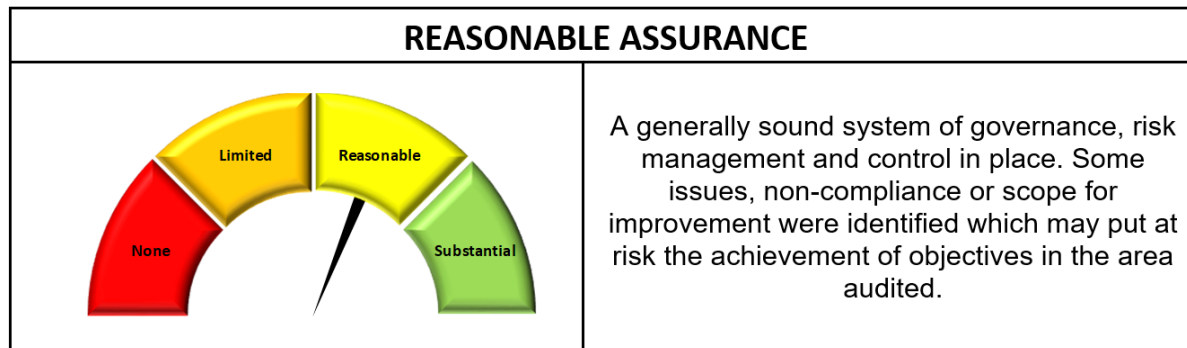
- Regular reconciliations are undertaken between the general ledger and the bank account.
- Suspense accounts are regularly reviewed and cleared.
- Daily balancing is undertaken between the cash receipting system and the relevant feeder systems.

The main areas identified for improvement are:

- Detailed written procedure guides are not in place for key process.
- System access should be reviewed regularly.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The face-to-face payment guide is updated to include step by step instructions for processing payments received.	Low	Agreed.	Customer Services Team Leader(s).	July 2023
<p>2. A cleansing exercise is undertaken on the systems to:</p> <ul style="list-style-type: none"> • revoke access to those who have left employment or who have not recently used the system, • remove generic accounts, • consider removing the ability of certain user groups being able to reset passwords. <p>A regular review of system access is carried out to ensure that access is appropriate and leavers are revoked appropriately.</p>	Medium	<p>Quarterly reviews of system access to ensure access for officers is still appropriate.</p> <p>Communication to users to inform that after 90 days of no access to the system their account will be locked.</p> <p>Supervisory group access is required to allow officers to unlock user accounts.</p> <p>Moving forward generic accounts will not be set up and the remaining generic account will be investigated and if appropriate closed.</p>	Information Technology Delivery Manager and Information System Analyst.	July 2023

Main Accounting



Key Findings

Areas of positive assurance identified during the audit:

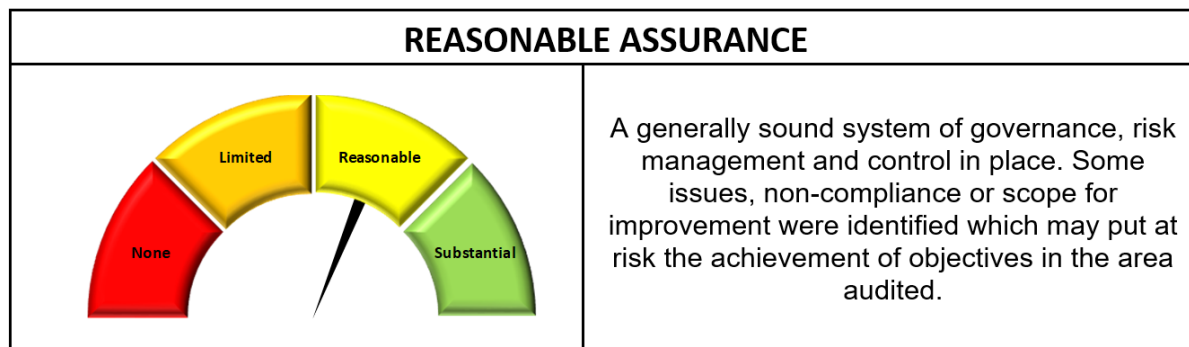
- There are up to date Financial Regulations and Financial Procedure Rules in place.
- The accounting system is updated to reflect the approved budgets following approval from Council.
- There are adequate controls in place to ensure that opening balances are brought forward accurately and completely.
- Regular reconciliations are undertaken between the feeder systems, the general ledger and the bank statements.
- Journals are appropriately authorised and input in a timely manner.
- There are adequate controls around the setting up and deleting of budget codes.
- Committed expenditure is reviewed on a regular basis and cleared where necessary.
- There are procedures in place to ensure significant variances are investigated.
- Suspense accounts are reviewed and cleared regularly.
- Budget monitoring information is provided to budget holders, management and members on a regular and timely basis.

The main areas identified for improvement are:

- Management and control of virements, in accordance with Financial Procedure Rules.
- Regular review of the budgetary control spreadsheet to ensure accuracy.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Officers are reminded of the requirements for authorisation of virements.	High	Officers will be reminded of the importance of categorising transactions correctly and obtained appropriate authorisation.	Head of Finance	June 2023
2. The financial management system controls are amended to prevent one sided virements and categorise the different types of budgetary changes separately to provide more effective monitoring to ensure compliance with the Financial Procedure Rules.	High	Unit 4 will be amended to included two more attributes for virements which will allow a virements report to be produced to reconcile to the budget control spreadsheet.	Chief Accountant	June 2023
3. The virement transaction number is recorded on the budgetary control spreadsheet.	Low	Agreed. Transaction virement numbers have been added to the budgetary control spreadsheet.	Head of Finance	Implemented

Payroll



Key Findings

Areas of positive assurance identified during the audit:

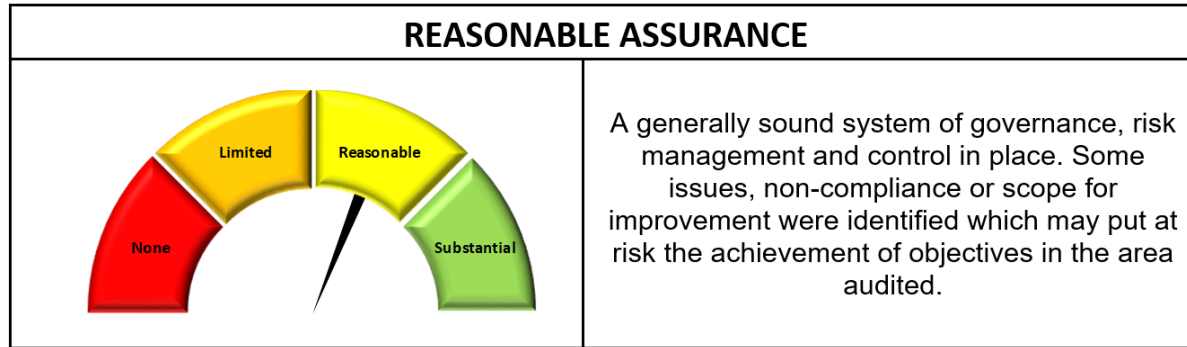
- Procedures are reviewed and updated on a regular basis.
- A separation of duties exists between the preparation and the payment of the payroll.
- Testing is carried out at the start of each financial year to ensure that updates to the system are accurate.
- Reconciliations are carried out and evidenced on a regular basis between the payroll, general ledger and bank account.
- The payroll is reviewed for accuracy prior to payments being made.

The main areas identified for improvement are:

- Establishment checks by managers are not carried out.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
A report should be produced, at least annually, and issued to Heads of Service/ Managers to confirm the accuracy of the establishment.	High	In the short term an accurate establishment report is being compiled by ICS with a view to it being the responsibility of HR, when fully staffed.	IT Delivery Manager/ Information Development Manager HR	May 23 Annually from March 24

Capital Programmes



Key Findings

Areas of positive assurance identified during the audit:

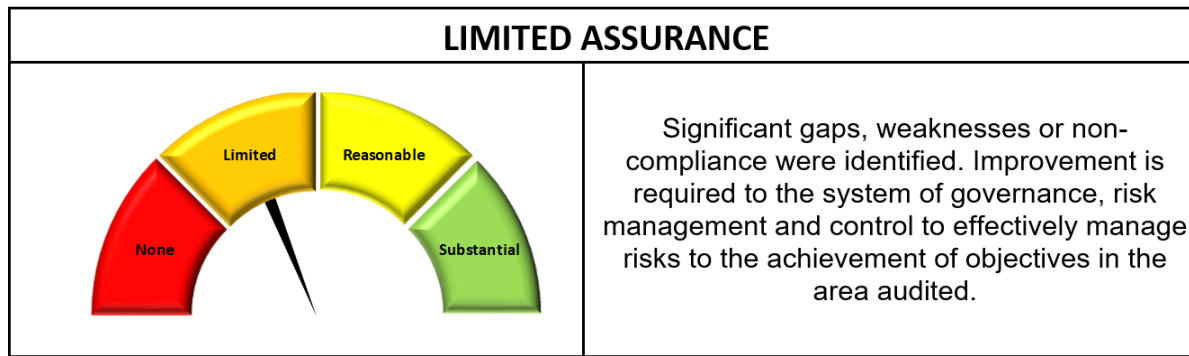
- There is an up to date Capital Strategy, Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy in place.
- There is a reporting structure in place.

The main areas identified for improvement are:

- The Capital Projects Monitoring Board Terms of Reference and capital application form need updating.
- A procedure guide is created to assist managers in submitting a request for capital funding.
- The content and format of reports needs reviewing to ensure project progress is clearly documented, and that expenditure and budget profiling and lessons learned is provided.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The Terms of Reference for the Board are reviewed and relevantly updated.	Low	Agreed. This will be reviewed in time for the next board meeting on the 8 th August 2023.	Head of Transformation, Strategy and Performance and Capital Programme Board	September 2023
2. The capital application form is fully reviewed to ensure the information submitted allows senior management to make informed decisions.	Medium	The form will be reviewed and revised in line with the recommendation.	Director of Finance, Governance and Contracts, Head of Finance and Capital Programme Board	September 2023
3. A procedure/ process guide is created and publicised to assist managers in submitting a request for capital funding.	Medium	A procedure guide is not considered necessary but guidance will be incorporated where appropriate within the revised capital application form.	Director of Finance, Governance and Contracts, Head of Finance and Capital Programme Board	September 2023
4. Management review the information reported to members taking into consideration quality, clarity and consistency of the information presented.	Medium	Management will consider the format of information reported to members with a view to addressing audit points raised.	Head of Finance.	December 2023
5. Accurate budget profiling is introduced and reported.	Medium	Budget profiling is undertaken on a quarterly basis at the Capital Programme Board which aligns to Finance and Performance Committee.	Head of Finance.	November 2023.
6. As part of the report to the Capital Board a project dashboard should be provided to show the progress against every project's lifecycle and key milestones, to ensure that the Board is fully aware of the position of each and every project.	High	As above – the Board will review on a quarterly basis.	Head of Finance and Head of Transformation, Strategy and Performance.	Ongoing Internal Audit will review this in November 2023.
7. As part of the project closure a lessons learned report should be submitted to the Board for completeness and future projects.	Medium	As part of the CBC Project Management process, all projects will require a project closure report	Head of Transformation, Strategy and Performance.	Ongoing Internal Audit will review this in November 2023.

IT Health Check Audit



The level assurance assigned is linked to the number of high-level recommendations found during the review in key areas of activity. It should be noted that more detailed review(s) would provide the organisation, and senior management, detail that the risk(s) are being managed fully to attain a higher-level of assurance for specific areas.

Key Findings

Areas of positive assurance identified during the audit:

- Security – Logical / Physical – Overall the approach to core network security, was found to be well managed. We have raised a number of issues relating to application security and the physical security of network equipment – see below.
- Computer virus / threat protection / procedures and controls relating to System Performance and Monitoring were found to be adequate as part of this high-level review.

The main areas identified for improvement are:

- Changing security parameters for some applications, where single sign on is not in use / available, to comply with the agreed security policy.
- Timescales for the completion of operational testing in relation to ICT business Continuity arrangements.
- A specific IT Asset Management policy should be drafted, agreed and signed off by key stakeholders.
- Ensuring locations holding network equipment are secure.
- There is a need to ensure formal reviews of application users and access are regularly completed and evidenced.

- The management / audit log for the iTrent (Payroll) application, for highest level access, should be used to review activity.
- Testing documentation for any ICT / service user testing should be attached to the relevant service call.
- Annual reviews of software assets need to be completed and evidenced.
- Documentation regarding work completed by ICT should be drafted for the following areas:
 - Undertaking test restores;
 - ICT asset management, covering both hardware and software;
 - Services / applications in operation; and
 - External data transfers completed.
- The notifications should be reviewed for the following areas of ICT activity:
 - Backups undertaken;
 - Availability of application upgrades / patches.
- The Data Protection Officer should ensure they are familiar with the agreed ICT incident management procedures.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>The nominated Application administrators should ensure the application security is set in line with the agreed policy. Before actioning this recommendation, the Application administrators should ensure this is discussed with ICT colleagues and proposed changes are communicated to users.</p>	<p>High</p>	<p>Application Administration of the identified systems and management of permission levels are currently managed outside ICT.</p> <p>Action agreed. Review and set appropriate level permissions for Civica and Home Connections</p> <p>The Civica system is scheduled to be replaced in the next four months</p>	<p>Application Administrators and Information Development Manager</p>	<p>March 2024</p>

<p>2. Application users and access rights should be formally reviewed at least annually, or more frequently if user access is to significant activity e.g. system administrators / high level privileges. Reviews should be evidenced accordingly.</p>	<p>High</p>	<p>(Linked to Recommendation above) Implement a process with Application Administrators for regularly reviewing user roles and permissions.</p> <p>The approach will be based on the Information Security concept 'Principle of least privilege (PoLP)</p> <p>Recommendations 1 and 3 relate to reviewing application security permissions, which are accepted. As discussed with Audit, the assigned 'High' priority level should be lowered as this recommendation refers to the setup of a process to regularly monitor permissions</p>	<p>Application Administrators and Information Development Manager</p>	<p>March 2024</p>
<p>Page 21</p> <p>The Information Development Manager should ensure that steps are taken to establish use of the available management / user logs to enable an independent review of activity for the highest level of access. The user groups are:</p> <ul style="list-style-type: none"> ➤ HR Admin ➤ Whole System ➤ IT Sys Admin <p>Such reviews should be completed by an individual who is not a user and should be evidenced accordingly.</p>	<p>High</p>	<p>This issue has been raised at the Workforce iTrent project team (involves HR, Finance and ICS)</p> <p>An Exception report will be developed which will then in turn be assigned to Audit to review on a quarterly basis to ensure independence.</p>	<p>Information Development Manager</p>	<p>August 2023</p>
<p>4. Steps should be taken to secure network / communications equipment locations.</p>	<p>Medium</p>	<p>Network equipment is stored securely, with the exception of one location (locked cabinet) which is also used as a meeting room.</p> <p>Additional secure locks will be added to the identified location with Property Services</p>	<p>IT Operations Manager</p>	<p>July 2023</p>

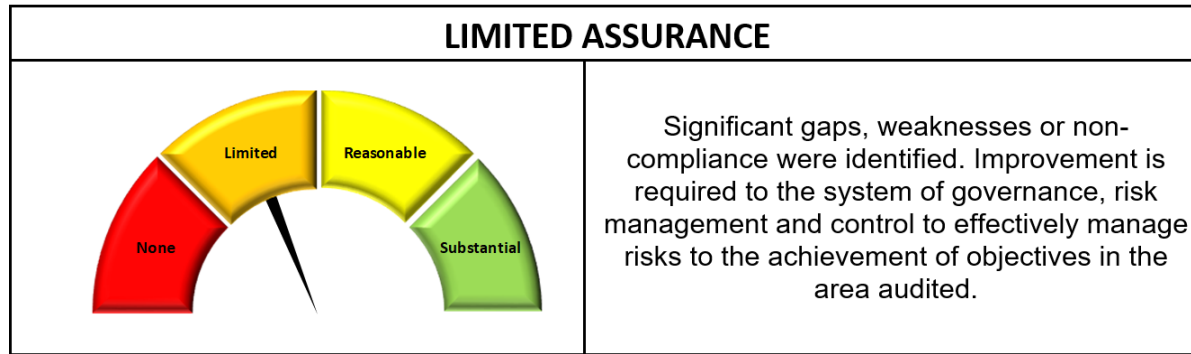
<p>5. ICT should formalise / document the approach to undertaking test restores. This should detail the frequency they will be completed, involvement of business users and ICT and evidence to be maintained.</p>	<p>Medium</p>	<p>Evidence has been provided that confirms test restores are being undertaken. Test restores are scheduled in as part of the six monthly IT checklist tasks. Document to formalise the test restores will be produced.</p>	<p>IT Service Delivery Manager</p>	<p>September 2023</p>
<p>6. Steps should be taken to ensure notifications for backup jobs are communicated to all relevant ICT staff.</p>	<p>Low</p>	<p>Backup notifications are already received by Technical Analysts and will be added to include the IT Operations Manager.</p>	<p>IT Operations Manager</p>	<p>March 2023 (completed)</p>
<p>7. Steps should be taken to ensure the Data Protection Officer is familiar with the agreed incident management procedure.</p>	<p>Low</p>	<p>Incident management process details will be shared with the Data Protection Officer</p>	<p>ICT Service Delivery Manager</p>	<p>July 2023</p>
<p>8. The ICT Service Delivery Manager should identify target timescales to undertake operational testing. Any further delays, with reasons, should be communicated to the Audit Committee accordingly.</p>	<p>High</p>	<p>The recommendation isn't accepted. As discussed with Audit, the recommendation and priority level should be reviewed as assurances and evidence have been provided that confirms operational testing of system backups and restores covered in the scope of the Team recovery plan are undertaken. In the current hybrid environment, backup and restore process have also been tested further across the ICT Infrastructure as part of the cloud migration programme, where Servers and Applications are backed up prior to migration and restored onto the Azure Cloud environment. The Team recovery plan refers to activating plans depending on the Disaster Recovery requirement. As discussed with Audit, the method of</p>	<p>ICT Service Delivery Manager</p>	<p>June 2024</p>

		<p>undertaking backups will change when the cloud migration and environment is finalised (by end of 2023).</p> <p>Full recovery plan will be reviewed, updated and tested when the Hybrid (cloud and onsite) environments are finalised.</p>		
9. All testing documentation should be added to the service call raised for the change management process.	Medium	<p>Existing change management process includes a testing phase, which will be updated to ensure user testing results are captured.</p> <p>As discussed with Audit, the priority level should be reduced as an existing 'Pre-implementation UAT' test stage is in place (and will be updated to include further controls). There are also subsequent phases in the change management process to ensure the change applied is successful and communicated to services/users involved.</p>	ICT Service Delivery Manager	July 2023
10. The ICT Service Delivery Manager should ensure the approach regarding the notifications for applications of upgrades / patches is agreed and documented.	Medium	<p>As discussed with Audit the recommendation should be reviewed.</p> <p>The IT Infrastructure Policy (Section 6.1 Patch management) covers the approach and frequency of applying Patches.</p> <p>Existing Change Management process is in place for application upgrades.</p> <p>Minor patches and updates are undertaken with the agreement of the ICT Service Delivery Manager, IT Operations Manager or the Information Development Manager</p> <p>The assessment of which changes need to be documented in the change process are also discussed in the weekly Management meetings.</p>	ICT Service Delivery Manager	

<p>11. The ICT Service Delivery Manager should document a specific IT asset management policy and ensure all key stakeholders agree and sign this off.</p>	<p>High</p>	<p>Action agreed to develop IT asset management policy.</p> <p>The recommendation priority level should be reviewed, as the controls below are in place to avoid significant 'high' level risks.</p> <ol style="list-style-type: none"> 1. ICT processes are in place to manage assets (from procurement to disposal) as part of the ITIL Hornbill Service Desk System 2. A certain level of IT asset policy information is covered in the 'Internet & Email Acceptable usage policy' and the 'ICT Infrastructure' Policy 	<p>IT Operations Manager</p>	<p>September 2023</p>
<p>12. Full documented procedures relating to the management of assets, both hardware and software, should be drafted and agreed.</p>	<p>Medium</p>	<p>As covered above (recommendation 11), the ICT processes are in place to manage assets (from procurement to disposal) As part of the ITIL Hornbill Service Desk System</p> <p>Procedures for ICT staff will be documented and appended to the policy.</p>	<p>IT Operations Manager</p>	<p>September 2023</p>
<p>13. At least an annual review of software assets should be completed. This should be documented and signed off accordingly.</p>	<p>High</p>	<p>Asset checks are undertaken if there is a status change e.g. when an employee starts, leaves, has an issue with the device, device replacement, if the devices has connected to the network over a period of time, etc.</p> <p>Regular asset reviews will also be scheduled in and covered in Asset Management policy</p>	<p>IT Operations Manager</p>	<p>September 2023</p>
<p>14. The ICT Service Delivery Manager should look to review the documentation maintained for services and applications in use.</p>	<p>Medium</p>	<p>Agreed – Documentation currently existing but needs to be developed further to cover key Applications and Hardware</p>	<p>ICT Service Delivery Manager</p>	<p>December 2023</p>

<p>15. The approach to undertaking external data transfers should be documented. This should reference issues to be raised in communication with any recipients of Council data, and should include as a minimum:</p> <ul style="list-style-type: none"> ➤ Requesting a reply receipt ➤ Data description and any exclusions ➤ Reasons / uses of data permitted. ➤ Summary of data transmitted i.e. number of files / records – NB This can take the form of electronic report. ➤ Security & Storage of the recipient ➤ Retention period(s) / Destruction by recipient ➤ Prohibit transfers to other 3rd parties (if applicable) ➤ Data Protection Notice (if applicable) <p>Additionally, users need to be reminded to undertake certain tasks after transferring data e.g. ensuring replies are received.</p>	High	<p>There are two methods of external data transfer:</p> <ol style="list-style-type: none"> 1. Bulk or batch (SFTP) transfers, which are undertaken by ICS with a supporting user request logged with the ICS helpdesk. 2. User initiated requests which can be undertaken using email, MS Teams, One Drive <p>External data transfer for option 1 cannot be undertaken by users. Guidance is agreed to be developed for option 2. Reference points listed in the recommendation may be not applicable in all cases e.g. reply receipt, summary of data transmitted, etc. As discussed with Audit, the assigned 'high' level priority needs to be reviewed as it only covers guidance for data transfer under option 2 above.</p> <p>As an additional control, the Data Protection Officer also manages Data Sharing protocols and agreements for external data transfers are with Partners/ Suppliers.</p>	ICT Service Delivery Manager	December 2023
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IT Cyber Security



Key Findings

Areas of positive assurance identified during the audit:

- A policy has been drawn which relates to Cyber Security and has been approved by management. There is, though, a need to fully document all roles and responsibilities for tasks / work associated with Firewall management and all tasks – see below.
- Key risks have been identified. An issue has been raised regarding the recording of action(s) to deal with any incidents identified – see below.
- Firewalls have been deployed for external and internal connections.
- Security threats including any new threats are continually monitored and managed.
- Issues and incident management procedures have been agreed and reporting is in place.

The main areas identified for improvement are:

- The need to ensure independent (external) penetration testing is completed annually.
- Ensuring the identified key weaknesses with the Juniper (INTERNAL) firewall are addressed. Some other less significant issues were identified with the Sophos UTM firewall.
- Ensuring all key activities, some of which relate to governance issues, are included in a relevant policy and that the day to day / regular tasks are documented for staff.
- The need to ensure configuration documentation for all firewall platforms is maintained and that rules are reviewed, at least annually, and signed off by management. Any activity relating to security issues identified should include all relevant action(s) taken with dates for reference.

- Descriptions should also be documented for the rules within the software available. RIS (risk assessment) documentation should also be drafted for this key area of activity.
- Training for the ICT staff operating the firewall platforms should be undertaken.
- The risk register maintained should include historical information about action taken to address any issues identified as a record of work completed.
- Records relating to external scans completed, including the retention of logs should be retained and managed accordingly.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. A review of the existing Information Security Policy v4 should be completed to ensure it includes other key activities e.g. procurement approach for independent testing, frequency, completion and management of independent penetration testing reviews, conditions for and completion of internal vulnerability testing / checks including monitoring, results and action(s) taken.	Medium	<p>Cyber Security approach, standards, independent testing, risk mitigation, work plan and reporting arrangements are covered in both the ICT Strategy and the internal Information Security Policy.</p> <p>An updated policy will be developed to reflect new internal monitoring and management controls currently in place and in development to support the IT Hybrid environment.</p>	ICT Service Delivery Manager	December 2023
2. The ICT Service Delivery Manager should ensure, once the process has been reviewed, that a RIS (Risk Assessment Documentation) is available for Cyber Security applications / platforms.	Medium	Documentation for Cyber security platforms such as Firewalls currently exists but needs to be amalgamated into a standard template, in line with RIS documentation	ICT Service Delivery Manager	February 2024
3. The risk register should show any current and any historical issues, in the Issue Log tab of the spreadsheet maintained.	Low	<p>The Risk register currently only shows active risks and issues.</p> <p>The document will be kept up to date to retain historical/ closed issues</p>	ICT Service Delivery Manager	July 2023

4. Steps should be taken to ensure the issues relating to security and patch management are addressed.	Medium	<p>As the ICT infrastructure is being developed, the requirement for the existing internal firewall is being reviewed.</p> <p>During the Audit, evidence was provided to confirm that the Firewall is on a supported version and securely managed by Technical Analysts</p> <p>any required security patches/updates will be applied by August 2023.</p>	IT Operations Manager	August 2023
5. Action should be taken to activate automatic logout, if it has not already been completed. User groups defined historically, and no longer required, should be removed.	Medium	<p>The inactive timeout setting will be investigated and applied.</p> <p>The review of user groups will be undertaken to remove groups that are no longer required</p>	IT Operations Manager	September 2023
6. ICT should ensure set-up / configuration of all firewall platforms is documented.	Medium	<p>Please see agreed action for Recommendation 2 (above)</p> <p>Firewall documentation exists but needs to be amalgamated into a standard template, in line with RIS documentation</p>	ICT Service Delivery Manager	February 2024
7. The Firewall rules should be subject to at least an annual formal review. The review process should be evidenced accordingly and signed off.	Medium	<p>Quarterly review of Firewall rules have been scheduled and will be evidenced accordingly.</p>	IT Operations Manager	September 2023
8. The description field should be completed for all rules.	Low	<p>Description field to be populated for all rules (where possible)</p>	IT Operations Manager	September 2023
9. Management should document the day to day / regular tasks to be undertaken.	Medium	<p>Documentation of regular tasks to be completed as part of the action for Recommendation 2 and 6</p>	IT Operations Manager	February 2024

10. Management should ensure staff managing the firewall platforms are trained in this key area of activity.	Medium	<p>Technical Analysts have undergone Firewall training.</p> <p>It is understood the training being referred to is in relation to Recommendation 4.</p> <p>Depending on the decision to continue with the Juniper Firewall, training requirements will be identified and scheduled.</p>	IT Operations Manager	September 2023
11. Going forward independent penetration testing of the Council's IT services and infrastructure should be completed at least annually.	High	<p>The annual IT Checks are now in place.</p> <p>Results of the health check are currently being analysed/ reviewed and actioned (where required)</p>	ICT Service Delivery Manager	February 2023 (completed)
12. The retention of any scans completed, including logs created, should be formalised, and managed accordingly.	Low	Process of retention logs will be formalised as part of Recommendation 6	IT Operations Manager	February 2024
13. The tab within the IT Security Actions spreadsheet regarding user accounts should include all relevant information regarding the matter identified, data identified, actions taken and date action taken / completed. This should be retained as an historical record of work completed.	Medium	<p>An amalgamated action plan of all tasks is being developed by the IT Operations Manager (based on the IT Health Check in progress – see recommendation 11)</p> <p>The action plan is monitored as part of weekly IT Security meetings</p>	IT Operations Manager	April 2023 (Implemented)

OVERDUE RECOMMENDATIONS

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 Extension
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.	Nov-22 Mar-23
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.	Nov-22 Mar-23
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.	Nov-22 Mar-23

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.	Nov-22 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.	Feb-23 Mar-23

EXTENDED RECOMMENDATIONS

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 Extension
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	<p>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.</p> <p>April 23 – Due to other work pressures and staffing it has not been possible to complete this recommendation.</p>	<p>Mar-23</p> <p>Mar-24</p>
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	<p>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</p> <p>April 23 – Due to other work pressures and staffing it has not been possible to complete this recommendation.</p>	<p>Mar-23</p> <p>Mar-24</p>
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	<p>To be developed in line with the strategy in rec 1</p> <p>April 23 – Due to other work pressures and staffing it has not been possible to complete this recommendation.</p>	<p>Mar-23</p> <p>Mar-24</p>

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	Mar-23 - The performance data has been included in the service plan. Figures will be reported quarterly.	Jul-23		
2022/23	S106 Agreements	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 - Dev Manager	Jun-23	The LVL has been circulated for comment internally. A few minor amendments need to be made to it to make it an accessible document and then the service should be able to submit the DD for circulation and then publish it and implement it	Jul-23				
2022/23	Benefits	2. System access is regularly reviewed to ensure that Officers have appropriate access permissions in accordance with their role.	Medium	Agreed	Customer Experience Manager.	Apr-23	May-23 a review of users has been completed but due to the groupings being unknown, a review of permissions has not been completed, as yet.	Aug-23				
2022/23	Council Tax	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.	Apr-23	May-23 a review of users has been completed but due to the groupings being unknown, a review of permissions has not been completed, as yet.	Aug-23				
2022/23	Treasury Management	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-23	May-23 - Needs further work. TM Strategy 23/24 updated in line with CIPFA Code. TM Practices still require review.	Jul-23				
2022/23	Payroll	A report should be produced, at least annually, and issued to Heads of Service/ Managers to confirm the accuracy of the establishment.	High	In the short term an accurate establishment report is being compiled by ICS with a view to it being the responsibility of HR, when fully staffed.	Information Technology Delivery Manager/ Information Development Manager HR	01/05/2023 HR to then do annually	May-23 HR Payroll Finance and IT are meetings on a fortnightly meetings to check progress on this task. An initial report has been taken from the system and is being checked between Finance and IT.	Jul-23				

2020/21	Asbestos Management	9. A review of the information held on the asbestos register is carried out and updated to ensure that the authority is meeting its legislative requirement in relation to keeping an up-to-date record of the location and condition of the asbestos- containing materials - or materials which are presumed to contain asbestos.	High	Agreed, current system to be reviewed, developed, or replaced as appropriate.	Compliance Manager	Aug-21	Due to IT systems this had to be further extended.	Dec-21	Due to IT systems this had to be further extended. May-22 still waiting on SharePoint transfer	May-22	Admin staff to input all links this process will take some time but anticipated to be in place within 6 months. Jan-23 - Creation of the ASB Visual files is now complete but there are almost 6000 files now to uploaded. Apr-23 - Delays due to technical issues resulting in not being able to upload to the Alpha Tracker. May-23 - Problems with the contractor completing surveys and updating the tracker have continue. The service are now undertaking a procurement exercise for a new contractor, hopefully to commence June 23. This will potentially mean the alpha tracker will no longer be used. It is intended that management surveys will be undertaken on the properties when the new contract commences.	Jan-23 May-23 Sept-23
2021/22	Acquisitions Policy	3. The acquisitions procedure is updated to include the beginning of the process, starting with how a property is identified.	Medium	Agreed as per recommendation	Head of Strategic and Private Sector Housing.	Dec-21	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23
2021/22	Acquisitions Policy	4. Management ensure that purchases are made in line with the policy.	High	The Policy to be reviewed again and any amends to be approved in line with the Constitution, and a revised copy of the Policy to be uploaded to the website.	Head of Strategic and Private Sector Housing.	Dec-21	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23

2021/22	Acquisitions Policy	5. The procedures are updated to ensure that they fully reflect the requirements of the policy.	Medium	Update the procedures to reflect the requirements of the Policy.	Head of Strategic and Private Sector Housing.	Dec-21	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23
2021/22	Acquisitions Policy	6. A full review is carried out in relation to the delegated authority in this process to ensure that there is independence within the process.	High	Agreed. Will discuss the process and decision-making changes required with Democratic Services. Head of Strategic and Private Sector Housing management comment: The day to day management of the process is normally the responsibility of the Housing Strategy and Support Manager, however this post is currently vacant.	Strategic Director of Community, Planning and Housing	Mar-22	Apr-22 Following a meeting with the Director it was agreed that a full review of the process and policy should be completed to ensure appropriate segregation of duties and authorisation throughout. Audit will provide suggestions. Given that there is a corporate review underway it is likely delegations will be reviewed in September. May-22 - Policy and Procedure Documents reviewed and returned to Director for consideration.	Oct-22	Due to staffing changes the implementation of recommendations has been delayed	Apr-23	The acquisitions and disposals policy, and related procedures are in the process of being fully reviewed	Sep-23
2021/22	Choice Based Lettings	2. Procedure guides are reviewed to ensure they cover all aspects of the housing allocations process in more detail.	Medium	Agreed	Housing Needs Manager and Housing Allocations Team Leader	Apr-23	May-23 - no response received	Jun-23				
2022/23	Responsive Repairs - Emergency Repairs Q1	5. A procurement exercise is carried out for this area of work to ensure that the authority is following contract procedure rules.	High	A procurement process is in progress for this work.	Repairs and Investments Manager	Dec-22	Dec-22 - Contract still requires signing. Mobilisation of contract to be March 23, waiting for EEM to response.	Mar-23	Mar-23 - requested extension, contract mobilisation delayed. Apr-23 - contractor pulled out and procurement process has to be done again.	Oct-23		
2022/23	Responsive Repairs - Emergency Repairs Q1	7. The processes to identify where further works are needed, following an emergency call out, are reviewed to ensure that all further works are captured and acted upon.	High	Generic email address for the RTL set up and will be contacting the relevant contractors to advise this the email address to use in future. Investigate why service connect is not retaining the surveys.	Principal Officer -Repairs and Maintenance	Oct-22	A generic email address has been set up. This has been raised with the service provider and is currently under review however an extension is required for this to be completed.	Dec-22	Dec-22 - Established surveys are on Service Connect. Need to establish how to forms can be completed for orders raised by Lifeline. Currently not using 24hr	Aug-23		

				Upload the document RTLS received via email on service connect in the meantime.					diary on Service Connect			
2022/23	Responsive Repairs - Emergency Repairs Q1	10. Processes are put in place to ensure all emergency call out data is captured and can then be accurately reported to the Senior Leadership Team and Housing Management Advisory Board.	High	Agreed as per Recommendation	Repairs and Investments Manager and Principal Officer -Repairs and Maintenance	Mar-23	Mar-23 - Provided a report from lifeline and requested extension to write a process for reporting to SLT.	Jun-23	June 23 - Due to other commitments this recommendation has not been implemented and an extension requested to Nov 2023.	Nov-23		
2022/23	Planned Maintenance Qtr1 - Major Adaptations	Workflow processes are reviewed and updated. Key procedures are documented to support the workflow processes, as necessary, and should support relevant policies and the residents' handbook. The procedures and processes are made accessible to staff.	Medium	Agreed as per Recommendation	Principal Officer – Investment and Programme Delivery	Apr-23	Apr-23 - not implemented	Oct-23				
2022/23	Responsive Repairs - Routine Repairs Q2	1. Target dates detailed in the Tenants Repair Guide should accurately reflect the amended target dates set by the authority, which need to comply with legislative dates set for repairs.	High	A review of the Tenants Repair Guide is currently in progress. Additionally, the electronic system will be checked to ensure that all repair timescales are in line with legislation.	Repairs and Investment Manager	Mar-23	Mar-23 - Tenants guide has been updated and is to be approved by HMAB in March 23 Apr-23 - Tenants Guide approved by Board. Three day tickets on system need amending.	Jul-23				
2022/23	Responsive Repairs - Routine Repairs Q2	2. Management undertake a review of routine repair orders to establish the extent of the backlog, trends and the reasons behind delays in fulfilling our repairs obligations. Based on the findings a course of action should be established, documented and executed.	High	The service has undertaken multiple failed recruitment processes for operative resources. Additional contracts have been brought on board to support delivery, including T&S Heating Ltd to support general works, and Newey Electrical Installations Ltd to support electrical works. Monitoring and analysis of repairs not completed in target timescales will be undertaken on a monthly basis.	Repairs and Investment Manager	Apr-23	Apr-23 - not implemented	Sep-23				

2022/23	Responsive Repairs - Routine Repairs Q2	3. Procedures are put in place to ensure that the repairs team accelerate matters, particularly following inspections, follow up reports (from contractors and operatives) and where defect notices and complaints are received, these should all be fully investigated, action taken and appropriately documented.	High	A new process for capturing works needed as a follow on from inspections will be put in place. A disrepair works completion tracker has been designed and will be utilised going forward. Operatives now have to complete a works completion survey at the close of each job. This will support an accurate record of completed works.	Principal Officer – Repairs and Maintenance	Mar-23	Mar-23 - Not implemented. Extension requested due to implementation of a contract.	Aug-23				
2022/23	Responsive Repairs - Routine Repairs Q2	4. Order monitoring processes are put in place to ensure orders (including contractor orders) are appropriately progressed, completed or cancelled.	Medium	In addition to the above (rec 3) a process will be introduced to identify stagnant orders.	Principal Officer – Repairs and Maintenance	Jan-23	Jan-23 - Request from the Principal Officer for Repairs recommendation be deferred until Aug 2023.	Aug-23				
2022/23	Responsive Repairs - Routine Repairs Q2	5. Management review the cost of installing key safes and ensure the full cost (materials and labour) is recouped through the lifeline payments package.	Medium	Agreed.	Principal Officer - Repairs and Maintenance	Jan-23	Jan-23 - Request from the Principal Officer for Repairs recommendation be deferred until Aug 2023.	Aug-23				
2022/23	Responsive Repairs - Routine Repairs Q2	6. A review is undertaken to ensure obsolete supplier ids are disabled from the system and training is given to all those raising orders to reiterate the impact of using incorrect supplier identification numbers.	Medium	Agreed	Repairs and Investment Manager	Feb-23	Feb-23 - Requested recommendation deferred to May. Work has started but will not be completed by the end of February.	Aug-23				
2022/23	Responsive Repairs - Routine Repairs Q2	8. Management consider introducing a KPI to manage and monitor the aged repairs orders.	Medium	Agreed	Principal Officer - Repairs and Maintenance	Mar-23	Mar-23 - Not implemented. Extension requested due to implementation of a contract.	Aug-23				
2022/23	Planned Maintenance Qtr2 - Heating	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	Jun-23	June-23 - Due to other commitments this recommendation has not been implemented and an extension requested to November 2023.	Nov-23				

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INTERNAL AUDIT PERFORMANCE INDICATORS

PERFORMANCE MEASURE	POSITION AS AT 20 June 2023	COMMENTS
Delivery of 2023/24 Audit Plan	0%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	3 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, 11 JULY 2023

Report of the Head of Governance & Human Resources

Part A

2022/23 INTERNAL AUDIT ANNUAL REPORT

Purpose of Report

The purpose of this report is to present the Internal Audit annual report, which is one of the sources of evidence used to inform the production of the Annual Governance Statement.

Recommendation

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

Reason

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

Policy Justification and Previous Decisions

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

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.

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

Appendices

2022/23 Internal Audit Annual Report

Part B

Appendix

2022/23 Internal Audit Annual Report



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

Internal Audit Annual Report 2022/23

1. INTRODUCTION

- 1.1 This is the annual report of the Chief Audit Executive (Audit Manager) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2022 to 31 March 2023 for Charnwood Borough Council.
- 1.2 This report includes the Audit Manager's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 This report also includes:
- A summary of internal audit work carried out during 2022/23 which supports the opinion.
 - Issues relevant to the preparation of the Annual Governance Statement.
 - Internal Audit's Quality Assurance and Improvement Programme (QAIP).
 - A statement on conformance with the Public Sector Internal Audit Standards.

2. CHIEF AUDIT EXECUTIVE (AUDIT MANAGER) OPINION 2022/23

- 2.1 2022/23 has been a particularly difficult year in terms of resources and staff turnover both within the internal audit section and the areas audited. This has reflected in the audit assurance levels for some audits, in particular the housing audits. The audit service has been unable to recruit to a vacant post. However, this has been addressed and a new structure has been agreed to ensure that going forward the audit coverage will be proportionate to the Council's need.

Internal audit has continued to provide the additional support required for assurance on grants, specifically the energy grants and the completion of the benefits subsidy testing.

- 2.2 In line with the Public Sector Internal Audit Standards Internal Audit have worked flexibly throughout the year whilst still ensuring a sufficient level of audit coverage to allow me to give an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control (the control environment). In giving this opinion it should be noted that assurance cannot be absolute.
- 2.3 For the 12 months ended 31 March 2023, I am able to give **reasonable assurance** on the overall control environment. To be consistent with our Internal Audit opinion definitions, this means that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement, were identified which may put at risk the achievement of objectives in the areas audited. This is a positive assurance opinion overall.

2.4 My opinion is based on the following:

- **All** internal audit work undertaken during the year, this includes advisory work as well as assurance audits that resulted in a final report, and supports the view on internal control arrangements. Consideration has been given to findings of audits at the draft report stage.
- Follow up audit work in respect of audit recommendations.
- My knowledge of the Council's governance and risk management structure and processes.

2.5 There have been no impairments to the independence of internal auditors during the year.

3. SUMMARY OF INTERNAL AUDIT OPINION REPORTS DURING 2022/23

3.1 The risk based internal audit plan for 2022/23 was presented and approved by the Audit Committee on 15 February 2022. Progress against this plan has been reported to Audit Committee throughout the year as part of the regular Internal Audit progress reports.

3.2 A summary of the final audit opinions given in 2022/23 is detailed in Table 1 below. This includes 2 IT audits which were provided by a specialist auditor. The opinion for individual audits is included in Appendix A for information, along with a comparison of the work delivered against the audit plan.

Table 1

Opinion	Definition	Number
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited	3
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited	9
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	6
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited	-
Total audit reports		18

- 3.3 Internal Audit follow up progress against recommendations in line with the timescales agreed at the time of issuing reports. The Audit Committee is updated on the Council's progress against the recommendations as part of the Internal Audit progress reports, as well as giving details of ongoing or overdue recommendations. A summary of the recommendation tracking results for 2022/23 is included at Appendix B.

4. ISSUES RELEVANT TO THE PREPARATION OF THE ANNUAL GOVERNANCE STATEMENT

- 4.1 The Internal Audit team have issued 6 audit reports with limited assurance during 2022/23. These should be considered when preparing the Annual Governance Statement:
- **S106 Agreements**
The main areas identified for improvement were around the storage and retention of documentation, and the reintroduction of the s106 working group with updated terms of reference to ensure accurate management and monitoring of S106 agreements.
 - **Responsive Repairs Q1 – Emergency Repairs**
The main areas identified for improvement were the updating of systems when work is completed, accurate performance monitoring not being carried out and inaccurate schedules of rates within the system.
 - **Responsive Repairs Q2 – Routine Repairs**
The main areas identified for improvement the management and monitoring of the times taken to carrying out repairs with an action plan being implemented to reduce the times to meet the targets set, and the accurate recording and follow-up of repairs to ensure that disrepair claims are minimised.
 - **Planned & Cyclical Maintenance Q2 - Heating**
The main areas identified for improvement were retention of inspection documentation and the review of the process for identifying snagging issues are relevantly resolved.
 - **IT Key Controls Audit**
The main areas identified for improvement were ensuring network equipment is held securely, ensuring operational business continuity is relevantly tested, policy and management of assets, the changing of application security parameters is carried out, formal reviews of application users and access levels is carried out regularly, and the documenting of various work carried out by ICT.
 - **IT Cyber Security**
The main areas identified for improvement were penetration testing not being carried out annually, key activities require documenting within policies, the need to ensure configuration documentation for all firewall platforms is maintained and that rules are

reviewed, at least annually, and signed off by management, and the training of ICT staff in the operation of firewall platforms.

- 4.2 A number of high priority recommendations were made in respect of other audit reviews undertaken, however as they relate to specific systems and/or service areas, I do not consider it necessary to include them in the Annual Governance Statement. The Section 151 Officer receives all Internal Audit reports issued therefore they are also able to make their own assessment when completing the Annual Governance Statement should they be of a different opinion.

5. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP) FOR INTERNAL AUDIT

- 5.1 The Public Sector Internal Audit Standards (PSIAS) require the QAIP to include internal and external assessments (see Appendix C for more detail).
- 5.2 The internal assessments applicable to 2022/23 include the following:
- Monthly performance review meetings attended by the Audit Manager and the Strategic Director of Finance, Governance & Contracts (S151 Officer) and the Head of Governance & Human Resources (Monitoring Officer).
 - Customer satisfaction surveys were sent out to all Heads of Service and Managers who had an audit in their service area. Three returns for 2022/23 all with overall positive feedback.
 - Quarterly progress reports to senior management and Audit Committee which include monitoring of activity and performance.
 - Monthly recommendations update report to senior leadership team for monitoring.
- 5.3 The PSIAS require external assessments to be conducted at least once every five years. In December 2020 the shared internal audit service had an external quality assessment and the full report was presented to Audit Committee on 9 February 2021.
- 5.4 It was the assessor's opinion that internal audit at Blaby, Charnwood and North West Leicestershire Councils **conforms with the PSIAS**.
- 5.5 In addition to delivering the annual audit plan and opinion, Internal Audit have added value in the following ways:
- Co-ordinating the mandatory NFI exercise including data submission and reviewing matches.
 - Delivering pre and post payment assurance checks for the grants.
 - Undertaking the Benefits Subsidy work.
 - Providing ad-hoc advice throughout the year to a wide range of services to help ensure that internal controls are maintained or strengthened.
 - The continued delivery of a successful shared service between Blaby District Council, North West Leicestershire District Council and

Charnwood Borough Council. This adds value to all Councils as the audit team shares learning, expertise and best practice.

6. **CONFORMANCE WITH THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

- 6.1 The external assessment conducted in December 2020 concluded that there were no significant gaps in compliance.
- 6.2 I can confirm that during 2022/23 the Internal Audit Shared Service conformed to the Public Sector Internal Audit Standards.

RESULTS OF INDIVIDUAL AUDIT ASSIGNMENTS AGAINST 2022/23 AUDIT PLAN

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	6	Completed	Substantial	-	-	1	1	
• Creditors	Audit	8	13.5	Completed	Reasonable	-	3	3	-	
• Debtors	Audit	3	5.5	Completed	Substantial	-	-	2	1	
• Main Accounting/ Budgetary Control	Audit	8	7	Completed	Reasonable	-	3	-	1	
• Payroll	Audit	3	3	Completed	Reasonable	-	1	-	-	
• Rent Accounting	Audit	3	3	Draft						
• Treasury Management	Audit	3	3	Completed	Reasonable	-	-	4	1	
Capital Programmes	Audit	10	10	Completed	Reasonable	-	1	5	1	
Covid-19 & Grant 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 Maintenance Q4	Audit	6	-	Q4						Moved to 23/24 due to the 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	5	Draft						
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	Limited	-	7	6	2	
IT Cyber Security	Audit	10	-	IT Audit Contactor	Limited	-	1	9	3	

Recommendations Key – see Appendix B

SUMMARY OF INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP 2022/23

Internal Audit follow up progress against critical, high and medium priority recommendations in line with the timescales agreed at the time of issuing reports. Any overdue recommendations are highlighted to Audit Committee. The table below shows the progress against recommendations made by Internal Audit during 2022/23.

Recommendation Priority	Recommendations Made	Recommendations Implemented	Recommendations Outstanding (In Progress, Extended or Not Yet Due)	Recommendations Overdue
High	36	15	21	0
Medium	51	18	33	0
Total	87	33	54	0

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

Appendix C

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME 2022-23

Activity	PSIAS	Result/comments	Frequency
External Quality Assessment	1310	December 2020 Assessment - no significant gaps in compliance.	Every 5 years.
Annual Declaration of Interests	1130	Forms completed in April 2022, this includes Code of Ethics and Principles.	Annual
Customer satisfaction surveys	1311	Three for 2022/23. All positive overall.	After each audit
Performance indicators reported in progress reports	1311	Performance indicators included in all quarterly reports to senior management and Audit Committees.	Quarterly
Improvement actions/continuous improvement	1311	An internal action plan produced for 2022/23 detailing improvement actions which included rolling review of the internal audit service to ensure compliance with standards.	Ongoing
Review of all audit engagements and reports	1311, 2340	All audit engagements and reports are reviewed by the audit manager to ensure compliance with PSIAS in terms of meeting audit objectives and quality.	Every audit
Monthly performance reporting and meetings	1311	Monthly performance meetings with Strategic Director of Finance, Governance & Contracts (S151 Officer) and the Head of Governance & Human Resources (Monitoring Officer)	Monthly
Annual review of internal audit charter	1000	Shared Service Charter updated with only minor amendments and reported to Audit Committee in October 2022. Annual review takes place in September each year.	Annual
Performance and development review process for staff and training and development records.	1200	All review meetings with team have taken place and the training and development recorded within system for all training and development identified and completed. Officers recording their CPD in line with their professional body requirements do not need to duplicate records.	Bi- annual review meetings

AUDIT COMMITTEE - TUESDAY, 11 JULY 2023

Report of the Head of Governance & Human Resources

Part A

UPDATE ON THE IMPLEMENTATION OF THE CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022

Purpose of Report

To update members on the initial meeting of the CIPFA Position Statement: Audit Committees in Local Authorities working, as agreed at Audit Committee on 25 April 2023.

Recommendations

1. The Audit Committee notes the report, appendix 1.
2. That the Audit Committee agrees the proposed action plan detailed in appendix 1.

Reasons

- 1 & 2. To ensure that the committee meets its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

Policy Justification and Previous Decisions

CIPFA have update 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:

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

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

Officer to contact:

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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 support of the statement CIPFA also released guidance documentation in October 2022.

A report was presented to Audit Committee on 25 April 2023 proposing the initial steps to the implementation of the position statement.

Appendices

Appendix 1

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

1. INTRODUCTION

- 1.1 At its meeting on 25 April 2023, the Audit Committee considered the Chartered Institute of Public Finance & Accountancy (CIPFA) updated Position Statement: Audit Committees in Local Authorities and Police 2022, see appendix A for the statement.
- 1.2 The Committee were advised that the Guidance continued to include a strong focus on the factors that supported improvement in the working of audit committees. This included the knowledge and skills that Audit Committee members require and an emphasis on where the Audit Committee can add value. It also provided practical support in evaluating the existing Committee and planning any improvements identified.
- 1.3 A recommendation was made and approved in regard to the way in which Charnwood Borough Council's Audit Committee could work towards complying with the position statement. This included carrying out a knowledge and skills assessment and developing a training plan.

2. SELF-ASSESSMENT PROCESS

- 2.1 The knowledge and skills questionnaire was distributed to all Audit Committee members for completion, to identify gaps in knowledge and skills. 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.
- 2.2 A small working group was formed, consisting of three councillors, Cllr's Maynard, Cory-Lowsly and Infield, supported by the Chair of the Committee, the audit manager and the democratic services officer. The group reviewed the outcomes of the self-assessment, discussed the requirement for a second co-opted independent member and the requirement to meet the position statement to the best of the Committee's ability.

3. KEY FINDINGS AND OUTCOMES

- 3.1 Prior to the first meeting of the working group the knowledge and skills questionnaire was completed by four members of the Audit Committee. The level of responses received is considered representative of the views of the Committee as a whole.
- 3.2 A summary of responses received are attached at Appendix B.
- 3.3 The main areas identified for which training is required as part of the member induction process and on an ongoing basis are:
 - Organisational Knowledge

- Audit Committee Role and Functions
- Governance • Internal Audit
- Financial Management and Financial Reporting
- External Audit
- Risk Management
- Counter Fraud
- Treasury Management

3.4 It was agreed at the working group that further and ongoing training is required to support members with their responsibilities within the Audit Committee. Additionally, it was agreed to further consider the requirement to appoint a second co-opted independent member to assist with any knowledge and skills gaps by developing a relevant person specification/ job description.

3.5 A proposed action plan is detailed at Appendix C to meet the requirements of the Position Statement and ensure the effectiveness of the Committee.



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.

AUDIT COMMITTEE MEMBERS – KNOWLEDGE AND SKILLS FRAMEWORK

APPENDIX B

Core Areas of Knowledge

Knowledge Area	Details of core knowledge required	How the audit committee member is able to apply the knowledge	Overall assessment of skills/knowledge (1-5, 1 being minimal and 5 being strong)				
			1	2	3	4	5
Organisational knowledge	<ul style="list-style-type: none"> An overview of the authority's governance structures and decision-making processes. Knowledge of the organisational objectives and major functions of the authority. 	<ul style="list-style-type: none"> This knowledge will be core to most of the audit committee's activities, including the Annual Governance Statement (AGS) review, internal and external audit reports, and risk registers. 	-	3	1	-	-
Audit committee role and functions	<ul style="list-style-type: none"> An understanding of the audit committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. Knowledge of the purpose and role of the audit committee. 	<ul style="list-style-type: none"> This knowledge will enable the audit committee to prioritise its work to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. It will help the committee undertake a self-assessment and prepare its annual report. 	2	1	1	-	-
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles as outlined in Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016). The requirements of the AGS. How the principles of governance are implemented locally as set out in the local code of governance. 	<ul style="list-style-type: none"> The committee will review the local code of governance and consider how governance arrangements align to the principles in the Framework. The committee will plan the assurances it is to receive to adequately support the AGS. The committee will review the AGS and consider how the authority is meeting the principles of good governance. The committee will receive audit reports and information on risks relating to governance. 	3	-	-	1	-
Internal audit	<ul style="list-style-type: none"> An awareness of the key principles of the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN). Knowledge of the arrangements for delivery of the internal audit service in the authority and the charter. How the role of the head of internal audit is fulfilled. Details of the most recent external assessment and level of conformance with the standards. Internal audit's strategy, plan, and most recent annual opinion 	<ul style="list-style-type: none"> The audit committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. The audit committee will review the assurances from internal audit work and will review the risk-based audit plan. The committee will also receive the annual report, including an opinion and information on conformance with professional standards. In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed. The audit committee chair is likely to be interviewed as part of the external quality assessment, and the committee will receive the outcome of the assessment and action plan. 	4	-	-	-	-

Financial management and financial reporting	<ul style="list-style-type: none"> • Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. • An understanding of good financial management practice as set out in the CIPFA Financial Management Code (FM Code) and the level of compliance with it. • Knowledge of how the organisation meets the requirements of the role of the Chief Finance Officer (CFO) as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016). • An overview of the principal financial risks the authority faces. 	<ul style="list-style-type: none"> • Reviewing the financial statements prior to publication, asking questions. • Receiving the external audit report and opinion on the financial audit. • Reviewing both external and internal audit recommendations relating to financial management and controls. • The audit committee should consider compliance with the FM Code and the role of the CFO and how this is met when reviewing the AGS. 	3	1	-	-	-
External audit	<ul style="list-style-type: none"> • Knowledge of the role and functions of the external auditor and who currently undertakes this role. • Knowledge of the key reports and assurances that external audit will provide. • Familiarity with the auditor's most recent plan and the opinion reports. • Knowledge about arrangements for the appointment of auditors and quality management undertaken. 	<ul style="list-style-type: none"> • The audit committee will meet with the external auditor regularly and receive their reports and opinions. • Monitoring external audit recommendations and maximising the benefit from the audit process. • The audit committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service. 	3	1	-	-	-
Risk management	<ul style="list-style-type: none"> • Understanding of the principles of risk management, including how it supports good governance and decision making. • Knowledge of the risk management policy and strategy of the organisation. • Understanding of risk governance arrangements, including the role of members and of the audit committee. • Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	<ul style="list-style-type: none"> • In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements. • Awareness of the major risks the authority faces is necessary to support the review of several audit committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee. The committee should also review reports and action plans to develop the application of risk management practice 	1	-	2	1	-
Counter fraud	<ul style="list-style-type: none"> • An understanding of the main areas of fraud and corruption risk that the organisation is exposed to. • Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). • Knowledge of the organisation's arrangements for tackling fraud. 	<ul style="list-style-type: none"> • Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy. • An assessment of arrangements should support the AGS, and knowledge of good fraud risk management practice will support the audit committee member in reviewing that assessment. 	3	1	-	-	-
Values of good governance	<ul style="list-style-type: none"> • Knowledge of the Seven Principles of Public Life. • Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff (eg code of conduct). 	<ul style="list-style-type: none"> • The audit committee member will draw on this knowledge when reviewing governance issues and the AGS. 	1	1	1	1	-

	<ul style="list-style-type: none"> • Knowledge of the whistleblowing arrangements in the authority. 	<ul style="list-style-type: none"> • Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The audit committee member should know to whom concerns should be reported. 					
Treasury management	<ul style="list-style-type: none"> • Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are: <ul style="list-style-type: none"> – regulatory requirements – treasury risks – the organisation’s treasury management strategy – the organisation’s policies and procedures in relation to treasury management. 	<ul style="list-style-type: none"> • Core knowledge on treasury management is essential for the committee undertaking the role of scrutiny. 	4	-	-	-	-

Core Skills

Skills	Key Elements	How the audit committee member is able to apply the skill	Overall assessment of skills/knowledge (1-5, 1 being minimal and 5 being strong)				
			1	2	3	4	5
Strategic thinking and understanding of materiality	Able to focus on material issues and the overall position rather than being side tracked by detail.	When reviewing audit reports, findings will include areas of higher risk or materiality to the organisation but may also highlight more minor errors or control failures. The audit committee member will need to pitch their review at an appropriate level to avoid spending too much time on detail.	-	1	1	1	1
Questioning and constructive challenge	Able to frame questions that draw out relevant facts and explanations, challenging performance and seeking explanations while avoiding hostility or grandstanding.	The audit committee will review reports and recommendations to address weaknesses in internal control. The audit committee member will seek to understand the reasons for weaknesses and ensure a solution is found.	-	1	1	1	1
Focus on improvement	Ensuring there is a clear plan of action and allocation of responsibility.	The audit committee's outcome will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, the audit committee should seek assurances that appropriate action has been taken.	-	-	2	1	1
Able to balance practicality against theory	Able to understand the practical implications of recommendations to understand how they might work in practice.	The audit committee should seek assurances that planned actions are practical and realistic.	-	-	2	1	1
Clear communication skills and focus on the needs of users	Support the use of plain English in communications, avoiding jargon, acronyms, etc	The audit committee will seek to ensure that external documents such as the AGS and the narrative report in the accounts are well written for a non-expert audience.	-	-	-	3	1
Objectivity	Evaluate information based on evidence presented, avoiding bias or subjectivity.	The audit committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses, and the committee member will need to weigh up differing views.	-	-	-	3	1
Meeting management skills	Chair the meetings effectively: summarise issues raised, ensure all participants can contribute, and focus on the outcome and actions from the meeting.	These skills are essential for the audit committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.	N/A as have an independent member as the chair.				

SUMMARY ACTION PLAN

Ref	Action	Assigned to	Timescale
1	Training plan to be developed to ensure all committee members have a reasonable level of knowledge in the relevant areas.	Working Group	September 2023
2	Review of the Self-Assessment of Good Practice to then consider areas of weakness and improvements required to meet the key principles as set out in the Position Statement.	Working Group	September 2023
3	Review of the annual work plan of the audit committee and align where necessary to the position statement.	Working Group	September 2023
3	Terms of Reference (TOR) of the Committee to be reviewed and updated in line with the CIPFA recommended TOR.	Working Group	September 2023
4	Constitution to be updated to reflect the good practice of having two independent members on audit committee.	Monitoring officer/ Deputy monitoring officer	January 2024
5	The Audit Committee should produce an annual report on how they complied with the position statement, discharged its responsibilities, and include an assessment of its performance.	Working Group with input from all committee members – ownership of the report to be confirmed.	To be completed for agreement by April 2024

Table 1

Potential Training Topics

- Reviewing and approving the Annual Statement of Accounts and Annual Governance Statement;
- Reviewing the findings of both Internal and External examinations and ensuring that appropriate action is taken to remedy weaknesses identified;
- Monitoring the effective development and operation of risk management;
- Reviewing and monitoring governance arrangements/ Good Governance Framework.

AUDIT COMMITTEE - TUESDAY, 11 JULY 2023

Report of the Head of Governance & Human Resources

Part A

COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS (RIPA)

Purpose of Report

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 April 2023 to 31 May 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

The Council's RIPA powers can only be used in respect of serious crimes which carry a potential custodial sentence of 6 months or more.

Wards Affected

None directly.

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

Background Papers: None

Officer to contact: Adrian Ward
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Part B

Background

1. RIPA provides for the authorisation of covert surveillance by the Council where that surveillance is likely to result in the obtaining of private information about a person.
2. Surveillance includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. Surveillance is covert if it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.
3. The Council only has the power to authorise covert surveillance under RIPA for the purpose of preventing or detecting crime, or of preventing disorder. Since 2012, RIPA applications are required to be approved by a Justice of the Peace (JP) at the Magistrates' Court in addition to the existing application and authorisation process. The amendments in the Protection of Freedoms Act 2012 mean that local authority authorisations and notices under RIPA for the use of particular covert investigation techniques can only be given effect once an order approving the authorisation or notice has been granted by a Justice of the Peace (JP).
4. At its meeting on 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 April 2023 to the 31st May 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 - TUESDAY, 11 JULY 2023

Report of the Head of Governance & Human Resources

Part A

ALLOWANCES AND EXPENSES CLAIMED BY COUNCILLORS AND CO-OPTED MEMBERS

Purpose of Report

To consider the amounts claimed by members of the Borough Council and co-opted members under the Council's Members' Allowances Scheme for 2022/2023.

Recommendations

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

Reasons

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

Policy Justification and Previous Decisions

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

Implementation Timetable including Future Decisions

Any issues that the Committee identify should be referred to the Head of Governance & Human Resources for further investigation and a further report if necessary.

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

None.

Publicity Arrangements

Details of the allowances paid are published on the Council's website and in a local newspaper.

Consultations

Not applicable.

Links to the Corporate Strategy

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

Background Papers: None

Officer to contact: Adrian Ward
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Part B

Background

1. The Council's Members' Allowances Scheme is reviewed by an Independent Remuneration Panel which makes recommendations to Council on the Allowances to be paid to Councillors and co-opted members and what expenses can be claimed and the criteria under which a claim can be made.
2. The Local Authorities (Members' Allowances) (England) Regulations 2003 require each local authority to publish details of allowances paid to each Councillor for the previous year. The information for the financial year 2021/2022 is attached as an Appendix to this report.

Appendix

Allowances and Expenses paid to Councillors and Co-opted Members (April 2022 to March 2023).

CHARNWOOD BOROUGH COUNCIL - ALLOWANCES AND EXPENSES PAID TO COUNCILLORS AND CO-OPTED MEMBERS (April 2022 to March 2023)

		Basic Allowance	Mayoral Allowance	Leader Allowance	Deputy Leader Allowance	Cabinet	Opp Leader Allowance	Special Resp Allowance	Co-opt Chair	Co-opt Member	Expenses and Subsistence	Fares	Mileage	Total
Councillors														
Bailey	Richard	5,610.00				5277								10,887.00
Baines	Paul	5,610.00	1052.44			2066.83						65.00		8,794.27
Barkley	Tom	5,610.00			9,233.04									14,843.04
Bentley	Iain	5,610.00						1,584.00						7,194.00
Bokor	Jenny	5,610.00				5,277.00								10,887.00
Boldrin	Paul	5,610.00												5,610.00
Bradshaw	Julie	5,610.00												5,610.00
Bradshaw	Simon	5,610.00												5,610.00
Brookes	Matthew	5,610.00						792.00						6,402.00
Campsall	Roy	5,610.00												5,610.00
Capleton	John	5,610.00												5,610.00
Charles	Mark	5,610.00						3,695.04						9,305.04
Draycott	Mary	5,543.87												5,543.87
Forrest	Sandie	5,610.00						792.00						6,402.00
Fryer	Hillary	5,610.00						3,957.00						9,567.00
Gerrard	Sue	5,610.00											40.50	5,650.50
Goddard	Katrina	5,610.00												5,610.00
Gray	Anne	5,610.00												5,610.00
Gray	Beverley	5,610.00												5,610.00
Grimley	Daniel	5,610.00											25.20	5,635.20
Hadji-Nikolaou	Leon	5,610.00												5,610.00
Hamilton	Colin	5,610.00												5,610.00
Harper-Davies	Leigh	5,610.00				5,277.00							18.90	10,905.90
Harris	Christine	5,610.00												5,610.00
Harris	Keith	5,610.00												5,610.00
Howe	Julian	5,610.00												5,610.00
Hunt	Jane	0.00												0.00
Lowe	Mark	5,610.00						2,637.96						8,247.96
Mercer	Paul	5,610.00				5,277.00								10,887.00
Miah	Jewel	5,610.00					4,422.96	738.96						10,771.92
Morgan	Jonathan	5,610.00		13,191.96										18,801.96
Murphy	Paul	5,610.00						1,584.00						7,194.00
Needham	Laurie	5,610.00												5,610.00
Pacey	Ken	5,610.00												5,610.00
Paling	Andy	5,610.00												5,610.00
Parsons	Geoff	5,610.00												5,610.00
Parton	Ted	5,610.00												5,610.00
Poland	James	5,610.00				5,277.00								10,887.00
Popley	Robin	5,610.00												5,610.00
Radford	Christine	5,610.00												5,610.00
Ranson	Pauline	5,610.00						1,584.00						7,194.00
Ratray	Shona	5,610.00				5,277.00								10,887.00
Rollings	Roy	5,610.00				5,277.00								10,887.00
Savage	John	5,610.00												5,610.00
Seaton	Brenda	5,610.00						3,957.00						9,567.00

		Basic Allowance	Mayoral Allowance	Leader Allowance	Deputy Leader Allowance	Cabinet	Opp Leader Allowance	Special Resp Allowance	Co-opt Chair	Co-opt Member	Expenses and Subsistence	Fares	Mileage	Total
Shepherd	Richard	5,610.00												5,610.00
Smidowicz	Margaret	5,610.00	1,582.96			751.83								7,944.79
Snartt	David	5,610.00												5,610.00
Taylor	Deborah	5,610.00												5,610.00
Tillotson	Jenni	5,610.00	6,597.52											12,207.52
Ward	Emma	5,610.00												5,610.00
Williams	Ian	5,610.00												5,610.00
Co-opted Members														
Ball	Victoria									279.96				279.96
Cleere	Patrick									199.92				199.92
Dhul	Sumeet									200.04				200.04
Ellingworth	Eric									279.96				279.96
Jones	Julie									279.96				279.96
Nellist	Jane								3,695.04					3,695.04
Smith	Paul									200.04				200.04
		286,043.87	9,232.92	13,191.96	9,233.04	39,757.66	4,422.96	21,321.96	3,695.04	1,439.88	0.00	65.00	84.60	388,488.89

AUDIT COMMITTEE - TUESDAY, 11 JULY 2023

Report of the Head of Governance & Human Resources

Part A

ANTI-FRAUD AND CORRUPTION STRATEGY AND WHISTLEBLOWING STRATEGY

Purpose of Report

To provide information on the operation of the Anti-Fraud & Corruption Strategy and Whistle-blowing Policy during 2022/23.

Recommendation

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

Reason

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

Policy Justification and Previous Decisions

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

Implementation Timetable including Future Decisions

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

Report Implications

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

The policies are designed to give an opportunity for people to alert the Council to potential wrong-doing, and to respond to reports of fraud or corruption in an appropriate manner.

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	Yes

Background Papers: None

Officers to contact: Adrian Ward
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Part B

1. Background

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

2. Policy Documents

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

3. Whistleblowing Notifications

No whistleblowing notifications were received during the year.

4. Fraud

There were no incidents of internal fraud identified during 2022/23.

AUDIT COMMITTEE - TUESDAY, 11 JULY 2023

Report of the Director Finance, Governance and Contracts Lead Member: Cllr Ashcroft

Part A

TREASURY MANAGEMENT (Q4) OUTTURN REPORT

Purpose of Report

To report to the Committee the Council's Treasury Management, Investment Management and Prudential Code Outturns for the year 2022/23.

Recommendations

That the contents of the report be noted.

Reasons

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

Policy Justification and Previous Decisions

That we will deliver value for money for the people of Charnwood Borough Council.

Implementation Timetable including Future Decisions

- an annual treasury strategy in advance of the year (Council 21/02/2022)
- a mid-year treasury update report (Audit Committee 8/11/2022) (Cabinet 17/11/2022)(Council 23/01/2023)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

Report Implications

Financial Implications

Financial implications are detailed in the report below.

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

Links to the Corporate Strategy

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

Background Papers: None

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Part B

1. Purpose

The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 21/02/2022)
- a mid-year treasury update report (Audit Committee 8/11/2022) (Cabinet 17/11/2022)(Council 23/01/2023)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee before they were reported to the full Council. Member training on treasury management issues is undertaken when required or requested in order to support the members' scrutiny role.

Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity and investment activity.

2.The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions, internal borrowing etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure for 2022/23, this was financed in the year by Capital reserves, internal borrowing, external funding and Capital receipts, there was no external borrowing required.

General Fund	2021/22 Actual	2021/22 Current Budget	2022/23 Current Budget	2022/23 Actual
Capital expenditure	£'000	£'000	£'000	£'000
Financed in year	5,273	10,723	10,939	3,804
Unfinanced Projects	0	30,000	0	0
Total	5,273	40,723	10,939	3,804

HRA	2021/22 Actual	2021/22 Current Budget	2022/23 Current Budget	2022/23 Actual
Capital expenditure	£'000	£'000	£'000	£'000
Financed in year	3,519	9,100	12,035	3,990

3.The Council’s Overall Borrowing Need (Capital Financing Requirement)

The Council’s underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years’ net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council’s cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council’s underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's CFR for the year is shown below, and represents a key prudential indicator. Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR – CFR is the overall borrowing requirement for Capital Expenditure. In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23.

The table below highlights the Council's gross borrowing position against the CFR cumulative. The Council has complied with this prudential indicator.

	31 March 2022 Actual	31 March 2023 Budget	31 March 2023 Actual
Gross External borrowing General Fund	£2.000m	£2.000m	£2.000m
Gross External borrowing HRA	£79.190m	£79.190m	£79.190m
Total Gross Borrowing	£81.190m	£81.190m	£81.190m
CFR	£106.622m	£106.622m	£106.030m
Under / (over) borrowed of CFR	£25.432m	£25.432m	£24.840m

The Authorised limit and the Operational boundary are reviewed and set each year as part of Treasury Management Strategy within Capital Strategy Report to council.

The Authorised limit - £158m the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

The Operational boundary- £136m the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2022/23
Authorised limit	£158m
Maximum gross borrowing position during the year	£81.19m
Operational boundary	£136m
Financing costs as a proportion of net revenue stream - General Fund	-1.04%
Financing costs as a proportion of net revenue stream - HRA	9.98%

3. Overall Treasury Position as at 31 March 2023

The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2022/23 the Council's treasury position was as follows:-

Treasury Management Position

	31 st March 2022 Principal £'000	Rate of Return %	Average Life Years	31 st March 2023 Principal £'000	Rate of Return %	Average Life Years
Debt						
General Fund External	(2,000)	11.63%	2	(2,000)	11.63%	1
HRA	(79,190)	3.41%	18	(79,190)	3.41%	17
Gross Debt	(81,190)			(81,190)		
Less CFR	106,622			106,030		
(Over)/Under borrowed	25,432			24,840		
Less Total Investments/Cash held	(64,565)			(49,220)		
Total Net Debt	(39,133)			(24,380)		

4. Investment strategy and control of interest rate risk

Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.

Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

The sea-change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections

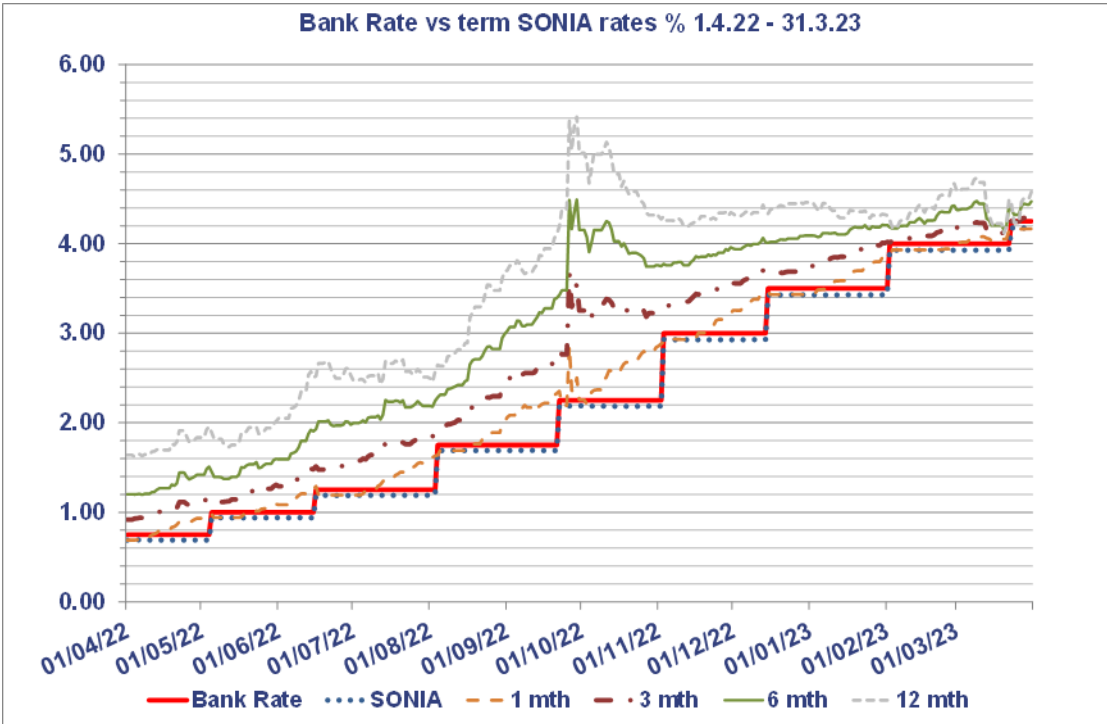
so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a wretched Q4 2022, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration) became more actively used.

Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

Nonetheless, while the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Great Financial Crisis of 2008/9. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment Benchmarking Data – Sterling overnight Index Averages 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.25	4.18	4.17	4.30	4.49	5.41
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	2.30	2.24	2.41	2.72	3.11	3.53
Spread	3.50	3.49	3.48	3.38	3.29	3.79

4.1 Borrowing strategy and control of interest rate risk

During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were below the rate that would have been paid on external borrowing.

A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

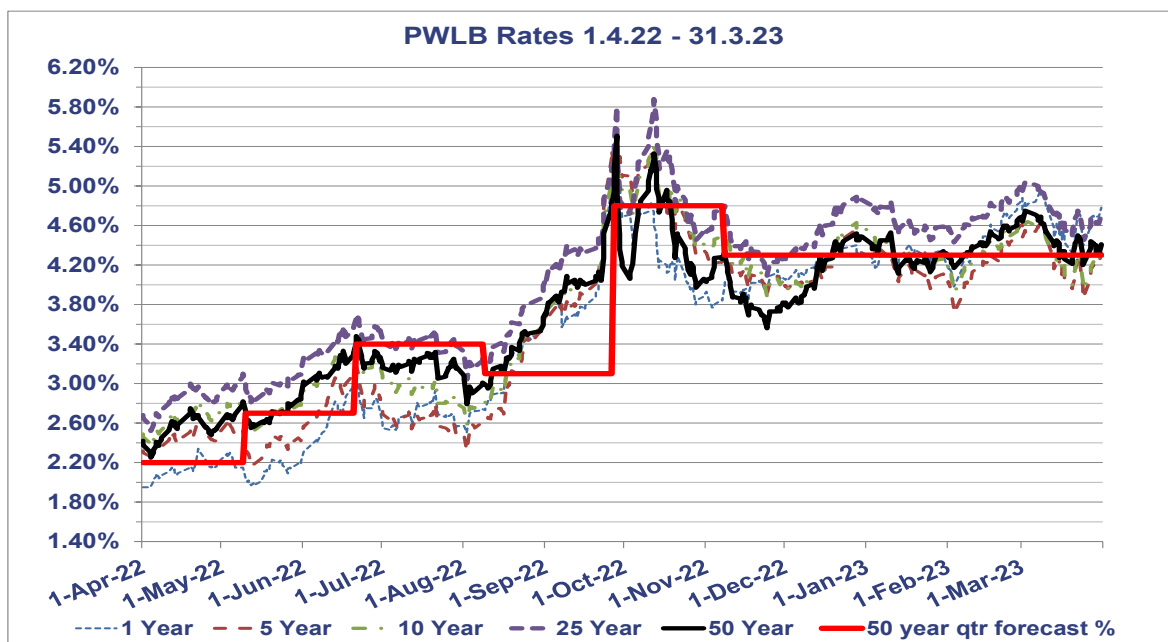
Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Head of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principal below to manage interest rate risks.

Given the cost of borrowing, the council will seek to use internally borrowing where possible to fund Capital Expenditure, where cashflows permit.

Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

Interest rate forecasts 27th March 2023.

Link Group Interest Rate View	27.03.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10



HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

PWLB rates are based on gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen, over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories

have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable

4.2 Borrowing Outturn

No additional external borrowing was undertaken in 2022/23 and no loans were repaid.

The total external borrowings at 31 March 2023 were £81.19m and no rescheduling was done during 2022/23 as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable. Similarly, there were no debt repayments during the year as the focus of the HRA strategy is to improve the housing stock rather than repay debt.

5 Investment Outturn

Investment Policy – the Council's investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 21st February 2022. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

5.1 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Internal Investments held by the Council at 31/3/2023 were £44.220m (2021/22, £59.565m) of internally managed funds. Security of capital remains the key consideration when placing investments. During the year the internally managed funds earned an average rate of return in 2022/23 of 2.50% (0.25% 2021/22) and the comparable performance indicator is the **90 day backward looking average SONIA un compounded**, which was 1.84%, Charnwood's rate has outperformed this rate. The total interest earned was £1.577k (£327k 2021/22), compared to a budget of £300k for both internal and external funds.

SONIA: the Sterling Overnight Index Average. Generally, a replacement set of indices (for LIBID) for those benchmarking their investments. The benchmarking options include using a forward-looking (term) set of reference rates and/or a backward-looking set of reference rates that reflect the investment yield curve at the time an investment decision was taken.

Externally Managed Property Funds (Property Funds) investment income earned £184k, net return 3.45%, (2021/22 £185k, net return 2.89%). The investment returns are included in the table below. The Property funds have both performed higher than the internally managed funds average rate of return of 2.41% and the 365 days backward looking SONIA compounded rate of 0.1407%

The Property Funds fair value valuation at 31/03/2023 for Lothbury is £2.068m, a decrease of £433k compared to the acquisition costs of £2.501m. For Federated Hermes fair value valuation at 31/03/2023 is £2.288m, a decrease of £331k compared

to the acquisition cost of £2.619m. The Property Funds are held for a long investment period and are monitored and reviewed on a quarterly basis.

Property Fund	Date Acquired	Original Purchase	Entry Fee	Total Original Cost	Gross Interest Received 2022/23	Gross Return 2022/23	Management Fee 2022/23	Net Return 2022/23
		£000	£000	£000	£000	%	£000	%
Lothbury	01/03/2018	2,417	84	2,501	99	4.79	28	3.41
Federated Hermes	26/07/2018	2,500	119	2,619	85	3.71	5	3.48
Total		4,917	203	5,120	184	4.25	33	3.45

IFRS 9 fair value of investments

Following the consultation undertaken by the Department of Levelling Up, Housing and Communities [DLUHC] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

5.2 Portfolio of Investments held 31 March 2023

Investments held as at 31 March 2023	Maturity	£000	Interest Rate
Goldman Sachs International Bank	03/04/2023	4,000	4.18%
SMBC Bank International	13/04/2023	3,000	4.27%
Standard Chartered Bank Sustainable Deposit	12/05/2023	3,000	3.89%
National Bank of Canada	30/05/2023	3,000	4.22%
Bayerische Landesbank	05/07/2023	5,000	4.14%
Lloyds Bank Corporate Markets	24/07/2023	3,000	4.36%
Close Brothers	28/07/2023	2,000	4.10%
Landesbank Hessen-Thuringen Girozentrale Frankfurt	30/11/2023	5,000	4.47%
Oversea-Chinese Banking Corporation Limited	08/09/2023	5,000	4.35%
Federated Hermes Money Market Fund	1 Day Notice	11,220	4.09%
Total Managed Internally		44,220	
Lothbury Property Fund	n/a	2,500	n/a
Hermes Property Fund	n/a	2,500	n/a
Total Managed Externally		5,000	
TOTAL TREASURY INVESTMENTS		49,220	

Approved countries for investments as at 31.3.23

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

6.The Economy and Interest Rates

UK. Economy.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators’ misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
Inflation	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)

Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)
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Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

AUDIT COMMITTEE – 11th July 2023

Report of the Head of Transformation, Strategy and Performance

Part A

ITEM XX 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 2023/24.

Recommendation

The Committee notes the report.

Reason

To ensure the Committee is kept informed of progress against the Strategic Risks. Noting that should the risks 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

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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 District's 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
		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
SR5	Governance	Planned Future Actions	Target date changed from October 2022 to April 2023

Risk		Section	Details
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

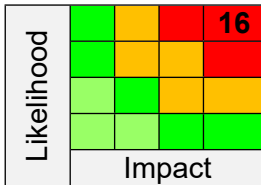
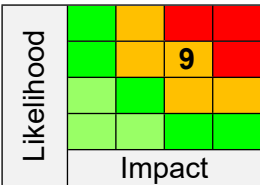
Strategic Risk Register

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

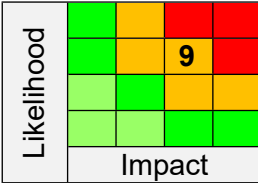
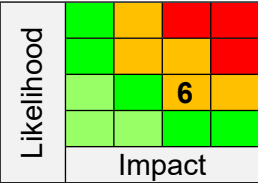
Strategic Risk Register

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
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 			Remains the same
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).	Description: Engage with National 'Mighty Oak' planning event regarding power outage		Responsible Officer: Head of Governance and HR	Target Date: March 2023	

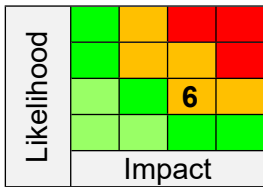
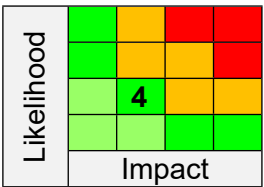
Strategic Risk Register

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 colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	Yellow	9	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Impact				<table border="1"> <tr><td>Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>6</td><td>Yellow</td><td>Red</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red		Green	6	Yellow	Red		Green	Green	Yellow	Yellow		Green	Green	Green	Green		Impact				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		

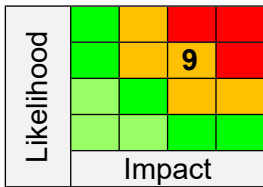
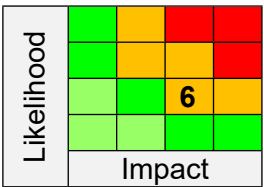
Strategic Risk Register

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">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">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 Safey Partnership Review • Consider Partnership Register • Maintian relationships across Leicester, Leciestershire 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																																												

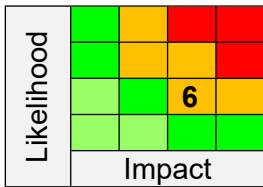
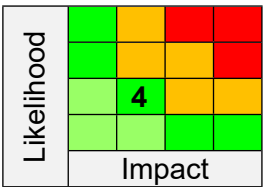
Strategic Risk Register

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 			Remains the same
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 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				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, 11 JULY 2023

Report of the Director of Commercial and Economic Development Lead Member: Councillor Louise Jones

Part A

ENVIRONMENTAL AUDIT (OUTCOMES)

Purpose of Report

The purpose of this report is to update the Committee on the outcome of environmental audits undertaken for April 2023.

Recommendation

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

Reason

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

Policy Justification and Previous Decisions

The Council has an in-house Environmental Management System to manage legal compliance with environmental regulations and environmental impact arising from its activities and operations. The Council's Corporate Strategy states 'We care deeply about the environment, and we are committed to looking after it for future generations'. The Council has adopted a Climate Change Strategy 2018-2030 and a Carbon Neutral Plan 2030 towards this aim.

The driver for implementing and improving the Council's Environmental Management System comes from the Council's Environmental Policy which can be seen at https://www.charnwood.gov.uk/pages/environmental_management. The Policy was adopted by Cabinet in October 2015 and establishes a framework for setting objectives and targets for environmental improvement. In February 2021 a review of the policy was undertaken to ensure that it is reflective of both the Council's priorities and fits within the scope of the Environmental Management System. The policy was updated under a delegated decision to include an explicit commitment to protection of the environment including the prevention of pollution in relation to the context of the Council activities.

Implementation Timetable including Future Decisions

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

Report Implications

Financial Implications

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

Risk Management

The risks associated with the decision Audit 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 comply with environmental legislation leads to damage to environment, reputation, and civil or criminal action being taken against the Council	Likely (3)	Significant (2)	Moderate (6)	Access to Legislation Update Service, Training, Raising Awareness, Internal audits.
The Council fails to meet broader environmental objectives outlined within its policy	Unlikely (2)	Minor (1)	Very Low (2)	Senior Leadership Team and Audit Committee in place to review annual performance.

Equality and Diversity

None identified.

Climate Change and Carbon Impact

An in-house Environmental Management System will help ensure environmental legal responsibilities are met and more easily managed on a day-to-day basis. The Environmental Management System will help manage waste and resources more effectively and reduce cost. Actions to improve energy efficiency will reduce carbon emissions and have a positive impact on climate change.

Crime and Disorder

None identified.

Publicity Arrangements

Not applicable.

Consultations

Not applicable.

Links to the Corporate Strategy

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

Key Decision: N

Background Papers: None

Officer(s) to contact: Maria French,
Sustainability Officer,
maria.french@charnwood.gov.uk,

Justin Henry,
Director Commercial and Economic Development,
Tel: 01509 634802,
justin.henry@charnwood.gov.uk

Part B

Background

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

Legal Compliance

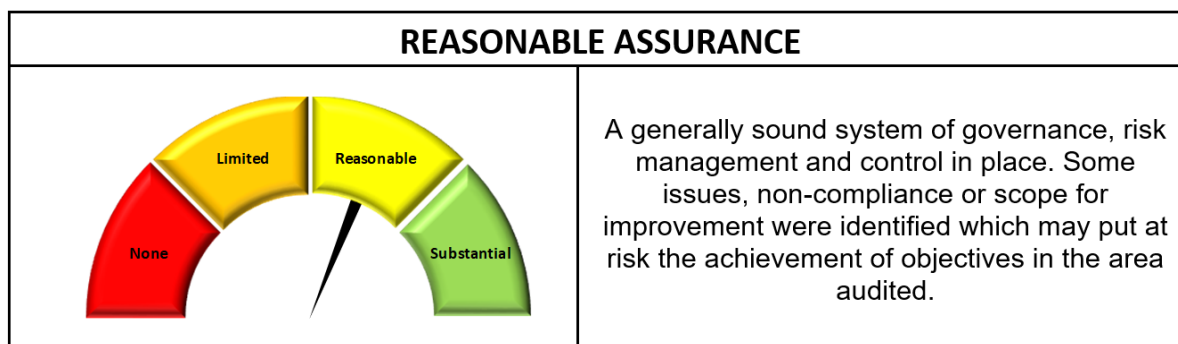
2. The Sustainability Officer has overall responsibility for keeping information on environmental aspects and their associated legislative requirements. 'Environmental aspects' are any element of the Council's activities that can interact with the environment. The current method of updating legal information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

Environmental Audits

3. Environmental audits took place on 18th and 19th April to assess operational control of environmental risk, including legal compliance, and to determine whether the requirements of the Environmental Management System are being met. Health and Safety obligations have not been audited as the Council has a separate Health and Safety audit provision. Audits included the Oak and Ark Business Centres, the Museum, Town Hall, Southfield Road offices and Woodgate Chambers. The audit reports have been issued to building managers and relevant heads of service and, where non-conformities have been raised, recommendations for mitigation actions have been made. Recommendations for mitigating actions are for the service areas/responsible managers to implement at the earliest opportunity having regard to the scale of risk.
4. A presentation on the outcome of audit findings and recommendations was provided to building managers on 16th May 2023. The implementation of mitigation actions is managed through the Legislation Update Service which enables urgency of the action required, deadlines and management oversight to be coordinated.
5. A suggestion from Audit Committee at its meeting 12 July 2022 was to take advice from Internal Audit on constructing reports. The reporting of the outcomes of Environmental Audits has been changed from previous years to align more closely with Internal Audit. Findings are reported on a nonconformity basis where there is a non-fulfilment of a legal requirement. A level of assurance has been provided as to how to effective the in-house Environmental Management System is working.

Assurance

6. From the audit findings, an overall level of assurance has been provided as to the effectiveness of the Environmental Management System in place to manage the risk associated with environmental operational control, including legal compliance at Ark Business Centre, Charnwood Museum, Oak Business Centre, Southfield Road, Loughborough Town Hall and Woodgate Chambers. The level of assurance given, as to the effectiveness of the Environmental Management System in place, is “Reasonable Assurance” (as depicted and defined below):



7. Each of the sites displayed the following areas of positive assurance during the audits:
- Maintained to a good standard being overall tidy and ordered (referenced in the audit reports as Housekeeping), with chemicals stored in locked cupboards.
 - Access to emergency spill materials.
 - Display Energy Certificates (DEC's) visible in public areas.
8. The main areas identified for improvement are:
- Completion and retention of waste documentation and records in connection with The Waste Regulations. Waste documentation was not always available to sample and in some instances had been completed incorrectly.
 - Retention of records in connection with F gases contained in air conditioning, including the units installed onsite, refrigerants within the units, leak testing and servicing requirements, certificates of competency for the engineer carrying out the work.

Assurance Findings by Site

Please note definitions of each level of assurance can be found in Appendix A.

Ark Business Centre			
Key Control Objective	Legal Obligation	Summary of Work	Level of Assurance
F-Gas Refrigerant Documentation	The Fluorinated Greenhouse Gases	N/A. There is no air conditioning at Ark.	N/A

	Regulations 2015 (SI 2015/310) as amended.		
Waste Management	The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
	The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
Energy	The Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) as amended.	Appropriate Energy Performance Certificate publicly displayed.	Substantial

Charnwood Museum

Key Control Objective	Legal Obligation	Summary of Work	Level of Assurance
F-Gas Refrigerant Documentation	The Fluorinated Greenhouse Gases Regulations 2015 (SI 2015/310) as amended.	Audit of records provided in connection with F-gases contained in air conditioning.	Reasonable
Waste Management	The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
	The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
Oil Storage	N/A	N/A	N/A
Energy	The Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) as amended.	Appropriate Energy Performance Certificate publicly displayed.	Substantial

Oak Business Centre

Key Control Objective	Legal or Other Obligation	Summary of Work	Level of Assurance
F-Gas Refrigerant Documentation	The Fluorinated Greenhouse Gases	N/A There is no air conditioning at Oak.	N/A

	Regulations 2015 (SI 2015/310) as amended.		
Waste Management	The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
	The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
Energy	The Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) as amended.	Appropriate Energy Performance Certificate publicly displayed.	Substantial

Southfield Road

Key Control Objective	Legal or Other Obligation	Summary of Work	Level of Assurance
F-Gas Refrigerant Documentation	The Fluorinated Greenhouse Gases Regulations 2015 (SI 2015/310) as amended.	Audit of records provided in connection with F-gases contained in air conditioning.	Reasonable
Waste Management	The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
	The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
Oil storage	The Control of Pollution (Oil Storage) (England) Regulations 2001 (SI 2001/2954).	Audit of operational control and documentation in relation to oil storage including the generator.	Reasonable
Energy	The Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) as amended.	Appropriate Energy Performance Certificate publicly displayed. Valid TM44 air conditioning inspection in place.	Substantial

Loughborough Town Hall

Key Control Objective	Legal or Other Obligation	Summary of Work	Level of Assurance
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F-Gas Refrigerant Documentation	The Fluorinated Greenhouse Gases Regulations 2015 (SI 2015/310) as amended.	Audit of records provided in connection with F-gases contained in air conditioning.	None
Waste Management	The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Limited
	The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
Energy	The Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) as amended.	Appropriate Energy Performance Certificate publicly displayed. Valid TM44 air conditioning inspection in place.	Substantial

Woodgate Chambers			
Key Control Objective	Legal or Other Obligation	Summary of Work	Level of Assurance
F-Gas Refrigerant Documentation	The Fluorinated Greenhouse Gases Regulations 2015 (SI 2015/310) as amended.	Audit of records provided in connection with F-gases contained in air conditioning.	Substantial
Waste Management	The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
	The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).	Audit of waste including Duty of Care, segregation, storage, and records provided in connection with waste management.	Reasonable
Energy	The Energy Performance of Buildings (England and Wales) Regulations 2012 (SI 2012/3118) as amended.	Appropriate Energy Performance Certificate publicly displayed. Valid TM44 air conditioning inspection in place.	Substantial

Summary of Audit Findings

9. The audit findings were classified as follows:

Type	Description
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Non-Conformance (NCR)

A non-fulfilment of a legal requirement (a noncompliance), either through proof that the requirement is not being met, or lack of evidence to prove that it is being met.

This report highlights findings on an exception basis and does not include full details of controls that the audits found to be operating satisfactorily.

10. Overall, the management of the Environmental Management System has been maintained to a good standard. There have been staffing changes at the Town Hall and Museum. A number of energy efficient initiatives have been put in place, ranging from installation of LED lighting at the Town Hall and Southfield Road, to a smart boiler at the Oak. A significant fire incident occurred at the adjacent HSBC building, which spread to the Town Hall roof, and caused damage to the loft/roof area and the Victoria room.
11. In total 8 Non-Conformance with Requirements (NCRs) were found. There has been 1 Non-Conformance completed whilst 7 remain open within agreed completion timeframes. Findings have been entered onto the online Legislation Update Service (LUS) operated by the Council. Actions in relation to the findings have been allocated to the site managers with an agreed due date. The site managers will monitor progress against their allocated actions and update the LUS system. Action plans for the audited sites can be found in the tables below. An interim audit to follow-up on progress will take place in October.

Action Plan Non-Conformance Reports (NCRs)

Action plans for the audited sites can be found in the tables below. NCRs are findings that relate to a noncompliance.

Ark 2023

There were no NCRs raised.

Oak 2023

Legislative Requirement	Waste Management					
Risks	Noncompliance with: The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Oak NCR 1: The Oak General Waste & Mixed Packaging, Paper & Card annual waste transfer note “season ticket”, did not display a waste carrier licence registration number for Serco.	The season ticket should display a waste carrier licence registration number for Serco.	Critical	Amend or produce a new “season ticket” to display the waste carrier licence registration number for Serco.	Eirlys Oliff Denise Sparks	16/05/23	Completed 16/05/23. License number entered on paperwork.

Charnwood Museum 2023

Legislative Requirement	Waste Management					
Risks	Noncompliance with: The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended /The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Museum NCR 1: There was no waste transfer note or hazardous waste consignment note, for printer cartridge waste	Determine whether the printer cartridges are hazardous or non-hazardous and obtain appropriate waste documentation for the	Critical	The Museum will determine whether the printer cartridges are hazardous or non-hazardous and obtain appropriate waste	Kevin Stanley	31/10/23	

removed in the last 12 months	removal of waste printer cartridges from the site.		documentation for the removal of waste printer cartridges from the site.			
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Legislative Requirement	Waste Management					
Risks	Noncompliance with: The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Museum NCR 2: The waste transfer note for recycling cardboard, paper and plastics for the period 01/05/2022 to 30/4/2023, had not been signed by Serco.	Future waste transfer notes should be signed by all parties.	Critical	Future waste transfer notes should be signed by all parties.	Kevin Stanley	31/10/23	

Loughborough Town Hall 2023

Legislative Requirement	F-Gas Refrigerant Documentation					
Risks	Noncompliance with The Fluorinated Greenhouse Gases Regulations 2015 (SI 2015/310) as amended.					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Town Hall NCR1: There was no information available to evidence of: <ul style="list-style-type: none"> Leak testing of units containing F gas at the Town Hall since 2021. 	In line with the law and Government Guidance, the site should obtain and maintain records including: <ul style="list-style-type: none"> The F gas units installed onsite. The refrigerants within the units. Leak testing and servicing requirements. 	Critical	Obtain and maintain records for air conditioning units.	Simon Gibson	31/10/23	

	Certificates of the competency of the engineer carrying out the work.					
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Legislative Requirement	Waste Management					
Risks	Noncompliance with The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Town Hall NCR 2: Hazardous Waste consignment note: TOWNHA/952CE, from PHS Ltd, dated 22/02/2023 was not signed by Charnwood in part D or signed by PHS Ltd in Part E.	Commit to ensuring all future hazardous waste consignment notes are signed appropriately and obtain/retain a part E for the PHS Ltd consignment note TOWNHA/952CE.	Critical	Commitment to sign appropriately all future hazardous waste consignment notes. Obtain/retain a part E for the PHS Ltd consignment note TOWNHA/952CE	Simon Gibson	31/10/23	

Legislative Requirement	Waste Management					
Risks	Noncompliance with The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Town Hall NCR 3: Uncontained bulky waste, including waste paint tins and a waste AdBlue container, were not stored securely in a manner compliant with the Waste Duty of Care Code of Practice.	Store waste securely in a manner compliant with the Waste Duty of Care Code of Practice.	Critical	The site will arrange for the waste to be securely contained, collected, and transferred appropriately.	Simon Gibson	31/10/23	

Loughborough Town Hall Outstanding Previous Findings

Legislative Requirement	Waste Management
Risks	Noncompliance with:

	<ul style="list-style-type: none"> • The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended. • The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894). 					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
TNCR3 (2021): Previous TNCR3: There is no waste transfer note for the transfer of printer cartridges.	Establish a process, including completing the appropriate waste documentation, for waste printer cartridges to be consigned or transferred to a central point at Southfield Road, where it can then be disposed of via the established disposal route.	Critical	Establish a collection route with Southfield Road and retain a waste transfer note or hazardous waste consignment note for the collection.	Simon Gibson	31/10/23	

Legislative Requirement	Waste Management					
Risks	Noncompliance with: The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
TNCR6 (2022): The following waste records were unavailable to view during the audit: <ul style="list-style-type: none"> • Sanitary • Dry Mixed Recycling (Love Loughborough) 	2023 comment: This finding remains open, as no waste records were seen for Sanitary or Dry Mixed Recycling waste streams. Obtain current waste transfer notes documents for Sanitary waste and Dry Mixed Recycling.	Critical	Obtain current waste transfer notes documents for Sanitary waste and Dry Mixed Recycling.	Simon Gibson	31/10/23	

Southfield Road 2023

Legislative Requirement	Waste Management					
Risks	Noncompliance with: The Hazardous Waste (England and Wales) Regulations 2005 (SI 2005/894).					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date

2023 Southfield NCR1: Hazardous waste consignment, CHARNW/11378, for the collection of Florescent Tubes and Batteries, displayed an incorrect SIC (Standard industry code) 43210. It also showed a discrepancy between the consigned and returned weights.	Future hazardous waste consignments should use SIC 84110. An investigation should be undertaken to establish whether the consigned weight was incorrect (perhaps it should have read 35kg instead of 350kg).	Critical	Future hazardous waste consignments will use SIC 84110. An investigation is to be undertaken to establish whether the consigned weight was incorrect (perhaps it should have read 35kg instead of 350kg).	Ian Cave	20/12/23	
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Legislative Requirement	Waste Management					
Risks	Noncompliance with: The Waste (England & Wales) Regulations 2011 (SI 2011/988) as amended.					
Non conformance	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Due	Implementation Date
2023 Southfield NCR 2: Waste transfer notes for waste printer cartridges collections by Lyreco were not available to review.	Future waste transfer notes for waste printer cartridges should be retained.	Critical	Obtain waste transfer notes from Lyreco.	Ian Cave	31/07/23	

Woodgate Chambers

There were no NCRs raised.

Management Review

12. A Management Review with the Strategic Leadership Team (SLT) was held on 14th June 2023 to discuss audit findings and recommendations. The report was well received with acknowledgement of the staff changes at sites and the continued hard work by building managers to ensure compliance. Training for building managers will be scheduled to ensure ongoing environmental legal compliance and continual improvement.

Monitoring

13. To ensure actions identified by environmental audits are addressed in a timely way, the audit cycle is annual with a progress review, six months after the initial audit where Non-Conformance with Requirements (NCRs) raised in the first audit are followed up to determine progress. The outcome of the annual audit is considered by SLT and reported to Audit Committee.

Timetable

14. The timetable for the 2023 environmental audit cycle is shown in the table below.

Event	Description	Date
Environmental Compliance Audit	To review effectiveness of environmental management system	April 2023
SLT Briefing of outcome	To consider non-compliance and any mitigating actions	June 2023
Audit Committee	To receive a report on the outcome of environmental audits	July 2023
Environmental Audits – Follow-up	To review the progress being made by building managers	October 2023

Appendices

Appendix A

Definitions - Audit Opinion

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

Recommendation Priority

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

AUDIT COMMITTEE - TUESDAY, 11 JULY 2023

Report of the Director 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 item titled 'Update on the implementation of the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022' for the Committee's consideration at this meeting held on 11th July 2023. This was added at the April meeting, and will provide an update on the newly formed working group.
- Addition of item titled '22/23 Internal Audit Annual Report' for the Committee's consideration at this meeting held on 11th July 2023, and to be considered annually in July thereafter (item had been omitted in error from the Work Programme, and had previously been an annual item in July);
- Change of report title from 'Governance and Risk Aspect of Commercial Investment and Performance Review' (reported every six months in January and July) to 'Investment Performance Report' to reflect report content. The report will continue to focus mainly on performance, but will also capture the state of the industry and potential future impacts.

Noted that the 'External Audit Update Report and Technical Update' was not required for this meeting on 11 July 2023.

Report Implications

Financial Implications

None.

Risk Management

None.

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	Yes
Your Council	Yes

Key Decision: No

Background Papers: None

Appendix: Work Programme

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WORK PROGRAMME

MEETING DATE	ISSUE	OFFICER / INVITEE	COMMENTS
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>
	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>
	Investment Performance Report - 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><u>Note:</u> Six-month exception report where identified actions are not implemented by the target date.</i>
	Update on the implementation of the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022	Audit Manager	<i>Requested by Audit Manager</i>
	2022/23 Internal Audit Annual Report	Audit Manager	<i>Annually (July meeting)</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 Draft Plan	Audit Manager	<i>Annually, (April meeting)</i> Internal Audit Business
	2022/23 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>
2026	External Quality Assessment of Internal Audit	Audit Manager	<i>Every five years, last considered in Feb 2021</i>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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