



AUDIT COMMITTEE

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To: Councillors Nellist (Chair), Popley (Vice-Chair), Cory-Lowsley, Hadji-Nikolaou, Infield, Knight, Lennie and Maynard (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, 23rd April 2024 at 6.00 pm for the following business.

Chief Executive

Southfields
Loughborough

15th April 2024

AGENDA

1. APOLOGIES
2. MINUTES FROM THE PREVIOUS MEETING 3 - 10

The Committee is asked to confirm as a correct record the minutes of the meeting of the Committee held on 30th January 2024.

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

4.	<u>QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8</u>	
	No questions were submitted.	
5.	<u>INTERNAL AUDIT PLAN - PROGRESS</u>	11 - 35
	A report of the Audit Manager.	
6.	<u>2024/25 INTERNAL AUDIT DRAFT PLAN</u>	36 - 44
	A report of the Audit Manager.	
7.	<u>2023/24 EXTERNAL AUDIT PLAN</u>	45 - 64
	A report of the External Auditors.	
8.	<u>ANNUAL AUDIT LETTER - EXTERNAL AUDITOR</u>	65 - 81
	An audit letter of the previous External Auditors.	
9.	<u>COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (RIPA)</u>	82 - 84
	A report of the Head of Democracy.	
10.	<u>RISK MANAGEMENT (RISK REGISTER)</u>	85 - 103
	A report of the Head of Democracy.	
11.	<u>AUDIT COMMITTEE ANNUAL REPORT</u>	104 - 121
	A report of the Chair and members of the Audit Committee.	
12.	<u>WORK PROGRAMME</u>	122 - 129
	A report of the Director of Finance, Governance and Contracts.	

AUDIT COMMITTEE 30TH JANUARY 2024

PRESENT: The Chair (Jane Nellist)
Councillors Cory-Lowsley, Hadji-Nikolaou, Infield
and Lennie

M. Surridge (External Auditor (Mazars))

Director Finance, Governance and Contracts
Acting Head of Finance
Head of Transformation, Strategy and
Performance
Head of Legal and Elections
Audit Manager
Internal Auditor
Democratic Services Officer (RD)

APOLOGIES: Councillors Popley (Vice-Chair) and Knight

Councillor Maynard attended this meeting virtually,
see note at end of minutes.

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

37. MINUTES FROM THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 21st November 2023 were confirmed as a correct record and signed.

Cllr Lennie arrived at the meeting at 6.05pm.

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

No disclosures were made.

39. QUESTIONS UNDER OTHER COMMITTEE PROCEDURES 12.8

No questions had been submitted.

40. INTERNAL AUDIT PLAN - PROGRESS

A report of the Audit Manager was submitted providing the Committee with a summary of the progress against the 2023/24 Audit Plan, outlining key findings from final reports

and any outstanding recommendations (item 5 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report.

Concerns were raised by the Committee about a number of overdue recommendations relating to the Acquisitions Policy, dating back to December 2021/22. Staff changes and a lack of resources had contributed to the delay and recommendations had not been completed as planned in Quarter 3 2023/24 and therefore had been carried forward to Quarter 4. It was agreed that concerns about these items would be raised with the relevant Service Head/Officer and that they would be informed that if no progress was made by the Audit report for April 2024, that the Service Head/Officer would be required to attend the meeting of Audit Committee on 23rd April 2024.

It was confirmed that the overdue recommendations dating back to August 2021 which had been discussed at the Audit Committee meeting on 19th September 2023 had all been completed.

The Committee was disappointed to see that there were two audit areas at limited assurance level, including Planned and Cyclical Maintenance Q2 (Kitchens and Bathrooms) and Corporate Policy Management. In relation to the Planned and Cyclical Maintenance, there had been ongoing issues with the contractor. The Audit Manager agreed to circulate payment figures to the Committee.

RESOLVED

1. That overdue recommendations for the Acquisitions Policy be referred to the relevant Service Head/Officer after the meeting and if no progress made by April 2024, the Service Head/Officer required to attend the meeting of Audit Committee on 23rd April 2024.
2. That the Committee noted the progress report as set out in Appendix 1.

Reasons

1. To ensure the completion of overdue recommendations and reduce the risk of further extensions to implementation dates.
2. To ensure that the Committee is kept informed of the progress against the internal Audit Plan and work of Internal Audit.

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

A report of the Audit Manager was submitted providing the Committee with an update on the ongoing work to ensure that the Council complies with CIPFA's Position Statement: Audit Committees in Local Authorities (item 6 on the agenda filed with these minutes).

The Audit Manager attended the meeting virtually to assist the Committee with its consideration of the report.

The Audit Working Group had met in October 2023 to discuss and formulate an Audit Committee training plan. The Committee approved the plan presented.

A question was raised regarding CIPFA's Position Statement which made reference to attendees at Audit Committee meetings including a Head of Resources where such a post existed. It was confirmed that the Council did not have a post titled Head of Resources. The external auditor present at the meeting later clarified that such a post would be similar to a lead officer for finance, assets or IT.

RESOLVED

1. That the Committee noted the report.
2. That the Committee agreed the training programme.

Reasons

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

42. TREASURY MANAGEMENT REPORT (Q3)

A report of the Acting Head of Finance was submitted providing the Committee with the Council's Treasury Management Report for Quarter 3 (item 7 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report and highlighted the key areas. He noted in particular that the Council was in full compliance with treasury and prudential limits and that forecasts showed an expected fall in interest rates.

RESOLVED that the Committee noted the report.

Reasons

To ensure that the Council's governance and management procedures for Treasury Management reflect best practice and comply with the CIPFA code of practice for Treasury Management 2021.

43. 2024/25 CAPITAL STRATEGY, TREASURY MANAGEMENT STATEMENT, ANNUAL INVESTMENT STRATEGY AND MRP STRATEGY

A report of the Director of Finance, Governance and Contracts was submitted providing the Committee with an opportunity to scrutinise the proposed Capital Strategy for 2024/25 (including the Treasury Management Statement, Annual

Investment Strategy and MRP Strategy) that was being recommended by Cabinet to full Council for approval (item 8 on the agenda filed with these minutes).

The Director of Finance, Governance and Contracts attended the meeting to assist the Committee with its consideration of the report. He noted that the report had been written for the approval of full Council and referenced its consideration at Cabinet which was scheduled for 8th February 2024. As the Audit Committee meeting was being held prior to the Cabinet meeting any issues could be submitted to Cabinet.

In response to questions, it was noted that:

- returns against property investments were reported monthly and could also be found in the exempt Investment Performance Report.
- appendix BB(6) Current Investments, showed no fundamental changes. It was confirmed that the colour coding in the table related to time limits on investments.
- the Council could invest in properties such as shops, however must justify reasons for purchasing such as regeneration purposes. The current investment mix/portfolio was considered sensible.
- presently there was less emphasis on commercial property development and more focus on regeneration, social and affordable housing.
- inter-authority lending was a common practice and considered safe. Confirmed the tendency was for the Council to loan out rather than borrow.
- training on treasury management was offered annually and there would be an opportunity to discuss concerns or training needs at the informal Audit Committee discussion regarding the Audit Plan in March 2024. Members would be required to complete a self-assessment in June 2024 which would feed into the annual report. Members were urged to notify officers if further help or training was required, as the importance of Committee members feeling comfortable with the information being presented was recognised.
- going forward members of the Committee would appreciate changes in the report being highlighted for their attention.

A typo was noted on the original agenda front sheet with the title of this item stating 2023/24, but should have been 2024/25. The date had been corrected on the supplementary report for this item. In addition Appendix BB(2) was missing from the supplementary report. A printed copy of the appendix was handed out to the Committee during the meeting and it was agreed that the appendix would be added to the Cabinet papers for 8th February 2024.

RESOLVED that the Committee considered the proposed Capital Strategy for 2024/25 (including the Treasury Management Statement, Annual Investment Strategy and MRP Strategy) as attached in the Cabinet report extracts dated 8th February 2024 and determined there were no issues it wished to draw to the attention of full Council when they considered the relevant recommendations from Cabinet.

Reason

To ensure that the proposed documents are appropriately scrutinised.

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

A report of the Director of Finance, Governance and Contracts was submitted providing the Committee with a summary of the Council's use of RIPA powers (item 9 on the agenda filed with these minutes).

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

RESOLVED that the Committee noted that there had been no use of RIPA powers by the Council for the period from 1st September 2023 to 31st December 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.

45. RISK MANAGEMENT (RISK REGISTER)

A report of the Head of Transformation, Strategy and Performance was submitted providing the Committee with details of the Strategic Risk Register produced for the period 2023/24 (item 10 on the agenda filed with these minutes).

The Head of Transformation, Strategy and Performance attended the meeting to assist the Committee with its consideration of the report. She noted that there had only been one change made to the Strategic Risk Register regarding staffing and an internal review of recruitment. It had originally been scheduled for completion in December 2023 but had been extended to July 2024. The Risk Management Group had last met in November 2023 and the 2024/25 Risk Register would be considered by Cabinet in March 2024. There were no anticipated problems.

In response to questions it was noted that:

- the recent flooding had not been included in the Strategic Risk Register at this stage, however the issue was being discussed with the Leicestershire Resilience Forum and would be added to a number of treatments and controls going forward which would be reported to the next Audit Committee.
- the Head of Transformation, Strategy and Performance would provide a written response to the Committee regarding plans to mitigate the risk from red to amber for SR11 Housing Demand. Confirmed that the Falcon Centre appeared within the treatments and controls to ensure attention was given to ongoing issues.
- The target date of January 2024 had been met regarding SR5 Governance and the recruitment of a new Monitoring Officer. The role of Head of Governance and Human Resources had been deleted and the service divided with two new roles created – Head of Democracy and Monitoring Officer, and Head of Legal and Electoral Services and Deputy Monitoring Officer.

RESOLVED that the Committee noted the Risk Management (Strategic Risk Register) update 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.

At the close of the item it was noted that due to a change in remit, this was the final time the Head of Transformation, Strategy and Performance would attend the Audit Committee to present this item. The Chair expressed thanks for her services over the years.

46. EXTERNAL AUDIT PROGRESS REPORT AND TECHNICAL UPDATE

A report of the external auditor was submitted providing the Committee with an update on the 2022/23 External Audit (item 11 on the agenda filed with these minutes).

Mr Mark SurrIDGE representing the external auditors (Mazars) attended the meeting virtually to assist the Committee with its consideration of this item. He confirmed that the audit was in the final stages with some areas of work outstanding, however this would not impact the Council's budgeting and would not cause a delay in the handover to the new provider (external auditor). Completion of the Audit Annual Report for 2022/23 was expected by March 2024 and a letter would be circulated to the Committee to confirm. He acknowledged the challenges local authorities were facing, however reassured the Committee that he had no concerns with the Council's governance arrangements.

RESOLVED that the report be noted.

Reason

The Committee were satisfied with the contents of the report.

At the close of the item Mr SurrIDGE acknowledged this was his last meeting with the Audit Committee and stated that it had been a pleasure working with the Council. The support he had received from Council Officers had been appreciated and he expressed his thanks. In response, the Chair and Director of Finance, Governance and Contracts thanked Mr SurrIDGE for his words and for his team's hard work over the last few years.

47. WORK PROGRAMME

A report of the Director of Finance, Governance and Contracts was submitted to enable the Committee to consider its Work Programme (item 12 on the agenda filed with these minutes).

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

A proposal was made to change the dates of Audit Committee going forward in order to help with the timing of treasury management, financial and audit reports. It was agreed that:

- Audit Committee meetings would be held in April, July, October, early February, with flexibility for the Accounts meeting which was so far scheduled for November.
- An informal meeting would be arranged for March 2024 for Committee members to discuss the Internal Audit Plan.

RESOLVED that the Committee proceeds on the basis of the Work Programme attached to the agenda, with any amendments and inclusions agreed at this meeting.

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.

48. EXEMPT INFORMATION

RESOLVED that members of the public be excluded from the meeting during the consideration of the following items on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The Democratic Services Officer stopped the sound recording of the meeting.

49. INVESTMENT PERFORMANCE REPORT - Q3 2023-24

An exempt report of the Director of Commercial and Economic Development was submitted updating the Committee on property investment performance up to the end of Q3 2023/24 (item 14 on the agenda filed with these minutes).

RESOLVED that the Committee noted the report.

Reason

As set out in exempt minute 14E.

NOTES:

1. Councillor Maynard attended this meeting virtually as she was unwell. Decisions were taken only by Committee members physically present at the meeting.

2. The following officers listed as present attended this meeting virtually: Acting Head of Finance, Audit Manager and Internal Auditor. M. Surridge (External Auditor) also attended virtually.
3. No reference may be made to these minutes at the next available ordinary Council meeting unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on the fifth working day following publication of these minutes.
4. These minutes are subject to confirmation as a correct record at the next meeting of the Audit Committee.

AUDIT COMMITTEE - TUESDAY, 23 APRIL 2024

Report of the Audit Manager

Part A

INTERNAL AUDIT PLAN - PROGRESS

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

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

Efficient and Effective Council	Yes
Environment and Climate Change	Yes
Homes and Communities	Yes
Economy and Growth	Yes

Background Papers: Public Sector Internal Audit Standards
Audit Plan 2023/24

Officer(s) to contact: Kerry Beavis
Audit Manager
Tel: 01509 634806
Kerry.Beavis@charnwood.gov.uk

Part B

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

Appendices

Appendix 1 – INTERNAL AUDIT PROGRESS REPORT 2023/24 Q4



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

Internal Audit Progress Report 2023/24 Q4

1. Introduction

- 1.1 Internal Audit is provided through a shared service arrangement by North West Leicestershire District Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to update on Internal Audit activity during 2023/24 Q4 up to 31 March 2024.

2. Internal Audit Plan Update

- 2.1 The 2023/24 audit plan is included in Appendix A for information and shows the audits in progress. Since the last update report five audit reports have been issued -

- Council Tax (key controls)
- NNDR (key controls)
- Mould & Damp
- Responsive Repairs Qtr 2 Stock control & materials
- Income Management (key controls)

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
21/22	-	-	2	3	-	-
22/23	-	2	5	9	4	3
23/24	5	8	1	6	2	4

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.

APPENDIX A

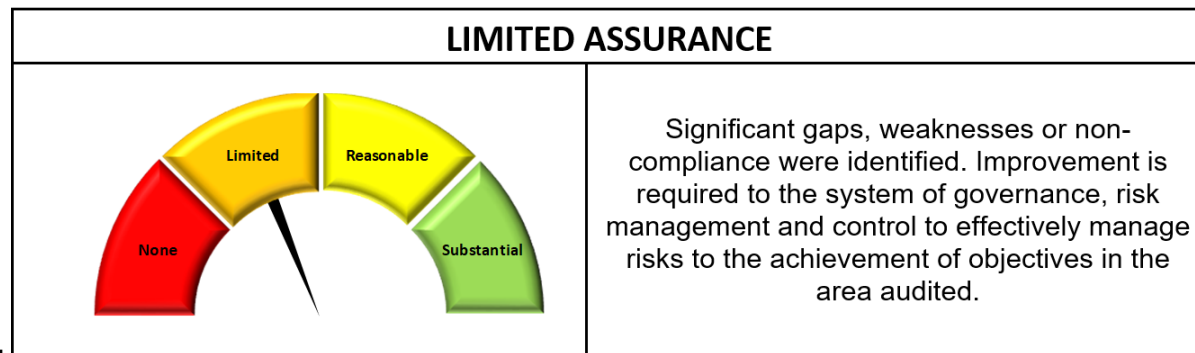
AUDIT PLAN 2023/24 AS AT 31 MARCH 2024

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Disabled Facilities Grants	Certification	3	2.5	Completed	Not applicable					
Disabled Facilities Grants	Audit	9	-	Q2						Cancelled
Selective/ HMO Licensing	Audit	10	8.5	Report drafting						
Housing Standards Service	Audit	8	8.5	Completed	Reasonable	-	1	2	2	
Planned & Cyclical Maintenance Q1 & Q2	Audit	8	13	Completed	Limited	-	3	5	1	
Responsive Repairs Q1	Audit	9	10	Completed	Reasonable	-	1	-	1	
Responsive Repairs Q2	Audit	9	14.5	Completed	Limited	-	2	3	-	
Planned & Cyclical Maintenance Q3 & Q4	Audit	12	7.5	In progress						Report combined with Q2 report
Responsive Repairs Q3 & Q4	Audit	12	9	In progress						
Gas & Asbestos Compliance	Audit	10	7	In progress						
Mould & Damp	Audit	10	15	Completed	Limited	-	3	2	3	
Community Grants	Audit	6	-	Q3						Cancelled at Directors request as further work is being completed on this.
Mandatory Training	Audit	8	13.5	Report drafting						
Transformation Projects	Advisory	5	3	Ongoing						
Key Financial Systems										
Benefits	Audit (Full)	8	5	In progress						
Council Tax	Audit (Key Controls)	3	5	Completed	Substantial	-	-	-	-	
NNDR	Audit (Key Controls)	3	12	Completed	Substantial	-	-	-	-	
Income Collection	Audit (Key Controls)	3	2	Completed	Reasonable	-	-	1	-	
Creditors	Audit (Key Controls)	5	5	In progress						

Debtors	Audit (Full)	8	8	In progress						
Main Accounting	Audit (Key Controls)	5	9	In progress						
Payroll	Audit (Full)	10	25	Draft						
Rent Accounting	Audit (Full)	8	2	In progress						
Treasury Management	Audit (Key Controls)	3	7	In progress						
Benefits Subsidy	Assurance	40	76	Completed						
IT Asset Management	Audit	8	0.5	Q1						Cancelled – will be completed in 2024/25
Contract Monitoring	Audit	9	-	Q3						Cancelled – to be completed with procurement audit in 2024/25
Corporate Policy Management	Audit	8	10.5	Completed	Limited	-	-	8	-	
Corporate Project Management	Audit	9	7	Report drafting						
Safeguarding	Audit	10	18	Report drafting						
Protect Duty	Audit	8	-	Q4						Cancelled as legislation not in place
Remote Support & Data Exchange	Audit	10	10	Draft						IT Audit Contractor
Itrent Application Review	Audit	10	10	Draft						IT Audit Contactor
Grants	Assurance	5	5	Ongoing						

SUMMARY OF FINAL AUDIT REPORTS ISSUED DURING Q4

RESPONSIVE REPAIRS QTR 2 – STOCK CONTROL & MATERIALS MANAGEMENT



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Key Findings

Areas of positive assurance identified during the audit:

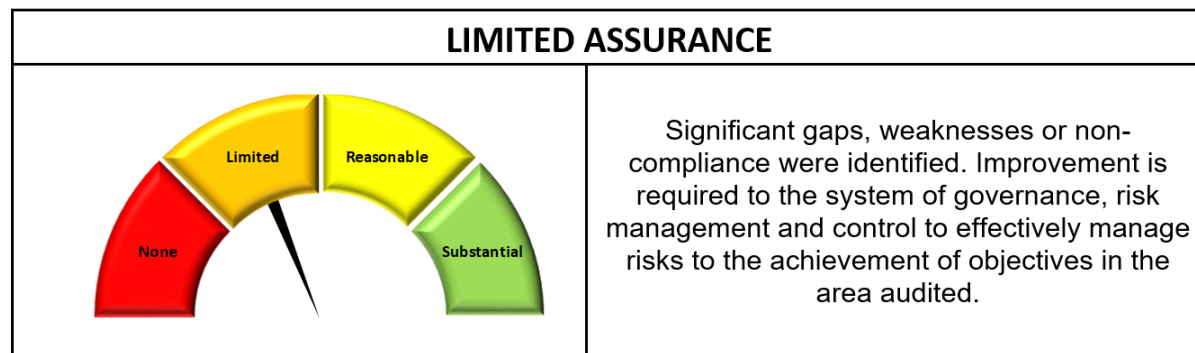
- The variety of ordering options means that materials are readily available.

The main areas identified for improvement are:

- Key procedures need documenting, distributing and where appropriate training given.
- Goods received, trade card usage, stock control and materials ordering processes need reviewing and appropriate controls need to be put in place.
- Stock and materials usage needs monitoring.
- VAT Invoices need to be obtained and retained.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Key procedures are documented and made available to relevant officers and where appropriate training is given.	Medium	Agreed.	Principal Officer – Repairs	August 2024
2. Management consider introducing a trade authorisation card usage policy, which operatives sign up to.	Medium	Agreed.	Repairs and Investment Manager.	April 2024
3. Processes are reviewed and appropriate controls are put in place, monitored and managed.	High	An action plan will be developed to implement the appropriate controls.	Principal Officer - Repairs	August 2024
4. Management confirm who is responsible for insuring van stock and if appropriate ensure adequate insurance is in place.	Medium	Agreed - Investigate what insurance arrangements are needed and if necessary, put those in place. Will liaise with the contractor and council's insurance officer.	Repairs and Investment Manager	May 2024
5. A process is put in place to ensure all invoices are received and retained in accordance with VAT law (VAT Notice 700/21).	High	Agreed.	Repairs and Investment Manager	July 2024

MOULD & DAMP



Key Findings

Areas of positive assurance identified during the audit:

- Landlord Services have a documented mould and damp framework in place.
- Processes are in place to respond promptly to complaints and record action taken for Private Sector Housing cases.
- Officers in Private Sector Housing are undertaking inspections using the Housing Health and Safety Rating System (HHSRS).
- All appropriate officers have been trained in completing Housing Health and Safety Rating System inspections.
- Council Housing Stock Condition Surveys are being undertaken.
- Customers have access to and/or are provided with support, advice and guidance.

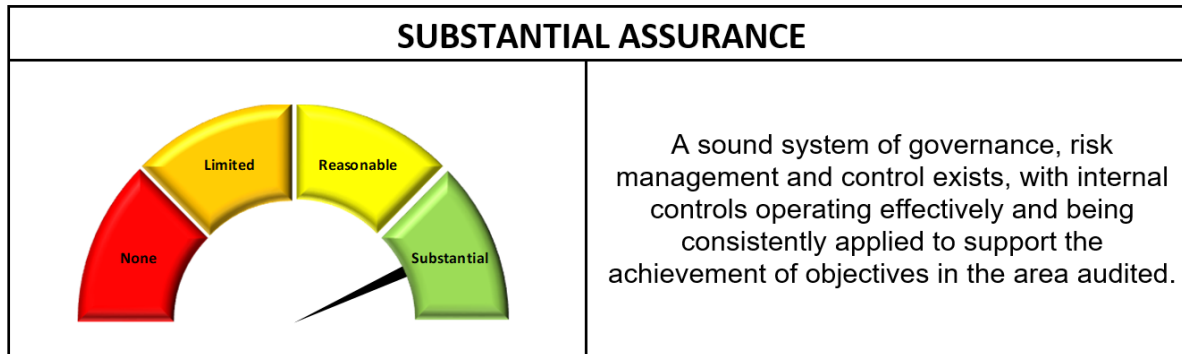
The main areas identified for improvement are:

- The procedure guide for Landlord Services requires further development to ensure key information is captured and retained.
- A process needs to be put in place, in Landlord Services, to ensure all cases are identified, recorded, monitored and remedial repair solutions and improvements completed promptly.
- Repair order target completion dates, in cases of damp and mould, need reviewing and aligning with contracts and legislation.
- Landlord Service Officers complete inspections using the HHSRS.
- Develop Senior Housing Officers to meet the qualification requirements of the Social Housing (Regulation) Act 2023.
- Introduce management information and reporting lines.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>1. The procedures are reviewed to provide clarity on document completion and retention and the process for arranging remedial action, including timescales, based on inspection findings.</p> <p>The updated procedure should be made available to all appropriate officers.</p>	Low	Agreed.	Repairs and Investments Manager.	May 2024.
<p>2. Management consider updating the tenancy agreement to include the tenant's responsibilities around preventing damp and mould in their home.</p>	Low	Review of the damp and mould leaflet that is in the new starter pack.	Health, Safety and Environmental Manager.	April 2024.
<p>3. Processes are put in place to capture and record all reports of DM&C for effective monitoring to be undertaken and thus ensuring all reasonable remedial repairs to remove damp and mould issues are completed.</p>	High	<p>Agreed.</p> <p>Actions will include:</p> <ul style="list-style-type: none"> • Get data visible. • Review open orders. • Get some KPIs in place for monitoring and tracking performance. • Dedicated SORs for identifying DM&C. • Contract needs mobilising for surveys and remedial works. • Developing case management. 	Repairs and Investment Manager and Resident Liaison Team Leader.	July 2024.
<p>4. A review is completed to ensure consistency in setting target completion dates on orders, ensuring these align with contracts or legislative requirements, where necessary.</p>	High	Agreed a review will be completed and this will be monitored through KPI's going forward.	Repairs and Investment Manager.	July 2024.

5. Council Officers complete the Housing Health and Safety Rating System inspection when undertaking inspections on potential cases of damp and mould, in accordance with The Housing Act 2004, Part 1, Housing Conditions.	High	Due to resources this is not feasible. Specialist surveys are completed in most cases. Forms are available in service connect and iAuditor for officers to use. Forms to be reviewed. Training will be given to relevant officers to ensure these are completed. Reconsider HHSRS inspections should legislation detail this as a requirement.	Principal Officer Repairs - forms Head of Landlord Services - HHSRS	April 2024. May 2024.
6. Management consider offering damp and mould awareness training to educate more officers across the authority.	Low	Head of Landlord Services will liaise with Corporate Health and Safety Officer and Learning Development to develop a training package.	Head of Landlord Services.	April 2024.
7. As yet the regulator hasn't set any additional regulatory standards for RPs. In preparedness for the introduction of the standard, measures are put in place to ensure that all relevant officers have the appropriate level of housing management qualification.	Medium	The regulator is still to consult with the sector and set timescales. When clarification is received management will look at the gaps with the teams.	Director of Housing and Wellbeing, Head of Landlord Services and Head of Strategic Housing.	December 2024.
8. Introduce key performance indicators specifically relating to DM&C to enable management information to be produced and reported.	Medium	Agreed. Management to look at capabilities of the systems to collate the data required to create meaningful KPIs.	Head of Landlord Services.	July 2024.

COUNCIL TAX (KEY CONTROLS)

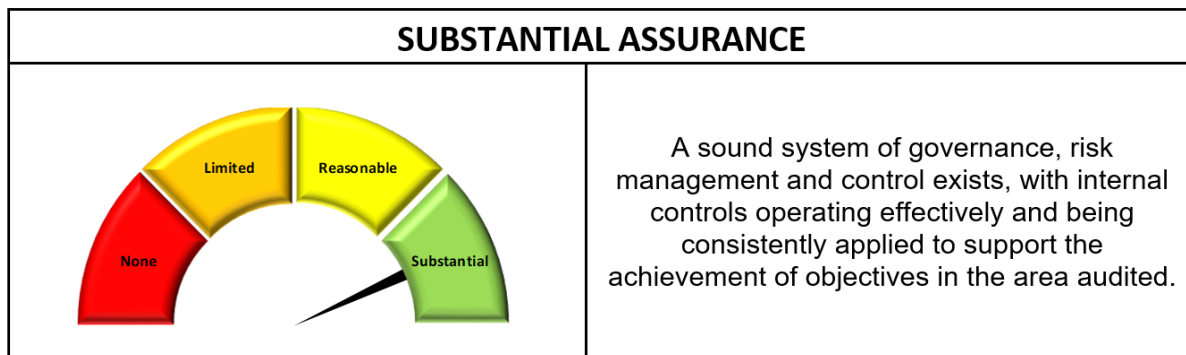


Key Findings

Page 23 Areas of positive assurance identified during the audit:

- The system has been accurately updated to reflect the Council Tax charges for the current year.
- Suspense accounts are regularly reviewed and cleared.
- VO schedules are actioned promptly and reconciled to the Council Tax system.
- The Council Tax system is regularly reconciled to its feeder systems and the general ledger.

NNDR (KEY CONTROLS)

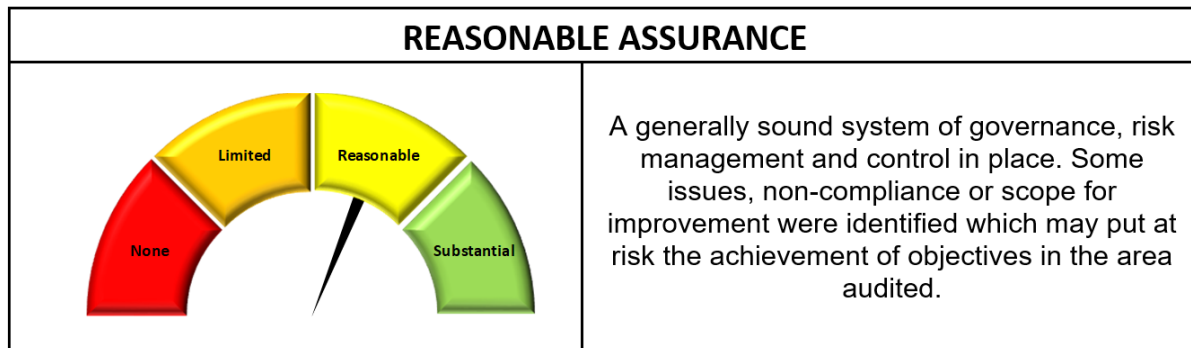


Key Findings

Areas of positive assurance identified during the audit:

- The NNDR system (Academy) has been updated to ensure that the rates and reliefs accurately reflect legislation.
- The NNDR system (Academy) is regularly reconciled to the valuation office records.
- The suspense account is regularly reviewed and cleared.
- The NNDR system is regularly reconciled to the feeder systems and the general ledger.
- System access is reviewed.

INCOME MANAGEMENT (KEY CONTROLS)



Key Findings

Areas of positive assurance identified during the audit:

- Income collection procedures are outline the Financial Procedure Rules for all staff.
- Regular reconciliations are completed between the bank accounts and general ledgers.
- Daily balancing is undertaken between the cash receipting system and relevant systems.
- Suspense are regularly reviewed and cleared.
- Access to the income systems is appropriate for the user requirements.

The main areas identified for improvement are:

- Promptness of reconciliation reviews.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Reconciliations are reviewed in accordance with policy to ensure all errors are identified promptly.	Medium	<p>The delays in reviewing reconciliations, in majority of the cases identified, were due to there being only one reviewing officer who was on leave during the review period.</p> <p>Accountancy will look at the contingency arrangements to cover reviewing officer absence and/or having more officers who can complete the independent reviews.</p>	Interim Head of Finance.	April 2024.

RECOMMENDATIONS TRACKER

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
2022/23	Capital Programmes	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.	Nov-23	Nov-23: No evidence to confirm completion.					
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 meeting on a fortnightly basis 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	Aug-23: still awaiting a full establishment report to be produced, confirmed, and actioned where appropriate.	Oct-23	Further extension	Nov-23
2022/23	Planned Maintenance Qtr2 - Heating	5. Customer satisfaction surveys are issued to all tenants following installation.	Medium	Agreed	Repairs and Investments Manager	Oct-23	Oct 23 - Service requested an extension.	Dec-23	Feb-24: No evidence to confirm completion.			
2023/24	Housing Standards	4. The methods in which private tenants can raise a concern should be reviewed as a letter template should not be required but a more detailed online form could be developed to ensure that as much detail is captured as possible at the point of first contact, which will lead to a more efficient and effective process for both the service and the customer.	Medium	Agreed as per recommendation.	Private Sector Housing Manager.	Jan-24	Mar-24: No update received					
2023/24	Planned Maintenance - Kitchens and Bathrooms	6. Appropriate surveys and inspections are undertaken and documents retained.	Medium	Agreed a demo or working in progress inspection should be carried out for each property.	Principal Officer – Investment and Programme Delivery	Feb-24	Mar-24: No update received					

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2023/24	Planned Maintenance - Kitchens and Bathrooms	7. Defects and progress on remedial work are clearly record so that effective monitoring can be undertaken to ensure work is completed.	High	The surveyor will check the completion certificate on iAuditor to ensure there is no outstanding snagging work prior to payment. Practical completion certificates have been added to property files following the completion of snagging work. To ensure snagging work is completed promptly the progress tracker will be updated to enable effective monitoring	Principal Officer – Investment and Programme Delivery	Feb-24	Mar-24: No update received						
2023/24	Planned Maintenance - Kitchens and Bathrooms	8. Contractors are informed promptly of any snagging work required.	Medium	The Contractor's Site Manager is present at handover and is immediately aware of any snagging work that needs to be completed. The contractor also has access to the practical completion certificate at any time which detail the outstanding work. Officers are reminded to email the contractor with snagging issues promptly following a failed handover.	Principal Officer – Investment and Programme Delivery	Feb-24	Mar-24: No update received						
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	Oct 23 - Service requested an extension.	Dec-23	Due to staffing this has been requested to be extended further.	Mar-24	
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	Aug-23 - A tracker has been put in place but the decision on how to log repairs and written procedures need to be agreed and implemented.	Nov-23	Nov-23 Planning to put a contractor in place to assist with this work. Case management is now on QL for D&M but training is now required. Additionally, the dashboards on SC should also assist with this.	Mar-24	

2023/24	Housing Standards	1. A Housing Strategy is formulated and relevantly approved and published.	Medium	The service would emphasise there is a current, in date, policy agreed by Cabinet that specifically relates to this service area: Housing Enforcement Policy. The Housing Strategy referred to is an overarching housing strategy document. Whilst there is some reference to housing standards in it, it's substantive focus is housing development and availability. The Strategy is on the forward programme to be considered by Cabinet in February 2024.	Head of Strategic Housing.	Mar-24	Mar-24 - no response received					
2023/24	Housing Standards	3. Case monitoring should be introduced to ensure that cases are allocated in a timely manner, adequately and promptly progressed, completion of work is confirmed and where appropriate cases are closed.	High	Agreed as per recommendation. This is something to consider as part of the case management and reviews capacity within the new system (Assure).	Private Sector Housing Manager.	Mar-24	Mar-24 - no response received					
2022/23	IT Health Check	1. 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.	High	Application Administration of the identified systems and management of permission levels are currently managed outside ICT. Action agreed. Review and set appropriate level permissions for Civica and Home Connections The Civica system is scheduled to be replaced in the next four months	Application Administrators and Information Development Manager	Mar-24	Mar-24: no response received to confirm implemented					
2022/23	IT Health Check	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.	High	(Linked to Recommendation above) Implement a process with Application Administrators for regularly reviewing user roles and permissions. The approach will be based on the Information Security concept 'Principle of least privilege (PoLP) 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	Application Administrators and Information Development Manager	Mar-24	Mar-24: no response received to confirm reviews have been completed.					

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	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	A review of the entire allocations process is in progress with the support of the organisational development team.	Dec-23	Do not current have capacity to review as the allocations team leader left. Recruitment for replacement is underway.	Mar-24
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. Nov-23 Advised that the recommendation has been delayed due to staff changes and lack of resources.	Sep-23 Mar-24
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. Nov-23 Advised that the recommendation has been delayed due to staff changes and lack of resources.	Sep-23 Mar-24
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.	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. Nov-23 Advised that the recommendation has been delayed due to staff	Sep-23 Mar-24

							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.				changes and lack of resources.	
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. Nov-23 Advised that the recommendation has been delayed due to staff changes and lack of resources.	Sep-23 Mar-24
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	Aug-23 TM Practices still require updating	Oct-23	Oct-23 – No further progress made	Nov-23 Jan-24 Apr-24
2022/23	Responsive Repairs - Emergency Repairs Q1	1. All key procedures are documented and made accessible to staff, these should support relevant policies and tenancy guides.	Medium	Agreed as per Recommendation	Repairs and Investments Manager and Principal Officer -Repairs and Maintenance	Aug-23	Aug-23 - The responsive repairs process is currently being mapped and any subsequent procedures will be developed after this. Nov-23 Valuation, rescheduling is still outstanding. Workshops planned in with service connect around the key aspects of the system and the operation of it. Will get procedure docs from SC following these workshops.	Mar-24	Mar-24: Workshops have been completed. Process mapping has yet to be finalised.	Jun-24		
2022/23	Responsive Repairs - Emergency Repairs Q1	2. Staff are trained on the processes to follow to ensure that there is consistency across services.	Medium	Agreed as per Recommendation	Repairs and Investments Manager and Principal Officer -Repairs and Maintenance	Oct-23	Oct -23 No progress made.	Dec-23	Workshops have been carried out. Training/ demo has been given by QL.	Mar-24	Procedures have yet to be written.	Jul-24

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. Upload the document RTLS received via email on service connect in the meantime.	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 the forms can be completed for orders raised by Lifeline.	Aug-23	Aug-23 No further progress has been made Nov-23 This will be included within the workshops planned for training. Mar-24: Discussions re the process are scheduled in with the possibility of a new process being introduced.	Dec-23 Mar-24 May-24
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 be 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	Apr-23 - Tenants Guide approved by Board. Three-day tickets on system need amending.	Jul-23	Aug-23 Extension requested to carry out checks. Dec-23 - Extension requested to carry out cross referencing exercise with NAT FED rates.	Nov-23 Dec-23 Apr-24
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 establish, 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	Extension requested	Dec-23	Nov-23 Contractor monthly monitoring is taking place. Dashboards are in the process of being developed to provide real time information and insight and to assist with managing backlogs. Further extension requested. Mar-24 - Process for monitoring contractor target dates established but not implemented. In house case will be monitored through KPIs	Mar-24 May-24
2022/23	Cyber Security	4. Steps should be taken to ensure the issues relating to security and patch management are addressed.	Medium	As the ICT infrastructure is being developed, the requirement for the existing internal firewall is being reviewed. During the Audit, evidence was provided to confirm that the Firewall is on a supported version and securely managed by Technical Analysts any required security patches/updates will be applied by August 2023.	ICT Operations Manager	Aug-23	13.09.2023 - Advised passwords and software updated. Juniper will continue to be used as a secondary firewall. The upgrade has been part completed but training is required to fully migrate to the latest version.	Jan-24	Jan-24: Requested deferral to June 2024	Jun-24		

2022/23	IT Health Check	3. 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: Ø HR Admin Ø Whole System Ø IT Sys Admin Such reviews should be completed by an individual who is not a user and should be evidenced accordingly.	High	This issue has been raised at the Workforce iTrent project team (involves HR, Finance and ICS) An Exception report will be developed which will then in turn be assigned to Audit to review on a quarterly basis to ensure independence.	Information Development Manager	Aug-23	Requested deferral until end of December 2023. Report needs to be written in the system.	Dec-23	Dec-23: Exception report has been developed but is not fit for purpose.	Apr-24		
2022/23	Responsive Repairs Qtr3 (Voids)	2. The process for dealing with further works needs reviewing to ensure that orders are updated appropriately.	Medium	Agreed as per recommendation. Additional staffing resource is needed.	Repairs and Investment Manager.	Dec-23	Dec-23 - Extension requested to allow for recruitment to be completed and process to be implemented.	May-24				
2022/23	Capital Programmes	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	Nov-23	Nov-23 Budgeting information supplied is being reviewed and application form has been amended to incorporate detailed profiling. Extension requested to align new reporting format with the new financial year.	Apr-24				
2022/23	Capital Programmes	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.	Nov-23	Recent reports still only contain major projects not the programme as a whole and the information provided in respect of progress is limited. Service advised that they need to be in further reports - requested an extension to Spring 2024	Apr-24				
2022/23	Capital Programmes	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	Dec-23	Dec-23 - Budget reporting has been reviewed and proposed format sent to S151 for comment. Extension requested to align the new reporting format with the new financial year.	Apr-24				
2023/24	Corporate Policy Management	1. A policy suite is created which contains a register of all strategies and policies and includes links to or copies of the latest versions of documents, which are made accessible to all officers.	Medium	Agreed	Head of Transformation, Strategy and Performance	Mar-24	Mar-23 - In progress. Requested extension.	Sep-24				
2023/24	Corporate Policy Management	4. All strategies are given a time period for delivery and all policies are assigned a minimum review period to ensure documents remain relevant.	Medium	Agreed	Head of Transformation, Strategy and Performance	Mar-24	Mar-23 - will be completed in conjunction with recommendation one. Extension requested.	Sep-24				

2023/24	Corporate Policy Management	5. A corporate monitoring process is introduced to ensure strategies and policies are reviewed and updated as required	Medium	Agreed. Possibility of putting this in Pentana.	Head of Transformation, Strategy and Performance	Mar-24	Mar-23 - will be completed in conjunction with recommendation one. Extension requested.	Sep-24				
2023/24	Corporate Policy Management	6. A review of both the website and the intranet is carried out to ensure that up to date policies and strategies are relevantly published and available to the correct audience. Where there are policies referred to on service webpages these should contain a link to the strategies and policies page. This will remove duplication and ensure that only one version is published	Medium	Agreed	Head of Transformation, Strategy and Performance	Mar-24	Mar-24 - A cleanse of the intranet and internet is needed. Requested extension.	Dec-24				
2023/24	Corporate Policy Management	8. A formal process is introduced for notifying officers of new or updated corporate policies.	Medium	Agreed	Head of Transformation, Strategy and Performance	Mar-24	Mar-23 - will be completed in conjunction with recommendation one. Extension requested.	Sep-24				
2023/24	Responsive Repairs - Qtr 2 - Stock Control and Materials Management	2. Management consider introducing a trade authorisation card usage policy, which operatives sign up to.	Medium	Agreed.	Repairs and Investment Manager	Apr-24	Mar-24 - Extension requested.	Aug-24				
2023/24	Planned Maintenance - Kitchens and Bathrooms	3. Variations are submitted by the contractor and appropriately approved before any additional work is undertaken.	High	Procedures will be put in place to ensure all verbal variations made with the contractor are confirmed via email and saved in the appropriate property file.	Principal Officer – Investment and Programme Delivery	Jan-24	Jan-24 - Requested deferral due to staff shortages.	Apr-24				
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	Aug-23 - The Government has introduced a new regime of KPIs that will have to reported annually, produced quarterly. Appropriate reports need to be established as per Rec 4 before this can be implemented.	Nov-23	Dashboard training has been provided and it is expected that from this reports can be developed to be able to focus on this area. Feb-24: Further extension has been requested to allow for the development of aged order KPI's.	Dec-23 Apr-24
2022/23	Cyber Security	10. Management should ensure staff managing the firewall platforms are trained in this key area of activity.	Medium	Technical Analysts have undergone Firewall training. It is understood the training being referred to is in relation to Recommendation 4. Depending on the decision to continue with the Juniper Firewall, training requirements will be identified and scheduled.	ICT Operations Manager	Sep-23	No response	Oct-23	Nov-23 The firewall upgrade is still under review. Training will follow the upgrade.	Jun-24		

INTERNAL AUDIT PERFORMANCE INDICATORS

PERFORMANCE MEASURE	POSITION AS AT 31 MARCH 2024	COMMENTS
Delivery of 2023/24 Audit Plan	41%	
Percentage of Client Satisfaction with the Internal Audit Service	100%	5 responses received for 2023/24
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, 23 APRIL 2024

Report of the Audit Manager

Part A

2024/25 INTERNAL AUDIT DRAFT PLAN

Purpose of Report

To present the proposed Internal Audit Annual Plan for 2024/25

Recommendation

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

Reason

To ensure that Internal Audit resources are effectively utilised.

Policy Justification and Previous Decisions

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

Implementation Timetable including Future Decisions

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

Report Implications

Financial Implications

None

Risk Management

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

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Failure to approve a satisfactory audit plan could lead to ineffective targeting of audit resources.	Unlikely (2)	Serious (3)	Moderate (6)	Audit plans are developed using a risk-based methodology and in consultation with Corporate and Senior Management Teams (the approach as required by the Public Sector Internal Audit Standards)

Text in red provides instructions and should be deleted as template is completed

Equality and Diversity

None identified

Climate Change and Carbon Impact

None identified

Crime and Disorder

None identified

Publicity Arrangements

Not applicable

Consultations

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

Links to the Corporate Strategy

Efficient and Effective Council	Yes
Environment and Climate Change	Yes
Homes and Communities	Yes
Economy and Growth	Yes

Background Papers:

Public Sector Internal Audit Standards

Officer to contact:

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

Part B

I. BACKGROUND

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

2. INTERNAL AUDIT PLAN 2024/25

- 2.1. The proposed Audit Plan for 2024/25 is attached as an Appendix. The Audit Plan has been prepared following a risk-based assessment of the Council's activities and consultation with the Senior Leadership Team and Corporate Leadership Team, to identify the Council's key risks.
- 2.2. Each audit assignment included in the Plan has been aligned to the Strategic Risk Register where appropriate and to the priority area for the Council.
- 2.3. The specialist resources for technical Information Technology (IT) audits have been externally procured. Further details are recorded within the proposed plan.

Appendices

Appendix 1 – 2024/25 Internal Audit Plan



INTERNAL AUDIT SHARED SERVICE

Charnwood Borough Council

2024/25 Internal Audit Annual Plan

1. INTRODUCTION

1.1 The Public Sector Internal Audit Standards require the Chief Audit Executive (the Audit Manager for this Council) to develop a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. This document sets out the background and the approach to producing the annual plan, with the 2024/25 annual plan attached at Appendix A.

2. BACKGROUND

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

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

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

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

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



Source: Chartered Institute of Internal Auditors

3. INTERNAL AUDIT PLAN

3.1. Overall Strategy

- 3.1.1 The key aim of the service is to provide an independent, objective assurance and advisory function which is designed to add value and improve the Council's operations. This supports Charnwood Borough Council in the achievement of its priorities and helps services to provide good value for money, as it brings a systematic disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.
- 3.1.2 The Audit Manager has produced a risk-based annual audit plan for 2024/25. This is informed by a risk assessment which is based on a combination of:
- consulting with key stakeholders including the existing audit team and senior management;
 - reviewing the strategic risk register and committee minutes;
 - reviewing reports from external agencies (for example external audit) and legislative updates;
 - factors such as changes in staffing, systems and processes; and
 - the Audit Manager's professional judgement.

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

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

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

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

The Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2024/25. In practice this may mean that audits are added to or removed from the plan, with details included in the quarterly progress reports.

3.2. Resources Available

- 3.2.1 The Audit Team who will deliver the 2024/25 annual audit plan at Charnwood Borough Council consists of the Audit Manager (0.4 FTE), an Internal Auditor (1 FTE), Internal Audit Assistant (0.86 FTE), Internal Audit Apprentice (0.33 FTE) and an IT audit contractor. Table 1 shows a calculation of the available audit days for 2024/25, this does not include the days for the IT Auditor. The Internal Audit Assistant post is currently vacant and, therefore, the number of days has been adjusted to reflect this.

Table 1: Resources Available

Available Days	432
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit	50
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	26
Available Audit Days	356

3.3. Internal Audit Annual Plan 2024/25

3.3.1 The proposed 2024/25 Annual Audit Plan is shown in Table 2 below and the detailed plan is shown in Appendix A. The Plan will be subject to ongoing review to ensure that it remains aligned with the Council’s objectives and the risks identified by management and the audit team. Any changes will be reported to the Senior Leadership Team and the Audit Committee.

Table 2: 2023/24 Annual Audit Plan

Risk Based Audit Work 2024/25 (see Appendix A)	290
Completion of 2023/24 Outstanding Audits	9
Follow up reviews	11
Advisory – Adhoc	12
Public Sector Internal Audit Standards	7
NFI, Fraud	21
Contingency	6
Total Audit Days	356

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

3.4 Limitations

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

2024/25 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	RISK REGISTER (WHERE APPLICABLE)	CORPORATE SIGNIFICANCE	PLANNED AUDIT DAYS
HOUSING & WELLBEING						
Disabled Facilities Grants	Certification	Q2/3	Homes & Communities		Medium	3
Legionella & Fire Safety (Housing)	Audit	Q3	Homes & Communities		High	10
Homelessness	Audit	Q1	Homes & Communities		Medium	6
Social Housing Regulator reporting	Audit	Q3	Homes & Communities		High	10
Housing repairs & maintenance	Audit	To be agreed	Homes & Communities		High	40
SUBTOTAL						69
TRANSFORMATION, STRATEGY & PERFORMANCE						
Starters, leavers, absence monitoring & annual leave	Audit	Q2	Efficient & Effective Council		Medium	8
Business Planning & Performance Management	Audit	Q3	Efficient & Effective Council		Medium	10
IT Asset Management	Audit	Q1	Efficient & Effective Council		Medium	8
Transformation Projects	Advisory	All year	All		Medium	8
SUBTOTAL						34
FINANCE, GOVERNANCE & CONTRACTS						
Key Financial Systems	Audit	Q3/4	Efficient & Effective Council		Medium	47
Town Hall	Audit	Q1	Homes & Communities			8
Benefits Subsidy	Assurance	Q2	Efficient & Effective Council		High	60
Fusion Contract	Advisory	As required	Homes & Communities		High	2
SUBTOTAL						117
CUSTOMER EXPERIENCE						
CCTV	Audit	Q3	All		High	12
SUBTOTAL						12

COMMERCIAL & ECONOMIC DEVELOPMENT						
UKSPF & Town Deal	Audit	Q2/3	Economy & Growth		Medium	12
SUBTOTAL						12
CROSS CUTTING						
Procurement & Contract Management	Audit	Q1/2	Efficient & Effective Council		High	15
Data Protection	Audit	Q2	Efficient & Effective Council		High	12
Complaints	Audit	Q4	Efficient & Effective Council		High	9
Insurance	Audit	Q3	Efficient & Effective Council		Medium	8
Delegated Decision	Advisory	Q1	Efficient & Effective Council		Medium	2
SUBTOTAL						46
TOTAL 'IN HOUSE' DAYS						290
OUTSOURCED IT AUDITS - not included in audit days						
IT Audits	Audit		Efficient & Effective Council	SR1	High	20 – not included in audit days
SUBTOTAL						20
TOTAL						310

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

- Air quality
- Health & Safety
- Dog Control



Charnwood Borough Council

External audit plan

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Year ended 31 March 2024

March 2024



Agenda Item 7

Your key team members

Andy Reid

Key Audit Partner
Andy.Reid@azets.co.uk

Azola Dudula

Manager
Azola.Dudula@azets.co.uk

Malintsa Mohapi

In-Charge auditor
Malintsa.Mohapi@azets.co.uk

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Introduction

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

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Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Charnwood Borough Council ('the Council') for the year ended 31 March 2024 for those charged with governance.

The core elements of our work include:

- An audit of the 2023/24 Statement of Accounts for the Council; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

Auditor responsibilities

As auditor we are responsible for performing an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and ISAs UK. Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code').

We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

continued..... 3

Introduction

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Auditor responsibilities (*....continued*)

We will issue our Audit Findings Report and an Auditors Annual Report to the Audit Committee setting out the findings from our work.

Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

The Act also requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts.

On completion of our audit work, we will issue an Audit Findings Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit on the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If, during the course of the audit, we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;

- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Audit scope and general approach

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. **The basis for our assessment of materiality for the year is set out in Appendix I.**

Any identified errors greater than:

£68,000

will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Specialised skill or knowledge required to complete the audit procedures

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of the asset valuation assumption used in calculation of the revaluation of Land, Building, Council Dwellings and Investment Properties

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the Unit 4 accounting system.

Audit scope and general approach

Significant changes in the financial reporting framework

There have been no significant changes in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'CIPFA Code'). As permitted by the CIPFA Code the council has chosen to defer the implementation of IFRS 16 'Leases' until 2024/25.

Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council.

Going concern

Management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Going concern

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Audit scope and general approach

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control. During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Additional procedures for the NAO

The National Audit Office (the 'NAO') issues group audit instructions which set out additional audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2023/24. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO have not yet confirmed which entities will be sampled components.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Auditor reporting delays for previous periods and the impact on our audit

Although we are planning to complete your audit for the year ended 31 March 2024 in line with the timetable set out in page 16, so that we can report our initial findings to your Audit Committee in September 2024, please note that we will not be able to fully complete our audit, issue our auditor's report and certify the closure of the audit until your predecessor auditor has completed their audit for the year ended 31 March 2023. Once the 2023 audit has been completed, we will need to review the predecessor auditor's audit file to gain assurance over your opening balances as of 1 April 2023, and consider the impact on our audit of any modifications to their auditor's report.

Further, once the 2023 audit has been completed we will revisit our planning procedures and audit plan to assess whether any additional procedures are required over and above those we have identified in this audit plan. Should additional procedures or changes to the plan be required, we will report these to you. The cost of additional work to revisit planning upon completion of the prior year audits will also be reported to you.

Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p>Management override of controls</p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

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Identified risk	Planned audit procedures
<p>Fraud in revenue recognition and expenditure (rebutted) Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to:</p> <ul style="list-style-type: none"> the types of income reflected in the Council financial statements which, except for grants, tend to be made up of numerous small value transactions e.g. Income from canteen sales. <p>We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council, and we are satisfied that this is not a significant risk because non-pay expenditure reflected in the Council's financial statements exhibit straightforward nature, characterised by reduced subjectivity, and there is no incentive to management to manipulate expenditure.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> Revenue and expenditure recognition: Low 	<p>Whilst we have rebutted the risk of fraud in income and expenditure, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> Documenting our understanding of the Council's systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems; Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Valuation of council dwellings, other land and buildings and investment property (key accounting estimate)</p> <p>Revaluation of council dwellings, other land and buildings and investment property should be performed with sufficient regularity so that carrying amounts are not materially misstated.</p> <p>The council carries out a desktop revaluation each year and council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2024.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings, other land and buildings and investment property as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Council dwellings, other land and buildings and investment property (valuation): Very High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of management’s valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

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Significant risks of material misstatement

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Identified risk	Planned audit procedures
<p>Valuation of the defined pension fund net liability/asset (key accounting estimate)</p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Defined pension fund net liability/asset (valuation): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Obtaining relevant assurances from the auditor of Leicestershire County Council Pension Fund in line with the protocol agreed for the audit of local government pension scheme assets and liabilities; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council’s share of the investment valuations in the audited pension fund accounts’ and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Significant risks of material misstatement

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Identified risk	Planned audit procedures
<p>Valuation of financial instruments – Level 3 Investment (key accounting estimate)</p> <p>The Council maintains investment portfolios in property development funds with a total value of £4.0m in 2023-24 period. The Council has adopted IFRS 13 'Fair Value Measurement' for the calculation of fair values. Financial assets classified as available for sale are carried in the Balance Sheet at fair value. For Treasury Bills and shares in Money Market Funds, the fair value is taken from the market price. Financial assets classified as loans and receivables and all financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values are estimated by calculating the net present value of the remaining contractual cash flows.</p> <p>Fair values are categorised by their level in the fair value hierarchy:</p> <ul style="list-style-type: none"> • Level 1 – fair value is derived from quoted prices in active markets for identical assets or liabilities • Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability • Level 3 – fair value is determined using unobservable inputs. <p>For level 1 and level 2; the Council's valuations are supported by independent expert advice from its treasury management advisors. For level 3, there is the potential for management to use their judgement to influence the financial statements. ISAs (UK) 500 and 540 require us to undertake audit procedures on the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in fair value assumptions. We have therefore identified the valuation of financial instrument disclosures which are calculated using estimation techniques and assumptions as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Financial instrument disclosures (valuation): Very High/High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the classification of financial assets and the calculation of the estimates; • Where management experts are used to support the calculations, evaluating the competence, capabilities and objectivity of the valuation expert; the instructions issued to them, and the scope of their work; • Considering the basis on which the valuations are carried out and challenging the key assumptions and data applied; and • Ensuring the estimated fair values have been correctly reflected and disclosed in the financial statements.

Value for Money arrangements

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 18 January 2023 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures that it makes informed decisions and properly manages its risks
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

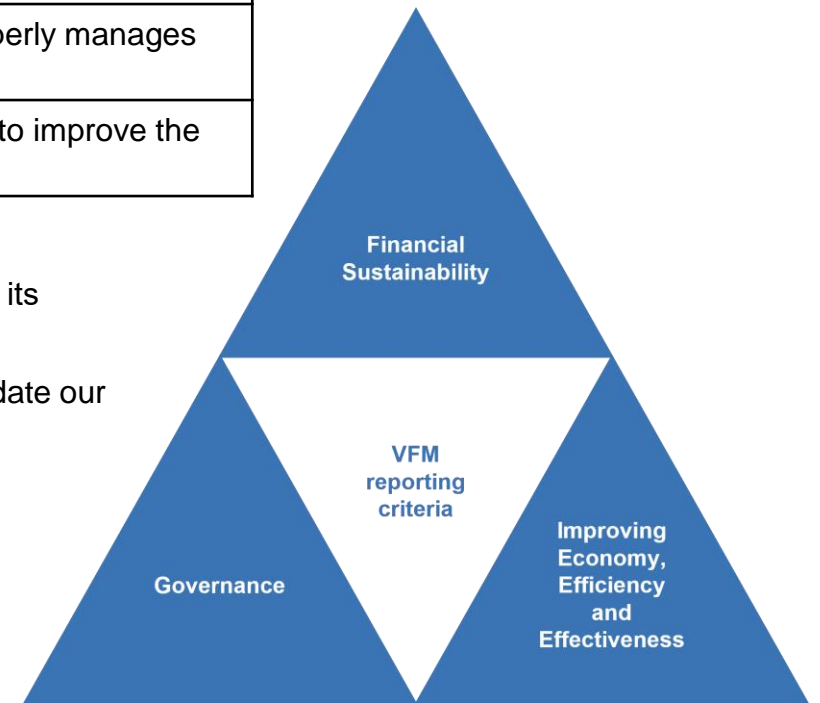
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As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council’s arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



Value for Money arrangements

Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Criteria	Potential risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	None identified	We have not at this stage identified any risks of significant weakness that require specific audit procedures, but we have identified area of focus for detailed follow up in fieldwork stage. This involves review of Council arrangements in place to manage financial pressure and the required savings or target savings.
Governance	None identified	We have not at this stage identified any risks of significant weakness that require specific audit procedures, but we have identified areas of focus for detailed follow up in fieldwork stage. This includes review of: <ul style="list-style-type: none"> the effectiveness of capital project management. internal audit function ensures that it provides timely reports to the Council to gain assurance over the effectiveness of internal controls.
Improving economy, efficiency and effectiveness	None identified	We have not at this stage identified any risks of significant weakness that require specific audit procedures.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Andy Reid	Andy.Reid@azets.co.uk
Engagement Manager	Azola Dudula	Azola.Dudula@azets.co.uk
In-charge auditor	Malintsa Muhapi	Malintsa.Mohapi@azets.co.uk

Page 60 Timetable

Event	Date
Planning and risk assessment	Feb – Mar 2024
Reporting of plan to Audit Committee	Mar – Apr 2024
Interim audit	Mar - Apr 2024
Year end audit	July – Sept 2024
Reporting of Audit Findings (ISA260)	Sept / Nov 2024
Auditor’s Annual Report (AAR)	Sept / Nov 2024
Target date of approval of accounts	Sept / Nov 2024
Accounts publication deadline (as specified in the Accounts and Audit Regulations 2015)	TBC (likely 30 November 2024)

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within two working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council’s finance team work closely together to achieve this timetable.

Please note that we will be unable to complete our 2023/24 audit until your audits for all previous financial years have been completed by your predecessor auditors and auditor’s reports covering both the financial statements audit and value for money work have been issued. The National Audit Office continues to explore ways to escalate the timely completion of all outstanding local government audits.

Independence, objectivity and other services provided

Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention.

Other services

We have detailed in the table below any other services provided to the Council (and the Group), the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Provided to	Fee	Threats identified and Safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim (2023/24)	Council	£28,000 plus additional fee for each extended testing workbook required	Self-interest: Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or Charnwood Borough Council. The fee is fixed (apart from an additional £2,000 for each additional 40+ workbook) and not contingent in nature. Self-review: Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management. Management: As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is as follows:

Audit fee	2023/24 £
Base fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA)	157,540
New auditing standards: ISA315 and ISA240*	23,631
Initial audit fee for Charnwood Borough Council	181,171

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on page 16 are met.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

Our policy is to raise fees to account at appropriate stages of the audit such as during the audit planning, the interim visit, the final audit and once the financial statements have been signed.

The approximate total fees charged to the Council for the provision of services in 2023/24 is as follows:

Audit fee	2023/24 £
Audit of the Council (as above)	181,171
Certification of the HBAP Claim (excluding fees for additional workbooks)	28,000
Total audit fee (excluding any additional work arising from prior year audit completion, and any additional work on the HBAP claim)	209,171

Appendix I: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2024 was calculated as follows:

	Council £'000	Explanation
Overall materiality for the financial statements	1,376	2% of gross revenue expenditure based on the draft financial statements as at 31 March 2023. This will be reassessed upon receipt of the draft accounts. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	825	60% of materiality. Audit work will be performed to capture individual errors at this level
Trivial threshold	68	5% of overall materiality for the Council. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit.

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AUDIT COMMITTEE - TUESDAY, 23 APRIL 2024

Report of the Director Finance, Governance and Contracts

ANNUAL AUDIT LETTER - EXTERNAL AUDITOR

Purpose of Report

To present to Audit Completion Report for 2022/23 as concluded by the Councils external auditors, Mazars. Letter dated April 2024.

Recommendation

That the Audit Completion Report be noted by the Audit Committee.

Reason

To ensure that the Committee is informed of the Annual Audit Completion Report for 2022/23.

Policy Justification and Previous Decisions

As required by the Accounts and Audit Regulations 2015.

Implementation Timetable including Future Decisions

This decision represents the completion of the 2022/23 audit.

Report Implications

Financial Implications

There are no financial implications with this report.

Risk Management

There are no risks associated with this report.

Publicity Arrangements

Financial statements and associated documents to be included on our website.

Consultations

Not Applicable.

Links to the Corporate Strategy

Efficient and Effective Council	Yes
Environment and Climate Change	No
Homes and Communities	No
Economy and Growth	No

Key Decision: No

Date included on Forward Plan Not applicable

Background Papers: None

Officer(s) to contact: Neil Whittall
Acting Head of Finance
neil.whittall@charnwood.gov.uk

Audit Committee
Charnwood Borough Council
Southfield Road
Loughborough
LE11 2TX

Direct dial +44 (0)7875 974 291
Email Mark.surrige@mazars.co.uk

April 2024

Dear Members

Conclusion of pending matters – Audit Completion Report for Charnwood Borough Council

Following on from our recent meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated November 2023.

The outstanding matters and the conclusions reached are detailed below:

Audit area	Status	Description of outstanding matters
Valuation of land and buildings, including council dwellings and investment properties	Complete	We have undertaken the outstanding procedures and received the residual audit documentation required and our work is complete. We identified one misstatement which has been noted below, we have confirmed with the Council that the misstatement will remain unadjusted as it is below materiality.
Journals	Complete	We have undertaken the outstanding procedures and received the residual audit documentation required and our work is complete with no issues noted.
Net pensions liability	Complete	We have undertaken the outstanding procedures and received the residual audit documentation required and the Pension Fund Auditors report and our work is complete. We identified two further misstatement which have been noted below, we have confirmed with the Council that they will remain unadjusted as they are below materiality.
Loans and borrowings	Complete	We have undertaken the outstanding procedures and received the residual audit documentation required and our work is complete. We identified one classification error which is noted below and the Council has adjusted for this item.

Audit area	Status	Description of outstanding matters
Reserves	Complete	We have undertaken the outstanding procedures and received the residual audit documentation required and our work is complete with no issues noted.
ITGC	Complete	We have undertaken the outstanding procedures and received the residual audit documentation required and our work is complete with no issues noted.
Completion procedures	Complete	<p>We have undertaken the outstanding procedures, and our work is complete.</p> <p>We have noted two further misstatements one of which has been adjusted for (processing the gain/loss on disposals) and one of which is unadjusted. Details of these items are included below.</p>

If you wish to discuss these or any other points, then please do not hesitate to contact me. We have attached our audit report wording and updated management representation letter as an appendix for reference. Refer to Appendix B and C for further information.

Yours sincerely

Mark Surridge
Key Audit Partner

For and on behalf of Mazars LLP

Appendix A – Audit Findings

Adjusted misstatements

Classification of accrued interest

The Council has been classifying interest payable on loans as short term creditors, however this is the incorrect treatment and the balance should instead be classified as accrued interest and added to the balance of the outstanding borrowing. Per the Code of Practice "the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement."

The adjustment is as follows:

Balance	DR (£,000)	CR (£,000)
Creditors	1,348	
Borrowings		1,348
Total	1,348	1,348

Gain / loss on PPE disposal

The gain / loss on PPE disposals had been posted in error which has led to the below adjustment:

Balance	DR (£,000)	CR (£,000)
MIRS gain / loss on PPE disposal	2,012	
I&E gain / loss on PPE disposal		2,012
Total	2,012	2,012

Unadjusted misstatements

Pension liability

We have noted two errors in relation to the pension liability figure in the accounts. The first error is a £241k actuarial gain reconciling item in 2022/23; this is due to Charnwood Borough Council's lower pension contributions in year compared to Hymans Valuation Report.

The other error is based on the Pension Fund Auditor response letter which has identified a £7.75m understatement of plan assets. When we apply the Council's percentage share of this understatement (2%) this gives an error of £151,000

Balance	DR (£,000)	CR (£,000)
Pension reserve	241	
Actuarial gain		241
Pension reserve	151	
Pension asset		151
Total	392	392

Debtor recognition

From our debtor testing we identified that for one sample the debtor had been paid post year end but was still being recorded in the accounts as outstanding. The client has confirmed that this was due to the cash being received in on Friday (which was the 31st March) and processes were not in place to cross reference to the debtors listing due to how close it was received to the year end. This has been noted as a procedural error and work was undertaken to ensure that this was only related to one feeder report of payments received, which was confirmed and was for a total of £122,000. A new procedure has been documented to prevent such incidents taking place in future years.

Balance	DR (£,000)	CR (£,000)
Bank	122	
Debtors		122
Total	122	122

Revaluation of assets

We have noted that the Council has not fully accounted for all the movements in the valuation report, deciding only to adjust for those where a movement in excess of £10k exists (in line with the accounting policy). Whilst this is in line with the internal accounting policy it is not in line with IAS16 which states that once a revaluation is undertaken "The asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment".

The adjustment is as follows:

Balance	DR (£,000)	CR (£,000)
Assets	222	
Revaluation reserve		222
Total	222	222

Appendix B – Draft Independent auditor’s report to the members of Charnwood Borough Council

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Charnwood Borough Council (the Council) for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (“the Code Update”), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council as at 31st March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Finance, Governance and Contract’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance, Governance and Contract’s with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Director of Finance, Governance and Contract’s is

responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance, Governance and Contracts for the financial statements

As explained more fully in the Statement of the Director of Finance, Governance and Contracts Responsibilities, the Director of Finance, Governance and Contracts is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Finance, Governance and Contracts is also responsible for such internal control as the Director of Finance, Governance and Contracts determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance, Governance and Contracts is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Finance, Governance and Contracts is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the

Accounts and Audit Regulations 2015 the Local Government and Housing Act 1989 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Council which were contrary to applicable laws and regulations, including fraud.

We evaluated the Director of Finance, Governance and Contracts' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud; discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Finance, Governance and Contract's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this respect.

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Charnwood Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:



- the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack for 2021/22 and 2022/23;

Mark Surridge, Key Audit Partner

For and on behalf of Mazars LLP

2 Chamberlain Square

Birmingham

B3 3AX

Appendix C – Management Representation Letter

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

Dear Mark

Charnwood Borough Council - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Charnwood Borough Council (the Council) for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation, and other material;
- Additional information that you have requested from us for the purpose of the audit; and

Unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance, Governance and Contracts that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Council in making accounting estimates, including those measured at current or fair value, are reasonable.

I confirm that I am satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with my knowledge. I confirm that all settlements and curtailments have been identified and properly accounted for. I confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Director of Finance, Governance and Contracts for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- All the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All knowledge of fraud or suspected fraud affecting the Council involving:
- management and those charged with governance;
- employees who have significant roles in internal control; and
- others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed to you in accordance with the requirements of the Code and applicable law.

I have disclosed the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. I have considered the impact of RAAC and Covid-19 on the Council's Property and investment portfolio and impairment review is not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements, and for which the Code and applicable law require adjustment or disclosure, have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Brexit

We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the potential outcomes at the end of the Implementation Period, and that the disclosure in the Statement of Accounts fairly reflects that assessment.

Ukraine

We confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report fairly reflects that assessment.

Current banking crisis

We confirm that we have assessed the impact on Charnwood Borough Council of the on-going Global Banking challenges, in particular whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures.

We confirm that our exposure where applicable (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

Going concern

To the best of my knowledge there is nothing to indicate that the Council will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Unadjusted misstatements and internal control recommendations

I confirm that the effects of the uncorrected misstatements and internal control recommendations set out at Appendix A are immaterial, both individually and in aggregate, to the financial statements as a whole.

Yours faithfully

Director of Finance, Governance and Contracts

Appendix A

Unadjusted misstatements

Pension liability

We have noted two errors in relation to the pension liability figure in the accounts. The first error is a £241k actuarial gain reconciling item in 2022/23; this is due to Charnwood Borough Council's lower pension contributions in year compared to Hymans Valuation Report.

The other error is based on the Pension Fund Auditor response letter which has identified a £7.75m understatement of plan assets. When we apply the Council's percentage share of this understatement (2%) this gives an error of £151,000

Balance	DR (£,000)	CR (£,000)
	241	
Actuarial gain		241
	151	

Pension asset		151
Total	392	392

Debtor recognition

From our debtor testing we identified that for one sample the debtor had been paid post year end but was still being recorded in the accounts as outstanding. The client has confirmed that this was due to the cash being received in on Friday (which was the 31st March) and processes were not in place to cross reference to the debtors listing due to how close it was received to the year end. This has been noted as a procedural error and work was undertaken to ensure that this was only related to one feeder report of payments received, which was confirmed and was for a total of £122,000. A new procedure has been documented to prevent such incidents taking place in future years.

Balance	DR (£,000)	CR (£,000)
Bank	122	
Debtors		122
Total	122	122

Revaluation of assets

We have noted that the Council has not fully accounted for all the movements in the valuation report, deciding only to adjust for those where a movement in excess of £10k exists (in line with the accounting policy). Whilst this is in line with the internal accounting policy it is not in line with IAS16 which states that once a revaluation is undertaken "The asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment".

The adjustment is as follows:

Balance	DR (£,000)	CR (£,000)
Assets	222	
Revaluation reserve		222
Total	222	222

NNDR

Through our review of Non domestic rate distribution income recognised we identified that the income associated to NNDR1 enterprise zone figure does not agree to the NNDR1 form causing the above variance of £88k.

Balance	DR (£,000)	CR (£,000)
NNDR	88	
Reserves		88
Total	88	88

AUDIT COMMITTEE

23rd APRIL 2024

Report of the Head of Democracy

Part A

COUNCIL'S USE OF REGULATION OF INVESTIGATORY POWERS ACT (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 January 2024 to 31 March 2024.

Reason

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

Policy Justification and Previous Decisions

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

Implementation Timetable including Future Decisions

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

Report Implications

The following implications have been identified for this report.

Financial Implications

None.

Risk Management

There are no specific risk associated with this decision.

Equality and Diversity

None identified.

Climate Change and Carbon Impact

None identified.

Crime and Disorder

None identified.

Wards Affected

None directly.

Publicity Arrangements

Not applicable.

Consultations

Not applicable

Background Papers: None

Officer to contact: Karen Widdowson
 Head of Democracy
 Tel: 01509 634
 karen.widdowson@charnwood.gov.uk

Part B

Background

1. RIPA provides for the authorisation of covert surveillance by the Council where that surveillance is likely to result in the obtaining of private information about a person.
2. Surveillance includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. Surveillance is covert if it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.
3. The Council only has the power to authorise covert surveillance under RIPA for the purpose of preventing or detecting crime, or of preventing disorder. Since 2012, RIPA applications are required to be approved by a Justice of the Peace (JP) at the Magistrates' Court in addition to the existing application and authorisation process. The amendments in the Protection of Freedoms Act 2012 mean that local authority authorisations and notices under RIPA for the use of particular covert investigation techniques can only be given effect once an order approving the authorisation or notice has been granted by a 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. The Council has commissioned RIPA training for key staff and is reviewing the custom and practices in the CCTV control room, and the relationship with the local Police, to ensure that good practice is being followed. Any recommendations arising from this exercise will be reported back to the Audit Committee within future reports.
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, 23 APRIL 2024

Report of the Head of Democracy

Part A

RISK MANAGEMENT (RISK REGISTER)

Purpose of Report

The purpose of this report is to provide the Committee with details of the Strategic Risk Register produced for the period 2024/25.

Recommendations

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 7th March 2024. 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

Financial Implications

None identified.

Risk Management

None identified.

Equality and Diversity

None identified.

Climate Change and Carbon Impact

None identified.

Crime and Disorder

Wards Affected

None.

Publicity Arrangements

N/A.

Consultations

N/A

Links to the Corporate Strategy

Efficient and Effective Council	Yes
Environment and Climate Change	Yes
Homes and Communities	Yes
Economy and Growth	Yes

Key Decision: No

Background Papers: Cabinet Report 7th March 2024 (Minute no.86)

Officer(s) to contact: Karen Widdowson
Head of Democracy
Tel: 01509 634785
karen.widdowson@charnwood.gov.uk

Part B

Background

1. In accordance with the work programme the Committee receives quarterly monitoring reports regarding the Council's risk management arrangements. The report provides a detailed commentary against the risks included in the Strategic Risk Register and identifies 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 10th April 2024.
4. In addition the 2024/25 Strategic Risk Register was approved by Cabinet on the 7th March 2024 (Minute No.86).
5. No changes have been made to the Strategic Risk Register following the most recent Risk Management Group meeting held on 10th April 2024 but the table below highlights matters of relevance:

Risk	Details
SR1	
Lack of adequate Business Continuity in the event of an incident (e.g major ICT fail)	The risk ratings are unchanged. The ICS service has recently undertaken robust IT health security checks and continue to undertaken upgrades and patching work to minimise the risk of any security and data threats to the organisation.
SR10	
Legislation and External Factors	The risk ratings are unchanged. New measures to be introduced by the Environment Act 2021 to collect food waste from April 2026 could impact on the Councils financial resources. The Govt. has committed to new burdens funding but the

	amount to be received is unknown at the present time.

6. Attached at Appendix A is the updated Strategic Risk Register (V0.1) for 2024/25.

Appendices

Appendix A - Strategic Risk Register 2024/25 – 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	4	12	3	3	9
SR5	Risk that the Council does not follow its own governance procedures leading to failure to deliver services and/or value for money and/or it can be challenged through a legal	Chief Executive	2	3	6	2	2	4

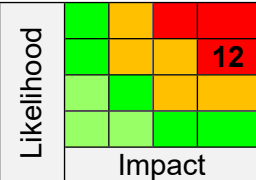
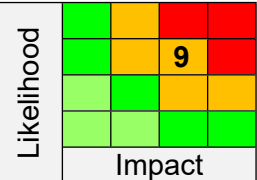
Strategic Risk Register

RISK		OWNER	INHERENT RISK			RESIDUAL RISK		
			Likelihood	Impact	Total	Likelihood	Impact	Total
	process leading to service delivery issues and/or reputation damage and/or criminal charges							
SR6	Risk that partnerships with key stakeholders are not developed or maintained leading to a failure to deliver shared outcomes and a lack of delivery to the public resulting in service delivery issues and/or reputational damage	Chief Executive	2	2	4	1	2	2
SR7	Risk that adequate data sharing and data security arrangements are not implemented leading to an increase in cyber-attacks resulting in service disruption or data loss or damage	Director of Finance, Governance and Contracts	3	3	9	2	3	6
SR8	Risk that the Council does not establish effective strategic communication arrangements leading in the public not being informed about Council activity resulting in reputational damage	Chief Executive	3	3	9	2	3	6
SR9	Risk that the Council does not lead by example and manage the ongoing impact of climate change leading to a lower than anticipated reduction in carbon output	Chief Executive	2	3	6	2	2	4
SR10	Risk that new legislation or external factors cause negative financial or reputational impact on the Council leading to a reduction in service provision (i.e., Environment Bill) resulting in service delivery issues and/or reputational damage	Chief Executive	3	4	12	3	3	9
SR11	Risk that there is an inability to meet increased housing demand arising from inflationary pressures, and asylum and	Chief Executive	3	4	12	3	3	9

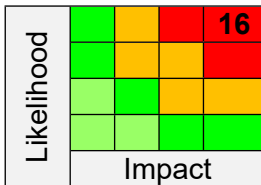
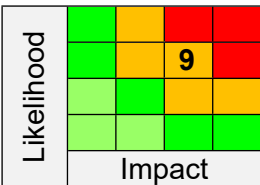
Strategic Risk Register

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

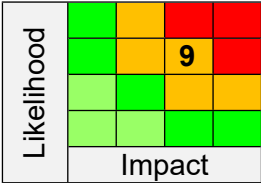
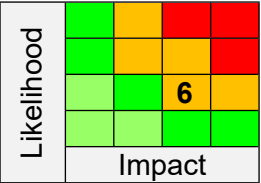
Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR1-Business Continuity Risk that there is a lack of adequate business continuity and recovery arrangements, leading to major internal and/or external disruption to services in the event of an incident (i.e. major ICT fail, fire etc), resulting in injury and/or loss of life and/or reputation	Strategic	<ul style="list-style-type: none"> Inability to deliver key/critical services e.g.benefits, refuse collection, homelessness applications, emergency repairs. Reduction in access channels available to residents / customers i.e. contact centre, customer services, telephony 			Remains the same
Current Treatments and Controls	<ul style="list-style-type: none"> Business Continuity Planning IT Disaster Recovery Plan Website hosted externally Off-site data back-up arrangements Stand-by generator for ICS building and back up power for the Southfields site Cloud based telephony infrastructure Contingency planning for failure of major contractor Joined with other Leicestershire Districts in recruiting a shared Countywide Business Continuity Officer - the partnership are currently recruiting however, recruitment does appear to have stalled Possibility of Industrial Action across the organisation and in third party contractors 				
Risk Owner	Director of Finance, Governance and Contracts				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Link to work regarding concurrent incidents	<u>Responsible Officer:</u> Head of Governance		<u>Target Date:</u> Ongoing	
	Link to workforce mental health	Head of Transformation, Strategy and Performance		Ongoing	
	Need to review our Business Continuity Plans	All Heads of Service		Ongoing	

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR2-Civil Contingencies Risk that there is a lack of robust civil contingency arrangements established leading to a failure to respond appropriately to a major incident (e.g. flooding, terrorism etc) resulting in injury and/or loss of life	Strategic	<ul style="list-style-type: none"> • Inability to respond to affected peoples' basic needs (food, shelter etc) • Adverse effect on the local economy • Major reputational damage and loss of public confidence • Extending the recovery phase longer than necessary • Dealing with the COVID pandemic will have a negative effect on the management of concurrent incidents 			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 • Number of Emergency Centre Managers has increased • Committed to undertake Charnwood specific training in early 2024 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u>	<u>Responsible Officer:</u>	<u>Target Date:</u>		

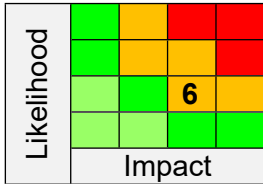
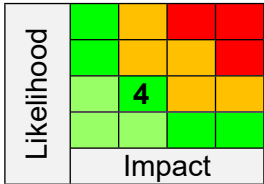
Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
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 • Established 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).	<u>Description:</u> Monitor inflationary pressures	<u>Responsible Officer:</u> Director - Commercial Development, Asset and Leisure	<u>Target Date:</u> Ongoing		

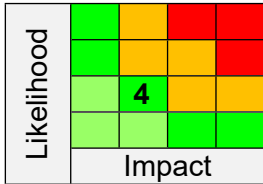
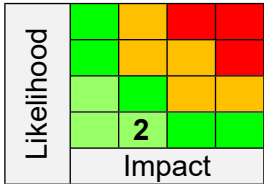
Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel																																												
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 • Financial implication for agency / temporary staff 	<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	Yellow	12	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	9	Red	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				Increased due to issues around recruitment and retention
Likelihood	Green	Yellow	Red		Red																																												
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	Green	Green	Yellow	Yellow																																													
	Green	Green	Green	Green																																													
	Impact																																																
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 – still outstanding for NJC for 2023 • Establishment of Workforce Board and associated work programme • Establishment of Recruitment and Retention Working Group • Specific issues in Building Control but recognised in all service areas 																																																
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> July 2024																																												
	Workforce report to Finance and Performance Scrutiny Committee – November				November 2023 – Completed																																												

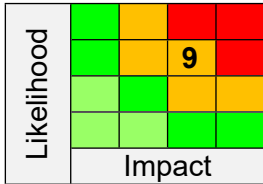
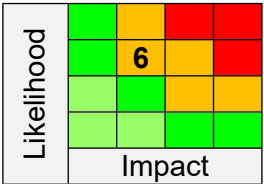
Strategic Risk Register

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 had now been rolled out which provided 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> Recruitment of new Monitoring Officer	<u>Responsible Officer:</u> Director of Finance, Governance and Contracts	<u>Target Date:</u> January 2024		

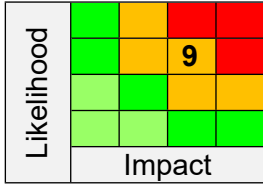
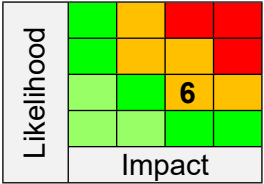
Strategic Risk Register

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 			Remains the same
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 • Maintain relationships across Leicester, Leicestershire and Rutland • Strategic Partner reviews • Maintain an overview of the budget situation of key partners within Leicestershire • Lightbulb review in progress 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u> Map and register partnerships and shared services	<u>Responsible Officer:</u> Chief Executive	<u>Target Date:</u> Ongoing		

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
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 			Direction of travel improved due to more robust treatments and controls
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> 	<u>Responsible Officer:</u> 	<u>Target Date:</u> 		

Strategic Risk Register

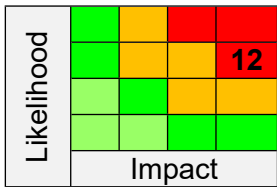
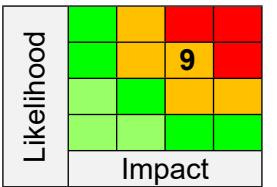
Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
SR8 – Communication Risk that the Council does not establish effective strategic communication arrangements leading to the public not being informed about Council activity 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> 	<u>Responsible Officer:</u> 	<u>Target Date:</u> 		

Strategic Risk Register



Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
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 • Presenting the new Strategy to Cabinet in October and Council in November 2023 • Climate Emergency 				
Risk Owner	Chief Executive				
Planned Future Actions and Responsible Officer(s).	<u>Description:</u>	<u>Responsible Officer:</u>		<u>Target Date:</u>	

Strategic Risk Register

Risk Code and Title	Primary Risk Type	Potential Consequences	Inherent Risk Matrix	Residual (Current) Risk Matrix	Direction of Travel
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 resulting in service delivery issues and/or reputational damage	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"> Monitoring legislation through Parliament Liaise with other Districts Reviewing and understand the financial implications Regular briefings to Cabinet The implementation of voter ID is now completed, further requirements of the Elections Act to be introduced Reviewing the requirements of Martyn’s Law Review of the Housing regulatory standards and preparing for inspection Recruitment of new Head of Landlord Services Monitoring of Levelling up and Regeneration Act Direction of travel from central Government re the Environment Act 				
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 Wellbeing / Director of Customer Experience		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>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	Yellow	12	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				<table border="1"> <tr><td rowspan="4">Likelihood</td><td>Green</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>Green</td><td>Yellow</td><td>9</td><td>Red</td></tr> <tr><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>Green</td><td>Green</td><td>Green</td><td>Green</td></tr> <tr><td></td><td colspan="4">Impact</td></tr> </table>	Likelihood	Green	Yellow	Red	Red	Green	Yellow	9	Red	Green	Green	Yellow	Yellow	Green	Green	Green	Green		Impact				Initially established
Likelihood	Green	Yellow	Red		Red																																												
	Green	Yellow	Yellow		12																																												
	Green	Green	Yellow		Yellow																																												
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	Green	Yellow	9	Red																																													
	Green	Green	Yellow	Yellow																																													
	Green	Green	Green	Green																																													
	Impact																																																
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 Work 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 Review of Housing Needs team staffing resources and service procedures to increase resilience and efficiency Recent Home Office arrangements regarding Asylum Seekers Exploration of Simplyphy (organisation who assist with acquisitions) Falcon Centre cessation of LCC funding 																																																
Risk Owner	Chief Executive																																																

Strategic Risk Register

Planned Future Actions and Responsible Officer(s).	Description: Review of housing development strategy	Responsible Officer: Head of Strategic Housing	Target Date: 2023/2024
	Review of Homelessness and Rough Sleeping Reduction Strategy		2023/2024

AUDIT COMMITTEE - TUESDAY, 23 APRIL 2024

Report of the Chair of the Audit Committee

Part A

AUDIT COMMITTEE ANNUAL REPORT

Purpose of Report

The report is to detail how the committee has complied with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022.

Recommendation

That the committee agree on the content of the report in advance of it being presented to Council to be noted.

Reason

To ensure compliance with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022

Policy Justification and Previous Decisions

CIPFA have updated the 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

There are no specific risks associated with this report

Equality and Diversity

None identified

Climate Change and Carbon Impact

None identified

Crime and Disorder

None identified

Publicity Arrangements

Not applicable

Consultations

Not applicable

Links to the Corporate Strategy

Efficient and Effective Council	Yes
Environment and Climate Change	No
Homes and Communities	No
Economy and Growth	No

Officer(s) to contact:

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

Rebecca Dobson
Democratic Services Officer (RD)
rebecca.dobson@charnwood.gov.uk

Part B

In May 2022, the Chartered Institute of Public Finance & Accountancy (CIPFA) published a revised and updated edition of the document Position Statement: Audit Committees in Local Authorities and Police 2022. In support of the statement CIPFA also released guidance documentation in October 2022.

This report is to ensure that compliance with an annual report of the Audit Committee is met.

Appendices

Audit Committee Annual Report 2023/24

Appendix 1 – Audit Committee Terms of Reference

Appendix 2 – Audit Committee Work Undertaken

Appendix 3 – Audit Committee Action Plan

Appendix 4 – CIPFA Self-Assessment of Good Practice



AUDIT COMMITTEE

ANNUAL REPORT 2023/24

1. Introduction

The annual report of the Audit Committee for 2023/24 illustrates the scale and scope of the Committee's work. It confirms its function is consistent with best practice as well as demonstrating the positive impact of its work. In this period there were five meetings of the Committee.

The Audit Committee, as a key part of the Council's corporate governance arrangements, oversees and assesses the Council's risk management, control and governance arrangements and advises the Council on their adequacy and effectiveness.

It also has responsibility for reviewing the statutory financial reporting process through approval of the Statement of Accounts and receiving key reports from the External Auditor.

The detailed roles of the Audit Committee are set out in its Terms of Reference, which have been updated in line with the CIPFA Position Statement 2022. These can be found at Appendix 1.

2. Committee Information

Membership and attendance during 2023/24

The Audit Committee comprises seven Councillors and one Independent Chair. There is currently an appointment process ongoing to appoint a second independent member, in line with good practice.

	25/04/23	11/07/23	19/09/23	21/11/23	30/01/24
Jane Nellist (Chair)	✓	✓	✓	✓	✓
Councillor Popley (Vice-Chair)		✓	✓	Virtual	
Councillor Cory-Lowsley		✓	✓	✓	✓
Councillor Hadji-Nikolaou	✓		✓	✓	✓
Councillor Infield		✓	✓	✓	✓
Councillor Knight		✓	✓	✓	
Councillor Lennie			✓	✓	✓
Councillor Maynard		✓	✓	✓	Virtual
Councillor Parsons (Vice-Chair)	✓				
Councillor Charles	✓				
Councillor Gray	✓				
Councillor Hamilton	✓				

Relationships

There continues to be a good working relationship between officers and Members of the Committee. In line with good practice, the S151 Officer (or deputy), the Director of Finance, Governance and Contracts and the Audit Manager (or deputy) attend all meetings.

Internal Audit functional responsibility rests with Simon Jackson (Director of Finance, Governance and Contracts) on behalf of the Chief Executive whilst the Audit Manager has a direct reporting line to all levels of the Council both at officer and member level.

Training

There is a recognition that training is key for members of the Audit Committee to enable them to effectively carry out what can be a demanding and technical role. In 2023/24 training included an annual Audit Committee Update (including Risk Management) in July, Financial Statements in November and Treasury Management in January.

3. Summary of work undertaken

A summary of work undertaken at meetings throughout the year is included at Appendix 2.

3.1 Internal Audit

The internal audit plan for the year was approved in April. This was prepared using a risk-based assessment of the Council's activities and consultation with the SLT and CLT. Specialist resources for technical IT audits were externally procured.

The work of internal audit was reviewed at each meeting. This review includes a summary of audit reports as well as performance against the plan and other measures. It is pleasing to note that most audits achieve a high level of assurance, reflecting that in most areas, risks are being effectively managed and the control environment is sound. Those audits which require a greater degree of improvement are classed as having limited or no assurance. For those reviews with limited or no assurance, responsible officers are required to attend the Audit Committee to provide more detailed information.

Another important part of the Committee's role is helping to ensure that audit recommendations are implemented. The Committee ensures that officers are acting on recommendations from both internal and external audit with updates being received on outstanding recommendations at each meeting. The Audit Committee have asked for additional information on older outstanding recommendations and responsible officers have attended to provide more detailed information. This approach will continue as required and appears to have had a positive effect on the effective implementation of audit recommendations.

An Annual Report by the Audit Manager is presented to the Audit Committee following the end of the financial year, which also helps to support the Annual Governance Statement. The 2022/23 Annual Internal Audit Report to the July meeting gave a reasonable (yellow) assurance on the overall control environment, which means there is a generally sound system of governance, risk management and controls in place.

3.2 External Audit

Mazars were the External Auditors for 2022/23, and this has now changed to Azets for 2023/24, both of whom were procured through the Public Sector Audit Appointments. The role of external audit is to ensure that the Council's financial statements give a true and fair view of the financial position and have been properly prepared. They also consider whether the system of internal control is effective and whether the Council has in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Audit Committee has a role to comment on the scope and depth of external audit work, through considering plans and reports to ensure the work gives value for money.

The Committee has considered the 2022/23 External Auditor's report and it was reassuring to note that an unqualified opinion was issued. As part of the audit work undertaken Mazars considered the internal controls in place relevant to the preparation of the financial statements. The findings of this work resulted in two level 3 (low) priority recommendation being made in respect of disclosures of related party transactions and review of reconciliations. Delays in the report were due to outstanding work on the net pension liability from the Pension Fund Auditor.

The External Auditor also confirmed that it has not identified any significant weaknesses in the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources (value for money approach).

Given the ongoing financial pressures that are impacting upon the public sector, it is reassuring that the Council continues to take a prudent approach to the management of its

financial position and has continued to receive an unqualified opinion of assurance from the external audit.

3.3 Capital Strategy, Treasury Management and Investment Performance

The Committee's role is to assess the robustness of the Council's Treasury Management policy and strategy. Training is provided to the Committee by the Council's Treasury Management consultants to enable the Committee members to understand the detail contained within the reports. The Committee reviews the strategy and considers the adoption of Treasury Management indicators prior to Council approval. Throughout the year, Treasury and Investment performance are reviewed to ensure the governance and management procedures reflect best practice and comply with the CIPFA Code of Practice for Treasury Management.

3.4 Risk Management

The Committee has a role in overseeing risk management strategies and receives an annual report and reviews progress on a quarterly basis.

Risk management arrangements are working well, and risk management is used effectively to help manage strategic, operational and project risks. Good progress has been made to mitigate risk through effective action plans, which are regularly reviewed and updated.

3.5 CIPFA Position Statement

A working group was established, lead by the Audit Manager to review Compliance with the updated CIPFA Positions Statement on the impact and effectiveness of the Audit Committee and develop an action plan to address issues identified. Details of the action plan can be found at Appendix 3.

As part of the work, seven of the Audit Committee members undertook a self-assessment, which can be found at Appendix 4. A score of 176 out of 200 has been achieved, with some improvements identified, which are linked to the action plan detailed at Appendix 3.

Overall, there is a good level of compliance with CIPFA good practice. The completion of the action plan detailed in Appendix 3 will ensure that the Council ensures effective arrangements are in place for the overall governance framework.

3.6 Annual Governance Statement

The Annual Governance Statement is a statutory statement and provides an overview of key governance arrangements within the Council, including any significant control issues arising during the year and forms part of the statement of accounts. It is based on the core principles and requirements set out in Delivering Good Governance in Local Government Framework (CIPFA / Solace 2016).

The Audit Committee approves the Statement and agrees actions to ensure compliance with best practice and monitors all significant issues arising from the Statement. It was last reviewed in the November meeting and there is currently one outstanding issue on the action plan which relates to the iTrent system.

3.7 Statement of Accounts

The Committee reviews the authority's financial and assurance statements, including the Statement of Accounts and the Annual Governance Statement, ensuring the latter properly reflects the risk environment and any actions required to improve it and then to recommend its adoption.

Despite continuing pressures within the finance team, the financial statements were considered and approved by the Audit Committee in November.

3.8 IT Health Check

Cyber fraud threat is an ongoing risk to the Council and the annual IT Health Check provides assurance on the security of the Council's network. Members of the public are excluded from discussions on this area as it is deemed no in the public interest due to the detail contained within the report, which could be exploited to disrupt Council services or commit fraud.

3.9 RIPA

The committee continues to receive and consider reports on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA). There had been no usage of these powers by the Council during 2023/24.

3.10 Anti-Fraud and Corruption Strategy and Whistleblowing Strategy

Received information on the operation of the Anti-Fraud and Corruption Strategy and Whistleblowing Policy during 2022/23. It was pleasing to note that there had been no instances reported in line with this during the year.

3.11 Environmental Audit

The outcomes of the annual Environmental Audit undertaken in April were reported to the Committee along with identified actions for mitigation required. The non-compliances had also been considered by the SLT and assurances were made that there were no major issues putting the Council at risk.

3.12 Allowances and Expenses Claimed by Councillors and Co-opted Members

The amounts claimed by members of the Council and co-opted members under the Council Member's Allowances Scheme were considered. Due to the tight controls operated around this by both Democratic Services and Payroll, it was agreed that the item be removed from the Committee's work programme going forward. If any issues were identified in future, they would be brought to the attention of the Committee by the Head of Governance.

4. Conclusion

The Committee provides effective challenge across the full range of Council services and provides independent assurance on the risk management and governance framework and associated internal control environment to the Council and the public.

The Committee has received a variety of reports from both Internal and External Audit during the year. It has scrutinised and challenged the findings of audit reports on risk and control issues, sought clarification and in some cases required detailed explanations and action plans to address significant issues.

By completing the work programme and providing challenge, the Audit Committee has:

- increased public confidence in the Council's governance arrangements
- reinforced the importance and independence of internal and external audit and other review processes that reported to the Audit Committee
- assisted in the co-ordination of assurance with internal audit and, in so doing, made management more accountable
- provided additional assurance through a process of independent and objective review; and raised awareness of the need for internal control and
- helped ensure the timely implementation of audit recommendations.

The Committee strives to ensure that best practice as per the CIPFA Position Statement is implemented in order to add value to the governance processes within the Council.

Last, but by no means least, I would like to express my appreciation and thanks to Rebecca and Nicky from Democratic Services, my Vice-Chairs, all those elected members who have served on the Committee, the Finance team, the Internal Audit team and all those officers that have provided reports, training, and guidance to the Committee.

Jane Nellist
Chair of Audit Committee

Audit Committee – Terms of Reference

FUNCTIONS

General

1. To refer matters of concern to the Council, Cabinet, or appropriate committee. The Chair or Vice-chair of the Committee may address the Cabinet, or a committee and the Vice-chair of the Committee may address the Council before the report is considered.

Audit activity

2. To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.

3. To consider summaries of specific internal audit reports as requested.

4. To consider reports dealing with the management and performance of the providers of internal audit services.

5. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

6. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

7. To consider specific reports as agreed with the external auditor.

8. To comment on the scope and depth of external audit work and to ensure it gives value for money.

9. To liaise with the appropriate person or body over the appointment of the council's external auditor.

10. To commission work from internal and external audit.

Regulatory framework

11. To maintain an overview of the council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.

12. To review any issue referred to it by the chief executive, a director or a head of service, or any council body.

13. To monitor the effective development and operation of risk management and corporate governance in the council.

14. To monitor council policies on 'Raising Concerns at Work' and the anti-corruption strategy and the council's complaints process.

15. To oversee the production of the authority's Governance Statement and to recommend its adoption.

16. To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

17. To consider the council's compliance with its own and other published standards and controls.

18. To consider the Council's treasury management control and investment control arrangements.

Accounts

19. To approve the Authority's statement of accounts, income and expenditure and balance sheet, or record of payments and receipts under the Accounts and Audit Regulations as amended.

20. To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

21. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Regulation of Investigatory Powers Act (RIPA)

22. To consider the use of RIPA and report to Cabinet any concerns that may indicate that this is not consistent with the Council's Policy for the use of RIPA or that the Policy may not be fit for purpose. The Chair or Vice-chair of the Committee may address the Cabinet before any report to Cabinet is considered.

12.3 Composition of Audit Committee

Committee	Size	Quorum	Substitutes
Audit Committee	<p>Two Independent Members (inc. Chair)</p> <p>Plus seven Councillor members. No members of the Cabinet can be members of the Committee</p> <p>The Vice-chair will be appointed by the Committee from among its members.</p> <p>Appointment of the Independent Chair of the Audit Committee (and the independent member) to be made by Full Council on recommendation from the S151 Officer.</p>	Four Councillor members	Permitted

*Minor change to be approved at Council on 22nd April 2024.

Members of the Audit Committee must attend the mandatory training, or its equivalent at the start of each Council term to maintain their eligibility.

Other Councillors are allowed to substitute for members of the Audit Committee who are absent using procedures set out in the Committee Procedures. In order to maintain eligibility to participate in meetings a Councillor must have attended mandatory training, or its equivalent, in the current Council term.

Audit Committee Work Undertaken

Agenda Item	25/04/23	11/07/23	19/09/23	21/11/23	30/01/24
External Audit	✓		✓	✓	✓
RIPA	✓	✓	✓		✓
Risk Management	✓	✓	✓		✓
CIPFA Position Statement	✓	✓	✓		✓
Internal Audit	✓	✓	✓		✓
Audit Committee Work Programme	✓	✓	✓		✓
Allowances and Expenses		✓			
Anti-fraud and Corruption Strategy and Whistleblowing Strategy		✓			
Treasury Management		✓	✓	✓	✓
Environmental Audit		✓			
Investment Performance		✓			✓
IT Health Check		✓	✓		
Annual Governance Statement				✓	
Statement of Accounts				✓	
Capital Strategy, Treasury Management, Investment Strategy and MRP Strategy					✓

Audit Committee 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
4	Terms of Reference (TOR) of the Committee to be reviewed and updated in line with the CIPFA recommended TOR.	Working Group	September 2023
5	Constitution to be updated to reflect the good practice of having two independent members on audit committee.	Monitoring officer/ Deputy monitoring officer	January 2024
6	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

Self-assessment of good practice

This appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment should be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

Good practice questions	Does not comply	Partially complies and extent of improvement needed*			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement
Weighting of answers	0	1	2	3	5

Audit committee purpose and governance

- 1 Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?
- 2 Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?
- 3 Has the committee maintained its advisory role by not taking on any decision-making powers?
- 4 Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?
- 5 Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?
- 6 Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?
- 7 Does the governing body hold the audit committee to account for its performance at least annually?

* Where the committee does not fully comply with an element, three options are available to allow distinctions between aspects that require significant improvement and those only requiring minor changes.

Good practice questions	Does not comply					Partially complies and extent of improvement needed					Fully complies														
	Major improvement					Significant improvement					Moderate improvement					Minor improvement					No further improvement				
Weighting of answers	0					1					2					3					5				
8 Does the committee publish an annual report in accordance with the 2022 guidance, including:																									
<ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 																									
<ul style="list-style-type: none"> results of the annual evaluation, development work undertaken and planned improvements 																									
<ul style="list-style-type: none"> how it has fulfilled its terms of reference and the key issues escalated in the year? 																									
Functions of the committee																									
9 Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?																									
Governance arrangements																									
Risk management arrangements																									
Internal control arrangements, including:																									
<ul style="list-style-type: none"> financial management value for money ethics and standards counter fraud and corruption 																									
Annual governance statement																									
Financial reporting																									
Assurance framework																									
Internal audit																									
External audit																									
10 Over the last year, has adequate consideration been given to all core areas?																									
11 Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?																									
12 Has the committee met privately with the external auditors and head of internal audit in the last year?																									

Good practice questions	Does not comply					Partially complies and extent of improvement needed			Fully complies
	Major improvement	Significant improvement	Moderate improvement	Minor improvement	No further improvement				
Weighting of answers	0	1	2	3	5				

Membership and support

<p>13 Has the committee been established in accordance with the 2022 guidance as follows?</p> <ul style="list-style-type: none"> • Separation from executive • A size that is not unwieldy and avoids use of substitutes • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation 								
14 Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?								
15 Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?								
16 Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?								
17 Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?								
18 Is adequate secretariat and administrative support provided to the committee?								
19 Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?								

Effectiveness of the committee

20 Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?								
21 Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?								
22 Are meetings effective with a good level of discussion and engagement from all the members?								
23 Has the committee maintained a non-political approach to discussions throughout?								

Good practice questions	Partially complies and extent of improvement needed				Fully complies
	Does not comply	Major improvement	Significant improvement	Moderate improvement	Minor improvement
Weighting of answers	0	1	2	3	5
24 Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?					
25 Does the committee make recommendations for the improvement of governance, risk and control arrangements?					
26 Do audit committee recommendations have traction with those in leadership roles?					
27 Has the committee evaluated whether and how it is adding value to the organisation?					
28 Does the committee have an action plan to improve any areas of weakness?					
29 Has this assessment been undertaken collaboratively with the audit committee members?					
Subtotal score					
Total score					
Maximum possible score					200**

** 40 questions/sub-questions multiplied by five.

AUDIT COMMITTEE - TUESDAY, 23RD APRIL 2024

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:

- Amendments to this April 2024 agenda include:

“External Audit Progress Report and Technical Update” deleted from the agenda due to the recent placement of new external auditor, Azets.

“2023/24 External Audit Plan” added to the agenda.

“External Quality Assessment of Internal Audit” deleted from the agenda. This item is required every five years and is not due until 2026.

“Audit Committee Annual Report” added to the agenda for this meeting in line with recommendations of the ‘CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022’.

- Audit Committee dates for 2024/25 amended to July, October, February and April, with flexibility for the Audit Accounts meeting which is currently scheduled for November. The revised schedule allows for more streamlined quarterly reporting in relation to the Internal Audit Plan Progress reports and Treasury Management reports.
- Treasury Management will be reported as follows:
Q1 – October, Q2 and Q3 – February, Q4 – July.

- The Head of Democracy will be reporting on the following items going forward:

Council's Use of Regulation of Investigatory Powers Act (RIPA) (every meeting)

Risk Management (Risk Register) (every meeting)

Antifraud and Corruption Strategy and Whistleblowing Strategy (annual- July)

- The Head of Legal and Electoral Services will be reporting on the Annual Governance Statement and Review of the Code of Corporate Governance going forward (annual – November Accounts meeting).

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

Officer to contact: Rebecca Dobson
Democratic Services Officer
01509 634502

AUDIT COMMITTEE - WORK PROGRAMME

MEETING DATE	ISSUE	OFFICER / INVITEE	COMMENTS
23rd April 2024	2023/24 External Audit Plan	External Auditor (Azets)	External Audit Business, (if required) <i>Requested item for this 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 Democracy	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Democracy	<i>Standing item (every meeting)</i>
	2024/25 Internal Audit Draft Plan	Audit Manager	<i>Annually, (April meeting)</i> Internal Audit Business
	Annual Audit Letter	Previous External Auditor (Mazars)	<i>Annually (April meeting)</i> External Audit Business
	Audit Committee Annual Report	Audit Committee Members / Audit Manager	<i>Annually (April meeting)</i> <i>New item</i>

16th July 2024	Election of Vice-chair	N/A	<i>Annually (1st meeting of new council year)</i>
	External Audit Progress Report and Technical Update – Audit Strategy Memorandum	External Auditor (Azets)	External Audit Business <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 Democracy	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Democracy	<i>Standing item (every meeting)</i>
	2023/24 Internal Audit Annual Report	Audit Manager	<i>Annually (July meeting)</i>
	Antifraud & Corruption Strategy and Whistleblowing strategy	Head of Democracy	<i>Annually (July meeting)</i>
	Treasury Management (Q4) Outturn Report	Head of Finance	<i>Annually (July meeting)</i>
	Environmental Audit (outcomes)	Director of Commercial & Economic Development / Sustainability Officer	<i>Annually (July meeting)</i> <i>Note: Six-month exception report where identified actions are not implemented by the target date.</i>
	Annual IT Health Check (Code of Connection) -EXEMPT	Director of Customer Experience / Information Technology Delivery Manager	<i>Annually, (July meeting)</i>
	Investment Performance Report – EXEMPT	Director of Commercial & Economic Development	<i>Reported every six months (last reported January 2024)</i>

22nd October 2024	Financial Statements Training	Director of Finance, Governance and Contracts / Head of Finance	Suggest before November Accounts meeting
	External Audit Progress Report and Technical Update – Audit Strategy Memorandum	External Auditor (Azets)	External Audit Business <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 Democracy	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Democracy	<i>Standing item (every meeting)</i>
	Treasury Management Report (Q1)	Head of Finance	<i>Quarterly</i>

19th November 2024	Annual External Audit Completion Report 2023/24	External Auditor (Azets)	<i>External Audit Business</i> <i>Annually (Accounts meeting)</i>
	Annual Governance Statement & review of the Code of Corporate Governance	Head of Legal and Electoral Services	<i>Annually (Accounts meeting)</i>
	Statement of Accounts 2023/24	Head of Finance	<i>Annually (Accounts meeting)</i>

January 2025	Annual Treasury Management Training	Link Market Services	<i>Before February Audit Committee meeting</i>
11th February 2025	External Audit Progress Report and Technical Update	External Auditor (Azets)	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 Democracy	<i>Standing item (every meeting)</i>
	Risk Management (Risk Register)	Head of Democracy	<i>Standing item (every meeting)</i>
	2024/25 Capital Strategy, Treasury Management Statement, Annual Investment Strategy and MRP Strategy	Director of Finance Governance and Contracts / Head of Finance	<i>Annually, (February meeting)</i>
	Investment Performance Report – EXEMPT	Director of Commercial & Economic Development	<i>Reported every six months</i>
	Treasury Management Report (Q2 and Q3)	Head of Finance	<i>Quarterly (new item)</i>
2026	External Quality Assessment of Internal Audit	Audit Manager	<i>Every five years, last considered in Feb 2021 (next due in 2026)</i>