



**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, 19 April 2023, 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  
**11 April 2023**

**Mrs Anne E Court**  
Chief Executive



**Meeting ID: 2308**



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**ITEM NO.**

**AGENDA**

**PAGE NO'S**

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## 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 - 7

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

To read, confirm and note the 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. Progress on Actions Arising on Annual Governance Statement 2021/22

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Report of the Strategic Director / Section 151 Officer

## 8. Strategic Risk Update (2022/23)

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Report of the Head of Finance / Deputy Section 151 Officer

## 9. Accounting Policies and Materiality

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Report of the Finance Manager

## 10. Internal Audit Progress Report (April 2023)

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Report of the Strategic Director / Section 151 Officer

## 11. Strategic Internal Audit Plan - 2023/24 to 2025/26

57 - 92

Report of the Strategic Director / Section 151 Officer

## 12. Committee Work Plan (2022 - 2023)

There is no Committee Work Plan for the remainder of 2022-2023.

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None.

**40. PETITIONS AND DEPUTATIONS**

None.

**41. DRAFT AUDITORS ANNUAL REPORT 2020/21 AND 2021/22**

The Committee gave consideration to the report and appendix (as set at pages 6 – 36 of the agenda reports pack) which asked the Committee to note the Draft Auditors Annual Report.

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The Draft Auditors Annual report be noted.**

**42. AUDIT FINDINGS REPORT (2021/22)**

The Committee gave consideration to the report and appendix (as set at pages 37 – 228 of the agenda reports pack) appendix 2 (as set out on pages 3 – 30 of the agenda update pack) which updated Members on the progress of the external audit of the Statement of Accounts 2021/22.

It was moved by the Chair seconded by Councillor G A Boulter and

**UNANIMOUSLY RESOLVED THAT:**

- i) The Statement of Accounts and Annual Governance Statement for the year ended 31 March 2022 (Appendix 1) subject to the outstanding items identified in the External Auditors Audit Findings Report 2021/22 be reviewed and approved;**
- ii) The Accounts and Annual Governance Statement for the year ended 31 March 2022 can be published and the Section 151 Officer be authorised, following consultation with the Chair of the Audit Committee, to make any required final changes to the accounts that may be agreed with Grant Thornton LLP, the Council's External Auditors, in order to comply with the Council's statutory obligations be confirmed; and**
- iii) The Audit Findings report 2021/22 issued by the External Auditors be noted and any recommendations outlined be approved.**

**43. LETTER OF MANAGEMENT REPRESENTATION (2021/22)**

The Committee gave consideration to the report (as set out on pages 229 – 230 of the agenda pack) and appendix (as set out on pages 31 - 35 of the agenda update pack) which presented the Committee with the Letter of Management Representation relating to the external audit of the Statements of Accounts 2021/22 and asked the Committee to seek approval of the Audit Committee for the Section 151 Officer and to sign the Letter of Management Representation.

It was moved by the Chair seconded by Councillor G A Boulter and

**UNANIMOUSLY RESOLVED THAT:**

**The Committee reviews the Letter of Management Representation and gives approval for the Section 151 Officer to sign the letter.**

**44. INTERNAL AUDIT PROGRESS REPORT (2022/23)**

The Committee gave consideration to the report and appendix (as set out on pages 231 – 241 of the agenda pack) which gave an update on Internal Audit's progress on delivering the 2022/23 Audit Plan.

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The progress made in delivering the 2022/23 Audit Plan be noted.**

**45. STRATEGIC RISK UPDATE (2022/23)**

The Committee gave consideration to the report and appendix (as set out on pages 242 – 252 of the agenda pack) which presented the Strategic Risk Register to Committee for information.

By affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The report and Strategic Risk Register (as set out in Appendix 1) be considered.**

**46. RISK MANAGEMENT POLICY**

The Committee gave consideration to the report and appendix (as set out on pages 253 – 271 of the agenda pack) which presented the revised Risk Management Policy for approval by the Audit Committee.

The Chair expressed thanks to the Finance Team and Auditors for their work over the last two years.

It was moved by the Chair seconded by Councillor D W Loydall and

**UNANIMOUSLY RESOLVED THAT:**

**The Risk Management Policy (as set out at Appendix 1) be approved.**

**THE MEETING CLOSED AT 7.30 pm**



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**Chair / Vice-Chair**

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**Wednesday, 12 April 2023**

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# Agenda Item 7



<b>Audit Committee</b>	<b>Wednesday, 19 April 2023</b>	<b>Matter for Information</b>
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**Report Title:** **Progress on Actions Arising on Annual Governance Statement 2021/22**

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

<b>Purpose of Report:</b>	To update the Audit Committee on the progress of improvement actions identified through the annual review of the Annual Governance Statement for 2022/23.
<b>Report Summary:</b>	<p>There were 11 actions identified through the annual assurance review as part of developing the 2022/23 Annual Governance Statement.</p> <p>There were then a further 17 improvements identified through an assessment of the Council's financial management arrangements against the CIPFA Financial Management Code, that all Local Authorities were required to adopt from April 2021.</p> <p>Of the total 28 actions, 16 are complete and the remainder are underway. A small number of the actions in progress have a revised implementation date.</p>
<b>Recommendation(s):</b>	<b>That the content of the report be noted</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2845 <a href="mailto:tracy.bingham@oadby-wigston.gov.uk">tracy.bingham@oadby-wigston.gov.uk</a></p> <p>Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 <a href="mailto:bev.bull@oadby-wigston.gov.uk">bev.bull@oadby-wigston.gov.uk</a></p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 <a href="mailto:Rashpal.Sohal@Oadby-Wigston.gov.uk">Rashpal.Sohal@Oadby-Wigston.gov.uk</a></p>
<b>Strategic Objectives:</b>	<p>Building, Protecting and Empowering Communities (CO1)</p> <p>Growing the Borough Economically (CO2)</p> <p>Providing Excellent Services (CO3)</p>
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision)
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	<p>Decreasing Financial Resources / Increasing Financial Pressures (CR1)</p> <p>Key Supplier / Partnership Failure (CR2)</p> <p>Political Dynamics (CR3)</p> <p>Reputation Damage (CR4)</p>

	Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Failure to Respond to a Significant Incident (CR7) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9) Increased Fraud (CR10) Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	<ul style="list-style-type: none"> <li>• Senior Leadership Team</li> </ul>
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>• None.</li> </ul>
<b>Appendices:</b>	Appendix 1 – Draft Annual Auditors Report 2020/21 and 2021/22.

## 1. Introduction

- 1.1 The Annual Governance Statement (AGS) is a requisite part of the annual review of corporate governance. Good practice dictates that the document is published alongside the statement of accounts but is considered in its own right.
- 1.2 The Council has a duty to undertake an annual review of its governance arrangements, which includes the effectiveness of its system of internal control and produce a statement regarding its overall level of governance in the form of an AGS.
- 1.3 The latest AGS is included within the council's published unaudited accounts for the 2021/22 year: [https://www.oadby-wigston.gov.uk/files/documents/unaudited\\_financial\\_report\\_202122/OWBC%202122%20Financial%20Statements%2001-12-22.pdf](https://www.oadby-wigston.gov.uk/files/documents/unaudited_financial_report_202122/OWBC%202122%20Financial%20Statements%2001-12-22.pdf)
- 1.4 It includes details on the council's governance framework, links with the Internal Audit opinion for the year and sets out areas that require attention following the assessment. The assessment itself is also included and it determines a position for the Council against each of the CIPFA/SOLACE framework requirements of either:
- Good - Good governance exists and there are no improvements required
  - Fair - Satisfactory governance exists but improvements are required to meet good governance
  - Poor - Significant issues with governance exists which need addressing
- 1.5 In total, 28 improvement actions were identified in the AGS. Eleven of these were identified through the annual assurance review and a further 17 improvements identified

through an assessment of the Council's financial management arrangements against the CIPFA Financial Management Code, that all Local Authorities were required to adopt from April 2021.

## **2. Progress of actions**

- 2.1 An update against each of the 28 actions is set out in the table at Appendix 1. Of them, 16 are complete and the remainder are underway. A small number of the actions in progress have a revised implementation date.

**Annual Governance Statement**

Ref & Improvement	Owner	Target Completion	Status Update March 2023
<p><b>AGS1</b> Develop approach to tenant engagement and establishment of Tenant Scrutiny Panel, in line with regulatory standards as per (e.g. Residents STAR survey).</p>	<p>Head of Built Environment</p>	<p>March 2023</p>	<p>Complete. A Tenant and Leaseholder Forum has been established to play a key role ensuring that the Council meets its regulatory standards. The Forum, which meets quarterly, has been briefed as to the standards that the Council is required to meet and the members of the Forum will act as tenant ambassadors in helping the Council to meet its duty. The Forum is Chaired by a Strategic Director and attended by the Head of Service, Housing Manager, and key housing officers as well as a range of tenants and leaseholders representative of the Council’s housing stock portfolio across the Borough</p>
<p><b>AGS2</b> Review and enhance participation at resident forums</p>	<p>Head of Law and Democracy</p>	<p>March 2023</p>	<p>Complete. Following the latest round of Residents Forums the level of participants increased by 50% in Oadby and Wigston remained static in Sth Wigston We have reviewed the publicity of the Forums and which now consist of a blend of personal emails, social media posts and posters.</p>
<p><b>AGS3</b> Wider engagement on the budget consultation for forthcoming year to be captured</p>	<p>Head of Finance</p>	<p>February 2023</p>	<p>Complete. c.70 responses were received as part of the public consultation on the 2023/24 budget. The responses were collated and presented to PFD and Council, with one change made to the budget as a result. A “your questions answered” article was published on the website in response to comments received.</p>
<p><b>AGS4</b> Implement Corporate Peer Review to develop new Medium Term Financial Strategy, including refresh of the 5 year Medium Term Financial Plan, ensuring protocol for reconciling with the Corporate Plan and projects established; and a Sustainability Plan for closing budget gaps</p>	<p>Strategic Director and Section 151 Officer</p>	<p>November 2022</p>	<p>Complete. The new MTFS was approved in September 2022.</p>
<p><b>AGS5</b> Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering</p>	<p>Head of Customer Service and Transformation</p>	<p>May 2023</p>	<p>Underway. Target completion date revised to July 2023. The customer experience strategy consultation has allowed us to gather basic demographic information. Work continues to build upon this using census and other locally gathered information to produce a local insight document</p>

			that can be shared with staff to better understand our customer groups. On target for completion in July 2023.
<b>AGS6</b> Implement recommendations in the Corporate Peer Review Action Plan associated with the development of a standardised project appraisal and affordability approach	Strategic Director and Section 151 Officer	December 2023	Complete. The standardised project appraisal and affordability approach was approved as part of the MTFs in September 2022.
<b>AGS7</b> Review service and financial planning timetable for 2023/24	Head of Finance	October 2023	Underway. This will be completed for implementation of the 2023/24 service and financial management cycle (be the end of quarter 1 2023/24).
<b>AGS7</b> Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy	June 2023	Underway. Asset review is currently underway which will then inform a renewed Asset Management Policy
<b>AGS8</b> Organisational approach to benchmarking to be reviewed and requirements determined. ~ ~ Page 12 ~ ~	Strategic Director	March 2023	Underway. Target completion date revised to July 2023. Initial scoping work undertaken to start to identify benchmarking providers for different service areas. Finance benchmarking subscription in place via LG Inform. Further financial benchmarking for service areas will be addressed by adopting an outcome-based budgeting approach which incorporate data analysis and benchmarking.
<b>AGS9</b> Develop People Strategy	Strategic Director	December 2022	Underway. Target completion date revised to June 2023. This has been delayed and is currently in completed for consultation with staff throughout April and May 2023 with sign off proposed June 2023.
<b>AGS10</b> Review staff performance appraisal approach	Strategic Director	December 2022	Underway. Target completion date revised to April 2023. This has been delayed and review is currently underway with recommendations due in April 2023.
<b>AGS11</b> Develop and implement anti-fraud awareness raising programme	Strategic Director/S151 Officer	October 2022	Underway. Target completion date revised to July 2023. This is to be delivered in Quarter 1 2023/24, now a permanent Head of Finance has been in post.

Financial Management Code			
Ref & Improvement	Owner	Target Completion	Status Update March 2023
<b>FMC1</b> Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise.	Strategic Director/S151 Officer Head of Finance	July 2023	Underway. To be completed by target date.
<b>FMC2</b> Skills and competency assessment and ongoing training programme for CMT and SLT to be developed and included in the Corporate Peer Challenge Action Plan Training and Development programme. To include training around capability for appraising and managing projects, as outline in the Corporate Peer Challenge Action Plan. Member training to be captured as part of Corporate Peer Challenge Action Plan.	Strategic Director and S151 Officer	December 2022	Underway. Revised target date now July 2023. Financial awareness Training to be delivered to SLT and CMT April 2023, and to Members as part of their induction training following the elections in May 2023. Revised target
<b>FMC3</b> Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams.	Head of Finance and Deputy S151 Officer	December 2022	Underway. Revised target date now July 2023. Work underway no permanent Head of Finance in post since Jan 2023.
<b>FMC4</b> Schedule additional report to Audit Committee to track the progress against recommendations made by the external auditor.	Head of Finance and Deputy S151 Officer	December 2022	Complete. This report is scheduled for April Audit Committee.
<b>FMC5</b> Update Finance Procedure Rules and implement Internal Audit findings (from the Financial Systems audit. Set out actions in stand-alone document to draw together all actions relating to Financial Accountability framework improvements to ensure understanding and visibility and link with Vision for Finance (as above).	Strategic Director and Section 151 Officer	July 2023	Underway.
<b>FMC6</b> Extension of MTFP to include scenario assessments of service demand and costs.	Strategic Director and Section 151 Officer.	September 2023	Complete. The new MTFS approach includes scenario analysis.
<b>FMC7</b> Embed use of financial benchmarking via the CIPFA Financial Resilience Tool and other benchmarking services.	Strategic Director and Section 151 Officer.	March 2023	Complete. LGIImprove subscription undertaken and use of financial benchmarking embedded.

<p><b>FMC8</b> A single, consolidated living document that tracks and evidences saving plans currently in development. This will be monitored by SLT and will be presented to members in due course.</p>	<p>Head of Finance and Section 151 Officer</p>	<p>September 2022</p>	<p>Complete. The MTFS sets out a Sustainability Plan which details savings. Finance will monitor the delivery of savings. The first update to members is due as part of the provisional outturn report for 2022/23, which is expected in June/July 2023 to PFDC.</p>
<p><b>FMC9</b> Review stakeholder engagement approach in developing annual budget.</p>	<p>Head of Finance</p>	<p>October 2022</p>	<p>Complete. Member engagement approach overhauled for budget setting 2023/24 and new public consultation process implemented.</p>
<p><b>FMC10</b> Determine the approach to reviewing accounting treatment of material decisions.</p> <p>~ Page 14 ~</p>	<p>Head of Finance.</p>	<p>March 2023</p>	<p>Complete. Material decisions are approved at Services/PFD /Full Council and accounting treatments would be considered as part of the completion of the financial implications, building on the enhanced financial awareness of report authors via finance training.</p>
<p><b>FMC11</b> Embed approach to analyse performance against plans of previous year as part of budget setting.</p>	<p>Finance Manager</p>	<p>March 2023</p>	<p>Complete. As part of budget setting process presentation at CMT, the Finance manager showed all managers a standardised report they all will receive showing all previous year transactional data month on month. This was then used by BH to understand their budget codes in detail before sitting down with their BH and set their 23/24 budgets.</p>

<b>FMC12</b> Review of profiled budgets. Scope and implement financial reporting improvements.	Finance Manager	March 2023	Underway Revised target date August 2023. The current profile is split equally over the 12 periods. Profiling of budgets to be undertaken with budget holders in first monitoring sessions
<b>FMC13</b> Ensure the name of the budget holder responsible for the information presented.	Finance Manager	July 2022	Complete. Necessary reports and budgetary information now names budget holders.
<b>FMC14</b> Further developmental work required on Monthly management review.	Finance Manager	March 2023	Complete. For 22/23 standardised agendas were introduced and reports to all budget holders were standardised also.
<b>FMC15</b> Project Management arrangements require some refinement in respect of financial monitoring - review to be undertaken to identify improvements. Pattern of capital spend page present which also requires review and improvement.  Link with action to review and reset the annual financial cycle including protocol for managing standard and project budgets, as set out in Corporate Peer Review Action Plan.	Finance Manager  Strategic Director and Section 151 Officer	December 2022	Complete. Capital monitoring arrangements have now improved.  Relevant project information is highlighted in committee reports as necessary – e.g. office relocation project.
<b>FMC16</b> Review and identification of appropriate improvements to management accounts to be undertaken.	Finance Manager	March 2023	Complete. No substantial improvements made to date.
<b>FMC17</b> Q4 outturn at service level to be reviewed with service areas as part of Q1 clinics with a view to capturing proposed changes for the forthcoming year.	Finance Manager	July 2023	Underway.

# Agenda Item 8



<b>Audit Committee</b>	<b>Wednesday, 19 April 2023</b>	<b>Matter for Information</b>
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**Report Title:** **Strategic Risk Update (2022/23)**

**Report Author(s):** **Bev Bull (Head of Finance / Deputy Section 151 Officer)**

<b>Purpose of Report:</b>	To present the Strategic Risk Register to Committee for information.
<b>Report Summary:</b>	In accordance with the requirements of the Council's Opportunity and Risk Management Policy, this report presents the Strategic Risk Register for the Committee's consideration. The register is updated on a regular basis through discussions with the internal Risk Management Group and members of the Senior Leadership Team.
<b>Recommendation(s):</b>	<b>That the report and Strategic Risk Register (as set out at Appendix 1) be considered.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2845 <a href="mailto:tracy.bingham@oadby-wigston.gov.uk">tracy.bingham@oadby-wigston.gov.uk</a></p> <p>Bev Bull (Head of Finance / Deputy Section 151 Officer) (0116) 257 2608 <a href="mailto:bev.bull@oadby-wigston.gov.uk">bev.bull@oadby-wigston.gov.uk</a></p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 <a href="mailto:Rashpal.Sohal@Oadby-Wigston.gov.uk">Rashpal.Sohal@Oadby-Wigston.gov.uk</a></p>
<b>Corporate Objectives:</b>	<p>Building, Protecting and Empowering Communities (CO1)</p> <p>Growing the Borough Economically (CO2)</p> <p>Providing Excellent Services (CO3)</p>
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision) Accountability (V1)
<b>Report Implications:-</b>	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	<p>Decreasing Financial Resources / Increasing Financial Pressures (CR1)</p> <p>Key Supplier / Partnership Failure (CR2)</p> <p>Political Dynamics (CR3)</p> <p>Reputation Damage (CR4)</p>

	Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Failure to Respond to a Significant Incident (CR7) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9) Increased Fraud (CR10) Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	<ul style="list-style-type: none"> <li>• Risk Management Group</li> <li>• Senior Leadership Team</li> </ul>
<b>Background Papers:</b>	None.
<b>Appendices:</b>	Appendix 1 - Strategic Risk Register

## 1. Background

- 1.1 In line with the Risk Management Policy which was approved by the Audit Committee at its meeting in January 2023, this report presents the Strategic Risk Register at Appendix 1.
- 1.2 The 'Risk Management Group' has met, reviewed and updated the risk register which has then been reviewed and approved by the Senior Leadership Team (SLT).
- 1.3 Operational risks continue to be monitored and managed by the organisation, with the Operational Risk Registers managed within service areas, with Heads of Service maintaining ultimate responsibility.
- 1.4 This paper presents a summary of the profile of risks contained within the register and highlights key movements in scores from the position reported in January 2023.

## 2. Strategic Risk Register

- 2.1 The Strategic Risk Register contains a total of 15 risks and there have been no additional risks added. CR14 in relation to the risk that Coronavirus will result in significant loss of staff and/or wider national measures impacting on service delivery is to be removed. The risk has been rated at an acceptable level with mitigating

actions in place throughout the year. The mitigations actions are now embedded in the way we work, such as working from home. The risk remains in Appendix 1 for completeness and will be removed from the risk register next time.

2.2 The mitigated scores for all risk have maintained static since the position reported in January 2023. This is visually represented by the arrows shown in the far-right column "Direction of Travel of mitigated risk score".

2.3 Changes have been made to existing controls, management actions and target dates, which are detailed in the 'Review Commentary' column of the Risk Register.

- CR1 (financial resources) – existing controls updated, and target dates updated to reflect timetable and officer capacity.
- CR2 (key supplier failure) – existing controls updated, actions updated, and target dates updated in relation to contract information being captured in service plans.
- CR4 (demographic engagement) – existing controls updated, actions updated, and target dates updated in relation to Customer Experience Action Plan and Tenant engagement review.
- CR5 (political dynamics) –existing controls updated for completion of review of members induction training and actions updated to extend training to Key Officers.
- CR6 (reputational damage) – actions updated for Anti-Fraud Policy review.
- CR7 (asset utilisation) – target dates updated to reflect actions will be completed as part of the Asset Management project as part of the Sustainability Programme.
- CR8 (regulatory governance) – updated existing controls and actions re GDPR/DPA training
- CR11 (economy/regeneration) –existing controls updated to include next round of Levelling up announced, actions updated for recruitment to posts in Economic Regeneration team.
- CR12 (fraud) – target date for implementation updated to reflect timetable and officer capacity.
- CR13 (cyber threat/security) – existing control updated to reflect training rollout and IT BCP review. Actions and target date added for cyber threat training for member following General Election.
- CR15 (lone working) – target date for implementation updated to reflect timetable and officer capacity.

IMPACT		
Level	Score	Description
Insignificant	1	<ul style="list-style-type: none"> <li>no impact on service</li> <li>no impact on reputation</li> <li>complaint unlikely</li> <li>litigation risk remote</li> </ul>
Minor	2	<ul style="list-style-type: none"> <li>slight impact on service</li> <li>slight impact on reputation</li> <li>complaint possible</li> <li>litigation possible</li> </ul>
Moderate	3	<ul style="list-style-type: none"> <li>some service disruption</li> <li>potential for adverse publicity - avoidable with careful</li> <li>complaint probable</li> <li>litigation probable</li> </ul>
Major	4	<ul style="list-style-type: none"> <li>service disrupted</li> <li>adverse publicity not avoidable (local media)</li> <li>complaint probable</li> <li>litigation probable</li> </ul>
Extreme / Catastrophic	5	<ul style="list-style-type: none"> <li>service interrupted for significant time</li> <li>major adverse publicity not avoidable (national media)</li> <li>major litigation expected</li> <li>resignation of senior management and board</li> <li>loss of beneficiary confidence</li> </ul>

LIKELIHOOD		
Level	Score	Description
Remote	1	<ul style="list-style-type: none"> <li>may only occur in exceptional circumstances</li> </ul>
Unlikely	2	<ul style="list-style-type: none"> <li>expected to occur in a few circumstances</li> </ul>
Possible	3	<ul style="list-style-type: none"> <li>expected to occur in some circumstances</li> </ul>
Probable	4	<ul style="list-style-type: none"> <li>expected to occur in many circumstances</li> </ul>
Highly probable	5	<ul style="list-style-type: none"> <li>expected to occur frequently and in most circumstances</li> </ul>

		Impact				
		1	2	3	4	5
Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5

Risks that are red require mitigating action to reduce to amber or white

**Strategic Risk Register**

Ref	Risk Definition  What is the headline risk/issue?	2019-2024	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 (sources of assurance)			Mitigated Risk Score  (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating	Likelihood	Impact	Overall risk rating	Likelihood	Impact	Overall risk rating									
CR1	<b>Decreasing Financial resources / Increasing Financial Pressures</b>	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Increase demand for services e.g. benefits</li> <li><input type="checkbox"/> Continuing Austerity</li> <li><input type="checkbox"/> Political promises</li> <li><input type="checkbox"/> Change in priorities</li> <li><input type="checkbox"/> Reduction in recycling value</li> <li><input type="checkbox"/> Deflated housing market</li> <li><input type="checkbox"/> Lack of business growth</li> <li><input type="checkbox"/> Further changes in legislation</li> <li><input type="checkbox"/> Pooling/Unpooling of NNDR</li> <li><input type="checkbox"/> Universal Credit</li> <li><input type="checkbox"/> Inefficient running costs of Bushloe House</li> <li><input type="checkbox"/> Political hesitancy in decision making for fundamental service reform.</li> <li><input type="checkbox"/> Cost-of-living crises</li> <li><input type="checkbox"/> Supplier price variations as a result of inflation</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Cuts in services</li> <li><input type="checkbox"/> Political and customer expectations not met</li> <li><input type="checkbox"/> Quality of service</li> <li><input type="checkbox"/> Reputation damage</li> <li><input type="checkbox"/> Knock on impact on the local community and economy e.g. spiral effect</li> <li><input type="checkbox"/> Legal challenge.</li> <li><input type="checkbox"/> Reduction in rent/mortgages owed to the council through the introduction of UC, increased homelessness adding stresses to council finances and the local economy.</li> <li><input type="checkbox"/> Supplier price variations significant.</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li><input type="checkbox"/> Budgetary Control processes and committee reporting</li> <li><input type="checkbox"/> Medium Term Financial Strategy and HRA Business Plan - including scenario planning</li> <li><input type="checkbox"/> Setting and monitoring of savings and efficiency targets</li> <li><input type="checkbox"/> Annual Fees and Charges review</li> <li><input type="checkbox"/> Disclosure of expenditure over £250</li> <li><input type="checkbox"/> Review of reserves and balances</li> <li><input type="checkbox"/> Treasury Management and Investment Strategy</li> <li><input type="checkbox"/> Prudential Indicators</li> <li><input type="checkbox"/> Revised Financial Regulations</li> <li><input type="checkbox"/> Business Rates Pooling</li> <li><input type="checkbox"/> New Procurement Policy</li> <li><input type="checkbox"/> Homelessness team increased</li> <li><input type="checkbox"/> Assessment of viability of capital projects.</li> <li><input type="checkbox"/> Members have approved move out of Bushloe House to Brocks Hill. <input type="checkbox"/> Financial Inclusion Officer in post.</li> <li><input type="checkbox"/> Scenario planning for budgets</li> <li><input type="checkbox"/> Transformation Programme across the council to improve service</li> <li><input type="checkbox"/> Cost of Living impact assessment undertaken and action plan now in place (presented to Service Delivery Committee 6 Sept).</li> <li><input type="checkbox"/> Cost of Living focus group meeting fortnightly to monitor actions of action plan</li> <li><input type="checkbox"/> Q1 financial assessment of inflationary impacts to in-year budget undertaken. <input type="checkbox"/> Ongoing impacts of inflation captured in medium term financial plan. <input type="checkbox"/> Updates to members on cost of living and inflation in members bulletin <input type="checkbox"/> New MTFS approved September 2022 <input type="checkbox"/> Provisional local government finance settlement received and consultation will be responded to. <input type="checkbox"/> Engagement with MP, LGA and DLUHC about the council's unique financial outlook <input type="checkbox"/> Project Initiation Documents (PIDS) completed for all projects in the sustainability programme.</li> <li><input type="checkbox"/> Q2 and Q3 monitoring included repurposing of earmarked reserves. <input type="checkbox"/> Q3 included an update on Cost of Living crisis support actions.</li> <li><input type="checkbox"/> The final local Government Settlement has been received 23/24 budget Set and MTFP updated.</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li><input type="checkbox"/> Review of Financial Regulations</li> </ul>	<input type="checkbox"/> September 2023	3	3	9	Chief Financial Officer	Mar-23	Updated existing controls to reflect current position with final settlement having been received, 23/24 budget set, MTFP updated and sustainability PIDS being completed.			
CR2	<b>Key Supplier Failure</b>	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Change in circumstances</li> <li><input type="checkbox"/> Capacity and competency</li> <li><input type="checkbox"/> Further decline of the Economy</li> <li><input type="checkbox"/> Relationship breakdown</li> <li><input type="checkbox"/> Changes in legislation</li> <li><input type="checkbox"/> Changes in personnel</li> <li><input type="checkbox"/> Liability issues</li> <li><input type="checkbox"/> Economic conditions - inflation and interest rates</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Cost implications</li> <li><input type="checkbox"/> Business Continuity</li> <li><input type="checkbox"/> Loss of revenue</li> <li><input type="checkbox"/> Service failure</li> <li><input type="checkbox"/> TUPE issues</li> <li><input type="checkbox"/> Potential court action</li> <li><input type="checkbox"/> Increased complaints</li> <li><input type="checkbox"/> Reputation issues</li> <li><input type="checkbox"/> Political damage</li> <li><input type="checkbox"/> Delays</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li><input type="checkbox"/> Formal contracts and agreements including realistic notice periods</li> <li><input type="checkbox"/> Tender arrangements and pre qualification financial assessments <input type="checkbox"/> provisional local government finance settlement received</li> <li><input type="checkbox"/> Qualified internal officers to provide legal advice</li> <li><input type="checkbox"/> Use of external counsel</li> <li><input type="checkbox"/> Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners</li> <li><input type="checkbox"/> Welland Procurement also providing support.</li> <li><input type="checkbox"/> Part of management Board to oversee delegated services such as Lightbulb and Building Control.</li> <li><input type="checkbox"/> Creation of Project and Procurement Team</li> <li><input type="checkbox"/> Partnership and contract risk registers</li> <li><input type="checkbox"/> Contract term renegotiation with key providers as necessary</li> <li><input type="checkbox"/> Contract Management review will be undertaken as part of the Sustainability Programme</li> <li><input type="checkbox"/> Contracts information has been incorporated into draft service plan template.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Incorporate service contract register and plans for managing contracts into Service Plans</li> </ul>	<input type="checkbox"/> June 2023	2	2	4	Head of Law and Democracy /Monitoring Officer	Mar-23	Updated Existing Controls for contract info being included in service plan template. Target implementation date updated to June 23 to align to timetable for service plan completion.			

**Strategic Risk Register**

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					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR3	<b>Failure to work effectively with other public sector partner organisations (PSOs) and 3rd sector organisations</b>	Building, Protecting and Empowering Communities (CO1); Growing the Borough Economically (CO2)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Poor service delivery from PSOs the Council has agreements with</li> <li><input type="checkbox"/> Lack of engagement from partner PSOs</li> <li><input type="checkbox"/> Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown</li> <li><input type="checkbox"/> Failure of relationships at strategic level in County &amp; across members</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Loss of public confidence in Community Safety Partnership</li> <li><input type="checkbox"/> Loss of funding for LLR Sports Alliance partnership</li> <li><input type="checkbox"/> Impact on service delivery of poor ICT service</li> <li><input type="checkbox"/> May not realise potential economies of scale</li> <li><input type="checkbox"/> Impact on staff morale</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Formal agreements with public sector partners which clearly identify roles &amp; responsibilities</li> <li><input type="checkbox"/> Governance arrangements which manage performance against agreements</li> <li><input type="checkbox"/> Lead officer arrangements/contract manager</li> <li><input type="checkbox"/> Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality</li> <li><input type="checkbox"/> Strategic Planning Group - governance arrangements are in place for this. Member Advisory Group also in place - Southern Alliance (WVBC, HDC, Slaby &amp; Hinckley working together)</li> <li><input type="checkbox"/> Performance of these arrangements is formally reviewed and changes are made if necessary.                             <ul style="list-style-type: none"> <li><input type="checkbox"/> Regular account meetings with contracted 3rd sector organisations.</li> </ul> </li> <li><input type="checkbox"/> Service Level Agreements in place where necessary</li> <li><input type="checkbox"/> Cost of Living support programme has funded 3rd sector organisations and support for warm hubs.</li> </ul>	3	3	9			3	3	9	Chief Executive	Mar-23	No changes.	
CR4	<b>Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.</b>	Building, Protecting and Empowering Communities (CO1)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Staff capacity could impact on engagement</li> <li><input type="checkbox"/> hard to reach communities</li> <li><input type="checkbox"/> some resident groups not digitally connected</li> <li><input type="checkbox"/> change in political power could result in non-statutory service being stopped</li> <li><input type="checkbox"/> Failure to consult when appropriate to do so</li> <li><input type="checkbox"/> Funding changes impacting on roles</li> <li><input type="checkbox"/> Digital exclusion as a result of cost of living crises</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Reputational damage</li> <li><input type="checkbox"/> lack of support for community initiatives</li> <li><input type="checkbox"/> missed opportunity to impact on equalities agenda and HWB of residents</li> <li><input type="checkbox"/> Citizens panel not representative of demographic.</li> <li><input type="checkbox"/> Services may not meet the needs of this demographic</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li><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</li> <li><input type="checkbox"/> Refreshed Communications Strategy launch due June 2022</li> <li><input type="checkbox"/> Gov.Delivery digital e-mail system – targeted delivery on specific topics e.g. tenants newsletter – launch June 2022</li> <li><input type="checkbox"/> Two new Community Health Improvement Officers</li> <li><input type="checkbox"/> Financial Inclusion Officer</li> <li><input type="checkbox"/> Volunteer community champion Digital Newsletter - specifically relating to health and wellbeing targeting socially vulnerable</li> <li><input type="checkbox"/> Events programme run by Community Health Improvement Officers to target vulnerable and hard to reach residents/communities.</li> <li><input type="checkbox"/> Statement of community involvement in place</li> <li><input type="checkbox"/> Residents Forums reinstated</li> <li><input type="checkbox"/> Sports and physical activity commission plan to target hard to reach</li> <li><input type="checkbox"/> Customer Experience Strategy consultation outcome due to be reviewed by members in March includes an Action Plan to introduce Appointment Hubs.</li> <li><input type="checkbox"/> September 2023 Tenant Engagement Review taking place to support Tenant Satisfaction Review through gov legislation.</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Customer Experience Strategy Action Plan to be monitored against</li> <li><input type="checkbox"/> Incorporation of the Housing Regulators new Tenant Satisfaction Measures that all social housing landlords will need to adopt from April 2023.</li> <li><input type="checkbox"/> Tenant Engagement Review</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> September 2023</li> <li><input type="checkbox"/> April 2023</li> <li><input type="checkbox"/> Sept 2023</li> </ul>	3	2	6	Head of Customer Service and Transformation	Mar-23	Update to existing control Customer Experience Strategy to refer to Action Plan and establishment of Appointment Hubs. Actions and target date updated to recognise the Customer Experience Strategy Action Plan is to be monitored and Tenant Engagement Review.	
CR5	<b>Political Dynamics</b>	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Change in political power</li> <li><input type="checkbox"/> Change in leader</li> <li><input type="checkbox"/> New members</li> <li><input type="checkbox"/> Public perception changes</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Change in priorities</li> <li><input type="checkbox"/> Change in member/officer engagement</li> <li><input type="checkbox"/> Breakdown in communication</li> <li><input type="checkbox"/> Inability to meet expectations</li> <li><input type="checkbox"/> Reputation issues (organisational and political)</li> <li><input type="checkbox"/> Reactive decision making (rather than planned)</li> <li><input type="checkbox"/> Failure to follow legislative requirements e.g. equalities</li> <li><input type="checkbox"/> Further strain on council finances</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Member development programmes</li> <li><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</li> <li><input type="checkbox"/> Policies e.g. Safeguarding/Equalities and DBS checks</li> <li><input type="checkbox"/> Provision of chairing skills training</li> <li><input type="checkbox"/> Constitution, which is in the process of being reviewed to reflect new management structure</li> <li><input type="checkbox"/> Public consultation.</li> <li><input type="checkbox"/> Development of member enquiry system</li> <li><input type="checkbox"/> Training for members covering a range of areas including IT and Planning</li> <li><input type="checkbox"/> Budding system</li> <li><input type="checkbox"/> Members bulletin</li> <li><input type="checkbox"/> Customer Service training - June 2022</li> <li><input type="checkbox"/> Political awareness training for officers June 2022</li> <li><input type="checkbox"/> Member and officer training undertaken with Centre for Governance and Scrutiny November 2022</li> <li><input type="checkbox"/> Full review of members induction programme has been completed.</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li><input type="checkbox"/> Personal training/action plans for members elected May 2023</li> <li><input type="checkbox"/> Political change awareness training for SLT, CMT and Key Officers</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Jul-23</li> <li><input type="checkbox"/> Jul-23</li> </ul>	2	3	6	Head of Law and Democracy /Monitoring Officer	Mar-23	Existing controls updated for review of members induction training and actions updated to extend training to Key Officers.	

Strategic Risk Register

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CR6	Reputation Damage	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Litigation</li> <li><input type="checkbox"/> Breakdown in a partnership</li> <li><input type="checkbox"/> Failure to have regard to officers advice</li> <li><input type="checkbox"/> Whistle blowing</li> <li><input type="checkbox"/> Freedom of Information (FoI)</li> <li><input type="checkbox"/> Inconsistent decision making</li> <li><input type="checkbox"/> Poor Media Relations</li> <li><input type="checkbox"/> Poor communication</li> <li><input type="checkbox"/> Failure to provide or reduce services</li> <li><input type="checkbox"/> Poor performance</li> <li><input type="checkbox"/> Poor business planning and consideration of financial implications</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Intervention</li> <li><input type="checkbox"/> Loss of public confidence</li> <li><input type="checkbox"/> Ombudsman findings</li> <li><input type="checkbox"/> Court costs</li> <li><input type="checkbox"/> Quality of service affected</li> <li><input type="checkbox"/> Breakdown in a partnership</li> <li><input type="checkbox"/> Adverse publicity</li> <li><input type="checkbox"/> Lower public satisfaction level</li> <li><input type="checkbox"/> Time spent mitigating damage/rectifying the situation</li> <li><input type="checkbox"/> Low Morale</li> <li><input type="checkbox"/> Difficulties to recruit/staff retention</li> <li><input type="checkbox"/> Inadequate budget provision, inappropriate financial decisions made</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li><input type="checkbox"/> Review of external communication by Heads of Service</li> <li><input type="checkbox"/> Use of modern gov</li> <li><input type="checkbox"/> Whistle blowing and Anti Fraud and Corruption policies</li> <li><input type="checkbox"/> Freedom of Information log</li> <li><input type="checkbox"/> Qualified in house legal team</li> <li><input type="checkbox"/> Officer complaints training &amp; new complaints process</li> <li><input type="checkbox"/> Performance reporting and Key Performance Indicators</li> <li><input type="checkbox"/> Public and media consultation</li> <li><input type="checkbox"/> Achieved accreditation for customer service excellence award</li> <li><input type="checkbox"/> Communications Policy and Communications Plan in place</li> <li><input type="checkbox"/> Online customer care training in place for all new staff and a separate module also in place for managers.</li> <li><input type="checkbox"/> Partnership working eg Lightbulb &amp; Local Plan</li> <li><input type="checkbox"/> Marketing &amp; Communications Manager</li> <li><input type="checkbox"/> Social Media Policy</li> <li><input type="checkbox"/> Service Standards</li> <li><input type="checkbox"/> Performance Review Plans</li> <li><input type="checkbox"/> Standardised project appraisal and affordability approach as per Corporate Peer Review Action Plan built into new MTF5</li> <li><input type="checkbox"/> Complaints handling and investigation training for all managers undertaken November 2022</li> <li><input type="checkbox"/> Anti Fraud Policy to be reviewed and presented to SLT April 2023.</li> </ul>	2	2	4	Anti Fraud Policy to be reviewed and presented to SLT and PFD	Apr-23	2	2	4	Chief Executive	Mar-23	Existing Controls updated for Anti Fraud Policy review.			
CR7	Effective utilisation of Assets/Buildings	Building, Protecting and Empowering Communities (CO1); Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Failure to follow Health and Safety</li> <li><input type="checkbox"/> Insurance/Public Liability</li> <li><input type="checkbox"/> Financial investment</li> <li><input type="checkbox"/> Contractor going into liquidation</li> <li><input type="checkbox"/> Political will</li> <li><input type="checkbox"/> Facility Management</li> <li><input type="checkbox"/> Depreciation</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Loss of investment opportunities</li> <li><input type="checkbox"/> Loss of income</li> <li><input type="checkbox"/> Loss of capital</li> <li><input type="checkbox"/> Higher revenue costs</li> <li><input type="checkbox"/> Costs</li> <li><input type="checkbox"/> Death or injury</li> <li><input type="checkbox"/> Higher insurance premiums</li> <li><input type="checkbox"/> Reputation damage</li> <li><input type="checkbox"/> Public liability</li> <li><input type="checkbox"/> Personal liability for corporate team e.g. corporate manslaughter</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Physical controls (e.g. Door Codes, fire alarms)</li> <li><input type="checkbox"/> Designated first aiders</li> <li><input type="checkbox"/> Capital Programme and HRA Business Plan - annual reiteration and regular monitoring</li> <li><input type="checkbox"/> Fixed Asset Register</li> <li><input type="checkbox"/> Annual valuation of property by external valuer</li> <li><input type="checkbox"/> Designated Health and Safety Officer</li> <li><input type="checkbox"/> Implementation of controls within Health and Safety Executive review</li> <li><input type="checkbox"/> Health and Safety risk assessments</li> <li><input type="checkbox"/> Designated Facilities Manager</li> <li><input type="checkbox"/> Accommodation Reviewed</li> <li><input type="checkbox"/> Health and safety assessments carried out on all buildings</li> <li><input type="checkbox"/> In the process of moving from Bushloe House to Brooks Hill</li> <li><input type="checkbox"/> Repurposing of public toilets business case currently in development with member engagement underway via PFD.</li> <li><input type="checkbox"/> Asset Management a theme as part of the Sustainability Programme</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li><input type="checkbox"/> Revision of Asset Management Policy and Capital Expenditure Plan</li> <li><input type="checkbox"/> Asset review</li> <li><input type="checkbox"/> Holistic Asset Management database/system purchased and timetabled for implementation</li> <li><input type="checkbox"/> Production of a Health and Safety Action Plan</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> March 2023</li> <li><input type="checkbox"/> March 2023</li> <li><input type="checkbox"/> March 2023</li> <li><input type="checkbox"/> January 2023</li> </ul>	2	2	4	Head of Law and Democracy/Monitoring Officer	Mar-23	No changes - SLT NEED AN UPDATE ON ACTIONS AND DATES?			
CR8	Regulatory Governance	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> New or changes to legislation</li> <li><input type="checkbox"/> Resources (staff)</li> <li><input type="checkbox"/> Failure to identify new legislation</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Substantial fines e.g. Data Protection</li> <li><input type="checkbox"/> Judicial review</li> <li><input type="checkbox"/> Reputation</li> <li><input type="checkbox"/> Code of conduct</li> <li><input type="checkbox"/> Financial loss</li> <li><input type="checkbox"/> Cost orders</li> <li><input type="checkbox"/> Personal liability</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Data Protection Policy and log</li> <li><input type="checkbox"/> Freedom of Information log</li> <li><input type="checkbox"/> Code of Conduct and training</li> <li><input type="checkbox"/> HR Induction</li> <li><input type="checkbox"/> Statutory Monitoring Officer</li> <li><input type="checkbox"/> Subscriptions (e.g. legal journals and LGA) and CPD of legal officers</li> <li><input type="checkbox"/> Prosecution Policy</li> <li><input type="checkbox"/> Dedicated Policy, Compliance and Data Protection Officer</li> <li><input type="checkbox"/> Purchased GDPR/DPA learning modules to be rolled out in the future.</li> </ul>	1	1	1	Training on GDPR/DPA to be completed by all.		1	1	1	Head of Law and Democracy/Monitoring Officer	Mar-23	Updated existing controls and actions re GDPR/DPA training			

Strategic Risk Register

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					Likelihood	Impact	Overall risk rating	Likelihood	Impact	Overall risk rating	Likelihood	Impact	Overall risk rating									
CR9	<b>Failure to respond to a significant incident</b>	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Loss of staff</li> <li><input type="checkbox"/> Loss of ICT</li> <li><input type="checkbox"/> Loss of Building</li> <li><input type="checkbox"/> Loss of Key supplier</li> <li><input type="checkbox"/> Loss of facilities</li> <li><input type="checkbox"/> Loss of systems</li> <li><input type="checkbox"/> Act of God</li> <li><input type="checkbox"/> Adverse Weather</li> <li><input type="checkbox"/> Pandemic <input type="checkbox"/> Adverse staff impact as a result of cost of living</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Insurance – higher premiums</li> <li><input type="checkbox"/> Loss of essential services</li> <li><input type="checkbox"/> Adverse publicity</li> <li><input type="checkbox"/> Reputation damage</li> <li><input type="checkbox"/> Loss of public confidence</li> <li><input type="checkbox"/> Loss of income</li> <li><input type="checkbox"/> Financial damage</li> <li><input type="checkbox"/> Death and injury</li> <li><input type="checkbox"/> Litigation risks</li> <li><input type="checkbox"/> Insurance – higher premiums</li> <li><input type="checkbox"/> Loss of essential services</li> <li><input type="checkbox"/> Adverse publicity</li> <li><input type="checkbox"/> Loss of public confidence</li> <li><input type="checkbox"/> Financial damage</li> <li><input type="checkbox"/> Death and injury</li> <li><input type="checkbox"/> Litigation risks</li> <li><input type="checkbox"/> Staff unavailable after major incident</li> <li><input type="checkbox"/> Large proportion of staff becoming ill</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li><input type="checkbox"/> Insurance policies and annual review</li> <li><input type="checkbox"/> Use of Zurich Risk Management Service</li> <li><input type="checkbox"/> Risk Management policies and procedures</li> <li><input type="checkbox"/> Membership of Local Resilience Forum</li> <li><input type="checkbox"/> Standby rota</li> <li><input type="checkbox"/> IT backup, Business Continuity Plans in place</li> <li><input type="checkbox"/> Community Engagement with Health professionals</li> <li><input type="checkbox"/> Agile Working Policy</li> <li><input type="checkbox"/> Coordination of Out of Hours Service</li> <li><input type="checkbox"/> Paperless office and increased scanning through ERDMS</li> <li><input type="checkbox"/> Additional training from Leicestershire Resilience Partnership underway (incl power loss scenario)</li> <li><input type="checkbox"/> Business Continuity training exercise and refresh undertaken December 2022 <input type="checkbox"/> BC</li> <li><input type="checkbox"/> Plans refresh and incorporation into service plans Dec 2022</li> <li><input type="checkbox"/> SLT and CMT additional training scheduled with LRF</li> </ul>	3	3	9			3	1	3	Head of Law and Democracy /Monitoring Officer	Mar-23	No changes.			
CR10	<b>Organisational/Transformational Change</b>	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Restructure</li> <li><input type="checkbox"/> Transformational change</li> <li><input type="checkbox"/> Transferable skills</li> <li><input type="checkbox"/> Reduction in funding</li> <li><input type="checkbox"/> Change in personnel</li> <li><input type="checkbox"/> Change in the way the council delivers services</li> <li><input type="checkbox"/> Redundancy</li> <li><input type="checkbox"/> Less controls in place due to limited resources</li> <li><input type="checkbox"/> Change in office location</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Redundancy</li> <li><input type="checkbox"/> Staff morale</li> <li><input type="checkbox"/> Staff retention</li> <li><input type="checkbox"/> Change in working practices</li> <li><input type="checkbox"/> Impact on quality of service</li> <li><input type="checkbox"/> Legal implications</li> <li><input type="checkbox"/> HR implications</li> <li><input type="checkbox"/> Reputation damage/perception</li> <li><input type="checkbox"/> Financial loss</li> <li><input type="checkbox"/> Possible litigation</li> <li><input type="checkbox"/> Increased fraud</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li><input type="checkbox"/> Organisation review policy</li> <li><input type="checkbox"/> Recruitment and selection policies and procedures</li> <li><input type="checkbox"/> Union and staff consultation</li> <li><input type="checkbox"/> Staff Wellbeing Group and Wellbeing Teams</li> <li><input type="checkbox"/> Staff Health and Wellbeing Action Plan</li> <li><input type="checkbox"/> Internal Audit</li> <li><input type="checkbox"/> Staff newsletters</li> <li><input type="checkbox"/> Monitoring and supervision of management/1:1's</li> <li><input type="checkbox"/> Training and professional qualification support</li> <li><input type="checkbox"/> Performance appraisal process</li> <li><input type="checkbox"/> Formal induction programme</li> <li><input type="checkbox"/> Staff engagement (Brocks Hill staff engagement day)</li> <li><input type="checkbox"/> Comms plans for key projects - i.e. Brocks Hill, includes PR, Public, Staff and member and other stakeholder comms plans</li> <li><input type="checkbox"/> Staff engagement on organisational culture and values as part of People Strategy underway</li> <li><input type="checkbox"/> Introduction of live vacancy management plan with SLT</li> </ul>	3	2	6	Developing a People Strategy - to include resilience and succession planning as a key consideration	<input type="checkbox"/> June 2023	2	2	4	Strategic Director	Mar-23	No changes.			

Strategic Risk Register

Ref	Risk Definition  What is the headline risk/issue?	2019-2024	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 (sources of assurance)	Mitigated Risk Score  (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR11	<b>Economy/Regeneration</b>	Growing the Borough Economically (CO2)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Further decline in the economy BREXIT COVID Ukraine/Russia conflict and also energy costs crisis (uncertainty of cost impact)</li> <li><input type="checkbox"/> Pooling/Unpooling of NDR</li> <li><input type="checkbox"/> Cost of living</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Relocation (Business and Domestic)</li> <li><input type="checkbox"/> Lack of inward investment</li> <li><input type="checkbox"/> Increased demand for certain services e.g. benefits</li> <li><input type="checkbox"/> Loss of value in public assets</li> <li><input type="checkbox"/> Need to continually adapt/change</li> <li><input type="checkbox"/> Conflicting pressures - decreased funding – increased demand</li> <li><input type="checkbox"/> Spiral effect</li> <li><input type="checkbox"/> Short term decision making – uncertainty</li> <li><input type="checkbox"/> Increased autonomy leads to greater risk</li> <li><input type="checkbox"/> Decrease in collection levels</li> </ul>	5	4	20	<ul style="list-style-type: none"> <li><input type="checkbox"/> Demand management of services that come under pressure as a result of decline in economy</li> <li><input type="checkbox"/> Debt Recovery Policy in place</li> <li><input type="checkbox"/> Local Council Tax and Business Rate Retention scheme in place</li> <li><input type="checkbox"/> Contract monitoring of bailiffs</li> <li><input type="checkbox"/> Paying out business grants to support local businesses during pandemic</li> <li><input type="checkbox"/> Regular programme of business webinars to provide information and support to businesses</li> <li><input type="checkbox"/> Monthly newsletter issued to businesses</li> <li><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.</li> <li><input type="checkbox"/> Helping Hands - energy champion</li> <li><input type="checkbox"/> Business microsite being developed with an aim to go live late summer 2022.</li> <li><input type="checkbox"/> Economic Regeneration Team restructured to maximise opportunities to bring forward regeneration and revenue generating projects</li> <li><input type="checkbox"/> UKSPF Investment Plan submitted.</li> <li><input type="checkbox"/> Levelling Up bid submitted</li> <li><input type="checkbox"/> Sub-committees established to provide a focus on key regeneration projects</li> <li><input type="checkbox"/> Specialist support procured to advise on the deliverability of regeneration projects (Oadby Pool)</li> <li><input type="checkbox"/> as per Corporate Peer Review Action Plan, approach to maximising funding set out</li> <li><input type="checkbox"/> Cost of Living report to members sets our proposal to review discretionary rates relief which may provide additional relief to businesses. <input type="checkbox"/> UKSPF funding announced</li> <li><input type="checkbox"/> Next round of levelling up bidding announced</li> </ul>	4	3	12	<ul style="list-style-type: none"> <li><input type="checkbox"/> Designing Economic Development team offer</li> <li><input type="checkbox"/> Starting develop tourism offer for the Borough</li> <li><input type="checkbox"/> Permanent Recruitment to Economic Regeneration Manager and additional posts funded by UKSPF</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> March 2023</li> <li><input type="checkbox"/> July 2023</li> <li><input type="checkbox"/> April 2023</li> </ul>	4	2	8	Head of Built Environment	Mar-23	Update to existing controls to include Levelling up. Update actions for recruitment to posts.	
CR12	<b>Increased Fraud</b>	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Dilution of internal controls due to less staff</li> <li><input type="checkbox"/> Increase in unemployment</li> <li><input type="checkbox"/> Reduction in benefits</li> <li><input type="checkbox"/> Inflation</li> <li><input type="checkbox"/> Debt</li> <li><input type="checkbox"/> Opportunity</li> <li><input type="checkbox"/> March 16</li> <li><input type="checkbox"/> Sub-letting of Council properties</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Homelessness, poverty and social deprivation</li> <li><input type="checkbox"/> Financial loss</li> <li><input type="checkbox"/> Resources of the authority to investigate fraud issues</li> <li><input type="checkbox"/> Reputation impact</li> <li><input type="checkbox"/> Litigation</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li><input type="checkbox"/> Internal and External Audit</li> <li><input type="checkbox"/> Financial Regulations</li> <li><input type="checkbox"/> Segregation of Duties</li> <li><input type="checkbox"/> Supervision and Management</li> <li><input type="checkbox"/> Investigation and disciplinary procedures</li> <li><input type="checkbox"/> Litigation</li> <li><input type="checkbox"/> UPDATED Anti Fraud and Corruption Policy</li> <li><input type="checkbox"/> Whistle blowing process</li> <li><input type="checkbox"/> Tone from the top - no tolerance</li> <li><input type="checkbox"/> Budgetary Control</li> <li><input type="checkbox"/> Participation in National Fraud Initiative</li> <li><input type="checkbox"/> Transaction review (e.g. invoices/mileage)</li> <li><input type="checkbox"/> All related Policies to be reviewed and an annual rolling training programme to be implemented.</li> </ul>	2	3	6	<ul style="list-style-type: none"> <li><input type="checkbox"/> Bribery Act Risk Assessment</li> <li><input type="checkbox"/> Fraud Awareness Training</li> <li><input type="checkbox"/> Implement internal audit recommendations</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> June 2023</li> <li><input type="checkbox"/> July 2023</li> <li><input type="checkbox"/> July 2023</li> </ul>	2	2	4	Chief Financial Officer	Mar-23	Target date for implementation for first two actions updated to reflect timetable and capacity of officers.	

Strategic Risk Register

Ref	Risk Definition  What is the headline risk/issue?	2019-2024	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 (sources of assurance)	Mitigated Risk Score  (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/			Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR13	<b>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.</b>	Providing Excellent Services (CO3)	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. <input type="checkbox"/> A range of IT Security Policies are in place and will be reviewed and approved by SLT. <input type="checkbox"/> 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. <input type="checkbox"/> Increased cyber threat security technology implementation underway Cyber Training rolled out across the organisation BCP has been reviewed by IT Security Manager.	2	3	6	Cyber Threat training for members	30/06/2023	1	3	3	Head of Customer Service and Transformation	Mar-23	Existing control updated to reflect training rollout and IT BCP review. Target updated for actions completions and member training following General Election.	↔
CR14	<b>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</b>	Building, Protecting and Empowering Communities (CO1)	Major world pandemic identified by the WHO. This has spread to UK. The virus could spread to a large proportion of the populus causing 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.	2	2	4			2	1	2	Strategic Director	Mar-23	Existing controls updated to reflect easing of requirements regarding WFH and face coverings. Reduced impact as new ways of working now embedded.	↔
CR15	<b>19. Staff lone working including out of hours</b>	Providing Excellent Services (CO3)	Increased risk of staff harm from violence & aggression 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 aggression & violence <input type="checkbox"/> DBS checks undertaken for relevant staff <input type="checkbox"/> Training session undertaken for lone working staff on (pick Protect) system	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	Jun-23	2	3	6	Head of Law and Democracy /Monitoring Officer	Mar-23	Target date for implementation for actions updated to reflect timetable and capacity of officers.	↔

# Agenda Item 9



<b>Audit Committee</b>	<b>Wednesday, 19 April 2023</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Accounting Policies and Materiality 2022/23**

**Report Author(s):** **Rashpal Sohal (Finance Manager)**

<b>Purpose of Report:</b>	To review and approve the draft accounting policies and materiality levels for the 2022/23 Financial Statements.
<b>Report Summary:</b>	<p>It is considered good practise for the committee to have visibility of the Accounting Policies and materiality levels annually before the preparation of the Statement of Accounts.</p> <p>Committee are asked to approve the draft policies and delegate authority to Section 151 Officer to make any necessary amendments.</p>
<b>Recommendation(s):</b>	<p>To consider and approve:</p> <ol style="list-style-type: none"> <li>1. The Draft Accounting Policies for the 2022/23 Financial Statement as detailed in Appendix 1; and</li> <li>2. The materiality levels as set out in Appendix 2; and</li> <li>3. Delegate authority to Section 151 officer to make any necessary amendments</li> </ol>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2690 <a href="mailto:tracy.bingham@oadby-wigston.gov.uk">tracy.bingham@oadby-wigston.gov.uk</a></p> <p>Bev Bull (Head of Finance &amp; Deputy Section 151 Officer) (0116) 257 2649 <a href="mailto:bev.bull@oadby-wigston.gov.uk">bev.bull@oadby-wigston.gov.uk</a></p> <p>Rashpal Sohal (Finance Manager) (0116) 257 2705 <a href="mailto:rashpal.sohal@oadby-wigston.gov.uk">rashpal.sohal@oadby-wigston.gov.uk</a></p>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision) Accountability (V1)
<b>Report Implications:-</b>	
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.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	<ul style="list-style-type: none"> <li>Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.</li> </ul>
<b>Appendices:</b>	Appendix 1 – The Draft Accounting Policies for the 2022/23 Financial Statements Appendix 2 – Materiality levels

## 1. BACKGROUND

- 1.1 The accounting policies and materiality levels need to be reviewed and agreed, prior to the closure of the accounts.

## 2 ACCOUNTING POLICIES

- 2.1 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.
- 2.2 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year-end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements.
- 2.3 Accounting policies need not be applied if the effect of applying them would be immaterial.
- 2.4 The Audit Committee's Terms of Reference require the committee to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. It is therefore considered good practice for the committee to have greater visibility over these accounting policies before they are applied.
- 2.5 The accounting policies are reviewed each year by officers to ensure all accounting policies previously approved are still relevant and are in accordance with the latest version of the Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice and International Financial Reporting Standards (IFRS) requirements. Any new requirements

are added to the policies and policies, which are no longer relevant or have no material effect to the Statement of Accounts, are removed.

- 2.6 The following Accounting Standards have been amended by the Code of Practice in 2022/23:
- IFRS 1: First Time Adoption;
  - IAS 37: Onerous Contracts;
  - IFRS 16: Leases;
  - IAS 41: Agriculture;
  - Property, plant and equipment: proceeds before intended use (amendments to IAS 16).
- 2.7 The application date of the above amendments is the 1 April 2022, with the exception of IFRS 16. This must be adopted by 2024/25 but has been included in the code of practice 2022/23 to allow for early adoption.
- 2.8 The amendments change the wording of existing Accounting Standards to clarify the interpretation and understanding of the Standards. They do not have any significant impact. The Council is not opting to adopt IFRS 16 early, as it will not have any significant impact. Therefore, no changes have been made to the Council's Accounting Policies.
- 2.9 The proposed accounting policies for 2022/23 are included at **Appendix 1** and are presented to the committee for approval. Adopting the proposed policies will support the timely production of the annual accounts.
- 2.10 CIPFA have issued an accounting Bulletin giving further guidance on matters for the production of the Statement of Accounts for 2022/23. The Bulletin provides advice on emerging issues and is intended to inform best practice. One issue raised is to include information in the accounts on the impact of inflation and higher interest rates, this will be complied with. The other issues raised in the bulletin do not require any changes to our existing accounting practices, this will be reviewed again during the production of the statements.
- 2.11 During the year-end process there may be changes required to the policies arising from changes in circumstances or updated guidance. These will be agreed with the Section 151 Officer and reported to the Audit Committee alongside the final version of the Statement of Accounts.

### **3.0 MATERIALITY LEVELS**

- 3.1 Materiality is defined in the Code as:
- "Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor".*
- 3.2 Setting materiality levels enables the finance team to identify significant variances and items that need disclosing in the financial statements.
- 3.3 Levels for the 2022/23 financial statements are set out in **Appendix 2** for approval. The levels of materiality agreed by the committee will be used in the preparation of the financial statements and information provided for external audit purposes.

- 3.4 External Audit apply their own test of material misstatements. The internal materiality levels presented to committee for approval have been set in reference to the external auditors own materiality levels.

# Appendix 1

## Notes to the Accounts

### Accounting Policies

#### 1. General

The Statement of Accounts has been prepared with reference to the objective of showing the results of the stewardship and accountability of elected members and management for the resources entrusted to them, and on the underlying assumption of a going concern basis.

The Statement of Accounts summarises the council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The council's accounting policies are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance, The Service Reporting Code of Practice

(SeRCOP) or any other change in statute, guidance or framework impacting on the council's accounts.

The council's accounting policies as far as possible have been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant are discussed at the end of this section in note 26.

#### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

##### In particular:

- **Fees**, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- **Revenue** from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- **Supplies** are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventory on the Balance Sheet.

- **Works** are charged as expenditure when they are completed before which they are carried as works in progress on the Balance Sheet.
- **Interest payable on borrowings and receivable on investments** is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where **income and expenditure** has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

the year where the period starts and are not apportioned between the years.

Exceptions to the accrual's principle are consistently applied each year, and therefore do not have a material effect on the year's accounts.

### 3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within one month period or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Exceptions to this are:

- **Telephone accounts** are being charged to that year which has most of the quarter to which the rental or the charge relates as appropriate. This is rather than apportioning them between the financial years and as this policy is consistently applied each year it does not have a material effect on the year's accounts.
- **Insurance premiums** are due on the 30 September each year and are charged to the year that the payment is made and not adjusted between the years.
- **Rentals and maintenance agreements** are consistently charged to

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

### 4. Exceptional Items

Exceptional items are material items which derive from individual events that fall within the ordinary activities of the Council and are identified as exceptional items by virtue of their size, nature, or incidence. When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the council's financial performance

## 5. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 6. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following charges to record the real cost of holding non-current assets during the year:

- **Depreciation** attributable to the assets used by the relevant service.
- **Revaluation and Impairment losses** on assets used by the service and other losses where there are no accumulated gains in

the Revaluation Reserve against which the losses can be written off.

- **Amortisation** of intangible fixed assets attributable to the services.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision - MRP) to contribute towards the reduction in its overall borrowing requirement. For this year, in respect of debt that is supported by Revenue Support Grant (RSG), the provision is calculated using the Capital Financing Requirement (CFR) method. For new borrowing for which no Government support has been given and is therefore self-financed, the asset life method has been used for the 2022/23 accounts.

The CFR method calculates the provision as 2% of the non-housing supported CFR at the end of the preceding financial year (2% of the capital expenditure funded by supported borrowing).

The asset life method requires MRP to be made in equal annual instalments over the estimated life of the asset for which the unsupported borrowing is undertaken.

The annuity asset life method requires that the MRP for each year be the amount presumed to be the principal element of the equal amounts that would be payable each year in respect of a loan at a specified rate of interest that would reduce the outstanding principal amount to zero at the end of the estimated useful life of the asset. This results in an MRP charge that rises over time. This is deemed to be particularly appropriate for assets

which generate increasing revenues over time.

Depreciation, impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

## **7. Council tax and non-domestic rates (England)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to

the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **8. Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council.

An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexitime earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the

General Fund Balance by a credit to the Un-useable Reserve – Accumulated Absence Account in the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-employment Benefits

Employees of the Council are members of the Local Government Pensions

Scheme, administered by Leicestershire County Council.

The Local Government Scheme is accounted for as a defined benefits scheme: -

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate dependent on the duration of the liability. (A Corporate Bond yield curve is constructed based on the constituents of the iBoxx Corporates AA bond index and using the UBS delta curve fitting methodology. The discount is set based on the employer's own weighted average duration).
- The assets of pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value

The change in the net pension's liability is analysed into the following components:

- Service Cost comprising;  
**Current service cost** - the increase in liabilities as result of

years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.

**Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

**Net Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising;  
**The return on plan assets** – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure  
**Actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Comprehensive Income and Expenditure Statement.  
**Contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General

Fund Balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## 9. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## 10. Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business

model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument) [tailor as appropriate where the business model for any financial assets is not to hold investments solely to collect cash flows].

### Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made several loans to employees as part of its assisted car purchase scheme at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present

value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from employees, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement on the General Fund Balance.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on de-recognition of the asset are credited or debited to the Comprehensive Income and Expenditure Statement.

## **11. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, Government grants, third party contributions and donations are recognised as due to the Council when there is a reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and contributions and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Items in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment

Account once they have been applied to fund capital expenditure.

### **Covid-19 Grants**

As part of the Covid-19 pandemic the government provided a range grant schemes to support businesses that has been administered by the Council (Covid-19 Additional Relief fund and Retail, Hospitality and Leisure Relief). The Council is responsible for paying over the grants to the businesses and are then reimbursed by the government using a grant under section 31 of the Local Government Act 2003 (S31). Some of the schemes are fully reimbursed, others are a set allocation.

The Council is required to use their Business Rates system to identify the properties that meet the eligibility criteria. These grants are not Collection Fund transactions.

### **12. Heritage Assets**

Tangible heritage assets are defined as those tangible assets with historical, artistic, scientific, technological, geophysical, or environmental qualities and are held and maintained for their contribution to knowledge and culture.

Heritage assets are recognised where they meet these criteria and are valued in excess of the de-minimus threshold of £3,000. Heritage assets are measured in the Balance Sheet at insurance value which is based on market value. An impairment review is carried out each year to assess any physical depletion of the assets. All heritage assets held by the Council are deemed to have indefinite lives and are therefore not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

### **13. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council (e.g., software licences) is capitalised when it will bring benefits to the Council for more than one financial year.

Intangible assets are measured initially at cost. Amounts are carried at amortised costs and the depreciable amount of the intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired –any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **14. Inventories and Work in Progress**

Inventories are included in the Balance Sheet at the lower of cost and net

realisable value. Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works

### 15. Investment Properties

An investment property is one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

Investment properties are measured at fair value, with gains and losses recognised in surplus or deficit within the Comprehensive Income and Expenditure Statement rather than through the Revaluation Reserve. Investment properties held at fair value are not depreciated.

Fair value is to be interpreted as the amount that would be paid for the asset in its highest and best use which is market value. The fair value of investment property held under a lease is the lease interest.

### 16. Leases

The Council accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards relating to the leased property to the Council. All other leases are classed as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the

arrangement is dependent on the use of specific assets.

#### The Council as lessee.

##### Finance Leases

Where a lease is classified as a finance lease, then the substance of the transaction is considered to be the same as if the authority had purchased the asset and financed it through taking out a loan.

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount

of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is

accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The CIPFA LAS AAC Local Authority Code Board defer the implementation of IFRS 16 Leases in the Code of practice on local Authority Accounts. In the UK (the code) until the 2024/25 financial year.

### **Operating Leases**

If a lease meets the Code's definition of an operating lease, the property in question is not required to be recognised as an asset in the authority's Balance Sheet and the payments under the lease will be a charge to revenue.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

### **The Council as lessor**

#### **Finance Lease**

If the authority is the lessor in an operating lease, it will retain the property either as an item of property, plant and equipment or as an investment property on the Balance Sheet and credit rentals to income as they become payable, subject to any

requirement to smooth the payments and/or the lease incentives.

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive

Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

### **Operating Leases**

If the authority is the lessor in an operating lease, it will retain the property either as an item of property, plant and equipment or as an investment property on the Balance

Sheet and credit rentals to income as they become payable, subject to any requirement to smooth the payments and/or the lease incentives.

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## 17. Overheads and Support Services

### Segmental Reporting

The Council's operating segments are organised into seven service areas. These were determined to give both members and the general public a clear picture of the services the Council provides and will assist the making of decisions about allocating resources and assessing performance. For the purposes of the 2022/23 financial statements, there are eight segments. The eight segments are

- Customer Services & Business Transformation
- Senior Leadership Team
- Community & Wellbeing
- Community & Wellbeing Depot
- Law & Democracy
- The Built Environment

- Finance & Resources
- Housing Revenue Account

Measurement of segmental income and expenses is in accordance with the Council's accounting policies. Shared costs are included in segments based on the actual recharges made.

The Council does not report on segmental asset and liability internally, therefore it is not required to report segmental information on assets and liabilities.

## 18. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

### Recognition

Expenditure equal to or in excess of £3,000 (De Minimis level) on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it yields benefits to the Council for more than one financial year. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g., repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising the purchase price and any expenditure that is directly attributable

to bringing the asset into working condition for its intended use.

The council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets are then carried in the Balance Sheet using the following measurement bases:
- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV–SH)
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV), except for a few offices that are situated close to the council’s housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective
- All other assets – current value, determined as the amount that would

be paid for the asset in its existing use (existing use value EUV).

Assets included in the Balance Sheet at current value are revalued each year by either a desktop revaluation or by the major revaluation exercise which occurs every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.
- **Vehicles, plant, furniture, and equipment** – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Council currently is using the straight-line allocation method over the useful life of the asset. The useful life of the plant, equipment and vehicles has fallen into a range of between 5 and 10 years.

Newly acquired or operational assets are depreciated for a full year in the first year, although assets during construction are not depreciated until they are brought into use

No depreciation is provided on assets in the year of disposal

Depreciation is not charged on freehold land, investment properties or assets held for sale.

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- **Council dwellings and other buildings** – straight-line allocation over the useful life of the property as estimated by the valuer. Generally, a prudent view has been taken on the life of the Council's **operational buildings** and as such they have been depreciated over a period of between 5 and 20 years. However, it is recognised that the Leisure Centres which are a new build, therefore the expected life is greater, and these have been depreciated over 40 years.

## Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the

gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account

Amounts received for a disposal more than £10,000 are categorised as capital receipts. A proportion of capital receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of deductions and allowances) is payable into a government pool. The Council also retains an amount relating to the building of new houses in the One-for-One replacement agreement the Council has signed up to as well as Council House Buy-Back should these occur.

The balance of receipts received from disposals are credited to the Useable Capital Receipts Reserve, which can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

### Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account

for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- **Instruments** with quoted market prices – the market price.
- **Other instruments** with fixed and determinable payments – discounted cash flow analysis.
- **Equity shares** with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-sale Reserve and the gain/loss is recognised in the Comprehensive Income and Expenditure Statement. Where impairment losses have been incurred – these are also debited to the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Reserve.

Where assets are identified as impaired because of the likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement.

Any gains or losses that arise on de-recognition of the asset are credited or debited to the Comprehensive Income and Expenditure Statement, along with

any accumulated gains or losses previously recognised.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

### Componentisation

A component is a part of a larger asset that must be separately identified and depreciated, for the purposes of assisting more accurate financial reporting and asset management.

A component must have the following factors:

- A significantly different useful life from the parent asset
- A significantly different value to the parent asset
- Provide an economic or service benefit to the Council, which is materially different to the rest of the asset.

The Council will recognise significant components of an item of property, plant and equipment where the asset's value is greater than £1,000,000 or where the component is more than 25% of the total asset's value.

Componentisation takes place at valuation, acquisition, and enhancement of the parent asset.

The following assets have been componentised (as per 2022/23)

- Wigston Swimming Pool
- Brocks Hill Visitor Centre
- Blaby Road Park
- Parklands Leisure Centre

Council Dwellings are not componentised, other than the separations of the land value, as the

internal components, individually, do not form a significant enough part of the value to be material. However, where components are replaced, the Council derecognises the replaced components in the accounts.

## 19. Provisions, contingent liabilities, and contingent assets

### Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate revenue account when the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

Where some or all the payment required to settle a provision is expected to be met by another party (e.g., from an insurance claim), this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

## Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## 20. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement on Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and

Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

## 21. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute results from expenditure of a capital nature where no fixed asset is created for the Council. They include private sector renewal grants and advances to other parties to finance capital investments.

This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction gives the Council the flexibility to treat specified revenue expenditure as capital expenditure, the Council must meet strict criteria and should only be sought for costs which are due largely to factors beyond the control of the Council and are unavoidable.

The Council generally writes off revenue expenditure funded from capital under statute to revenue in the year in which it is created.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement so there is no impact on the level of council tax.

## 22. Value Added Tax (VAT)

Income and expenditure exclude any amounts related to VAT, as all VAT

collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

### **23. Related Party Transactions**

Are circumstances where an authority might have the potential either to be controlled/influenced or to exert control/influence, the following specific related parties can be identified.

- Pension fund
- Assisted organisations
- Controlled companies
- Associated companies and joint venture partners.

Material related party relationships and transactions, outstanding balances between the Council and its related parties are disclosed within notes to the Statement of Accounts.

### Materiality Levels

The following materiality levels are proposed for the preparation of the 2022/23 Financial Statements:

#### Balance Sheet

Materiality will be set at 10% of the 2021/22 closing balance, subject to the external auditors advised materiality, although some areas are material by nature so this will also be taken into account.

Where the external auditors materiality is less than 10% of the balance sheet, the materiality applied internally is reduced to 90% of the external audit materiality. By setting our internal materiality level at a lower level than the external auditors level, we will ensure we capture all issues the external auditors will consider material and we are allowing for any movement in the External Auditors materiality level.

The 2021/22 balances are deemed to be the best consistent point to assess materiality on, as although the majority of balance is reconciled and updated regularly thought-out the year, some areas, the pension liability for example, is only updated at the end of the financial year.

Balance Sheet Area	2021/22 Balance (Draft SofA)	Materiality Level at 10%	External Audit Materiality Level 21/22 *	90% of External Audit Materiality Level	Internal Materiality Level
	£'000	£'000	£'000	£'000	£'000
Property, Plant and Equipment (PPE)	104,759	10,476	420	378	378
Short term Debtors	4,779	478	420	378	378
Short Term Creditors	(13,892)	(1,389)	(420)	(378)	(378)
Provisions	(1,179)	(118)	(420)	(378)	(118)
Pension Liability	(22,009)	(2,201)	(420)	(378)	(378)

\*2022/23 materiality level is yet tbc by auditors.



<b>Audit Committee</b>	<b>Wednesday, 19 April 2023</b>	<b>Matter for Information</b>
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**Report Title:** **Internal Audit Progress Report (April 2023)**

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

<b>Purpose of Report:</b>	To give an update on Internal Audit's progress on delivering the 2022/23 audit plan.
<b>Report Summary:</b>	Significant assurance opinion provided for audit of housing rents. Moderate assurance opinion provided for audit of premises licensing. Certification provided for Homelessness Prevention Grant and Homelessness Prevention Top Up Grant. Summary of recommendation tracking results.
<b>Recommendation(s):</b>	<b>That the progress made in delivering the 2022/23 audit plan be noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Tracy Bingham (Strategic Director / Section 151 Officer) 07881 967049 <a href="mailto:tracy.bingham@oadby-wigston.gov.uk">tracy.bingham@oadby-wigston.gov.uk</a>  Mark Watkins (Head of Internal Audit) 07926 252619 <a href="mailto:mark.watkins@cwaudit.org.uk">mark.watkins@cwaudit.org.uk</a>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision) Accountability (V1)
<b>Report Implications:-</b>	
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) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.

<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	<b>1.</b> OWBC Internal Audit Progress Report (April 2023)

## **1. Information**

- 1.1 The Internal Audit Progress Report attached at Appendix 1 provides an overall summary of the work undertaken to date relating to the audit plan.
- 1.2 The activities to be reviewed throughout the financial year are listed in Table 4 of the Progress Report. The quarter in which the work is to be started is shown along with the current progress status. Internal Audit then provides an opinion on the level of assurance that is given once the work has been completed.
- 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 Under the Local Government Act 1972, Section 151 and the Accounts and Audit (England) Regulations 2011(as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby and Wigston Borough Council this responsibility is delivered by CW Audit Services.
- 1.5 In responding to this requirement, the Internal Audit service works to best practice as set out in the Public Sector Internal Audit Standards (2017), which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

# Oadby & Wigston Borough Council

## Internal Audit Progress Report

April 2023



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## 1. Introduction

This report summarises internal audit activity to the end of March 2023 on delivering the 2022/23 Audit Plan. Good progress has been made and we do not anticipate any difficulties in delivering our full programme of work. Section 4 provides a summary of the current status of all audits included on the 2022/23 plan.

## 2. 2022/23 Reviews completed

Review	Key issues	Level of assurance				
Premises Licensing	<ul style="list-style-type: none"> <li>Cleanse information on key dates recorded on Uniform system.</li> <li>Record notes of complaints, inspections and enforcement action, including supporting correspondence, on Uniform. Utilise handheld devices to record actions taken on site visits to premises.</li> <li>Utilise system to generate reminders and invoices for annual fees.</li> <li>Undertake exercise to identify value of unpaid annual fees and raise invoices accordingly.</li> <li>Strengthen the level and quality of performance information reported to the Licensing &amp; Regulatory Committee, to include development of KPIs and summary data on enforcement action.</li> </ul>	<b>Moderate</b>				
System control objective	Level of Assurance					
	Full	Significant	Moderate	Limited	No	
Licences are issued in accordance with the requirements of the Licensing Act 2003.			✓			
All licensing income due is collected promptly and in full.				✓		
Appropriate action is taken to regulate and enforce licensing requirements.			✓			

Review	Key issues	Level of assurance
Housing Rents	<ul style="list-style-type: none"> <li>Strengthen monitoring and reporting arrangements for income collection and arrears recovery.</li> <li>Resolve system functionality issues.</li> </ul>	<b>Significant</b>

System control objective	Level of Assurance				
	Full	Significant	Moderate	Limited	No
Rent is charged correctly on all properties in accordance with policy, and with documented calculations of gross and net rent for each property.		✓			
Robust arrangements are in place for timely and complete collection of rent payments and crediting these to the correct accounts.		✓			
Arrangements to deal with arrears comply with policy and ensure efficient recovery of outstanding sums.		✓			
Access to system functions is restricted to authorised personnel and the security and integrity of the system is maintained.			✓		

Review	Key issues	Level of assurance
Homelessness Prevention Grant Homelessness Prevention Grant Top Up	<ul style="list-style-type: none"> <li>Audit testing completed to support certification of two Homelessness Prevention Grants.</li> </ul>	<b>Certification provided</b>

### 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<sup>st</sup> March 2023 for all recommendations raised since 1<sup>st</sup> April 2020. 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.

<b>Summary</b>	<b>1 Critical</b>	<b>2 High</b>	<b>3 Medium</b>	<b>4 Low</b>	<b>Total</b>
<i>Due by 31/03/23</i>	-	24	106	52	<b>182</b>
Implemented / Closed	-	24	101	49	<b>174</b>
Still to be completed	-	0	5	3	<b>8</b>

<b>Time overdue for actions o/s or not complete</b>	<b>1 Critical</b>	<b>2 High</b>	<b>3 Medium</b>	<b>4 Low</b>	<b>Total</b>
Less than 3 months	-	0	4	2	<b>6</b>
3 – 6 months	-	0	0	1	<b>1</b>
Greater than 6 months	-	0	1	0	<b>1</b>
<b>Total</b>	-	<b>0</b>	<b>5</b>	<b>3</b>	<b>8</b>

The number of recommendations that remain unimplemented by their original target date continues to be relatively low and has reduced from the 11 that were reported to the January 2023. The table below provides more detail on the medium risk recommendations that have been outstanding for more than six months.

**'Medium risk' recommendations overdue for more than six months from original implementation date**

<b>Review</b>	<b>Recommendation</b>	<b>Risk</b>	<b>Original target date</b>	<b>Revised target date</b>	<b>Current status</b>
Housing Maintenance, Repairs & Voids	Implement performance monitoring system for responsive repairs.	3	31 <sup>st</sup> July 2022	31st July 2023	Work in progress to be concluded in July 2023 when the day to day repairs procurement contractor will be in place.

## 4. 2022/23 Internal audit plan

Review	Scheduled	Status	Level of assurance
Risk Management	Quarter 3	Final report	<b>Significant</b>
Counter Fraud & Corruption	Quarter 1 / 2	Final report	<b>Significant</b>
National Fraud Initiative	Throughout year	Complete	<b>N/A</b>
Financial Management & Reporting	Quarter 4	In progress	
Creditors	Quarter 4	In progress	
Income & Debtors	Quarter 4	In progress	
Treasury Management	Quarter 4	In progress	
Payroll	Quarter 4	In progress	
Grounds Maintenance & Street Cleaning	Quarter 3 / 4	Draft report	
IT Governance Healthcheck	Quarter 1	Complete	<b>N/A - advisory</b>
Capital Programme & Project Management	Quarter 2 / 3	Final	<b>Moderate</b>
Premises Licensing	Quarter 3 / 4	Final	<b>Moderate</b>
Safeguarding	Quarter 2 / 3	Final report	<b>Significant</b>
Car Park Income	Quarter 2	Final report	<b>Full</b>
Housing Rents	Quarter 2 / 3	Final report	<b>Significant</b>
Homelessness	Quarter 2	Final report	<b>Significant</b>
Development Control	Quarter 3 / 4	Final report	<b>Significant</b>
Test & Trace Grant Certification	Quarter 1	Certification provided	<b>N/A</b>
COMF Certification	Quarter 1	Certification provided	<b>N/A</b>
Homelessness Prevention Grant Certification	Quarter 4	Certification provided	<b>N/A</b>
Homelessness Prevention Grant Top Up Certification	Quarter 4	Certification provided	<b>N/A</b>



<b>Audit Committee</b>	<b>Wednesday, 19 April 2023</b>	<b>Matter for Information</b>
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**Report Title:** **Strategic Internal Audit Plan – 2023/24 to 2025/26**

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

<b>Purpose of Report:</b>	To present the Strategic Internal Audit Plan for 2023/24 to 2025/26.
<b>Report Summary:</b>	Outline of planned internal audit reviews presented in a rolling three year programme. Detailed outline of coverage for 2023/24 audits. Internal Audit Charter to provide a governing framework for the delivery of audits.
<b>Recommendation(s):</b>	<b>To approve the Strategic Internal Audit Plan for 2023/24 to 2025/26.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Tracy Bingham (Strategic Director / Section 151 Officer) 07881 967049 <a href="mailto:tracy.bingham@oadby-wigston.gov.uk">tracy.bingham@oadby-wigston.gov.uk</a>  Mark Watkins (Head of Internal Audit) 07926 252619 <a href="mailto:mark.watkins@cwaudit.org.uk">mark.watkins@cwaudit.org.uk</a>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	"A Stronger Borough Together" (Vision) Accountability (V1)
<b>Report Implications:-</b>	
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) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	<b>1.</b> Strategic Internal Audit Plan 2023/24 to 2025/26

## **1. Information**

- 1.1 The Strategic Internal Audit Plan attached at Appendix 1 provides details of Internal Audit's planned coverage of systems and processes over the next three years.
- 1.2 The plan is designed to ensure that, in accordance with Public Sector Internal Audit Standards 2017 (PSIAS), there is sufficient audit coverage each year to enable the Head of Internal Audit to provide a balanced annual opinion on the overall operation of controls to prevent risks from impacting on achievement of the Council's key objectives.
- 1.3 In accordance with PSIAS requirements, audits included on the plan have been mapped to relevant strategic risks and corporate objectives. This demonstrates how Internal Audit's work contributes to the overall assurance available to officers and members that key risks are being appropriately controlled and key objectives are being delivered.
- 1.4 Under the Local Government Act 1972, Section 151 and the Accounts and Audit (England) Regulations 2011(as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby and Wigston Borough Council this responsibility is delivered by CW Audit Services.
- 1.5 In responding to this requirement, the Internal Audit service works to best practice as set out in the PSIAS, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Internal Audit Charter included with the Strategic Internal Audit Plan sets out the framework under which a PSIAS compliant service is delivered to the Council.

## Oadby & Wigston Borough Council

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Draft: 2023/24 Internal Audit Plan

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## Introduction

This document provides your draft plan for Internal Audit for 2023/24. From 1 April 2023 CW Audit will merge with 360 Assurance, who are an NHS hosted service providing internal audit and counter fraud services to South Yorkshire and the East Midlands. The merged organisation will be known as 360 Assurance. Your immediate service delivery team will remain the same; the merged organisation will bring opportunities to work with a wider range of specialists and access to a broader client base for best practice suggestions.

Your draft Internal Audit Plan has been developed to meet your assurance requirements. It reflects your objectives and priorities, provides assurance and supports improvement, is fully compliant with Public Sector Internal Audit Standards and provides for an annual Head of Internal Audit Opinion. We will take a flexible approach and will keep the workplan under review throughout the coming year.

The Plan does not address all key risks identified across the audit universe as part of the risk assessment process. The level of internal audit activity represents the allocation of internal audit resource, which has been prioritised as appropriate through discussions with Council officers; when approving this plan, the Audit Committee should recognise this limitation. This Plan has been drafted on the basis of the resource available for internal audit as outlined in the contract that the Council has in place with CW Audit.

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## Summary plan

This table summarises your 2023/24 Internal Audit plan. The full plan is provided at [Appendix A](#).

Ref.	Audit	Phasing*	Days	Assurance or Advisory
Corporate				
1	Governance Arrangements	Q3	10	Assurance
2	Risk Management	Q3	8	Assurance
3	National Fraud Initiative	Q1 – Q4	8	Advisory

Finance				
4	Financial Management & Reporting	Q4	10	Assurance
5	Financial Systems (Creditors / Debtors / Treasury Management)	Q4	15	Assurance
6	Revenues (Council Tax & Business Rates)	Q3	15	Assurance
7	Benefits/Council Tax Support	Q4	10	Assurance
Customer Services & Transformation				
8	HR – Staff Development	Q2	10	Assurance
9	Payroll & Expenses	Q3	10	Assurance
10	Procurement	Q2	15	Assurance
11	IT Audit	Q3	12	Assurance
Law & Democracy				
12	Licensing	Q2	10	Assurance
13	Private Sector Housing – Enforcement	Q1	10	Assurance
14	Complaints Management	Q2	7	Assurance
15	Leisure Services – Contract Management	Q3	10	Assurance
16	Asset Disposals	Q2	10	Assurance

Built Environment				
17	Housing Allocations (Choice Based Lettings)	Q1	10	Assurance
18	Housing Maintenance, Repairs & Voids	Q3	15	Assurance
19	Disabled Facilities Grants	Q1	10	Assurance
20	Grant Certifications	Q4	10	Assurance
Refuse & Recycling				
21	Fleet Management	Q2	10	Assurance
Management, Follow Up & Contingency				
22	Client Management	Q1 – Q4	20	Assurance
23	Recommendation Tracking & Follow Up	Q1 – Q4	15	Assurance
24	Contingency	As required	10	Assurance
TOTAL			270 days	

*\*this phasing is indicative at this stage; this will be revisited in year to align with client requirements where possible and our resource availability as we finalise all of our client plans.*

## 2023/24 Draft Internal Audit Plan

### Engagement with Senior Leadership Team and Audit Committee

In producing this draft plan we have reviewed key documents and held planning meetings with the following stakeholders:

- Anne Court – Chief Executive
- Tracy Bingham – Strategic Director (s151 Officer)
- Philippa Fisher – Strategic Director
- Trish Hatton – Head of Customer Services & Transformation
- Dave Gill – Head of Law & Democracy
- Adrian Thorpe – Head of Built Environment

As part of our engagement process so far, we have discussed the following with you:

- the following major projects are to be undertaken in the next 12 months:
  - move from Bushloe House to Brocks Hill.
  - fleet vehicle refurbishment/replacement.
  - social housing decarbonisation.
  - social housing new supply.
- you expect to receive the following third party assurances over the next 12 months for services that have either been contracted out, or are delivered through partnership arrangements:
  - payroll (SBS, Leicestershire County Council)
  - disabled facilities grants (Lightbulb, Blaby District Council)
  - building control (Blaby District Council)

The revised plan will be presented to the April 2023 Audit Committee meeting for approval.

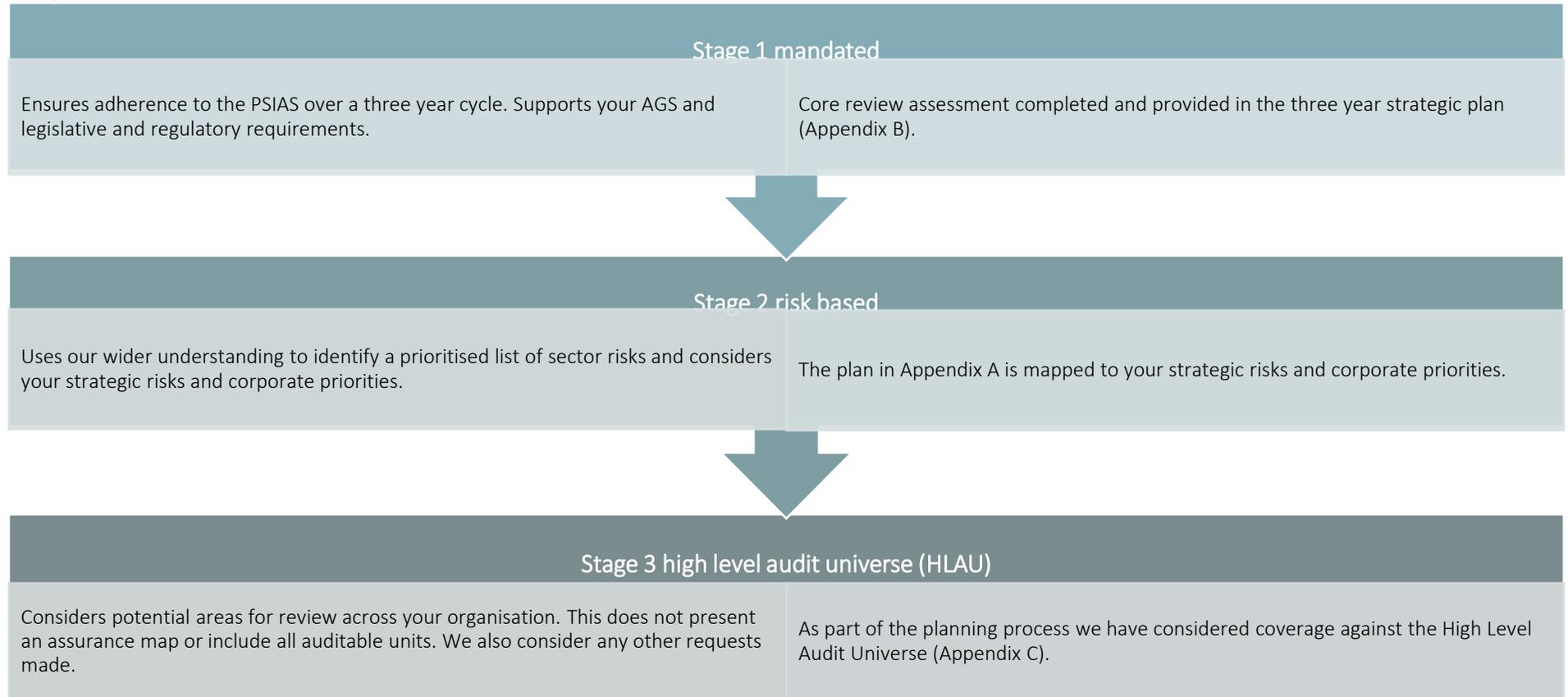
## Planning process

We undertake a risk assessment to ensure your plan is focused on your key risks and which:

- ensures appropriate coverage to meet the requirements of the Public Sector Internal Audit Standards (PSIAS)
- facilitates the Audit Committee in discharging its responsibilities in relation to governance, risk management and control
- supports achievement of strategic objectives.

We will continue to take a flexible approach to delivery of your plan. Even once the plan is agreed, we will continue to scan your local and national risks and suggest changes as appropriate.

The process is outlined in the table below.



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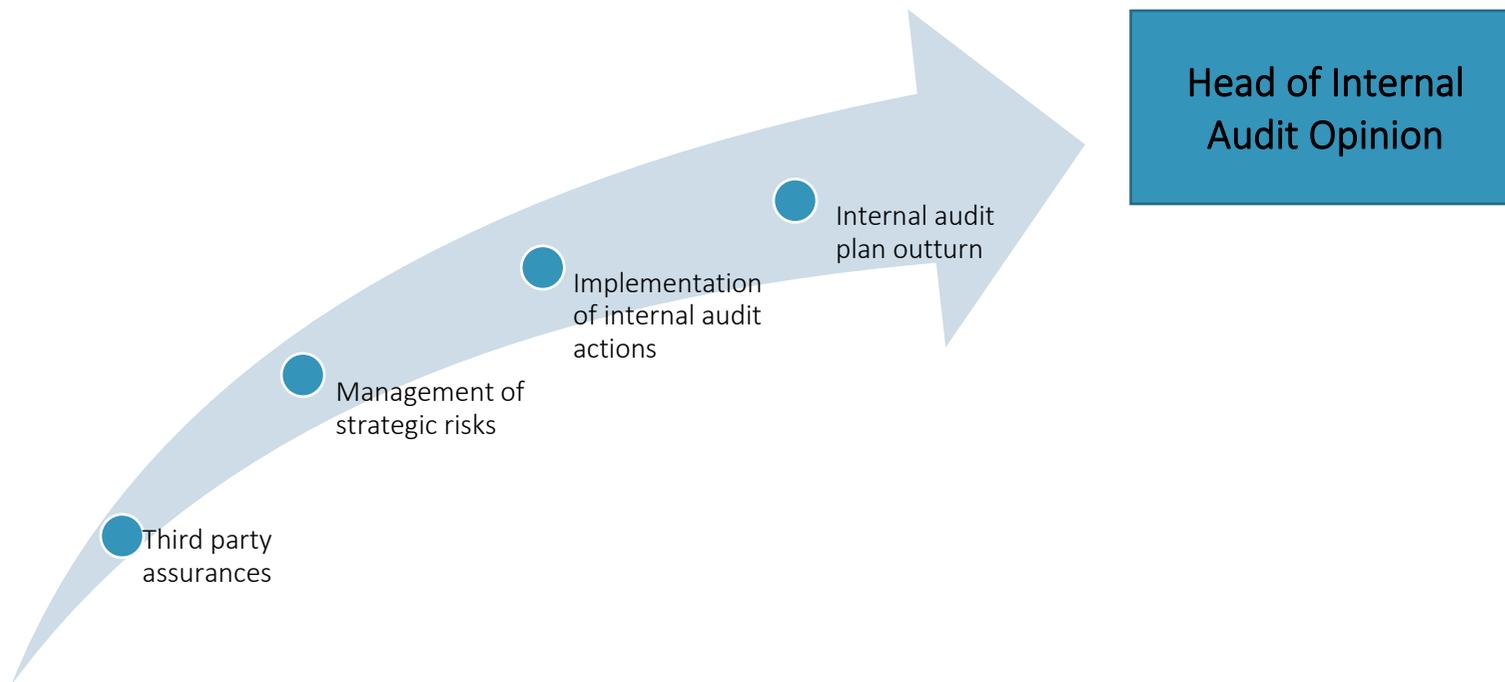
*The output of this risk assessment process informs the proposed annual plan. Appendix A summarises your proposed 2023/24 annual plan. The strategic internal audit plan is presented in Appendix B.*

## Statutory requirements

### Head of Internal Audit Opinion

Our planning process is designed to meet the requirements of the Head of Internal Audit Opinion Statement and to support your Annual Governance Statement, including ensuring the risk management processes in place are well designed and operating as intended.

Our year-end Head of Internal Audit Opinion will be based on the findings of our annual work programme, which focuses on the four areas outlined in the diagram below.



Public Sector Internal Audit Standards

The Plan is compliant with the PSIAS. Our Internal Audit Charter will be presented with the plan at the April 2023 Audit Committee to demonstrate how we align to your internal audit requirements.

Conclusion

The Audit Committee has delegated responsibility to approve the internal audit plan for the Council. The Committee must be satisfied with the planned coverage and take into account other sources of independent assurance. The plan has been developed on the basis of 270 internal audit days being delivered during the year.

We seek approval from the Audit Committee for our proposed plan. We will continue to horizon scan and liaise with the senior management team to ensure the plan remains relevant to the rapidly changing environment in which you operate.

We work in partnership with the Council to deliver this plan and continue to seek efficiencies in the way we work. Cooperation of Council officers is essential to support the timely delivery of our plans.

## Appendix A – Internal Audit Plan and indicative phasing for 2023/24

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
<b>Corporate</b>						
1	Governance Arrangements	CR5, CR8, CO1, CO2, CO3	7	Q2	Review of areas highlighted for improvement in the Annual Governance Statement to ensure appropriate action has been taken.	Assurance
2	Risk Management	All	8	Q3	Review of the Council’s approach to managing risk and contribution to HOIA annual opinion.	Assurance
3	National Fraud Initiative	CR1, CR6, CR12	8	Q1-Q4	To provide key contact, project management and overview support to ensure progression of the NFI process to meet Cabinet Office requirements.	Advisory
<b>Finance</b>						
4	Financial Management & Reporting	CR1, CR6, CR10, CO2	10	Q4	To consider the adequacy and robustness of managerial control processes regarding the medium term financial strategy, budget setting and management, including a targeted review to support and assure on key areas of change/savings within the MTFS.	Assurance
5	Financial Systems (Creditors / Debtors / Treasury Management)	CR1, CR12, CO2	15	Q4	Review of key controls over fundamental financial systems.	Assurance

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
6	Revenues (Council Tax, Business Rates & Debtors)	CR1, CR6, CR12, CO3	15	Q3	Key financial and public facing systems requiring regular assurance. Review of key controls over Council Tax, Business Rates and collection of other Council income through the debtors system.	Assurance
7	Benefits/Council Tax Support	CR1, CR6, CR12, CO3	10	Q4	Key public facing system requiring regular assurance over accuracy, validity and timeliness of benefits. Review of controls over Benefits, Universal Credit and Council Tax support.	Assurance
<b>Customer Services &amp; Transformation</b>						
8	HR – Staff Development	CR1, CR6, CR8, CR10, CR12, CO3	10	Q1	To ensure that Council officers are set reasonable objectives and performance against achievement of these objectives and that these align with service plan and corporate objectives.	Assurance
9	Payroll & Expenses	CR1, CR6, CR12	10	Q3	To provide assurance that salaries and expenses are paid in an accurate, timely and complete manner.	Assurance
10	Procurement	CR1, CR2, CO2, CO3	15	Q2	Review of procurement arrangements to ensure that goods and services are obtained in a cost effective manner and in accordance with relevant procurement rules	Assurance

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
11	IT Audit	CR10, CR13	12	Q3	Review the robustness of the process followed to transfer IT services from Bushloe House to Brocks Hill.	Assurance
<b>Law &amp; Democracy</b>						
12	Licensing	CR6, CR8, CO1, CO3	10	Q2	Review of licensing arrangements for special treatments (e.g. tattoos, acupuncture), animal welfare and hairdressers/stylists.	Assurance
13	Private Sector Housing – Enforcement	CR4, CR6, CR8, CO1, CO3	10	Q1	Review of processes in place to ensure that health and safety standards are properly maintained in the private sector rental market, including inspections under the Housing Health & Safety Rating System (HHSRS) in applicable cases.	Assurance
14	Complaints Management	CR4, CR6	7	Q2	To ensure that complaints are recorded, investigated and responded to in a complete and timely manner in accordance with a prescribed policy and supporting procedures.	Assurance
15	Leisure Services – Contract Management	CR2, CR4, CR6, CR7, CO1, CO3	10	Q3	Review of the monitoring arrangements in place to ensure that the leisure service provider (SLM) delivers services in accordance with the contract and specification at Parklands Leisure Centre and Wigston Pool & Fitness Centre.	Assurance

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
16	Asset Disposals	CR7, CR8, CR12, CO2	10	Q2	To ensure that the financial probity and legal requirements have been met in respect of the sale of Bushloe House and Oadby Pool and that proceeds are utilised effectively.	Assurance
<b>Built Environment</b>						
17	Housing Allocations (Choice Based Lettings)	CR4, CR6, CR08, CO1, CO3	10	Q1	To provide assurance that the Council's Choice Based Lettings system is being effectively delivered on a fair and transparent basis.	Assurance
18	Housing Maintenance, Repairs & Voids	CR1, CR2, CR4, CR6, CO1	15	Q4	To provide assurance that expenditure on housing repairs, maintenance and voids is properly controlled in accordance with financial regulations and that housing stock is maintained to an appropriate standard.	Assurance
19	Disabled Facilities Grants	CR2, CR3, CR4, CR6, CR8, CR12, CO1, CO3	10	Q1	Review the process for managing the services provided by Lightbulb for the disbursement of Disabled Facilities Grants.	Assurance
20	Grant Certifications	CR8	10	Q4	To provide Chief Auditor certification of grants as required by central government.	Assurance

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
Refuse & Recycling						
21	Fleet Management	CR1, CR2, CR7, CO3	10	Q2	Provide assurance that the size of the vehicle fleet reflects the Council's needs, is utilised effectively and is properly maintained. Appropriate financial probity controls are applied for any new vehicle fleet acquisitions.	Assurance

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
<b>Management, Follow Up &amp; Contingency</b>						
22	Client Management	N/A	20	Q1-4	<p>For management of the Council’s internal audit service, including:</p> <ul style="list-style-type: none"> <li>• production of the Strategic Internal Audit Plan and annual work programme</li> <li>• production of Head of Internal Audit Opinion &amp; Annual Report</li> <li>• continual review and update of the Internal Audit Plan to ensure it meets the needs of the organisation</li> <li>• provision of ad hoc advice and support regarding internal control and governance issues</li> <li>• quality management</li> <li>• progress reports to the Audit Committee and Director of Finance</li> <li>• liaison with External Audit</li> <li>• attendance at Audit Committee, client progress meetings, and other meetings as required.</li> </ul> <p><i>This section is in accordance with requirements of Internal Audit Standards.</i></p>	Assurance
23	Recommendation Tracking & Follow-Up	N/A	15	Q1-4	To follow up agreed actions in all internal audit reports using the recommendation tracker.	Assurance

Ref.	Audit	Strategic Risk / Corporate Objective	Days	Phasing*	Outline scope	Assurance or Advisory
24	Contingency	N/A	10	Q1-4	<p>Contingency is used to cover the following:</p> <ul style="list-style-type: none"> <li>• Changes to audit assignments that could not have been reasonably foreseen</li> <li>• Facilitate additional work where required or scope increases</li> <li>• Where we experience delays in obtaining evidence and/or receiving responses to queries</li> <li>• Where meetings are cancelled and we prepared and/or travelled to client sites</li> <li>• In line with our KPIs where we do not receive agreement to terms of reference and agreement to draft reports in a timely manner.</li> </ul> <p>In addition, spare contingency can be utilised to review risk issues identified in-year by the Council.</p> <p><i>This section is in accordance with requirements of the PSIAS.</i></p>	Assurance
<b>TOTAL</b>			<b>270 days</b>			

*\*this phasing is indicative at this stage; this will be revisited in year to align with client requirements where possible and our resource availability as we finalise all of our client plans.*

## Appendix B – Three year strategic audit plan 2023-2026

Ref.	Audit	2023/24	2024/25	2025/26
<b>Corporate</b>				
1	Governance Arrangements	10	10	10
2	Risk Management	8	8	8
3	Anti-Fraud & Corruption	-	-	10
4	National Fraud Initiative	8	8	8
5	Partnerships	-	10	-
<b>Finance</b>				
6	Financial Management & Reporting	10	10	10
7	Financial systems (Creditors / Debtors / Treasury Management)	15	15	15
8	Revenues (Council Tax & Business Rates)	15	10	15
9	Benefits/Council Tax Support	10	5	10
<b>Customer Services &amp; Transformation</b>				
10	Human Resources (Staff Development in 2023/24)	10	10	10
11	Payroll & Expenses	10	7	10
12	Procurement	15	-	-
13	IT Audit	12	12	12
14	Capital Project & Programme Management	-	-	12

15	Performance Management	-	10	-
Law & Democracy				
16	Licensing	10	10	10
17	Democracy & Elections	-	10	-
18	Private Sector Housing – Enforcement	10	-	-
19	Complaints Management	7	-	-
20	Community Safety	-	10	-
21	Safeguarding	-	-	10
22	Leisure Services – Contract Management	10	-	-
23	Car Parks	-	-	10
24	Health & Safety	-	-	10
25	Food Safety	-	10	-
26	Business Continuity/Emergency Planning	-	10	-
27	Asset Disposals	10	10	-
28	Street Cleansing & Grounds Maintenance	-	-	10

Built Environment				
29	Housing Allocations (Choice Based Lettings)	10	-	-
30	Housing Rents	-	10	-
31	Housing Maintenance, Repairs & Voids	15	-	15
32	Homelessness	-	10	-
33	Development Control	-	-	10
34	Building Control	-	10	-
35	Disabled Facilities Grants	10	-	-
36	S106 Agreements	-	10	-
37	Grant Certifications	10	10	10
Refuse & Recycling				
38	Fleet Management	10	-	-
39	Waste Management	-	-	10
Management, Follow Up & Contingency				
40	Client Management	20	20	20
41	Recommendation Tracking & Follow up	15	15	15
42	Contingency	10	10	10

## Appendix C – High Level Audit Universe

The Internal Audit Universe aims to give a more detailed indication of the range of activities that an internal audit plan may include. This list is not meant to be exhaustive and should not be used as a checklist; rather that the universe gives an idea of the issues that may be considered when the internal audit plan is being discussed.

Audit area	Coverage in three-year Strategic Plan
<b>Corporate</b>	
Annual Governance Statement	Cyclical - Governance Arrangements
Code of Conduct	Cyclical - Governance Arrangements
Gifts & Hospitality	Cyclical – Governance Arrangements
Governing Documents	Cyclical – Governance Arrangements
Committee Structure & Functions	Cyclical – Governance Arrangements
Risk Management	Annual
Anti-Fraud & Corruption	Year 3
National Fraud Initiative	Annual
Partnerships	Year 2
<b>Finance</b>	
Financial Management & Reporting	Annual
Financial Systems (Creditors/Debtors/Treasury Management)	Annual

Revenues (Council Tax & Business Rates)	Annual
Benefits/Council Tax Support	Annual
<b>Customer Services &amp; Transformation</b>	
Payroll & Expenses	Annual
Staff Development	Cyclical – Human Resources
Bank & Agency Workers	Cyclical – Human Resources
Absence Management	Cyclical – Human Resources
Workforce Planning	Cyclical – Human Resources
Organisational Development	Cyclical – Human Resources
Equality, Diversity & Inclusion	Cyclical – Human Resources
Facilities Management	Not included
Fleet Management	Year 1
Waste Management	Year 3
Procurement	Year 1
Digital Strategy	Cyclical – IT Audit
Cyber Security	Cyclical – IT Audit
IT Disaster Recovery	Cyclical – IT Audit

IT Service Desk	Cyclical – IT Audit
IT Asset Management	Cyclical – IT Audit
IT Security – System/Network/PC/Applications	Cyclical – IT Audit
IT System Implementation	Cyclical – IT Audit
Mobile Device Management	Cyclical – IT Audit
Capital Project & Programme Management	Year 3
Performance Management	Year 2
<b>Law &amp; Democracy</b>	
Taxi Licensing	Cyclical – Licensing
Selective Licensing	Cyclical – Licensing
Premises Licensing	Cyclical – Licensing
Other Licensing (e.g. Animal Welfare, Hairdressing, Tattooing)	Cyclical – Licensing
Food Safety	Year2
Private Sector Housing – Enforcement	Year 1
Democracy & Elections	Year 2
Complaints Management	Year 1
Community Safety	Year 2

Safeguarding	Year 3
Leisure Services – Contract Management	Year 1
Car Parks	Year 3
Health & Safety	Year 3
Business Continuity / Emergency Planning	Year 2
Asset Disposals	Years 1 & 2
GDPR	Cyclical – using IT audit allocation
Street Cleansing & Grounds Maintenance	Year 3
Cemeteries	Not included
Local Land Charges	Not included
<b>Built Environment</b>	
Housing Allocations (Choice Based Lettings)	Year 1
Housing Rents	Year 2
Housing Maintenance (Repairs & Voids)	Year 1 & 3
Homelessness	Year 2
Development Control	Year 3
Building Control	Year 2

Disabled Facilities Grants	Year 1
S106 Agreements	Year 2
Grant Certifications	Annually
Commercial Property Management	Not included
Planning Policy	Not included
<b>++Waste &amp; Recycling</b>	
Fleet Management	Year 1
Waste Management	Year 3

## Appendix D – 360 Assurance Charter 2023/24

This Charter sets out the purpose and authority of, and responsibility for, internal audit, consistent with the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards (April 2017). This Charter should be read in conjunction with our Service Level Agreement/Contract.

### Definitions

#### **Internal auditing**

Internal audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the organisation. It helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

#### **Standards**

The Standards are principles-focused, mandatory requirements applicable to the planning, management and delivery of our internal audit services to each client. 360 Assurance has specific quality processes to ensure compliance with all detailed requirements set out in the standards and any additional local quality requirements agreed with the client.

#### **Senior Management**

The most senior staff of the organisation reporting to the accountable officer.

#### **Chief Audit Executive/Head of Internal Audit**

This is the Director of 360 Assurance.

## Purpose and mission

The purpose of internal audit is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. The mission statement for internal audit per the PSIAS is "to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

## Standards of professional practice

360 Assurance's provision of internal audit to each client will follow the principles set out in the Code of Ethics contained in the Public Sector Internal Audit Standards 2017 (PSIAS). Our staff are required to follow the rules of conduct laid down in the Code of Ethics as well as related 360 Assurance guidance and professional requirements of any professional body to which the auditor belongs. 360 Assurance applies ongoing processes to prevent and detect breaches of the Code of Ethics; any identified breaches will be referred by the Director of 360 Assurance to the Audit Committee.

The Standards are principles-focused, mandatory requirements applicable to the planning, management and delivery of our internal audit services to each client. 360 Assurance has specific quality processes to ensure compliance with all detailed requirements set out in the standards and any additional local quality requirements agreed with the client, ensuring the principles of integrity, objectivity, confidentiality and competency are applied and upheld.

## Authority

The director of 360 Assurance is ultimately responsible for the delivery of the client's audit plan in line with the service level agreement. To achieve this they are assisted by a designated client lead. The director of 360 Assurance and client lead will be suitably qualified and experienced. Any change of client lead will be discussed with the Audit Committee/Director of Finance. Other internal audit staff will be suitably qualified and/or experienced, in line with agreement regarding skill mix through the service level agreement/contracting process.

360 Assurance will have unrestricted access to communicate and interact with the accountable officer and Chair of the Audit Committee, including in private meetings without management present.

360 Assurance will work with the whole of the executive team who will support us in delivering the Internal Audit Plan and work from the Plan will be reported directly to the Audit Committee.

Authority is granted by the client for full, free and unrestricted access by 360 Assurance to any and all of its records, physical properties and personnel relevant to any function under review, for example care records and staff information. All client employees will assist internal audit in fulfilling its function. 360 Assurance will not be responsible or liable if information material to our task is withheld and concealed from us or wrongly represented to us.

The Council has agreed the objectives for the Internal Audit function. These are expressed through the Constitution and Audit Committee Terms of Reference.

The Council's Constitution states the following in relation to Internal Audit:

13.1 The Accounts and Audit Regulations require every local authority to maintain an adequate and effective internal audit function.

13.2 The Chief Finance Officer shall maintain an adequate and effective system of internal audit for all accounting, financial and other operations of the Council and in particular shall arrange for the examination, review and appraisal of:

13.2.1 The adequacy and effectiveness of the systems of financial, operational and management control, and their operation in practice in relation to the business risks to be addressed;

13.2.2 The extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures established by Members and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;

13.2.3 The extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist;

13.2.4 The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;

13.2.5 The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic goals;

13.2.6 The follow-up action taken to remedy weaknesses identified by Internal Audit, ensuring that good practice is identified and communicated widely;

13.2.7 The operation of the Council's corporate governance and risk management arrangements.

13.3 The appointed Internal Auditor, in consultation with the Head of Finance, Revenues and Benefits and Chief Finance Officer shall prepare annual audit plans detailing the areas of audit coverage for the following year. These plans shall be presented to the Policy, Finance and Development Committee.

13.4 The appointed Internal Auditor has the authority to:

13.4.1 Enter at any time Council premises or land subject to any statutory or contractual restrictions that may apply;

13.4.2 Access all records, documents and correspondence relating to any financial or other business of the Council and remove any such records as is necessary for the purpose of their work;

13.4.3 Receive any information and explanations considered necessary concerning any matter under examination;

13.4.4 Require any employee, agent or contractor of the Council to produce cash, stores or any other Council property under his or her control;

13.4.5 Directly access the Chief Executive, Strategic Director-(Section 151), Strategic Director, Policy, Finance and Development Committee and Audit Committees.

*(Section 8 of Constitution - Financial Procedure Rules, August 2022)*

The Audit Committee Terms of Reference state the following in relation to the Committee's role in respect of Internal Audit:

12 To approve the internal audit charter.

13 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

14 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

15 To approve significant interim changes to the risk-based internal audit plan and resource requirements.

16 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

17 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.

b) Regular reports on the results of the Quality Assurance and Improvement Programme.

c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

18 To consider the head of internal audit's annual report:

- a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
- b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.

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

20 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

21 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

22 To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations

23 To support the development of effective communication with the head of internal audit.

*(Audit Committee Terms of Reference, July 2019)*

The size of the internal audit programme will be based on the organisation's risk appetite. The Internal Audit Plan and its content are owned by the Audit Committee.

## Independence and Objectivity

360 Assurance will seek to ensure the independence and objectivity of our personnel engaged in the provision of the services. You will be made aware of any relationships that, in our professional judgement, may reasonably be thought to impinge on our independence and the objectivity of the personnel involved in the provision of the services. This is essential in order to reach impartial and unbiased judgements in the reporting of the services.

The head of internal audit will disclose to the Audit Committee any interference and related implications in determining the scope in internal

auditing, performing works and/or communicating results.

## Scope of internal audit activity

The scope of internal audit encompasses the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management processes, systems of internal control and the quality of performance in carrying out assigned responsibilities to achieve the organisation's stated goals and objectives. PSIAS recommend it includes:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information
- reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the organisation is in compliance
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets
- reviewing and appraising the economy and efficiency with which resources are employed
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned
- reviewing specific operations at the request of the Audit Committee or management, as appropriate
- monitoring and evaluating the effectiveness of the organisation's risk management system.

Documents and information given to internal audit during a review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

## Responsibility

Annually, the client lead will submit to senior management and the Audit Committee a Plan for the forthcoming year. The annual planning process will identify strategic risk-based and key internal control systems reviews for consideration and will be aligned to the objectives and priorities of the organisation, any reviews not prioritised will be identified. Any significant deviation from the formally approved Plan will be

communicated to senior management and the Audit Committee for approval.

360 Assurance will work with the whole of the executive team who will support us in delivering the Plan, and will report on work from the Plan directly to the Audit Committee.

On an operational basis the client lead will report to the client's lead contact, normally the s151 Officer.

Audit work is carried out for the client only unless it is agreed during the planning stage that the audit will involve third parties.

360 Assurance will ensure all Plan engagements are completed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources and the documentation of work programmes and testing results. Following the conclusion of each audit we will confirm our findings in writing which will be issued by the client lead. Management have an opportunity to formally respond to each report and detail the corrective action taken, or to be taken, in regard to the specific findings and recommendations raised; responses should include allocated responsibility and timeframes for anticipated completion of each action and an explanation for any recommendations not addressed.

The client will be responsible for notifying 360 Assurance of any reasons for delays in planned work with sufficient notice and also ensuring that information requested is provided in a timely manner. Other than in exceptional circumstances, clients should provide requested information, evidence and responses to audit enquiries within 5 working days.

Follow up arrangements are in place to ensure that management implement corrective actions within specified timeframes. 360 Assurance shall be responsible for providing assurance over the appropriateness of management's monitoring of actions to address recommendations.

Individual assurance assignments provide audit opinions based upon a sound methodology and using accepted best practice. Where, in the opinion of 360 Assurance, an issue arises which requires the urgent attention of the client, the matter will be reported to the s151 Officer without delay.

Our risk matrix, audit review and overall Head of Internal Audit opinions are available to view in full on [our website](#).

## Consulting services

Internal audit services to the organisation may consist of Assurance services and/or Consulting services. Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, an operation, a function, a process, system, or other subject matter. The results of Assurance reviews will be regularly reported to the Audit Committee. Consulting services

are advisory in nature and are generally performed at the specific request of the client. 360 Assurance will seek approval from the Audit Committee *prior* to the commencement of any significant Consulting services. Work is considered significant if it exceeds 20% of the annual audit fee.

Any Consulting services will, in line with the Public Sector Internal Audit Standards, be limited to reviews that aim to improve governance, risk management and control. When performing Consulting services, the internal auditor will maintain objectivity and will not take on management responsibility. We will apply appropriate management arrangements to ensure that any conflict is avoided if we were to undertake any non-internal audit activities and these will be dealt with in an open and transparent manner.

## External Audit liaison

360 Assurance will liaise with the client's current external auditors and will provide information, explanations and working papers that support our reports to assist them in their evaluation of the work carried out. This liaison with the external auditors enables the client to maximise the value of the total audit effort. This close liaison will provide the client's external auditors the opportunity to:

- comment on the overall Annual Internal Audit Plan
- comment on the scheduling of reviews
- examine audit working papers/files and associated draft and final reports for individual reviews.

Any external auditor or other reviewer of work undertaken as part of the services will need to draw their own conclusions from the work as it will have been undertaken and concluded on by 360 Assurance for its own purposes.

## Performance of Internal Audit service

Performance of the service provided will be assessed in line with the agreed key performance indicators, which are included within the service level agreement/contract.

360 Assurance undertakes a programme of quality monitoring to ensure that audits are delivered in line with the Audit Manual, which reflects extant professional requirements.

360 Assurance will engage in an independent review in line with the Public Sector Internal Audit Standards and notify the client of any quality assurance and improvement programme developed as a consequence.

## Role of Internal Audit in fraud related work

360 Assurance will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation. The potential for the occurrence of fraud and how the organisation manages fraud risk will be considered. There is a protocol in place with the client's Counter Fraud provider to review internal audit requirements where a fraud has arisen or to report any potential fraud issues to Counter Fraud where such issues arise.

Key 360 Assurance contacts	
<b>Leanne Hawkes, Director</b>	
<a href="mailto:leanne.hawkes@nhs.net">leanne.hawkes@nhs.net</a>	07545 423040
<b>Mark Watkins, Client Lead</b>	
<a href="mailto:m.watkins3@nhs.net">m.watkins3@nhs.net</a>	07926 252619