



TO COUNCILLOR:

G A Boulter
Miss P V Joshi
J Kaufman

Mrs L Kaufman
K J Loydall (Chair)
D W Loydall

Mrs S B Morris

I summon you to attend the following meeting for the transaction of the business in the agenda below.

Meeting: Audit Committee
Date and Time: Wednesday, 22 June 2022, 6.00 pm
Venue: Council Offices, Bushloe House, Station Road, Wigston, Leicestershire, LE18 2DR
Contact: Democratic Services
t: (0116) 257 2775
e: democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices
Wigston
14 June 2022

Mrs Anne E Court
Chief Executive



Meeting ID: 2228



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ITEM NO.

AGENDA

PAGE NO'S

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<https://www.youtube.com/watch?v=ta8fFAEhqLY>

1. Apologies for Absence

To receive apologies for absence from Members to determine the quorum of the meeting in accordance with Rule 7 of Part 4 of the Constitution.

2. Appointment of Substitutes

To appoint substitute Members in accordance with Rule 26 of Part 4 of the Constitution and the Substitution Procedure Rules.

3. Declarations of Interest

Members are reminded that any declaration of interest should be made having regard to the Members' Code of Conduct. In particular, Members must make clear the nature of the interest and whether it is 'pecuniary' or 'non-pecuniary'.

4. Minutes of the Previous Meeting

4 - 6

To read, confirm and sign the minutes of the previous meeting in accordance with Rule 19 of Part 4 of the Constitution.

5. Action List Arising from the Previous Meeting

There was no Action List arising from the previous meeting.

6. Petitions and Deputations

To receive any Petitions and, or, Deputations in accordance with Rule(s) 11 and 12 of Part 4 of the Constitution and the Petitions Procedure Rules respectively.

7. Informing the Audit Risk Assessment (2020/21)

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Report of the Head of Finance / Deputy Section 151 Officer

8. Audit Findings Report (2020/21)

To Follow

Report of the Head of Finance / Deputy Section 151 Officer

9. Draft Letter of Representation

To Follow

Report of the Head of Finance/Deputy S151 Officer

10. Strategic Risk Update (2022/23)

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Report of the Strategic Director / Section 151 Officer

11. Internal Audit Progress Report (June 2022)

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Report of the Strategic Director / Section 151 Officer

12. Internal Audit Annual Report and Opinion (2021/22)

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Report of the Strategic Director / Section 151 Officer

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Agenda Item 4

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT/BY COUNCIL OFFICES,
BUSHLOE HOUSE, STATION ROAD, WIGSTON, LEICESTERSHIRE, LE18 2DR ON
WEDNESDAY, 30 MARCH 2022 COMMENCING AT 6.00 PM**

PRESENT

K J Loydall Chair



Meeting ID: 2096

COUNCILLORS

J Kaufman
D W Loydall
Mrs S B Morris

OFFICERS IN ATTENDANCE

T Bingham	Strategic Director / Section 151 Officer
C Campbell	Head of Finance / Deputy Section 151 Officer
C Eyre	Housing Manager
P Harvey	External Auditor
A J Hunt	Democratic & Electoral Services Officer
G Patterson	External Auditor
R Sohal	Finance Manager
M Watkins	Head of Internal Audit

OTHERS IN ATTENDANCE

P Harvey	Grant Thornton LLP
G Patterson	Grant Thornton UK LLP
M Watkins	CW Audit Services

51. **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Miss P V Joshi and Dr I K Ridley.

52. **APPOINTMENT OF SUBSTITUTES**

None.

53. **DECLARATIONS OF INTEREST**

None.

54. **MINUTES OF THE PREVIOUS MEETING**

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The minutes of the previous meeting held on 15 December 2021 be taken as read, confirmed and signed.

55. ACTION LIST ARISING FROM THE PREVIOUS MEETING

None.

56. PETITIONS AND DEPUTATIONS

None.

57. EXTERNAL AUDIT PROGRESS REPORT (MARCH 2022)

The Committee gave consideration to the report and appendix (as set out in pages 6 – 23 the agenda reports pack) which updated Members on the progress of the external audit of the 2020/21 Statement of Accounts made up to 31 March 2021.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- (i) Notes that the unaudited 2020/21 Statement of Accounts for the year ended March 2021 are subject to external audit, with a view to being reviewed and approved at the next Audit Committee.**
- (ii) Notes that Grant Thornton have issued a progress report on the external audit of the Councils 2020/21 Statement of Accounts.**

58. INTERNAL AUDIT PROGRESS REPORT (MARCH 2022)

The Committee gave consideration to the report and appendix (as set out in pages 24 - 34 in the agenda reports pack) which updated Members on Internal Audit's progress at delivering the 2021/22 audit plan.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The progress made in delivering the 2021/22 audit plan be noted.

59. ACCOUNTING POLICIES AND MATERIALITY (2021/22)

The Committee gave consideration to the report and appendices (as set out in pages 35 – 57 in the agenda reports pack) which asked members to review and approve the draft accounting policies and materiality levels for the 2021/22 Financial Statements.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- (i) The Draft Accounting Policies for the 2021/22 Financial Statement as detailed in Appendix 1 be considered and approved and**
- (ii) The materiality levels as set out in Appendix 2 be considered and approved**
- (iii) That delegated authority be given to the Section 151 Officer to make**

any further required amendments to the accounting policies or changes to the materiality levels deemed necessary.

60. STRATEGIC AUDIT PLAN (2022/23)

The Committee gave consideration to the report and appendices (as set out in pages 58 – 73 in the agenda reports pack) which updated members on the progress of the external audit of the 2020/21 Statement of Accounts made up to the 31 March 2021.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- (iv) The Draft Accounting Policies for the 2021/22 Financial Statement as detailed in Appendix 1 be considered and approved and
- (v) The materiality levels as set out in Appendix 2 be considered and approved and
- (vi) That delegated authority be given to the Section 151 Officer to make any further required amendments to the accounting policies or changes to the materiality levels deemed necessary.

THE MEETING CLOSED AT 7.20 pm



Chair / Vice-Chair

Wednesday, 22 June 2022

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Agenda Item 7



Audit Committee	Wednesday, 22 June 2022	Matter for Information and Decision
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Report Title: **Informing the Audit Risk Assessment (2020/21)**

Report Author(s): **Comie Campbell (Head of Finance / Deputy Section 151 Officer)**

Purpose of Report:	To update Members on the progress of the external audit of the 2020/21 Statement of Accounts made up to 31 March 2021.
Report Summary:	The Council's draft statement of accounts are required to be audited each year by set dates. This includes reviewing information from management and communicating with those charged with governance. This report outlines the Audit Risk Assessment document which is part of that process.
Recommendation(s):	That the Committee: Reviews, notes and approves the 2020/21 Informing the Audit Risk Assessment document for the year ended 31 March 2021.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director/Section 151 Officer) (0116) 257 2690 Tracy.Bingham@oadby-wigston.gov.uk Comie Campbell (Head of Finance/Deputy Section 151 Officer) (0116) 257 2713 Comie.Campbell@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> • The Accounts and Audit (England) Regulations 2015 • Delivering Good Governance in Local Government: Framework
Appendices:	1. Informing the Audit Risk Assessment 2020/2021

1. Introduction and Background

- 1.1 The publication of the Statement of Accounts is governed by the requirements of the Accounts and Audit (England) Regulations 2015. These require the Statement of Accounts to be certified by the Council's Section 151 Officer as presenting a true and fair view of the financial position of the Council by 31 May each year. The accounts must then be submitted for external audit to publish audited accounts by no later than the 31st August each year.
- 1.2 However, due to the Covid 19 pandemic the deadlines have been altered, with the 2020/21 accounts being presented by 31 July 2021, with the audited accounts to be published by 1 August 2021. The 2020/21 unaudited accounts were certified by the Section 151 Officer, were published on the Council's website on 26 August 2021.
- 1.3 Following certification by the Section 151 Officer in August 2021, the accounts have been subject to detailed and rigorous review by the Council's external auditors, Grant Thornton. The audit report is being finalised at the time of writing this report, but we expect the auditors are planning to issue an unqualified opinion.
- 1.4 The 2020/21 Informing the Audit Risk Assessment document for year ended March 2021 will be presented at this meeting by Grant Thornton. The Audit Committee are recommended to review this document.

2. Informing the Audit Risk Assessment 2020/21

- 2.1 This document contributes to the communication between the external auditors Grant Thornton and those charged with governance the audit committee. The document helps the auditors understand the management processes and how the Council deals with a range of areas relating to the production of the 2020/21 OWBC Statement of Accounts.
- 2.2 There are five main areas where responses were provided. These are General Enquires of Management, Fraud, Laws and Regulations, Related Parties and Accounting Estimates. Grant Thornton will discuss these areas with the Audit Committee.

Informing the audit risk assessment for Oadby & Wigston Borough Council 2020/21

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Grant Patterson
Director
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Appendix 1

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between the council's external auditors and its audit committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the councils oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Authority's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	Presentation of the Covid Business grant payments /PPE
2. Have you considered the appropriateness of the accounting policies adopted by the Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Yes, the accounting policies adopted by OWBC have been considered as appropriate
3. Is there any use of financial instruments, including derivatives?	No
4. Are you aware of any significant transaction outside the normal course of business?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
6. Are you aware of any guarantee contracts?	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by the council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Council uses outside legal council for advice on certain matters. The Head of Legal services would be the best person to contact on any legal matters. I am not aware of any legal cases that would have a material affect on contingencies from prior years.

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General Enquiries of Management

Question	Management response
9. Have any of the council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	I do not have details of all of the advisors the Council would have used

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the council's management.

Fraud risk assessment

Question	Management response
<p>1. Have the authority assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the authority's risk management processes link to financial reporting?</p>	<p>Yes this has been assessed.</p> <p>Internal audit provide a strategic and operational risk management service for the Council. They regularly meet staff to review processes in each of the departments.</p> <p>The Risk management information is reported to Internal audit</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Creditors – to avoid possible duplicate payments</p>

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the authority as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>I am not aware of any fraud since 1 April 2020</p>
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the authority where fraud is more likely to occur?</p>	<p>No specific fraud risk has been identified</p>
<p>5. What processes do the authority have in place to identify and respond to risks of fraud?</p>	<p>There is a programme regular reviews of operational and strategic risks. This facilitated by the internal audit team. There are also policies in place which state procedures for certain tasks.</p>

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for the authority, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The Council does have various internal controls in place which are effective, These are reviewed by our Internal audit team and brought to the attention of Senior Management and the Audit Committee.</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>No</p>

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Fraud risk assessment

Question	Management response
<p>8. How do the authority communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>There are policies in place within the organisation to cover these areas. Staff can report matters to there line manager, Senior Manager or to HR on any concerns.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>The Council migrates risk by the separation of duties for posts and electronic authorisation processes. For example raising invoices, payments from the Council bank account. These procedures are regularly reviewed.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>I am not aware of any issues</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>The audit committee reviews the risk management reports and receives regular updates. Challenges are made to officer if there are areas of concern. Further information or an investigation could be requested.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No I am not aware of any or potential complaints by whistle blowers.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>I am not aware of any reports made under the Bribery Act.</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that the authority's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the authority have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the authority's regulatory environment that may have a significant impact on the council's financial statements?</p>	<p>The Council complies with the CIPFA code of practice and regulations stipulated by government bodies or legislation</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The audit committee receive guidance on the relevant laws and regulations the Council have to comply to</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?</p>	<p>Not that I am aware of since 1 April 2020</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>There is no litigation or claims that would affect the 2020/21 financial statements</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does the authority have in place to identify, evaluate and account for litigation or claims?	Insurance claims are recorded as well as any legal claims against the Council
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	I am not aware of any reports of non compliance

Related Parties

Issue

Matters in relation to Related Parties

The authority are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the authority;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the council, or of any entity that is a related party of the authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the authority must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in the Authority's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and the authority • whether the authority has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<p>I am not aware of any changes</p>
<p>2. What controls does the Authority have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Checks are made with management and year the end closedown timetable to ensure</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>There is a delegated authority list which identifies officers financial limit levels of authority to approve expenditure. Expenditure above an officers authorisation limit would then be allocated to an officer with a higher limit. The S151 Officer is responsible for approving officers limits. These limits are periodically reviewed with the statutory officers to ensure they are appropriate.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>There is delegated authority list of authorisers with set financial authorisation limits. S151 Officer/Chief Executive have the highest limit and tend to authorise large expenditure items. Senior Leadership are also available to authorise significant expenditure outside of the normal course of business. The Financial Regulations and any delegated authority is adhered to.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	The valuation of the Councils assets such as housing stock or property's it owns would be the most significant item in the accounts
2. How does the Authority's risk management process identify and addresses risks relating to accounting estimates?	The Council risk management process checks that correct accounting processes are in place and being operated by OWBC.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Review of data and information required are done as part of setting the closedown timetable. Reviews of External and Internal comments on any points that need to be addressed to ensure or enhance the accuracy data, methods used for accounting estimates.
4. How do management review the outcomes of previous accounting estimates?	Quarterly Budget monitoring to continuously review performance.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	I am not aware of any changes

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Review of the finance team skills and assessing any training or supervision required to ensure specialised skills are applied and there is an appropriate level of knowledge.</p>
<p>7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>Follows CIPFA code of practice guidance and financial regulations.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Monthly budget monitoring reports, quarterly monitoring reports to committee meetings. Discuss and review these reports at the Senior Leadership team meetings</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Work produced is reviewed by management and reviewed and challenged by the audit committee. CIPFA guidance and use of standard models used by other local authorities. Adhere to standard accounting practices</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	Management would be made aware of any key issues by S151 Officer of any key issues, events etc
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes they are reasonable
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Audit committee is consulted on accounting estimates and S151 Officer meets periodically with the Chair of that committee to discuss issues.

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Appendix A Accounting Estimates

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Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant and equipment valuations.	Existing use value	Comparison against the previous year any large variation queried	Valuations of PPE each year by Valuer	No material shift in value not already reported by valuer or any significant changes after this date and the date of reporting the information	No
Estimated remaining useful lives of PPE	Part of the fixed asset register	Comparison against the previous year any large variation queried	Valuer used	Useful life time not subject to change in year	No
Depreciation and amortisation	Follow CIFA guidance on method used	Comparison against the previous year any large variation queried	No	Straight line depreciation	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Impairments	Follow CIPFA Guidance and code of practice rules	Stock survey, Visual inspections	No	No material shift in asset value not already reflected in professional valuation. No assets destroyed that the Council has not been notified off.	No

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Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of financial instruments	CIPFA guidance	Assumptions are reviewed and checked to see they comply with the standard accounting code of practice rules	No	Fair value for PWLB borrowing Book Value	No
Provisions for liabilities	CIPFA guidance	Assumptions are reviewed and checked to see they comply with the standard accounting code of practice rules	No	Review possible liabilities and check with management.	No
Bad debt provision	CIPFA guidance/ Follow OWBC Financial procedures rules	Assumptions are reviewed and checked to see they comply with the standard accounting code of practice rules	No	No significant change in the risk profile of debts	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	Follow CIPFA guidance	These are reviewed for accuracy	No	Review assumptions	No
Non-adjusting events after the balance sheet date	Follow CIPFA guidance	These are reviewed for accuracy	No	Review assumptions	No

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Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Pension Fund (LGPS) Actuarial gains/losses	<i>Actuary</i>	<i>Review for significant movements in pension liability</i>	<i>Yes – County Council manage this process on OWBC behalf</i>	<i>Review actuary assumptions</i>	<i>No</i>



Agenda Item 10



Audit Committee	Wednesday, 22 June 2022	Matter for Information
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Report Title: **Strategic Risk Update (2022/23)**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To present the Operational and Strategic Risk Registers for information.
Report Summary:	In accordance with the requirements of the Council's Opportunity and Risk Management Policy, this report presents the Operational and Strategic Registers for the Committee's consideration, which are updated on a regular basis through discussions with a new internal Risk Management Group and members of the Corporate Management and Senior Leadership Teams.
Recommendation(s):	That the report and Operational and Strategic Risk Registers (as set out at Appendices 1 and 2) be considered.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director / Section 151 Officer) tracy.bingham@oadby-wigston.gov.uk Comie Campbell (Head of Finance / Deputy Section 151 Officer) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.

Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	<ol style="list-style-type: none"> 1. Strategic Risk Register Q3 2021/22 2. Operational Risk Register Q3 2021/22

1. Background

- 1.1 At its July 2021 meeting, the Audit Committee approved the Council's Opportunity Risk Management Policy and received, for the first time, the Operational and Strategic Risk Registers for consideration. These Registers have been updated on a regular basis since then by CW Audit Services, who were contracted to support the Council in managing risk, in discussion with members of the Corporate Management Team and the Senior Leadership Team.
- 1.2 In April 2022, the Strategic Director and Section 151 Officer agreed with the Senior Leadership Team that management of risk would be brought back in house, making an ongoing annual revenue saving. As part of the new approach, a new staff 'Risk Management Group' has been established. The role of this cross-organisational group is to review corporate risk on a quarterly basis, with proposed changes presented up to SLT for approval. It is intended to maximise the efficacy of the risk management approach and enhance organisational scrutiny and engagement. It also presents an opportunity to broaden the experience and corporate awareness of Senior Leadership Team managers and staff involved, with each representative tasked with providing general scrutiny and acting as lead for their wider service area.
- 1.3 The Risk Management Group launched in May and the most recent update of the Strategic Risk Register was presented to the Senior Leadership Team.
- 1.4 The Operational Risk Registers were reviewed by service areas and Heads of Service and their respective teams. Going forward, only the Strategic Risk Register is to be presented to the Audit Committee in line with existing policy.
- 1.5 This paper presents a summary of the profile of risks contained within the Registers and highlights key movements in scores from the position reported in July 2021

2. Strategic Risk Register

- 2.1 The Strategic Risk Register contains a total of 15 risks and there have been no additional risks added or any removed since the last Audit Committee update.
- 2.2 A number of changes were made by the Risk Management Group which were subsequently ratified or updated by the Senior Leadership Team. The changes are detailed in the final column of the risk register, but in summary are:
 - 2.2.1 All risks updated where necessary so that an individual risk owner identified
 - 2.2.2 CR1 (financial resources) – reference made too cost of living crises and additional action to undertake a risk assessment
 - 2.2.3 CR2 (supplier failure) – inherent risk score increased given current economic conditions. New management action for capturing contract management in service plans.

- 2.2.4 CR3 (partners) – no other changes.
- 2.2.5 CR4 (demographic engagement) - Risk amended to capture digital exclusion as a result of cost of living crises, risk scoring amended.
- 2.2.6 CR5 (political dynamics) - Risk reduced down.
- 2.2.7 CR6 (reputational damage) – Alignment with Corporate Peer Review Action Plan around implementing a standardised approach to appraisal and affordability assessments for projects.
- 2.2.8 CR7 (asset utilisation) – no other changes.
- 2.2.9 CR8 (regulatory governance) – no other changes.
- 2.2.10 CR9 (failure to respond) – updated actions around business continuity refresh of plans and training.
- 2.2.11 CR10 (Change/Transformation) - Extended developing a people strategy action to include more around resilience to transfer understanding of roles and responsibilities when staff are absent/leave the organisation.
- 2.2.12 CR11 (Economy/Regeneration) – Updated existing controls with work completed and further management actions/controls updated in line with Corporate Peer Review Action Plan and work ongoing with UK Shared Prosperity Fund and Levelling UP bid.
- 2.2.13 CR12 (Fraud) – Further management actions updated around training and bribery risk assessment.
- 2.2.14 CR13 (Cyber Security) – Further management actions updated around business continuity, cyber threat training and an internal awareness raising exercise and action to ensure secure email access appropriate.
- 2.2.15 CR14 (COVID-19) – Risk scoring reduced given current position
- 2.2.16 CR15 (lone working) - Updated existing controls to ref DBS checks.

2.3 The Strategic Risk Register can be found in Appendix 1.

3. Operational Risk Register

- 3.1 The Council’s Operational Risk Registers are reviewed on a quarterly basis by the Corporate Management Team and their Heads of Service. In line with the Risk Management Policy, all risks with a residual score of 10 or above will be escalated to the Senior Leadership Team for review and consideration in respect of whether they should be added to the Strategic Risk Register.
- 3.2 The Operational Risk Register details 33 risks in total. The In the majority of cases, risks are being managed down to target levels, indicating that controls in place are operating effectively.
- 3.3 In line with the existing Risk Management Policy, only the Strategic Risk Register will be presented to the Audit Committee moving forwards. However, Members will always retain the ability to request to have sight of any service area or project specific risk register.
- 3.4 The Operational Risk Register can be found in Appendix 2.

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR1	Decreasing Financial resources / Increasing Financial Pressures	All Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Increase demand for services e.g. benefits <input type="checkbox"/> Continuing Austerity <input type="checkbox"/> Political promises <input type="checkbox"/> Change in priorities <input type="checkbox"/> Reduction in recycling value <input type="checkbox"/> Deflated housing market <input type="checkbox"/> Lack of business growth <input type="checkbox"/> Further changes in legislation <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/> Universal Credit <input type="checkbox"/> Inefficient running costs of Bushloe House <input type="checkbox"/> Political hesitancy in decision making for fundamental service reform. <input type="checkbox"/> Cost-of-living crises 	<ul style="list-style-type: none"> <input type="checkbox"/> Cuts in services <input type="checkbox"/> Political and customer expectations not met <input type="checkbox"/> Quality of service <input type="checkbox"/> Reputation damage <input type="checkbox"/> Knock on impact on the local community and economy e.g. spiral effect <input type="checkbox"/> Legal challenge, Reduction in rent/monies owed to the council through the introduction of UC, increased homelessness adding stresses to council finances and the local economy. 	5	4	20	<ul style="list-style-type: none"> <input type="checkbox"/> Budgetary Control processes and committee reporting <input type="checkbox"/> Medium Term Financial Strategy and HRA Business Plan - including scenario planning <input type="checkbox"/> Setting and monitoring of savings and efficiency targets <input type="checkbox"/> Annual Fees and Charges review <input type="checkbox"/> Disclosure of expenditure over £250 <input type="checkbox"/> Review of reserves and balances <input type="checkbox"/> Treasury Management and Investment Strategy <input type="checkbox"/> Prudential Indicators <input type="checkbox"/> Revised Financial Regulations <input type="checkbox"/> Business Rates Pooling <input type="checkbox"/> New Procurement Policy, <input type="checkbox"/> Homelessness team increased <input type="checkbox"/> Assessment of viability of capital projects. <input type="checkbox"/> Members have approved move out of Bushloe House to Brocks Hill. <input type="checkbox"/> Financial Inclusion Officer in post. <input type="checkbox"/> Scenario planning for budgets <input type="checkbox"/> Transformation Programme across the council to improve service 	4	3	12	<ul style="list-style-type: none"> <input type="checkbox"/> Review of Financial Regulations <input type="checkbox"/> Training on Contract Procedure Rules; <input type="checkbox"/> enhance budget monitoring <input type="checkbox"/> Creating a new MTFS <input type="checkbox"/> Cost of Living impact assessment 	Cost of living impact assessment - End of July 2022	3	2	6
CR2	Key Supplier Failure	All Objectives	<ul style="list-style-type: none"> <input type="checkbox"/> Change in circumstances <input type="checkbox"/> Capacity and competency <input type="checkbox"/> Further decline of the Economy <input type="checkbox"/> Relationship breakdown <input type="checkbox"/> Changes in legislation <input type="checkbox"/> Changes in personnel <input type="checkbox"/> Liability issues <input type="checkbox"/> Economic conditions - inflation and interest rates 	<ul style="list-style-type: none"> <input type="checkbox"/> Cost implications <input type="checkbox"/> Business Continuity <input type="checkbox"/> Loss of revenue <input type="checkbox"/> Service failure <input type="checkbox"/> TUPE issues <input type="checkbox"/> Potential court action <input type="checkbox"/> Increased complaints <input type="checkbox"/> Reputation issues <input type="checkbox"/> Political damage <input type="checkbox"/> Delays 	4	4	16	<ul style="list-style-type: none"> <input type="checkbox"/> Formal contracts and agreements including realistic notice periods <input type="checkbox"/> Tender arrangements and pre qualification financial assessments <input type="checkbox"/> Qualified internal officers to provide legal advice <input type="checkbox"/> Use of external counsel <input type="checkbox"/> Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners <input type="checkbox"/> Welland Procurement also providing support. <input type="checkbox"/> Part of management Board to oversee delegated services such as Lightbulb and Building Control. <input type="checkbox"/> Creation of Project and Procurement Team <input type="checkbox"/> Partnership and contract risk registers 	4	3	12	<ul style="list-style-type: none"> <input type="checkbox"/> Incorporate service contract register and plans for managing contracts into Service Plans 	Mar-23	2	2	4

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR3	Failure to work effectively with other public sector partner organisations (PSOs)	All Objectives	<input type="checkbox"/> Poor service delivery from PSOs the Council has agreements with <input type="checkbox"/> Lack of engagement from partner PSOs <input type="checkbox"/> Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown Failure of relationships at strategic level in County & across members	<input type="checkbox"/> Loss of public confidence in Community Safety Partnership <input type="checkbox"/> Loss of funding for LLR Sports Alliance partnership <input type="checkbox"/> Impact on service delivery of poor ICT service <input type="checkbox"/> May not realise potential economies of scale <input type="checkbox"/> Impact on staff morale	4	3	12	<input type="checkbox"/> Formal agreements with public sector partners which clearly identify roles & responsibilities <input type="checkbox"/> Governance arrangements which manage performance against agreements <input type="checkbox"/> Lead officer arrangements/contract manager <input type="checkbox"/> Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality <input type="checkbox"/> Strategic Planning Group - governance arrangements are in place for this. Member Advisory Group also in place Southern Alliance (OWBC, HDC, Blaby & Hinckley working together) Performance of these arrangements is formally reviewed and changes are made if necessary.	3	3	9			3	3	9
CR4	Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.	All Objectives	<input type="checkbox"/> Staff capacity could impact on engagement <input type="checkbox"/> hard to reach communities <input type="checkbox"/> some resident groups not digitally connected <input type="checkbox"/> change in political power could result in non-statutory service being stopped <input type="checkbox"/> Failure to consult when appropriate to do so <input type="checkbox"/> Funding changes impacting on roles <input type="checkbox"/> Digital exclusion as a result of cost of living crises	<input type="checkbox"/> Reputational damage <input type="checkbox"/> lack of support for community initiatives <input type="checkbox"/> missed opportunity to impact on equalities agenda and HWB of residents <input type="checkbox"/> Citizens panel not representative of demographic. <input type="checkbox"/> Services may not meet the needs of this demographic	4	4	16	<input type="checkbox"/> Public consultation surveys to obtain feedback for influencing strategy/policy through Citizens Panel and other communication channels, compliant with the Code of Practice on Consultations <input type="checkbox"/> Refreshed Communications Strategy launch due June 2022 <input type="checkbox"/> Gov.Delivery digital e-mail system – targeted delivery on specific topics e.g. tenants newsletter – launch June 2022 <input type="checkbox"/> Two new Community Health Improvement Officers <input type="checkbox"/> Financial Inclusion Officer <input type="checkbox"/> Volunteer community champion Digital Newsletter - specifically relating to health and wellbeing targeting socially vulnerable <input type="checkbox"/> Events programme run by Community Health Improvement Officers to target vulnerable and hard to reach residents/communities. <input type="checkbox"/> Statement of community involvement in place <input type="checkbox"/> Residents Forums reinstated	4	3	12	Customer Experience Strategy will pick up engagement	Mar-23	3	2	6

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR5	Political Dynamics	All Objectives	<input type="checkbox"/> Change in political power <input type="checkbox"/> Change in leader <input type="checkbox"/> New members <input type="checkbox"/> Public perception changes	<input type="checkbox"/> Change in priorities <input type="checkbox"/> Change in member/officer engagement <input type="checkbox"/> Breakdown in communication <input type="checkbox"/> Inability to meet expectations <input type="checkbox"/> Reputation issues (organisational and political) <input type="checkbox"/> Reactive decision making (rather than planned) <input type="checkbox"/> Failure to follow legislative requirements e.g. equalities <input type="checkbox"/> Further strain on council finances	3	4	12	<input type="checkbox"/> Member development programmes <input type="checkbox"/> New Code of Conduct has been adopted which comes into force on 1/4/22, with training planned to familiarise members with its content <input type="checkbox"/> Policies e.g. Safeguarding/Equalities and DBS checks <input type="checkbox"/> Provision of chairing skills training <input type="checkbox"/> Constitution, which is in the process of being reviewed to reflect new management structure <input type="checkbox"/> Public consultation, <input type="checkbox"/> Development of member enquiry system <input type="checkbox"/> Training for members covering a range of areas including IT and Planning <input type="checkbox"/> Buddying system <input type="checkbox"/> Members bulletin	2	3	6	<input type="checkbox"/> Personal training/action plans <input type="checkbox"/> Customer Service training - June 2022 <input type="checkbox"/> Political awareness training for officers June 2022	Jul-23	1	2	2
CR6	Reputation Damage	All Objectives	<input type="checkbox"/> Litigation <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Failure to have regard to officers advice <input type="checkbox"/> Whistle blowing <input type="checkbox"/> Freedom of Information (Fol) <input type="checkbox"/> Inconsistent decision making <input type="checkbox"/> Poor Media Relations <input type="checkbox"/> Poor communication <input type="checkbox"/> Failure to provide or reduce services <input type="checkbox"/> Poor performance <input type="checkbox"/> Poor business planning and ocnsideration of financial implications	<input type="checkbox"/> Intervention <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Ombudsman findings <input type="checkbox"/> Court costs <input type="checkbox"/> Quality of service affected <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Lower public satisfaction level <input type="checkbox"/> Time spent mitigating damage/rectifying the situation <input type="checkbox"/> Low Morale <input type="checkbox"/> Difficulties to recruit/staff retention <input type="checkbox"/> DINadequate budget provision, inappropriate financial decisions amde	4	4	16	<input type="checkbox"/> Review of external communication by Heads of Service <input type="checkbox"/> Use of modern.gov <input type="checkbox"/> Whistle blowing and Anti Fraud and Corruption policies <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Qualified in house legal team <input type="checkbox"/> Officer complaints training & new complaints process <input type="checkbox"/> Performance reporting and Key Performance Indicators <input type="checkbox"/> Public and media consultation <input type="checkbox"/> Achieved accreditation for customer service excellence award <input type="checkbox"/> Communications Policy and Communications Plan in place <input type="checkbox"/> Online customer care training in place for all new staff and a separate module also in place for managers. <input type="checkbox"/> Partnership working eg Lightbulb & Local Plan <input type="checkbox"/> Marketing & Communications Manager <input type="checkbox"/> Social Media Policy <input type="checkbox"/> Service Standards <input type="checkbox"/> Project Comms Plans <input type="checkbox"/> Performance Review Plans	3	3	9	Implement standarised project appraisal and affordability approach as per Corporate Peer Review Action Plan	Oct-23	2	2	4

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR7	Effective utilisation of Assets/Buildings	All Objectives	<input type="checkbox"/> Failure to follow Health and Safety <input type="checkbox"/> Insurance/Public Liability <input type="checkbox"/> Financial investment <input type="checkbox"/> Contractor going into liquidation <input type="checkbox"/> Political will <input type="checkbox"/> Facility Management <input type="checkbox"/> Depreciation	<input type="checkbox"/> Loss of investment opportunities <input type="checkbox"/> Loss of income <input type="checkbox"/> Loss of capital <input type="checkbox"/> Higher revenue costs <input type="checkbox"/> Costs <input type="checkbox"/> Death or injury <input type="checkbox"/> Higher insurance premiums <input type="checkbox"/> Reputation damage <input type="checkbox"/> Public liability <input type="checkbox"/> Personal liability for corporate team e.g. corporate manslaughter	4	3	12	<input type="checkbox"/> Physical controls (e.g. Door Codes, fire alarms) <input type="checkbox"/> Designated first aiders <input type="checkbox"/> Capital Programme and HRA Business Plan - annual reiteration and regular monitoring <input type="checkbox"/> Fixed Asset Register <input type="checkbox"/> Annual valuation of property by external valuer <input type="checkbox"/> Designated Health and Safety Officer <input type="checkbox"/> Implementation of controls within Health and Safety Executive review <input type="checkbox"/> Health and Safety risk assessments <input type="checkbox"/> Designated Facilities Manager <input type="checkbox"/> Accommodation Reviewed <input type="checkbox"/> Health and safety assessments carried out on all buildings <input type="checkbox"/> In the process of moving from Bushloe House to Brocks Hill <input type="checkbox"/> In the process of moving from Bushloe House to Brocks Hill	3	3	9	<input type="checkbox"/> Revision of Asset Management Policy and Capital Expenditure Plan <input type="checkbox"/> Accommodation review <input type="checkbox"/> Holistic Asset Management database/system purchased and timetabled for implementation <input type="checkbox"/> Production of a Health and Safety Action Plan	<input type="checkbox"/> March 2023 <input type="checkbox"/> March 2023 <input type="checkbox"/> March 2023 <input type="checkbox"/> January 2023	2	2	4
CR8	Regulatory Governance	All Objectives	<input type="checkbox"/> New or changes to legislation <input type="checkbox"/> Resources (staff) <input type="checkbox"/> Failure to identify new legislation	<input type="checkbox"/> Substantial fines e.g. Data Protection <input type="checkbox"/> Judicial review <input type="checkbox"/> Reputation <input type="checkbox"/> Code of conduct <input type="checkbox"/> Financial loss <input type="checkbox"/> Cost orders <input type="checkbox"/> Personal liability	3	4	12	<input type="checkbox"/> Data Protection Policy and log <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Code of Conduct and training <input type="checkbox"/> HR Induction <input type="checkbox"/> Statutory Monitoring Officer <input type="checkbox"/> Subscriptions (e.g. legal journals and LGA) and CPD of legal officers <input type="checkbox"/> Prosecution Policy <input type="checkbox"/> Dedicated Policy, Compliance and Data Protection Officer	1	1	1			1	1	1

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR9	Failure to respond to a significant incident	All Objectives	<input type="checkbox"/> Loss of staff <input type="checkbox"/> Loss of ICT <input type="checkbox"/> Loss of Building <input type="checkbox"/> Loss of Key supplier <input type="checkbox"/> Loss of facilities <input type="checkbox"/> Loss of systems <input type="checkbox"/> Act of God <input type="checkbox"/> Adverse Weather <input type="checkbox"/> Pandemic <input type="checkbox"/> Adverse staff impact as a result of cost of living	<input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Staff unavailable after major incident <input type="checkbox"/> large proportion of staff becoming ill	2	4	8	<input type="checkbox"/> Insurance policies and annual review <input type="checkbox"/> Use of Zurich Risk Management Service <input type="checkbox"/> Risk Management policies and procedures <input type="checkbox"/> Membership of Local Resilience Forum <input type="checkbox"/> Standby rota <input type="checkbox"/> IT backup, Business Continuity Plans in place <input type="checkbox"/> Community Engagement with Health professionals <input type="checkbox"/> Agile Working Policy <input type="checkbox"/> Coordination of Out of Hours Service <input type="checkbox"/> Paperless office and increased scanning through ERDMS	2	3	6	<input type="checkbox"/> Business Continuity training exercise and refresh <input type="checkbox"/> BC Plans refresh and incorporation into service plans	<input type="checkbox"/> March 2023	2	1	2
CR10	Organisational/Transformational Change	All Objectives	<input type="checkbox"/> Restructure <input type="checkbox"/> Transformational change <input type="checkbox"/> Transferable skills <input type="checkbox"/> Reduction in funding <input type="checkbox"/> Change in personnel <input type="checkbox"/> Change in the way the council delivers services <input type="checkbox"/> Redundancy <input type="checkbox"/> Less controls in place due to limited resources	<input type="checkbox"/> Redundancy <input type="checkbox"/> Staff morale <input type="checkbox"/> Staff retention <input type="checkbox"/> Change in working practices <input type="checkbox"/> Impact on quality of service <input type="checkbox"/> Legal implications <input type="checkbox"/> HR implications <input type="checkbox"/> Reputation damage/perception <input type="checkbox"/> Financial loss <input type="checkbox"/> Possible litigation <input type="checkbox"/> Increased fraud	2	3	6	<input type="checkbox"/> Organisation review policy <input type="checkbox"/> Recruitment and selection policies and procedures <input type="checkbox"/> Union and staff consultation <input type="checkbox"/> Staff Wellbeing Group and Wellbeing Teams <input type="checkbox"/> Staff Health and Wellbeing Action Plan <input type="checkbox"/> Internal Audit <input type="checkbox"/> Staff newsletters <input type="checkbox"/> Monitoring and supervision of management/1:1's <input type="checkbox"/> Training and professional qualification support <input type="checkbox"/> Performance appraisal process <input type="checkbox"/> Formal induction programme	2	2	4	Developing a People Strategy - to include resilience and succession planning as a key consideration	Dec-22	1	1	1

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR11	Economy/Regeneration	All Objectives	<input type="checkbox"/> Further decline in the economy <input type="checkbox"/> BREXIT COVID <input type="checkbox"/> Ukraine/Russia conflict and also energy costs crisis (uncertainty of cost impact) <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/> Cost of living	<input type="checkbox"/> Relocation (Business and Domestic) <input type="checkbox"/> Lack of inward investment <input type="checkbox"/> Increased demand for certain services e.g. benefits <input type="checkbox"/> Loss of value in public assets <input type="checkbox"/> Need to continually adapt/change <input type="checkbox"/> Conflicting pressures - decreased funding – increased demand <input type="checkbox"/> Spiral effect <input type="checkbox"/> Short term decision making – uncertainty <input type="checkbox"/> Increased autonomy leads to greater risk <input type="checkbox"/> Decrease in collection levels	5	4	20	<input type="checkbox"/> Demand management of services that come under pressure as a result of decline in economy <input type="checkbox"/> Debt Recovery Policy in place <input type="checkbox"/> Local Council Tax and Business Rate Retention scheme in place <input type="checkbox"/> Contract monitoring of bailiffs <input type="checkbox"/> Paying out business grants to support local businesses during pandemic <input type="checkbox"/> Regular programme of business webinars to provide information and support to businesses <input type="checkbox"/> Monthly newsletter issued to businesses <input type="checkbox"/> Economic Regeneration Team increased to include 2 Project Managers who have been recruited to focus on bringing forward some revenue generating projects. <input type="checkbox"/> Helping Hands - energy champion <input type="checkbox"/> Business microsite being developed with an aim to go live late summer 2022. <input type="checkbox"/> Economic Regeneration Team restructured to maximise opportunities to bring forward regeneration and revenue generating projects	4	3	12	- Continue to review the opportunity to maximise funding sources (as per Corporate Peer Review Action Plan) -Bids being prepared to UK Social Prosperity Fund and Levelling Up Fund to develop projects that will support local businesses, bring investment into the Borough and regenerate key sites -Sub-committees established to provide a focus on key regeneration projects -Specialist support procured to advise on the deliverability of regeneration projects	Sep-22	4	2	8
CR12	Increased Fraud	All Objectives	<input type="checkbox"/> Dilution of internal controls due to less staff <input type="checkbox"/> Increase in unemployment <input type="checkbox"/> Reduction in benefits <input type="checkbox"/> Inflation <input type="checkbox"/> Debt <input type="checkbox"/> Opportunity <input type="checkbox"/> March 16 <input type="checkbox"/> Sub-letting of Council properties	<input type="checkbox"/> Homelessness, poverty and social deprivation <input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation	3	3	9	<input type="checkbox"/> Internal and External Audit <input type="checkbox"/> Financial Regulations <input type="checkbox"/> Segregation of Duties <input type="checkbox"/> Supervision and Management <input type="checkbox"/> Investigation and disciplinary procedures <input type="checkbox"/> Litigation <input type="checkbox"/> UPDATED Anti Fraud and Corruption Policy <input type="checkbox"/> Whistle blowing process <input type="checkbox"/> Tone from the top - no tolerance <input type="checkbox"/> Budgetary Control <input type="checkbox"/> Participation in National Fraud Initiative <input type="checkbox"/> Transaction review (e.g. invoices/mileage) <input type="checkbox"/> All related Policies to be reviewed and an annual rolling training programme to be implemented.	2	2	4	<input type="checkbox"/> Bribery Act Risk Assessment <input type="checkbox"/> Fraud Awareness Training	Oct-22	1	1	1

Strategic Risk Register

Ref	Risk Definition What is the headline risk/issue?	2019-2024 Corporate Objectives (1. Building Communities; 2. Growing Borough Economically; 3. Excellent Services)	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating
CR13	Cyber Threat/Security, Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management.	All Objectives	Cyber threats are increasing on a worldwide basis, with criminals known to target public sector organisations in an attempt to obtain personal data on a significant scale. The Council is thus at high risk of being attacked.	<input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation, Loss of data, breaches of GDPR, SMT lack of oversight	4	5	20	<input type="checkbox"/> As part of the new ICT Team, there is a dedicated IT Security Manager and cyber threats and security fall within his remit. A range of IT Security Policies are in place and will be reviewed and approved by SLT. Also part of Leicestershire Resilience Forum and have access to their specialisation if a breach occurs. In addition as partner their role is to act as 'check and balance' on policies. They also provide training events on cyber security matters.	2	3	6	BCP is currently being reviewed by IT Security Manager. Consider Cyber Threat training and awareness raising via internal exercises. Ensure access to secure email is provided where needed across organisation.	01/10/22	1	3	3
CR14	18. Coronavirus (SARS coronavirus-2 (SARS-CoV-2)) locally results in significant loss of staff at any one time and/or wider national measures designed to slow the spread of COVID-19 cause significant impacts on service delivery and the wider city	All Objectives	Major world pandemic identified by the WHO. This has spread to UK . The virus could spread to a large proportion of the populus casuing widespread illness and, in some server cases, death.	Council is unable to deliver any services including essential/critical services, or only deliver to a significantly reduced extent. Significant risk to the health, safety and welfare of vulnerable services users. Significant impacts on the local economy causing resulting impacts financially on the Council from reduced revenue including loss of income for commercially traded services. Reputational damage should the Council not be able to respond adequately	3	3	9	All legal Covid-19 restrictions have now been lifted by the Government and focus has shifted away from contributing to the management of prevalence of the virus in the community. The Council continues, however, to ensure that prevalence among staff is kept to a minimum. Staff who test positive for Covid-19 are still being asked to isolate for at least 5 days. Additionally, staff working in Bushloe House will still be required to wear a face covering when moving round the building and agile working continues to be promoted, with staff being encouraged to find agile working patterns which include home working that work for them and their team.	2	2	4			2	2	4
CR15	19. Staff lone working including out of hours	All Objectives	Increased risk of staff harm from violence & agression from service users.	Staff could suffer physical and emotional harm, which could lead to long periods of sick leave.	4	5	20	<input type="checkbox"/> Council has Lone Worker Policy & Procedure <input type="checkbox"/> Equipment is available such as panic alarms & body cameras <input type="checkbox"/> Records are maintained of challenging residents which are reviewed prior to visits taking place <input type="checkbox"/> Relationship with local Police, who will attend visits where there is a potential for agression & violence <input type="checkbox"/> DBS checks undertaken for relevant staff	2	3	6	Include in induction and also carry out training awareness exercise for all current staff Need to review utilisation and cost of equipment	New Resilience and safety officer in post June 2022 - review by end of Q3	2	3	6

Risk Owner	Review Date	Review Commentary
Chief Financial Officer	Jun-23	Reference to cost of living crises included and additional action for undertaking assessment of impact of cost of living on organisation, residents and businesses
Head of Law and Democracy/Monitoring Officer	Jun-23	Increased inherent risk and added new action around contract management into service plans. Amended risk owner from SLT to Head of Law and Democracy.

Risk Owner	Review Date	Review Commentary
Chief Executive	Jun-23	Amended risk owner from SLT to CEX
Head of Customer Service and Transformation	Jun-23	Risk amended to capture digital exclusion as a result of cost of living crises, risk scoring amended

Risk Owner	Review Date	Review Commentary
Head of Law and Democracy/Monitoring Officer	Jun-23	Risk reduced down as a result of SLT actions post Corporate Peer Review. Risk owner changed from SLT to David Gill
Chief Executive	Jun-23	Risk scoring changes as a result of recognition of need to standardise financial decision making. Risk owner updated from SLT to Anne.

Risk Owner	Review Date	Review Commentary
Head of Law and Democracy/Monitoring Officer	Jun-23	Risk owner updated.
Head of Law and Democracy/Monitoring Officer	Jun-23	No change

Risk Owner	Review Date	Review Commentary
Head of Law and Democracy/Monitoring Officer	Jun-23	Updated actions for business continuity
Strategic Director	Jun-23	Extended developing a people strategy action to include more around resilience to transfer understanding of roles and responsibilities when staff are absent/leave the organisation

Risk Owner	Review Date	Review Commentary
Head of Built Environment	Jun-23	Update to existing controls and further management controls. Risk owner updated.
Chief Financial Officer	Jun-23	Updated further management actions

Risk Owner	Review Date	Review Commentary
Head of Customer Service and Transformation	Jun-23	Updated further management actions
Strategic Director	Jun-23	Risk scoring reduced
Head of Law and Democracy/Monitoring Officer	Jun-23	Updated existing controls to ref DBS checks. No change on risk scoring. Updated risk owner.

Law and Democracy

				Before Mitigating Risk			14/06/22		After Mitigating Risk			Target Risk			Date Updated (dd/mm/yy)	Update By:	Days since last review		
Risk No.	Major Heading	Risk	Brief Description	Likelihood	Impact	Score	Mitigating action	Update June 2022	Risk Owner	Action Completed By:	Likelihood	Impact	Score	Likelihood	Impact	Score			
LD1	Extended loss of IT	Unable to gain access to records/provide statutory services	An event that has a material impact on the ability of the section to function effectively	3	4	12	New IT infrastructure installed which includes Business Continuity Plan.	BCP plan will be reviewed when new resilience officer joins end June servers are all on site, with backup in cloud	SLT		2	4	8	2	4	8	08/06/22	TH	-6
LD2	Loss of Key Member of Staff	Unable to provide statutory services	A loss of a key member of staff that has a material impact on the ability of the section to perform its statutory duties	3	2	6	Monitor current staff work/life balance and provide adequate training	No changes from last review	DG	DG	3	2	6	2	2	4	13/06/22	DG	-1
LD3	Health and Safety incident ie Legionella	Serious accident results in death or injury	An event that has a material impact on the reputation of the Council as a result of a failure to adequately control H and S risks on council assets resulting in death or serious injury	2	5	10	Inspection of all council assets by appropriately trained staff and maintenance of inspection records. Regular audit of inspection regimes and work of H and S officer	H&S Resilience Officer commences employment with the Council June 2022.	DG	N/A	1	3	3	1	3	3	13/06/22	DG	-1
LD4	Changes in Legislation	Unbudgeted costs	New legislation alters service delivery requirements at a cost to the council	5	5	25	Monitoring of new legislation and advising on adaptations to service delivery. Regular monitoring of proposed legislative changes via subscription to on-line services	No changes from last review	DG	N/A	2	3	6	2	3	6	13/06/22	DG	-1
LD5	Litigation	Unbudgeted costs	Litigation arising out of a decision by the council that results in unbudgeted costs and reputational damage	3	5	15	Ensuring appropriate legal advice is provided to all committees, report authors and decision making bodies	No changes from last review	DG	N/A	1	5	5	1	5	5	13/06/22	DG	-1
LD6	Failure to follow agreed policies or procedures	Legal challenge	An event that arises from a failure to follow agreed policies and procedures resulting in a financial or legal consequence	3	3	9	Regular Monitoring and updating of policies & procedures and staff training. Rolling programme of policy reviews and monitoring of staff.	Now have a Corporate Policy Officer to ensure that they are reviewed and updated as necessary. Unchanged since last review.	DG	N/A	2	2	4	2	2	4	13/06/22	DG	-1
LD7	Failure to enforce, improper enforcement or sanction applied to a member of the public	Legal challenge and Reputational damage	Litigation arising out of a decision by the council that results in unbudgeted costs and reputational damage	4	4	16	Legal review of all decisions to impose sanction/initiate legal proceedings.	No legal challenge impacting on reputation has been raised since last review.	DG	N/A	2	3	6	2	2	4	13/06/22	DG	-1

Agenda Item 11



Audit Committee	Wednesday, 22 June 2022	Matter for Information
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Report Title: **Internal Audit Progress Report (June 2022)**

Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To give a final update on Internal Audit's progress on delivering the 2021/22 audit plan and audit work undertaken since the last update in March 2022.
Report Summary:	Internal Audit progress reports are presented to every meeting of the Audit Committee so Members can be kept up-to-date with Internal Audit work and findings. The Internal Audit Progress report is attached at Appendix 1 and provides an update on work undertaken since the last update to the Audit Committee in March 2022.
Recommendation(s):	That the Internal Auditors report be noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director / Section 151 Officer) tracy.bingham@oadby-wigston.gov.uk Comie Campbell (Head of Finance / Deputy Section 151 Officer) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> • Local Government Act (1972) • The Accounts and Audit (England) Regulations (2015) • Public Sector Internal Audit Standards (2017)
Appendices:	1. Internal Audit Progress Report

1. Background

- 1.1 Under the Local Government Act 1972, section 151 and the Accounts and Audit (England) Regulations 2015 (as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby & Wigston Borough Council, this responsibility is delivered by CW Audit Services. In responding to this requirement, the Internal Audit service works to best practice as set out in the 2017 Public Sector Internal Audit Standards, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.2 Internal Audit progress reports are presented to every meeting of the Audit Committee so Members can be kept up-to-date with Internal Audit work and findings. The Internal Audit Progress report is attached at Appendix 1 and provides an update on work undertaken since the last update to the Audit Committee in March 2022.
- 1.3 Mark Watkins, Internal Auditor, CW Audit, will be present at the meeting to talk through the report.

Oadby & Wigston Borough Council

Internal Audit Progress Report

June 2022



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internal audit services

Bringing public value to life

1. Introduction

This report summarises the work of Internal Audit for the period to the end of June 2022. The purpose of the report is to provide the final update to the Audit Committee on delivery of the 2021/22 audit plan and includes a summary of all audits completed since the March 2022 Audit Committee.

2. Reviews completed since March 2022 Audit Committee

Review	Key issues	Level of assurance				
Financial Systems	<ul style="list-style-type: none"> Continue to implement the recommendations made by the LGA peer review report in respect of implementing a savings plan to support the MTFP. Deliver training to budget holders in 2022/23 and strengthen the documentation of budget review meetings. Take action to reduce the number of invoices paid without an official order and paid invoices dated on or before the order date. Address the increase in long overdue sundry debts and improve frequency of ongoing recovery action. Review the current policy for making short-term investments. 	See below				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Financial Management & Reporting			✓			
Creditors			✓			
Debtors				✓		
Treasury Management			✓			

Review	Key issues	Level of assurance				
Payroll & Expenses	<ul style="list-style-type: none"> keep records of performance against key performance indicators in payroll provider contract. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
The purchase of payroll services is administered through a comprehensive and fully documented contract, which is used as an effective contract monitoring tool.			✓			
Individuals are only employed within the agreed establishment and where the post is either new or is a replacement for an existing member of staff.		✓				
All payroll data forwarded for processing is complete, accurate, timely, valid and authorised.			✓			
Output control procedures operate to ensure that all payments generated by the payroll provider are valid and accurate.			✓			

Review	Key issues	Level of assurance
Homelessness & RSI Grants	<ul style="list-style-type: none"> Certifications provided for four different grants. Recommendations made on accounting records to be maintained for grants. 	N/A

Review	Key issues	Level of assurance				
Council Tax	<ul style="list-style-type: none"> Devise an action plan to address shortfall in achieving collection rate and previous years' arrears targets. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Relevant property records are accurately, comprehensively and efficiently maintained and updated.			✓			
Council Tax liability is determined efficiently and in line with statutory requirements for all properties.		✓				
Billing procedures are in accordance with statutory regulations and amounts due in respect of each chargeable property have been correctly calculated and promptly demanded from the person or persons liable.		✓				
The application of discounts/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.		✓				
All council tax income is promptly posted to the correct tax payers' account and accurately reflected in accounting records.			✓			
Collection rates and other key performance indicators are regularly monitored.			✓			
Recovery and enforcement procedures are managed efficiently and in accordance with statutory requirements.				✓		

Review	Key issues	Level of assurance				
Business Rates	<ul style="list-style-type: none"> Reintroduce information exchange with Planning & Building Control on new and altered business properties. Review charitable and empty property reliefs & exemptions. Devise an action plan to address shortfall in achieving collection rate and previous years' arrears targets. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Business property records are accurately, comprehensively and efficiently maintained and updated.			✓			
Business rates liability is determined efficiently and in line with statutory requirements for all properties.			✓			
Billing procedures are in accordance with statutory regulations and amounts due in respect of each chargeable property have been correctly calculated and promptly demanded.			✓			
The application of reliefs/exemptions is authorised in accordance with statute, the authority's policy and is supported by documentary evidence.			✓			
All business rates tax income is promptly posted to the correct tax payers' account and accurately reflected in accounting records.			✓			
Collection rates and other key performance indicators are regularly monitored.			✓			
Recovery and enforcement procedures are managed efficiently and in accordance with statutory requirements.				✓		

Review	Key issues	Level of assurance				
Benefits & CT Support	<ul style="list-style-type: none"> Re-introduce quality assurance checks on samples of new and amended claims. Implement action to improve performance against new claim processing target. 	Significant				
System control objective		Level of Assurance				
		Full	Significant	Moderate	Limited	No
Processes are in place to ensure all benefit claims are processed and payments/awards made in accordance with regulations and relevant policies, and are legitimate and appropriate.			✓			
Overpayments of benefit /awards are identified and accounted for in accordance with legislation/regulations, the organisation's policy, standing orders and financial regulations, and recovery (and where non-recoverable, write off) arrangements are efficient and effective.			✓			
Processing times, accuracy, overpayment levels, and other key performance indicators are regularly monitored.			✓			
All relevant records and accounts are accurately and securely updated in a timely manner to record all benefits transactions (including reconciliations to feeder and other systems).			✓			

3. Recommendation tracking

We provide a system for tracking the implementation of agreed Internal Audit recommendations as a management assurance tool for the Council and this Committee. Managers are responsible for updating actions taken and other key information directly on the system. The first table below represents the status of agreed actions due to be implemented by 31/05/22 for all recommendations raised since 1st April 2019. The second table outlines the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit has verified the status in all cases.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 31/05/22	-	22	106	42	170
Implemented / Closed	-	21	92	37	150
Still to be completed	-	1	14	5	20

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	0	10	5	15
3 – 6 months	-	1	0	0	1
Greater than 6 months	-	0	4	0	4
Total	-	1	14	5	20

The number of recommendations that remain unimplemented by their original target date continues to be relatively low at 20, but has increased from the 10 reported to the March 2022 Audit Committee.

Further detail on the high level risk that currently remains as ‘work in progress’ is detailed in the first of the tables shown below. There are four medium risk issues outstanding for more than 6 months, which are included in more detail in the second table. The Committee will be advised in future progress reports if our follow up work finds that any such cases are not in fact fully implemented.

High risk issues

Review	Recommendation	Risk	Original target date	Revised target date	Current status
Selective Licensing	Develop and deliver a formal inspection programme that addresses the delayed commencement of the Selective Licensing scheme by frontloading inspections at the start of the programme.	2	31 January 22	17 June 22	The inspection schedule is work in progress, with key considerations being EPC rating, concerns noted on the EICR electrical safety certificate and if the property has been historically known to the Authority. This work is time consuming as all files need to be cross checked against the Uniform system to ensure a thorough and effective plan is in place. The delivery of this schedule has been hampered further by the loss of capacity within the team whilst waiting for the Selective Licensing Team Leader to start. Work to complete the schedule is a priority for the new team leader once in post.

Medium risk issues overdue for more than six months from original implementation date

Review	Recommendation	Risk	Original target date	Revised target date	Current status
Housing Rents	Undertake an in-depth review of the processes for recovering rent arrears, with specific attention paid to the rising level of current tenant arrears caused by the roll-out of Universal Credit and the need to strengthen former tenant arrears recovery performance.	3	30 Nov 20	30 June 22	The final draft version of the Income Management (Housing) Policy is to be submitted for approval to the PFD Committee in June 2022.
Private Sector Housing	Review accuracy of information recorded on the HMO register	3	1 Sept 21	29 July 22	The system to support the transition to electronic management of the HMO licensing is now mostly in place, although there are some underlying issues with the software that are currently being investigated by system support. The review of the HMO register has been delayed due to the issues with recruiting to the Selective Licensing Team Leader role, which has now been appointed. A revised target date of the 29.07.2022 has been proposed due to the need to back fill within the team and release capacity for the project to be completed.
Housing Allocations	Develop written procedures covering Choice Based Lettings and Housing Allocations	3	30 Sept 21	30 Sept 22	The existing Housing Allocations Processes & Procedures will be re-drafted in line with the revised Housing Allocations Policy, which is to be listed for approval in the Finance, Development and Policy committee meeting in September 2022.
Volunteer Programme	Review the Volunteering Policy to ensure that it reflects all initiatives and schemes planned in the short and medium term.	3	30 Sept 21	1 July 22	A new policy has been drafted and is awaiting approval by the PFD Committee.

4. 2021/22 Internal audit plan

Review	Scheduled	Status	Level of assurance
Performance Management	Quarter 1 / 2	Final report	Significant
Risk Management	Quarter 3	Final report	Significant
Emergency Planning	Quarter 1 / 2	Final report	Significant
Financial Management & Reporting	Quarter 4	Final report	Significant
Creditors	Quarter 4	Final report	Significant
Debtors	Quarter 4	Final report	Moderate
Treasury Management	Quarter 4	Final report	Significant
IT Audit – Transition to In-House ICT	Throughout year	Ongoing advice & support	N/A
Payroll & Expenses	Quarter 4	Final report	Significant
Homelessness & RSI Grants	Quarter 4	4 x certifications provided	N/A
Council Tax	Quarter 3	Final report	Significant
Business Rates	Quarter 3	Final report	Significant
Benefits / Council Tax Support	Quarter 3	Final report	Significant
Community Safety	Quarter 2	Final report	Moderate
Business Restart Grants (Covid-19)	Quarter 2	Certification provided	N/A
Volunteer Programme	Quarter 1	Final report	Moderate
Taxi Licensing	Quarter 1 / 2	Final report	Significant
Selective Licensing	Quarter 1 / 2	Final report	Moderate
Housing Repairs & Maintenance	Quarter 4	Final report	Moderate

Agenda Item 12



Audit Committee	Wednesday, 22 June 2022	Matter for Information
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Report Title: **Internal Audit Annual Report and Opinion (2021/22)**
Report Author(s): **Tracy Bingham (Strategic Director / Section 151 Officer)**

Purpose of Report:	To provide the Committee with the Internal Auditors Annual Report and Opinion for 2021/22.
Report Summary:	As part of the Council's corporate governance arrangements, the Annual Internal Audit Report is submitted to the Audit Committee. The purpose of the report (at Appendix 1) is to report the key outcomes arising from the work of Internal Audit for 2021/22 and to provide an audit opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control. The report states that "significant assurance" can be given to the Council as there is a generally sound system of internal control.
Recommendation(s):	That the report included on the audit opinion and the adequacy and effectiveness of the Council's arrangements for governance, risk management and internal control (as set out at Appendix 1) be noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director / Section 151 Officer) tracy.bingham@oadby-wigston.gov.uk Comie Campbell (Head of Finance / Deputy Section 151 Officer) (0116) 257 2713 comie.campbell@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.

Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> • Local Government Act (1972) • The Accounts and Audit (England) Regulations (2015) • Public Sector Internal Audit Standards (2017)
Appendices:	1. Internal Audit Annual Report & Opinion 2020/21

1. Background

- 1.1 Under the Local Government Act 1972, section 151 and the Accounts and Audit (England) Regulations 2015 (as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby & Wigston Borough Council, this responsibility is delivered by CW Audit Services. In responding to this requirement, the Internal Audit service works to best practice as set out in the 2017 Public Sector Internal Audit Standards, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.2 The Internal Audit Annual Report & Opinion (2021/22) is attached at Appendix 1 and provides an overall summary of the work undertaken for the whole year in relation to the 2020/21 approved Annual Audit Plan.
- 1.3 Internal Audit progress reports are presented to every meeting of the Audit Committee so Members can be kept up-to-date with Internal Audit work and findings.
- 1.4 The Audit Opinion forms part of the Council's Annual Governance Statement. This report also meets requirements to report on the review of the effectiveness of Internal Audit and to feed results into the Annual Governance Statement.
- 1.5 Mark Watkins, Internal Auditor, CW Audit, will be present at the meeting to talk through the report.

Oadby & Wigston Borough Council

Internal Audit Annual Report & Opinion 2021/22

June 2022

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1 Introduction

This annual report provides my opinion (see section 2) as the Head of Internal Audit to Oadby & Wigston Borough Council. It also summarises the activities of Internal Audit for the period 1st April 2021 to 31st March 2022.

The Council is required by the Accounts & Audit Regulations 2015 to “to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account public sector internal auditing standards or guidance”. The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide a written report to those charged with governance, to support the Annual Governance Statement, AGS), setting out:

- An opinion on the overall adequacy and effectiveness of the organisation’s control environment;
- Disclose any qualifications to that opinion, together with the reasons for that qualification;
- Present a summary of the work carried out by Internal Audit during the year from which the opinion is derived, including any reliance that is being placed upon third party assurances;
- Draw attention to any issues the Head of Internal Audit deems particularly relevant to the Annual Governance Statement (AGS);
- Consider delivery and performance of the Internal Audit function against that planned;
- Comment on compliance with these Standards and the results of any quality assurance programme.

The Council should consider my opinion, together with management assurances, its own knowledge of the organisation and assurances received throughout the year from other review bodies (such as External Audit) when producing its AGS.

My opinion takes into account the range of individual opinions arising from risk-based audit assignments that have been reported throughout the year. An internal audit plan was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. **A summary of the work we have performed and delivery against the plan is provided in section 3.**

Alongside the delivery of the operational internal audit work, we have met regularly with Council management to ensure any issues regarding our performance can be highlighted and any necessary action taken to resolve these. Following each audit, management are also requested to provide feedback on the service received. No significant issues or concerns regarding the internal audit service have been raised to date.

I have discussed and agreed this Annual Report and Head of Internal Audit Opinion with management. Further detailed findings, conclusions and recommendations in the areas covered by our internal audit plan are detailed within the progress reports and individual assignment reports that have been issued to the Audit Committee during the year.

2 Annual Head of Internal Audit Opinion

Roles and responsibilities

The organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.

Internal Audit provides an independent and objective opinion to the organisation on the control environment and plays a vital part in advising the organisation whether these arrangements are in place and operating correctly.

The Annual Governance Statement (AGS) is an annual statement that recognises, records and publishes an authority's governance arrangements.

In accordance with PSIAS, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans. As such, it is one component that the organisation takes into account in making its AGS.

The Head of Internal Audit Opinion

My opinion is set out as follows:

1. Overall opinion;
2. Basis for the opinion.

My **overall opinion** is that **significant** assurance can be given that there is a generally sound system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk.

The basis for forming my opinion is as follows:

1. An initial assessment of the design and operation of the underpinning risk management framework and supporting processes; and
2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
3. Any reliance that is being placed upon third party assurances.

3 Work undertaken during the year

Summary of assurances provided

An internal audit plan for 2021/22 was developed to provide you with independent assurance on the adequacy and effectiveness of systems of control across a range of financial and organisational areas. To achieve this our internal audit plan was divided into two broad categories; work on the financial systems that underpin your financial processing and reporting and then broader risk focused work driven essentially by principal risk areas that had been identified in your risk register. A summary of work undertaken is included below:

- Reviews of your core financial systems resulted in significant assurance being given with regard to the overall management of risk in these areas, with the exception of the sundry debtors system, which was assessed as moderate assurance due to the need to improve debt recovery processes.
- Whilst our reviews of the Council Tax and Business Rates systems resulted in the overall control systems being assessed as significant assurance, there remains a requirement to address shortfalls in collection rates and recovery of arrears, which have been impacted on by the Covid-19 pandemic. Reduced levels of collection and arrears recovery is a common theme being experienced nationally by Councils since the pandemic started.
- Our review of the Benefits system also resulted in a significant assurance opinion, but there is a need to reinstate the quality assurance sample checking of new and amended claims, as well as to improve processing times.
- The Council's risk management and performance management systems was found to be operating effectively, with significant assurance opinions provided in both cases.

We are pleased to report that our work has not highlighted any weaknesses that should be regarded as Significant Internal Control Issues that would require disclosure within your AGS. We did however identify some weaknesses in control that caused us to limit the level of assurance we could give in for some of the broader risk focused work that we undertook during the year, summarised as follows:

Community Safety:

- Delivery of community safety priorities during 2020/21 was inevitably impacted by the Covid-19 pandemic. There were also some delays in agreeing what multi-agency activities will be delivered during the 2021/22 whilst the new Police and Crime Commissioner (elected May 2021) decided what the priorities should be, and agreement was reached on available budgets for CSP Partners. The self-assessment online recommendation tracking system indicates that all recommendations raised in this report have now been implemented.

Volunteer Programme:

- This review confirmed that the planned extension of the volunteer programme during 2020 had to be shelved due to the Covid-19 pandemic in favour of setting up the Community Hub, which provided volunteer support to residents who were shielding during the extended period of local and national lockdowns. Due to the urgent nature of the requirement to provide this level of volunteer support, normal controls applied as part of the appointment process, such as signed agreements and induction training were not deployed. There is a requirement to re-launch the volunteer programme, but the audit highlighted a number of areas where the Volunteering Policy that was agreed in November 2019 needs to be updated and improved. The self-assessment online recommendation tracking system indicates that three of the nine recommendations raised in this report have now been implemented, with a revised Volunteering Policy that addresses the remaining six recommendations currently in draft awaiting formal approval.

Selective Licensing:

- The audit confirmed that the disruption caused by the Covid-19 pandemic has impacted on the Council's introduction of the selective licensing scheme in South Wigston. Whilst the scheme commenced in May 2020, landlords were given until November 2020 to submit applications. As at the end of November 2021, applications were still awaited in respect of 120 privately rented properties. There were also 196 enforcement fees that remained outstanding and 270 applications where further supporting evidence was still required. Actual and projected income for the 2020/21 and 2021/22 years was found to be significantly below the combined income budget of £1.1m for these two years. The self-assessment online recommendation tracking system indicates that three of the four recommendations raised in this report have now been implemented and action is ongoing to develop and implement the remaining recommendation, which concerns the development and implementation of an inspection programme for properties on the scheme.

Housing Maintenance, Repairs & Voids:

- This audit confirmed that progress has been made to implement an extensive action plan to address some longstanding service delivery issues, but that there remained a number of longer term actions on the plan that need to be implemented to achieve the full level of improvements required. A moderate assurance opinion was therefore provided, which represents an improvement on the limited assurance opinion provided during 2019/20.

Third party assurances

In arriving at our overall Annual Head of Internal Audit Opinion, we have not sought to place reliance on any third party assurances.

Following up of actions arising from our work

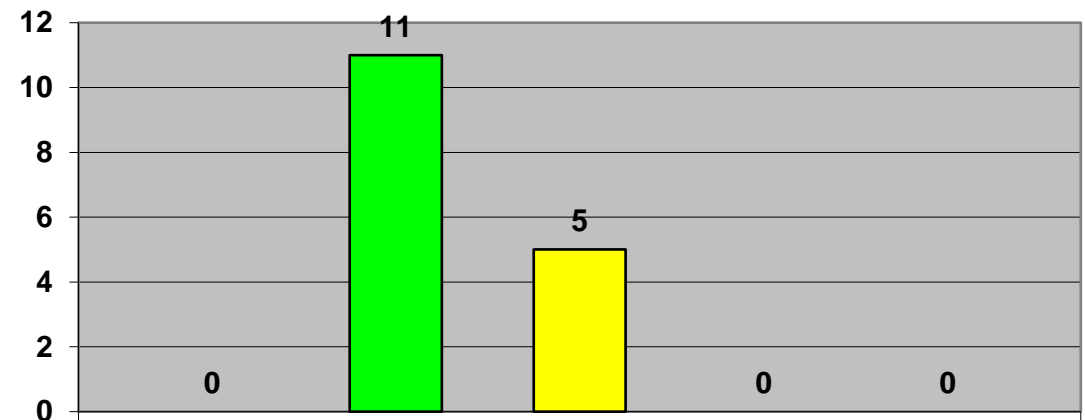
All recommendations and agreed actions are subject to an ongoing recommendation tracking process that is facilitated by CW Audit Services, but completed by the relevant managers responsible for implementing the recommendations. This is undertaken on a self-assessment basis, but is supplemented by our independent follow-up reviews where this is deemed necessary (for example following the issuance of a limited or moderate assurance report). A summary of the recommendation tracking results for the 2021/22 year is included as Appendix 2 to this report. In addition elements of our work involve annual coverage of key areas of control for the organisation, such as in relation to key financial systems, and in such cases we also routinely follow up previously agreed actions at each review.

4 Quality Assurance

All audits have been conducted in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which includes evidenced review by senior management of all audit files and reports produced. I can confirm that there have been no issues of non-compliance with the PSIAS during the course of the year.

Levels of Assurance – Individual Audit Assignments

Description of audit	Assurance level
Performance Management	Significant
Risk Management	Significant
Emergency Planning	Significant
National Fraud Initiative	N/A
Financial Management & Reporting	Significant
Creditor Payments	Significant
Sundry Debtors	Moderate
Treasury Management	Significant
IT – Implementation of In-house Provision	N/A
Payroll & Expenses	Significant
Council Tax	Significant
Business Rates	Significant
Benefits	Significant
Community Safety	Moderate
Volunteer Programme	Moderate
Taxi Licensing	Significant
Selective Licensing	Moderate
Housing Maintenance, Repairs & Voids	Moderate
Business Restart Grant	Certification provided
Homelessness & RSI Grants	4x Certifications provided



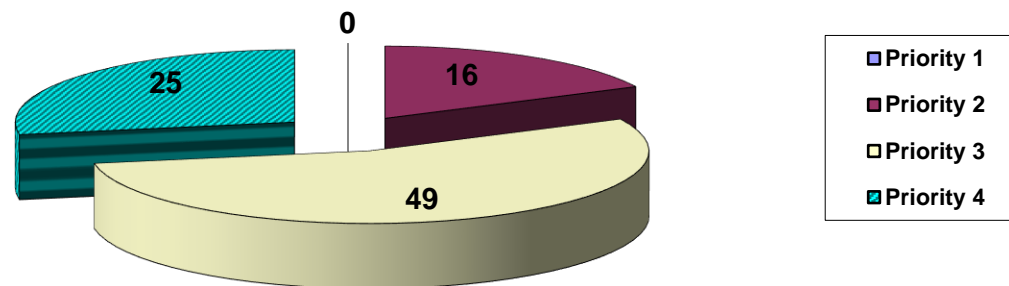
■ Full ■ Significant ■ Moderate ■ Limited ■ No

Level of assurance	Criteria
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable.
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Summary of Internal Audit Recommendations

Recommendations made in 2021/22

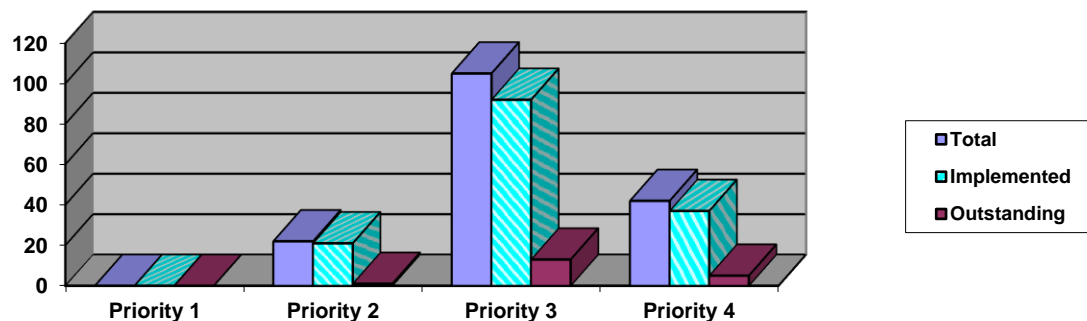
Priority	Number
1	0
2	16
3	49
4	25
Total	90



Current status of all recommendations due for implementation by 31st March 2022

(N.B. including recommendations made from 2019/20 to 2021/22, but excluding 2021/22 recommendations that fall due for implementation after 31st March 2022)

Priority	Number	Implemented	Outstanding
1	0	n/a	n/a
2	22	21	1
3	105	92	13
4	42	37	5
Total	169	150	19



Definition of our risk rankings

Risk ranking	Assessment rationale
1	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, and which may also impact on the delivery of one or more of the organisation's strategic objectives.
2	The system has been subject to high levels of risk that have, or could, prevent the system from meeting its objectives, but which are unlikely to impact on any of the organisation's strategic objectives.
3	The system has been subject to medium levels of risk that have, or could, impair the system from meeting its objectives.
4	The system has been subject to low levels of risk that have, or could, reduce its operational effectiveness.