



**TO COUNCILLOR:**

G A Boulter  
C S Gore  
S Z Haq

P Joshi  
J Kaufman  
K J Loydall (Chair)

I K Ridley

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

**Meeting:** Audit Committee  
**Date & Time:** Tuesday, 9 July 2024, 6.00 pm  
**Venue:** Civic Suite 2, Brocks Hill Council Offices, Washbrook Lane, Oadby, Leicester, LE2 5JJ  
**Contact:** Democratic Services  
**t:** (0116) 257 2775  
**e:** democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices  
Oadby  
**01 July 2024**

**Anne E Court**  
Chief Executive



**Meeting ID:** 2699

**ITEM NO.**

**AGENDA**

**PAGE NO'S**

**Meeting Live Broadcast | Information and Link**

This meeting will be broadcast live.

**Press & Public Access:**

A direct link to the live broadcast of the meeting's proceedings on the Council's Civico platform is below.

<https://civico.net/oadby-wigston/19057-Audit-Committee>

**Briefing on the Draft Statement of Accounts for 2023/24**

A briefing will be held on the Draft Statement of Accounts for 2023/24 prior to the start of the committee meeting. The briefing will be led by the Interim Strategic Director and will begin at 5:00 pm, with the Audit committee meeting starting at 6:00 pm.



**Postal Address:** Brocks Hill Council Offices, Washbrook Lane, Oadby, Leicester, LE2 5JJ

**Refuse & Recycling Centre:** The Depot, Wigston Road, Oadby, Leicester, LE2 5JE

**Telephone:** (0116) 288 8961 **Email:** customer.services@oadby-wigston.gov.uk



oadby-wigston.gov.uk



OadbyWigstonBC



@Oadby\_Wigston

## 1. Apologies for Absence

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

## 2. Appointment of Substitutes

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

## 3. Declarations of Interest

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

## 4. Minutes of the Previous Meeting

4 - 6

To read, confirm and approve 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. Strategic Risk Update (2024/25)

7 - 13

Report of the Interim Strategic Director

## 8. Internal Audit Plan (2024/25)

14 - 39

Report of the Interim Strategic Director

## 9. Internal Audit Annual Report and Opinion (2023/24)

40 - 54

Report of the Interim Strategic Director and the 360 Assurance Director

## 10. External Audit Plan (2024/25)

55 - 116

Report of the Interim Strategic Director and the Grant Thornton LLP Director

## 11. Anti-Fraud & Corruption Report

117 - 149

Report of the Interim Strategic Director

## 12. Annual Governance Statement (2023/24)

150 - 191

Report of the Interim Strategic Director

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**Audit Committee**

Tuesday, 9 July 2024, 6.00 pm

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# Agenda Item 4

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT CIVIC SUITE 2,  
BROCKS HILL COUNCIL OFFICES, WASHBROOK LANE, OADBY, LEICESTER, LE2 5JJ ON  
WEDNESDAY, 10 APRIL 2024 COMMENCING AT 6.00 PM**

## **PRESENT**

K J Loydall                      Chair



**Meeting ID: 2612**

## **COUNCILLORS**

G A Boulter  
C S Gore  
S Z Haq  
J Kaufman

## **OFFICERS IN ATTENDANCE**

R Anderson	External Auditor
S A E Ball	Senior Finance Business Partner
S J Ball	Legal & Democratic Services Manager / Deputy Monitoring Officer
R Deo	Internal Auditor
P Harvey	External Auditor
S Khan	Interim Strategic Director
G Patterson	External Auditor
K Robson	Democratic & Electoral Services Officer

## **OTHERS IN ATTENDANCE**

R Anderson	Grant Thornton LLP
Ms R Deo	360 Assurance
P Harvey	Grant Thornton LLP
G Patterson	Grant Thornton UK LLP

## **32. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillors P Joshi and I K Ridley.

## **33. APPOINTMENT OF SUBSTITUTES**

None.

## **34. DECLARATIONS OF INTEREST**

None.

## **35. MINUTES OF THE PREVIOUS MEETING**

By affirmation of the meeting, it was

### **UNANIMOUSLY RESOLVED THAT:**

**The minutes of the previous meeting held on Wednesday 24 January 2024 be**

## **Audit Committee**

Wednesday, 10 April 2024, 6.00 pm

**taken as read, confirmed and approved.**

**36. ACTION LIST ARISING FROM THE PREVIOUS MEETING**

There was no Action List arising from the previous meeting.

**37. PETITIONS AND DEPUTATIONS**

None.

**38. INTERNAL AUDIT PROGRESS UPDATE (APRIL 2024)**

The Committee gave consideration to the report and appendix (as set out at pages 3 – 18 of the agenda update pack) which provided an update on the progress made on delivering the 2023/24 Audit Plan.

By general affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The progress made in delivering the 2023/24 Audit Plan be noted.**

**39. STRATEGIC RISK UPDATE (2023/24)**

The Committee gave consideration to the report and appendix (as set out at pages 6 – 12 of the agenda reports pack) which presented the Strategic Risk Register (2023/24).

By general affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The content of the report and appendix be considered and noted.**

**40. PROGRESS AGAINST EXTERNAL AUDIT FOLLOW-ON RECOMMENDATIONS**

The Committee gave consideration to the report and appendix (as set out at pages 13 – 18 of the agenda reports pack) which presented an update of the Follow-On External Audit Recommendations to the Committee.

By general affirmation of the meeting, it was

**UNANIMOUSLY RESOLVED THAT:**

**The content of the report and appendix be noted.**

**41. STATEMENT OF ACCOUNTS (2022/23)**

The Committee gave consideration to the report and appendices (as set out at pages 19 – 265 of the agenda update pack), which gave an update on the outcome of the audit of the Statement of Accounts 2022/23 for approval.

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

**UNANIMOUSLY RESOLVED THAT:**

- i) The Statement of Accounts (at Appendix 1) including the Annual Governance Statement (at Appendix 2 which was approved July 2023) for the year ended 31 March 2023, subject to any required final changes that may be agreed with the Council's external auditors be approved;**
- ii) The Audit Findings Report (2022/23) (at Appendix 3) be noted and the outlined recommendations be approved;**
- iii) In order to comply with the Council's statutory obligations, the Statement of Accounts and Annual Governance Statement for the year ended 31 March 2023 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 the Council's external auditors; and**
- iv) The Letter of Representation (at Appendix 4) be approved.**

**THE MEETING CLOSED AT 7.45 pm**

# Agenda Item 7



<b>Audit Committee</b>	<b>Tuesday, 09 July 2024</b>	<b>Matter for Information</b>
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**Report Title:** **Strategic Risk Update (2024/25)**

**Report Author(s):** **Sal Khan (Interim Strategic Director)**

<b>Purpose of Report:</b>	To present the Strategic Risk Register (2024/25) to Committee for information.
<b>Report Summary:</b>	In accordance with the requirements of the Council's 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 content of the report and Strategic Risk Register (as set out at Appendix 1) be considered and noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Sal Khan (Interim Strategic Director) (0116) 257 2690 <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
<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) Political Dynamics (CR3) Reputation Damage (CR4) 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 directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.

<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	Click to select comment.
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>	<b>1.</b> Strategic Risk Register (2024/25)

## **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 (2023/24) 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).
- 1.2.1 This report presents a high-level summary of the risks contained within the register and highlights key movements in scores from the position reported in April 2024.

## **2. Strategic Risk Register**



- 2.1 The Strategic Risk Register contains a total of 14 risks and there have been no additional risks added.
- 2.2 The change in mitigated score is visually represented by the arrows shown in the far-right column "Direction of Travel of mitigated risk score".
- 2.3 There are no changes to the mitigated scores.
- 2.4 Changes have been made to existing controls, management actions and target dates, which are detailed in the 'Review Commentary' column of the Risk Register.



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)	<input type="checkbox"/> Increase demand for services e.g. benefits <input type="checkbox"/> Continuing Austerity <input type="checkbox"/> Political promises <input type="checkbox"/> Change in priorities <input type="checkbox"/> Deflated housing market <input type="checkbox"/> Lack of business growth <input type="checkbox"/> Further changes in legislation <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/> Universal Credit <input type="checkbox"/> Political hesitancy in decision making for fundamental service reform. <input type="checkbox"/> Cost-of-living crises <input type="checkbox"/> Supplier price variations as a result of inflation	<input type="checkbox"/> Cuts in services <input type="checkbox"/> Political and customer expectations not met <input type="checkbox"/> Quality of service <input type="checkbox"/> Reputation damage <input type="checkbox"/> Knock on impact on the local community and economy e.g. spiral effect <input type="checkbox"/> Legal challenge, <input type="checkbox"/> Reduction in rent/monies owed to the council through the introduction of UC, <input type="checkbox"/> Increased homelessness adding stresses to council finances and the local economy. <input type="checkbox"/> Supplier price variations significant.	5	4	20	<input type="checkbox"/> Budgetary Control processes and committee reporting <input type="checkbox"/> Medium Term Financial Strategy and HRA Business Plan - including scenario planning <input type="checkbox"/> Setting and monitoring of savings and efficiency targets <input type="checkbox"/> Annual Fees and Charges review <input type="checkbox"/> Disclosure of expenditure over £250 <input type="checkbox"/> Review of reserves and balances <input type="checkbox"/> Treasury Management and Investment Strategy <input type="checkbox"/> Prudential Indicators <input type="checkbox"/> Revised Financial Regulations <input type="checkbox"/> Business Rates Pooling <input type="checkbox"/> Procurement Policy, <input type="checkbox"/> Homelessness team increased <input type="checkbox"/> Assessment of viability of capital projects. <input type="checkbox"/> Financial Inclusion Officer assists vulnerable residents <input type="checkbox"/> Service/Review Transformation Programme across the council to improve service delivery <input type="checkbox"/> Ongoing impacts of inflation captured in medium term financial plan. <input type="checkbox"/> New MTFS approved September 2022 <input type="checkbox"/> Engagement with MP, LGA and DLUHC about the council's unique financial Sustainably Programme now <input type="checkbox"/> 2024/25 Budget Approved at Full Council February 2024. This balanced by introduction of new charges, service changes including staffing reductions. The savings targets are constantly monitored by SLT and is a standing item on SLT agenda and opportunities for innovation are regularly sought such as winning an award to install solar panels at Wigston Pool, therefore reducing energy costs for the Council.	4	4	16	<input type="checkbox"/> Delivery of Service Delivery Changes – Financial Sustainability Plan. Regular review of savings targets.	<input type="checkbox"/> Monthly reviews 2024	4	4	16	Chief Financial Officer	May-24	Updated existing controls to remove historic / controls no longer relevant. The delivery of Service Delivery Changes – Financial Sustainability Plan, where activity is well under way.	
CR2	<b>Key Supplier Failure</b>	Providing Excellent Services (CO3)	<input type="checkbox"/> Cost implications <input type="checkbox"/> Business Continuity <input type="checkbox"/> Loss of revenue <input type="checkbox"/> Service failure <input type="checkbox"/> TUPE issues <input type="checkbox"/> Potential court action <input type="checkbox"/> Increased complaints <input type="checkbox"/> Reputation issues <input type="checkbox"/> Political damage <input type="checkbox"/> Delays	<input type="checkbox"/> Cost implications <input type="checkbox"/> Business Continuity <input type="checkbox"/> Loss of revenue <input type="checkbox"/> Service failure <input type="checkbox"/> TUPE issues <input type="checkbox"/> Potential court action <input type="checkbox"/> Increased complaints <input type="checkbox"/> Reputation issues <input type="checkbox"/> Political damage <input type="checkbox"/> Delays	5	4	20	<input type="checkbox"/> Formal contracts and agreements including realistic notice periods <input type="checkbox"/> Tender arrangements and pre qualification financial assessments <input type="checkbox"/> Qualified internal officers to provide legal advice <input type="checkbox"/> Use of external counsel <input type="checkbox"/> Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners <input type="checkbox"/> Part of management Board to oversee delegated services such as Lightbulb and Building Control. <input type="checkbox"/> Creation of Project and Procurement Team and Procurement Policy promotes use of established frameworks, thus reducing risk of supplier failure. <input type="checkbox"/> Partnership and contract risk registers <input type="checkbox"/> Contract term renegotiation with key providers as necessary <input type="checkbox"/> Contract Management review is undertaken as part of the Sustainability Programme <input type="checkbox"/> Contracts information has been incorporated into draft service plan template. <input type="checkbox"/> Contracts an item on 1-2-1's. <input type="checkbox"/> Specialists engaged where required i.e. Leisure Operator Contract (LOC) negotiations. <input type="checkbox"/> LOC Contract renegotiation approved at Council 12 December 2023 and SLM has agreed to changes.	4	3	12	<input type="checkbox"/> Contract review underway (Sustainability programme).	Sep-24	2	2	4	Head of Law and Democracy/ Monitoring Officer	May-24	Commentary amended to reflect new position with SLM.	
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)	<input type="checkbox"/> Poor service delivery from PSOs the Council has agreements with <input type="checkbox"/> Lack of engagement from partner PSOs <input type="checkbox"/> Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown Failure of relationships at strategic level in County & across members	<input type="checkbox"/> Loss of public confidence in Community Safety Partnership <input type="checkbox"/> Loss of funding for LLR Sports Alliance partnership <input type="checkbox"/> May not realise potential economies of scale <input type="checkbox"/> Impact on staff morale	4	3	12	<input type="checkbox"/> Formal agreements with public sector partners which clearly identify roles & responsibilities including H&WB, Lightbulb, Building Control and Local Land Charges. <input type="checkbox"/> Governance arrangements which manage performance against agreements <input type="checkbox"/> Lead officer arrangements/contract manager <input type="checkbox"/> Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality <input type="checkbox"/> Strategic Planning Group - governance arrangements are in place for this. <input type="checkbox"/> Member Advisory Group also in place Performance of these arrangements is formally reviewed and changes are made if necessary. <input type="checkbox"/> Regular account meetings with contracted 3rd sector organisations. <input type="checkbox"/> Service Level Agreements in place where necessary. <input type="checkbox"/> Cost of Living support programme has funded 3rd sector organisations and support for warm hubs.	2	3	6	<input type="checkbox"/> Contract review underway (sustainability programme)	Sep-24	2	3	6	Head of Law and Democracy/ Monitoring Officer	May-24	Updated management control	

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							
CR4	Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.	Building, Protecting and Empowering Communities (CO1)	<ul style="list-style-type: none"> <li>Staff capacity could impact on engagement</li> <li>hard to reach communities</li> <li>some resident groups not digitally connected</li> <li>change in political power could result in non-statutory service being stopped</li> <li>Failure to consult when appropriate to do so</li> <li>Funding changes impacting on roles</li> <li>Digital exclusion as a result of cost of living crises</li> </ul>	<ul style="list-style-type: none"> <li>Reputational damage</li> <li>lack of support for community initiatives</li> <li>missed opportunity to impact on equalities agenda and HWB of residents</li> <li>Citizens panel not representative of demographic.</li> <li>Services may not meet the needs of this demographic</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>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>Communications Strategy in place</li> <li>Gov.Delivery digital e-mail system – targeted delivery on specific topics e.g. tenants newsletter in place</li> <li>Financial Inclusion Officer</li> <li>Volunteer community champion Digital Newsletter - specifically relating to health and wellbeing targeting socially vulnerable</li> <li>Events programme run by Community Health Improvement Officers to target vulnerable and hard to reach residents/communities.</li> <li>Statement of community involvement in place</li> <li>Residents Forums meet regularly</li> <li>Sports and physical activity commission plan to target hard to reach</li> <li>Customer Experience Strategy in place</li> <li>Appointment hubs in operation as well as reception point open at Brockshill</li> <li>Website offers the facility to change language.</li> <li>Use language line for translation services.</li> <li>Tenant &amp; Leaseholder focus group established and meeting on a quarterly basis.</li> <li>Language Translation Service incorporate.</li> <li>All households are to receive 2*letter communications regarding change to the bin collection regime.</li> <li>Customer Experience Strategy Action Plan being monitored</li> <li>Housing Regulators new Tenant Satisfaction collected</li> <li>Virtual Appointments to increase customer contact have commenced</li> </ul>	2	2	4			1	2	3	Head of Customer Service and Transformation	May-24	Updated management control			
CR5	Political Dynamics	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li>Change in political power</li> <li>Change in leader</li> <li>New members</li> <li>Public perception changes</li> </ul>	<ul style="list-style-type: none"> <li>Change in priorities</li> <li>Change in member/officer engagement</li> <li>Breakdown in communication</li> <li>Inability to meet expectations</li> <li>Reputation issues (organisational and political)</li> <li>Reactive decision making (rather than planned)</li> <li>Failure to follow legislative requirements e.g. equalities</li> <li>Further strain on council finances</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Member development programmes</li> <li>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>Policies e.g. Safeguarding/Equalities and DBS checks</li> <li>Provision of chairing skills training</li> <li>Constitution, which is in the process of being reviewed to reflect new management structure</li> <li>Public consultation,</li> <li>Development of member enquiry system</li> <li>Training for members covering a range of areas including IT and Planning</li> <li>Buddying system in place for Elected Members to use</li> <li>Members bulletin</li> <li>Customer Service training and Political awareness training has been undertaken</li> <li>Member and officer training undertaken with Centre for Governance and Scrutiny November 2022</li> <li>Full review of members induction programme has been completed.</li> <li>Induction training delivered for new members during May to July 2023.</li> <li>SLT/Member workshops July, Sept. Nov</li> <li>CMT/Member training sept 'meet the teams'.</li> <li>OFLOG Self Assessment presented to Full Council in April 2024.</li> <li>Member Working Group established to engage with the Alternate Weekly Waste Collection Project</li> </ul>	3	3	9	<ul style="list-style-type: none"> <li>New Corporate Strategy to be presented to Members</li> <li>Planning Member training externally facilitated</li> </ul>	July 2024	2	3	6	Head of Law and Democracy/ Monitoring Officer	May-24	Updated management controls and updated further actions			
CR6	Reputation Damage	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <li>Litigation</li> <li>Breakdown in a partnership</li> <li>Failure to have regard to officers advice</li> <li>Whistle blowing</li> <li>Freedom of Information (Fol)</li> <li>Inconsistent decision making</li> <li>Poor Media Relations</li> <li>Poor communication</li> <li>Failure to provide or reduce services</li> <li>Poor performance</li> <li>Poor business planning and consideration of financial implications</li> </ul>	<ul style="list-style-type: none"> <li>Intervention</li> <li>Loss of public confidence</li> <li>Ombudsman findings</li> <li>Court costs</li> <li>Quality of service affected</li> <li>Breakdown in a partnership</li> <li>Adverse publicity</li> <li>Lower public satisfaction level</li> <li>Time spent mitigating damage/rectifying the situation</li> <li>Low Morale</li> <li>Difficulties to recruit/staff retention</li> <li>Inadequate budget provision, inappropriate financial decisions made</li> </ul>	4	4	16	<ul style="list-style-type: none"> <li>Review of external communication by Heads of Service</li> <li>Use of modern.gov</li> <li>Whistle blowing and Anti Fraud and Corruption policies</li> <li>Freedom of Information log</li> <li>Qualified in house legal team</li> <li>Officer complaints training &amp; new complaints process</li> <li>Performance reporting and Key Performance Indicators</li> <li>Public and media consultation</li> <li>Achieved accreditation for customer service excellence award</li> <li>Communications Policy and Communications Plan in place</li> <li>Online customer care training in place for all new staff and a separate module also in place for managers.</li> <li>Partnership working eg Lightbulb &amp; Local Plan</li> <li>Marketing &amp; Communications Manager</li> <li>Social Media Policy</li> <li>Service Standards</li> <li>Project Comms Plans e.g. external communications regarding alternate weekly waste collection project.</li> <li>Performance Review Plans</li> <li>Standardised project appraisal and affordability approach as per Corporate Peer Review Action Plan built into new MTFS</li> <li>Complaints handling and investigation training for all managers undertaken</li> <li>Safety Risk assessments always consider reputational damage as a risk.</li> <li>Anti Fraud Policy in place.</li> <li>Good relationships built with media i.e. cemetery</li> <li>Consultations conducted i.e budget</li> </ul>	2	2	4	Recruitment pages being revamped on Corporate Website (inline with national campaign)	Oct-24	2	2	4	Chief Executive	May-24	Updated further controls			

Strategic Risk Register																						
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					Likelihood	Impact	Overall risk rating				Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR7	Effective utilisation of Assets/Buildings (non-housing)	Building, Protecting and Empowering Communities (CO1); Providing Excellent Services (CO3)	<input type="checkbox"/> Failure to follow Health and Safety <input type="checkbox"/> Insurance/Public Liability <input type="checkbox"/> Financial investment <input type="checkbox"/> Contractor going into liquidation <input type="checkbox"/> Political will <input type="checkbox"/> Facility Management <input type="checkbox"/> Depreciation	<input type="checkbox"/> Loss of investment opportunities <input type="checkbox"/> Loss of income <input type="checkbox"/> Loss of capital <input type="checkbox"/> Higher revenue costs <input type="checkbox"/> Costs <input type="checkbox"/> Death or injury <input type="checkbox"/> Higher insurance premiums <input type="checkbox"/> Reputation damage <input type="checkbox"/> Public liability <input type="checkbox"/> Personal liability for corporate team e.g. corporate manslaughter	4	3	12	<input type="checkbox"/> Physical controls (e.g. Door Codes, fire alarms) <input type="checkbox"/> Designated first aiders <input type="checkbox"/> Capital Programme and HRA Business Plan - annual reiteration and regular monitoring <input type="checkbox"/> Fixed Asset Register <input type="checkbox"/> Annual valuation of property by external valuer <input type="checkbox"/> Designated Health and Safety Officer <input type="checkbox"/> Implementation of controls within Health and Safety Executive review <input type="checkbox"/> Health and Safety risk assessments <input type="checkbox"/> Designated Facilities Manager <input type="checkbox"/> Accommodation Reviewed <input type="checkbox"/> Health and safety assessments carried out on all buildings <input type="checkbox"/> Move to Bushloe House to Brocks Hill complete <input type="checkbox"/> Asset Management a theme as part of the Sustainability Programme <input type="checkbox"/> Health and Safety Action Plan approved by full Council April 2023. <input type="checkbox"/> Asset Review received end of November - Report to PFDC regarding disposal of assets.	3	3	9	<input type="checkbox"/> Revision of Asset Management Policy and Capital Expenditure Plan <input type="checkbox"/> Asset review <input type="checkbox"/> Holistic Asset Management database/system purchased and timetabled for implementation. <input type="checkbox"/> Completion of the sale of Bushloe House and Oadby Pool site.	<input type="checkbox"/> Dec 2024 <input type="checkbox"/> Jan 2024 <input type="checkbox"/> Dec 2024 <input type="checkbox"/> Dec 2024	2	2	4	Head of Law and Democracy/Monitoring Officer	May-24	UPDATES			
CR8	Regulatory Governance	Providing Excellent Services (CO3)	<input type="checkbox"/> New or changes to legislation <input type="checkbox"/> Resources (staff) <input type="checkbox"/> Failure to identify new legislation	<input type="checkbox"/> Substantial fines e.g. Data Protection <input type="checkbox"/> Judicial review <input type="checkbox"/> Reputation <input type="checkbox"/> Code of conduct <input type="checkbox"/> Financial loss <input type="checkbox"/> Cost orders <input type="checkbox"/> Personal liability	3	4	12	<input type="checkbox"/> Data Protection Policy and log <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Code of Conduct and training <input type="checkbox"/> HR Induction <input type="checkbox"/> Statutory Monitoring Officer <input type="checkbox"/> Subscriptions (e.g. legal journals and LGA) and CPD of legal officers <input type="checkbox"/> Prosecution Policy <input type="checkbox"/> Purchased GDPR/DPA learning modules to be rolled out in the future. <input type="checkbox"/> Appraisal training and 1-2-1 training has been rolled out. to all managers. <input type="checkbox"/> New Social Housing Regulation Act 2023 strengthens the regulation regime associated with the Council as a social landlord. A full inspection by the regulator can be expected by end of 2026 - Housing Manager is preparing for mock-inspection during 2024. <input type="checkbox"/> Building Safety Act 2022 places increased compliance responsibilities and scrutiny on Building Control and the construction industry generally and the Leicestershire Building Control Partnership has put in place an action plan to manage this risk <input type="checkbox"/> Reviewed and improved HR induction approach.	1	1	1	<input type="checkbox"/> Refresher training on GDPR/DPA to be completed by all. Resources in Housing Team to be focused around meeting the requirements of the new act.	<input type="checkbox"/> Summer 2024 <input type="checkbox"/> December 2024	1	1	1	Head of Law and Democracy/Monitoring Officer	May-24	Existing Control and further actions have been updated			
CR9	Failure to respond to a significant incident	Providing Excellent Services (CO3)	<input type="checkbox"/> Loss of staff <input type="checkbox"/> Loss of ICT <input type="checkbox"/> Loss of Building <input type="checkbox"/> Loss of Key supplier <input type="checkbox"/> Loss of facilities <input type="checkbox"/> Loss of systems <input type="checkbox"/> Act of God <input type="checkbox"/> Adverse Weather <input type="checkbox"/> Pandemic <input type="checkbox"/> Adverse staff impact as a result of cost of living	<input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Staff unavailable after major incident <input type="checkbox"/> Large proportion of staff becoming ill	4	4	16	<input type="checkbox"/> Insurance policies and annual review - new insurers from 1 Jan 2024 <input type="checkbox"/> Risk Management policies and procedures <input type="checkbox"/> Membership of Local Resilience Forum <input type="checkbox"/> Standby rota <input type="checkbox"/> IT backup, Business Continuity Plans in place <input type="checkbox"/> Community Engagement with Health professionals <input type="checkbox"/> Agile Working Policy <input type="checkbox"/> Coordination of Out of Hours Service <input type="checkbox"/> Additional training from Leicestershire Resilience Partnership underway (incl power lose scenario) <input type="checkbox"/> Business Continuity training exercise and refresh undertaken December 2022 <input type="checkbox"/> BC Plans refresh and incorporated into service plans <input type="checkbox"/> SLT and CMT additional training scheduled with LRF <input type="checkbox"/> Mighty Oak national power outage LRF Training exercise <input type="checkbox"/> Brockshill project has incorporated business continuity improvements inc generator if power outage. <input type="checkbox"/> New accident investigation form <input type="checkbox"/> Refresher of Health and Safety Training <input type="checkbox"/> Health and Safety face to face training for manual workers delivered. <input type="checkbox"/> BCPs being reviewed; Implications from Martyn's Law have been considered. <input type="checkbox"/> New insurance processes being rolled out to operational staff	2	3	6	<input type="checkbox"/> LRF training course attendance to be reviewed by SLT	Sept 2024	2	3	6	Head of Law and Democracy/Monitoring Officer	May-24	Existing controls and further management actions are updated			

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					
CR10	<b>Organisational/ Transformational Change</b>	Providing Excellent Services (CO3)	<input type="checkbox"/> Restructure <input type="checkbox"/> Transformational change <input type="checkbox"/> Transferable skills <input type="checkbox"/> Reduction in funding <input type="checkbox"/> Change in personnel <input type="checkbox"/> Change in the way the council delivers services <input type="checkbox"/> Redundancy <input type="checkbox"/> Less controls in place due to limited resources <input type="checkbox"/> Change in office location	<input type="checkbox"/> Redundancy <input type="checkbox"/> Staff morale <input type="checkbox"/> Staff retention <input type="checkbox"/> Change in working practices <input type="checkbox"/> Impact on quality of service <input type="checkbox"/> Legal implications <input type="checkbox"/> HR implications <input type="checkbox"/> Reputation damage/perception <input type="checkbox"/> Financial loss <input type="checkbox"/> Possible litigation <input type="checkbox"/> Increased fraud	3	3	9	<input type="checkbox"/> Organisation review policy <input type="checkbox"/> Recruitment and selection policies and procedures <input type="checkbox"/> Union and staff consultation <input type="checkbox"/> Staff Wellbeing Group and Wellbeing Teams <input type="checkbox"/> Staff Health and Wellbeing Action Plan <input type="checkbox"/> Internal Audit <input type="checkbox"/> Staff newsletters <input type="checkbox"/> Monitoring and supervision of management/1:1's <input type="checkbox"/> Training and professional qualification support <input type="checkbox"/> Performance appraisal process <input type="checkbox"/> Formal induction programme <input type="checkbox"/> Comms plans for key projects - includes PR, Public, Staff and member and other stakeholder comms plans <input type="checkbox"/> Staff engagement on organisational culture and values as part of People Strategy undertaken <input type="checkbox"/> Introduction of live vacancy management plan with SLT <input type="checkbox"/> People Strategy approved by PFD 12/09/2023 <input type="checkbox"/> Organisation Strategy update completed. <input type="checkbox"/> Clean & Green / Corporate Assets Service Review and Revs and Bens review underway / Service changes post budget approval are well underway . Project Management approach has been refined; Joint SLT/CMT Meetings are being programmed into diaries focusing on finance and performance/ Sustainability Plan is a standing item on SLT agenda	3	2	6	<input type="checkbox"/> Organisation Strategy to be approved. <input type="checkbox"/> Service Reviews being undertaken. Sustainability Plan Review /ongoing	June 2024 <input type="checkbox"/> Ongoing	2	2	4	Strategic Director	May-24	Existing controls updated for progress against budget/service implications and revised PPM approach and senior management meetings.	
CR11	<b>Economy/ Regeneration</b>	Growing the Borough Economically (CO2)	<input type="checkbox"/> Further decline in the economy BREXIT COVID Ukraine/Russia conflict and also energy costs crisis (uncertainty of cost impact) <input type="checkbox"/> Pooling/Unpooling of NNDR <input type="checkbox"/> Cost of living Crisis Economic Regeneration Manager and Economic Development posts removed from establishment to enable savings to Council budget	<input type="checkbox"/> Relocation (Business and Domestic) <input type="checkbox"/> Lack of inward investment <input type="checkbox"/> Increased demand for certain services e.g. benefits <input type="checkbox"/> Loss of value in public assets <input type="checkbox"/> Need to continually adapt/change <input type="checkbox"/> Conflicting pressures - decreased funding – increased demand <input type="checkbox"/> Spiral effect <input type="checkbox"/> Short term decision making – uncertainty <input type="checkbox"/> Increased autonomy leads to greater risk <input type="checkbox"/> Decrease in collection levels	5	4	20	<input type="checkbox"/> Demand management of services that come under pressure as a result of decline in economy <input type="checkbox"/> Debt Recovery Policy in place <input type="checkbox"/> Local Council Tax and Business Rate Retention scheme in place <input type="checkbox"/> Contract monitoring of bailiffs <input type="checkbox"/> Paying out business grants to support local businesses during pandemic <input type="checkbox"/> Regular programme of business webinars to provide information and support to businesses <input type="checkbox"/> Monthly newsletter issued to businesses <input type="checkbox"/> Helping Hands - energy champion <input type="checkbox"/> Business microsite live and accessible via Council's website. <input type="checkbox"/> UKSPF Investment Plan 2022 to 2025 being implemented <input type="checkbox"/> Levelling Up bid developed in partnership with The University of Leicester and ready to submit if an opportunity arises. Currently supporting University in investigating a Heritage Lottery Fund bid <input type="checkbox"/> Capital Projects Sub-committee established <input type="checkbox"/> Specialist support procured to advise on the deliverability of regeneration projects (Oadby Pool and Horsewell Lane) <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"/> Business Networking Event held 14/09/2023 - 80 businesses attended. <input type="checkbox"/> Business Improvement District - Phase feasibility completed and to be progressed during 2024 Horsewell Lane Business Case agreed by Member	4	4	16	Monitor progress against ER Strategy & UKSPF Programme.	Ongoing	3	3	9	Head of Built Environment	May-24	Economic Regeneration Manager and Economic Development Officer posts removed from establishment to enable savings to Council budget. Awaiting further information on what, if anything, will replace UKSPF after March 2025 as this is likely to determine the Council's economic development offer beyond that date.	

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				
CR12	<b>Increased Fraud</b>	Providing Excellent Services (CO3)	<input type="checkbox"/> Dilution of internal controls due to less staff <input type="checkbox"/> Increase in unemployment <input type="checkbox"/> Reduction in benefits <input type="checkbox"/> Inflation <input type="checkbox"/> Debt <input type="checkbox"/> Opportunity <input type="checkbox"/> Sub-letting of Council properties	<input type="checkbox"/> Homelessness, poverty and social deprivation <input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation	3	3	9	<input type="checkbox"/> Internal and External Audit <input type="checkbox"/> Financial Regulations <input type="checkbox"/> Segregation of Duties <input type="checkbox"/> Supervision and Management <input type="checkbox"/> Investigation and disciplinary procedures <input type="checkbox"/> Litigation <input type="checkbox"/> Anti Fraud and Corruption Policy <input type="checkbox"/> Whistle blowing process <input type="checkbox"/> Tone from the top - no tolerance <input type="checkbox"/> Budgetary Control <input type="checkbox"/> Participation in National Fraud Initiative <input type="checkbox"/> Transaction review (e.g. invoices/mileage) <input type="checkbox"/> All related Policies to be reviewed and an annual rolling training programme to be implemented. <input type="checkbox"/> Anti Fraud Policy reviewed and approved PFD July 2023 <input type="checkbox"/> Fraud Awareness Training rolled out.	2	3	6	<input type="checkbox"/> Update of anti-fraud activities to Audit Committee	<input type="checkbox"/> July 2024	2	2	4	Chief Financial Officer	May-24	Updated to include Audit Committee Report July 2024	
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"/> Cyber security is always the highest priority, and at all times. This is considered with any support ticket, change request or new digital implementation and must be approved through change . <input type="checkbox"/> The IT Team is reviewing its security policies to ensure they are in line with the latest cyber security guidance and ensuring the organisation operates in a safe yet effective way. This includes managing the IT infrastructure, but also with how staff function, use equipment and undertake regular security training within their respective roles. <input type="checkbox"/> The Council has now implemented a duplicate firewall, for added security and resilience to the Councils network. This further protects us, but also gives us dual connectivity so we are not restricted by a single point of failure in a key security component. <input type="checkbox"/> The Council has a BCP but this will continuously be checked and updated to ensure we are as prepared as possible for emergency situations (if it were to arise). <input type="checkbox"/> Member briefing completed to advise of current security features and their responsibility as stakeholders to the authority. <input type="checkbox"/> All Staff have undertaken their yearly security training (Q1 2024). <input type="checkbox"/> PSN compliance has been achieved and certification received in Q1 of 2024. The Council is currently submitting information for its 'Cyber essentials' certification as well – both giving assurance the organisation is as secure as reasonably possible.	2	3	6	<input type="checkbox"/> We are looking to use the cyber security attack on Leicester City Council as a 'lessons learnt' process to ensure we improve and stay ahead of the threats. This is looking to be initiated via the Resilience partnership Member training to be organised	October 2024	2	3	6	Head of Customer Service and Transformation	May-24	As part of cyber security review and changes in IT Team structure, all existing controls have been updated.	
CR14	<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 <input type="checkbox"/> Contract ended for Solo Protect and moved to Pick Protect. <input type="checkbox"/> Risk Assessment for appointment hubs included consideration of lone working and guidance provided.	2	3	6	Head of CS&T and Corporate H&S Officer are reviewing the Customer Alert System including the monitoring of lone-working procedures	Sep-24	2	3	6	Head of Law and Democracy/Monitoring Officer	May-24	Further management controls updated	

# Agenda Item 8



<b>Audit Committee</b>	<b>Tuesday, 09 July 2024</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Internal Audit Plan (2024/25)**

**Report Author(s):** **Sal Khan (Interim Strategic Director)**

<b>Purpose of Report:</b>	To present the Internal Audit Plan for 2024/25
<b>Report Summary:</b>	The report presents the planned Internal Audit reviews for 2024/25
<b>Recommendation(s):</b>	<b>To approve the Internal Audit Plan for 2024/25.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Sal Khan (Interim Strategic Director) (0116) 257 2635 <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a>  Ruby Deo (360 Assurance Client Lead) 07545 502399 <a href="mailto:ruby.deo@nhs.net">ruby.deo@nhs.net</a>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications directly 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 directly arising from this report. EA not applicable.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly 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>	Senior Leadership Team.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	<b>1.</b> Internal Audit Plan (2024/25)

## **1. Information**

- 1.1 The Internal Audit Plan attached at **Appendix 1** provides details of Internal Audit's planned coverage of systems and processes over the year.
- 1.2 The 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 (PSIAS) and provides for an annual Head of Internal Audit Opinion.
- 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 360 Assurance.
- 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 and Wigston Borough Council

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Draft: 2024/25 Internal Audit Plan

(Approved by the Senior Leadership Team on 29<sup>th</sup> April 2024, for consideration by Audit Committee)

April 2024



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*This document, prepared by 360 Assurance and addressed to Oadby and Wigston Borough Council directors or officers is prepared for the sole use of Oadby and Wigston Borough Council, and no responsibility is taken by 360 Assurance to any director or officer in their individual capacity. No responsibility to any third party is accepted as the document has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit between Oadby and Wigston Borough Council and 360 Assurance dated 1 April 2024 shall not have any rights under the Contracts (Rights of Third Parties) Act 1999. The appointment of 360 Assurance does not replace or limit Oadby and Wigston Borough Council's own responsibility for putting in place proper arrangements to ensure that its operations are conducted in accordance with the law, guidance, good governance and any applicable standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.*

## Introduction

This is your 2024/25 draft Internal Audit Plan.

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 (PSIAS) 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 cover all identified key risks in the audit universe, reflecting prioritised allocation of internal audit resources through discussions with council officers. The Audit Committee should acknowledge this limitation when approving the plan, which is drafted based on available internal audit resources advised by the Interim Strategic Director (S151 Officer).

## Summary plan

This table summarises your 2024/25 Internal Audit Plan. The full plan is provided at [Appendix A1](#).

Ref.	Audit	Indicative Phasing*	Indicative Days	Core or Risk Assessed / Assurance or Advisory
<b>Head of Finance – S151 Officer</b>				
1	Head of Internal Audit Opinion (including Risk Management)	Q1-4	12	Core - Assurance
2	National Fraud Initiative	Q1-4	8	Advisory
3	Financial Management and Reporting	Q4	15	Core - Assurance
4	Financial Systems (cyclical)	Q4	12	Core (cyclical) - Assurance
5	Sustainability Plans (governance review)	Q3	15	Risk assessed - Assurance
6	Grant Certifications	Q1-4	15	Risk assessed - Assurance
<b>Head of Customer Services and Transformation</b>				
7	Human Resources (Staff Lone Working)	Q3	15	Core - Assurance
8	Payroll and Expenses	Q3-4	15	Risk assessed - Assurance
9	IT Audit (IT governance health check)	Q3-4	15	Risk assessed - Assurance

Ref.	Audit	Indicative Phasing*	Indicative Days	Core or Risk Assessed / Assurance or Advisory
<b>Head of Law and Democracy</b>				
10	Business Continuity	Q1	15	Risk assessed - Assurance
11	Waste Management (project assurance)	Q1-2	15	Risk assessed - Assurance
12	Food Safety	Q2	15	Risk assessed - Assurance
<b>Head of Built Environment</b>				
13	Housing Rents	Q2	15	Risk assessed - Assurance
14	Homelessness	Q3	15	Risk assessed - Assurance
15	S106 Agreements	Q2	15	Risk assessed - Assurance
<b>Management</b>				
16	Audit management, attendance at Audit Committee, action tracking and contingency	Q1-4	43	Core - Assurance
<b>TOTAL</b>			<b>255 days</b>	

\* Quarters have been allocated where specifically requested, other audits will be balanced across the year to align with client requirements and resource availability.

## 2024/25 Draft Internal Audit Plan

### Engagement with executive officers and Audit Committee

In producing this draft plan we have reviewed key documents and held planning discussions with the following officers at the Council:

- Chief Executive
- Interim Strategic Director
- Head of Built Environment
- Head of Law and Democracy (Monitoring Officer)
- Head of Customer Services and Transformation

The draft internal audit plan will be considered by the Senior Leadership Team (SLT) and will be presented to the Audit Committee for consideration and 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 corporate priorities.

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 agree any proposed changes to the plan through the Audit Committee, as appropriate. We will also take into account any third party assurances received.

The process is outlined in the table below:

**Stage 1**

Mandated

- Ensures adherence to the PSIAS over a five year cycle. Supports your AGS and legislative and regulatory requirements.
- Core review assessment completed and provided in the five year strategic plan ([Appendix B](#)). Reviews due for 2024/25 not included by the organisation are highlighted in section [A2.1](#).

**Stage 2**

Risk based

- Uses our wider understanding to consider your strategic risks.
- The plan in [Appendix A1](#) is mapped to your strategic risk register and risks not covered by reviews in the plan are highlighted in [A2.2](#).

**Stage 3**

High level audit universe

- Considers potential areas for review across your organisation in line with Corporate Plan Priorities. This does not present an assurance map or include all auditable units. We also consider any other requests made.
- As part of the planning process we have considered coverage against the High Level Audit Universe. Please see [Appendix C](#)

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The output of this risk assessment process informs the proposed annual plan. [Appendix A](#) summarises your proposed 2024/25 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. The Head of Internal Audit opinion levels are available to view in full on [our website](#).



### Public Sector Internal Audit Standards

The Plan is compliant with the PSIAS. Our Internal Audit Charter is included at [Appendix D](#) to demonstrate how we align to your internal audit requirements.

## Conclusion

The Audit Committee has been delegated responsibility by the Council to approve the internal audit plan for the organisation. The Audit 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 255 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 Heads of Service 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 A1 – Your Internal Audit Plan and indicative phasing for 2024/25

Ref.	Audit and nominated lead officer	Corporate Plan / Strategic Risk Register reference	Indicative Days	Indicative Phasing*	Outline scope	Assurance or Advisory
<b>Finance / S151 Officer</b>						
1	Head of Internal Audit Opinion (including Risk Management)	All	12	Q1-4	To undertake a comprehensive annual work programme to support the Head of Internal Audit Opinion statement.	Assurance
2	National Fraud Initiative	CR14 Increased Fraud	8	Q1-4	To provide key contact, project management and overview support to the NFI process to meet Cabinet Office requirements.	Advisory
3	Financial Management and Reporting (Laura Parsons –Finance Manager)	CO2 – Growing the Borough Economically. CR1 Decreasing Financial resources / Increasing Financial Pressures. CR14 Increased Fraud.	15	Q4	Review of control processes regarding the MTFS, budget setting and reporting.	Assurance
4	Key Financial Systems (Laura Parsons– Finance Manager)	CO2 – Growing the Borough Economically. CR1 Decreasing Financial resources / Increasing Financial Pressures. CR12 Increased Fraud.	12	Q4	Cyclical reviews and Treasury Management proposed for 2024-25.	Assurance
5	Sustainability Plans (governance review) (Colleen Warren, Chief Finance Officer, Head of Law and Democracy and Anne Court, Chief Executive)	CO2 – Growing the Borough Economically. CR1 Decreasing Financial resources / Increasing Financial Pressures. CR10 Organisational/ Transformational Change	15	Q3	Review of the Council’s governance arrangements in place for overseeing the delivery of Sustainability Plans.	Assurance
6	Grant Certifications (Colleen Warren, Chief Finance Officer)	Not Applicable	15	All	To provide Chief Auditor certification of grants as required by central government.	Assurance



Ref.	Audit and nominated lead officer	Corporate Plan / Strategic Risk Register reference	Indicative Days	Indicative Phasing*	Outline scope	Assurance or Advisory
<b>Head of Customer Services and Transformation</b>						
7	Human Resources - Staff Lone Working	CO3 – Providing Excellent Services. CR14 Staff Lone Working – Lone staff working out of hours. CR6 Reputational Damage.	15	Q3	Provide assurance over Lone Working Policies and Procedures in place.	Assurance
8	Payroll and Expenses (Sarah Driscoll, HR Manager)	CO3 – Providing Excellent Services CR1 Decreasing Financial resources / Increasing Financial Pressures.	15	Q3-4	Provide assurance on the arrangements in place for the management of payroll and expenses.	Assurance
9	IT Audit (IT Governance Healthcheck) (Ben Wilson Corporate Project, Systems & IT Manager)	CO2 – Growing the Borough Economically CR13 Cyber Threat/Security, Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management. CR8 Regulatory Governance	15	Q3-4	Review of IT governance arrangements in place.	Assurance
<b>Head of Law and Democracy</b>						
10	Business Continuity	CO3 – Providing Excellent Services CR9 Failure to respond to a significant incident. CR2 Key Supplier Failure.	15	Q1	Review the arrangements in place for Business Continuity.	Assurance
11	Waste Management (project assurance) (Ben Wilson Corporate Project, Systems & IT Manager)	CO3 – Providing Excellent Services CR1 Decreasing Financial resources / Increasing Financial Pressures.	15	Q1-2	To provide project assurance on the transition of weekly to fortnightly bin collections.	Assurance
12	Food Safety	CO3 – Providing Excellent Services CR6 Reputational Damage	15	Q2	Provide assurance over food safety arrangements in place.	Assurance

Ref.	Audit and nominated lead officer	Corporate Plan / Strategic Risk Register reference	Indicative Days	Indicative Phasing*	Outline scope	Assurance or Advisory
<b>Head of Built Environment</b>						
13	Housing Rents (Chris Eyre, Housing Manager)	CO1 Building Protecting and Empowering Communities. CR8 Regulatory Governance.	15	Q2	To provide assurance over the arrangements in place for the management of housing rents.	Assurance
14	Homelessness (Chris Eyre, Housing Manager)	CO1 Building Protecting and Empowering Communities. CR8 Regulatory Governance.	15	Q3	To provide assurance over the arrangements in place for managing homelessness.	Assurance
15	S106 Agreements	CO2 – Growing the Borough Economically CR11 – Economy and Regeneration	15	Q2	Provide assurance over the management of S106 monies.	Assurance
<b>Management, action tracking, and contingency</b>						
16	Management	Not Applicable	25	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>• 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/support regarding internal control and governance issues</li> <li>• quality management</li> <li>• progress reports to the Audit Committee and Chief Finance Officer (S151 Officer)</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

Ref.	Audit and nominated lead officer	Corporate Plan / Strategic Risk Register reference	Indicative Days	Indicative Phasing*	Outline scope	Assurance or Advisory
17	Action tracking	Not Applicable	15	Q1-4	To follow up agreed actions in all internal audit reports using the tracker.	Assurance
18	Contingency	Not Applicable	3	Q1-4	Contingency is used to cover the following: <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> <i>This section is in accordance with requirements of the PSIAS.</i>	N/A
TOTAL			255 days			

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\* Quarters have been allocated where specifically requested, other audits will be balanced across the year to align with client requirements and resource availability.

## Appendix A2 – Exclusions from the Internal Audit Plan 2024/25

**A2.1 The following audits are due for review in 2024/25 but not included in the plan.**

Core review	Reason for non-inclusion in the 2024/25 plan
Performance Management	The Council is due to receive an external assessment in this area.
Selective Licensing	The Council is in the last year of the current scheme and a new scheme will be launched in 2025/26.
Democracy and Elections	The Council will be making preparations for the General Election in 2024.
Building Control	This is a fully managed service from Blaby District Council and audited by their auditors.

**A2.2 Principal risks in Strategic Risk Register not covered by reviews in the plan**

Strategic risk	Reason for non-inclusion in the 2024/25 plan
CR2 – Key Supplier Failure	Review of Procurement was completed in 2023/24.
CR3 – Failure to work effectively with other public sector organisations (PSO's) and 3 <sup>rd</sup> sector organisations.	Review of DFG Contract Management and Leisure Services Contract Management was completed in 2023/24.
CR4 Hard to reach demographics feel disenfranchised through lack of specific communication and engagement.	Communication and engagement considered for review in 2025/26.
CR5 Political Dynamics	Internal audit have provided training on the Role of the Audit Committee to Audit Committee members in October 2023. Democracy and Elections review is being considered for 2025/26.
CR7 Effective utilisation of Buildings (non- housing)	Review of Asset Disposals was completed in 2023/24.
CR8 Regulatory Governance	New building control regulations come into force during 2024. There is a fully managed service from Blaby District Council.

## Appendix B – Strategic audit plan 2022-2027

Ref.	Audit	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Corporate</b>						
1	Head of Internal Audit Opinion	✓	✓	✓	✓	✓
2	Governance Arrangements	-	✓	-	-	-
<b>Finance</b>						
3	Financial Ledger Management and Reporting	✓	✓	✓	✓	✓
4	Key Financial Systems (cyclical basis from 2023/24 onwards)	✓	✓	✓	✓	✓
5	Key Financial Systems - Accounts Receivable	✓	✓	-	-	✓
6	Key Financial Systems – Creditors	✓	-	-	✓	-
7	Key Financial Systems – Treasury Management	✓	-	✓	-	-
8	Sustainability Plans (governance arrangements)	-	-	✓	-	-
<b>Customer Services and Transformation</b>						
9	Human Resources (Lone Working arrangements)	-	-	✓	-	-
10	Payroll and Expenses	✓	✓	✓	-	✓
11	Procurement	-	✓	-	-	-
12	IT Audit (IT Governance Healthcheck)	✓	-	✓	-	-
13	Capital Project and Programme Management	✓	-	-	-	-
14	Revenues (Council Tax and Business Rates)	-	✓	-	✓	-
15	Benefits / Council Tax Support	-	✓	-	✓	-
<b>Law and Democracy</b>						
16	Licensing – Premises and Alcohol	✓	-	-	-	-
17	Licensing – Other	-	✓	-	-	-
18	Selective Licensing	-	-	-	✓	-
19	Grounds Maintenance and Street Cleansing	✓	-	-	-	-
20	Waste Management (project assurance)	-	-	✓	-	-
21	Taxi Licensing	-	-	-	✓	-

Ref.	Audit	2022/23	2023/24	2024/25	2025/26	2026/27
22	Complaints Management	-	✓	-	-	-
23	Leisure Services Contract Management	-	✓	-	-	-
24	Asset Disposals	-	✓	-	-	-
25	Food Safety	-	-	✓	-	-
26	Private Sector Housing Enforcement	-	✓	-	-	✓
27	Democracy and Elections	-	-	-	✓	-
28	Car Parking	✓	-	-	-	-
29	Health and Safety	-	-	-	-	✓
30	Business Continuity	-	-	✓	-	-
31	Emergency Planning	-	-	-	✓	-
32	Anti- Social Behaviour/ Community Safety	-	-	-	-	✓
<b>Built Environment</b>						
33	Housing Allocations	-	✓	-	-	-
34	Disabled Facilities Grants - contract management	-	✓	-	-	-
35	Housing Rents	✓	-	✓	-	✓
36	Housing Maintenance, Repairs and Voids	-	-	-	✓	-
37	Homelessness	✓	-	✓	-	✓
38	Development Control	✓	-	-	-	-
39	S.106 Agreements	-	-	✓	-	-
40	Fleet Management	-	✓	-	-	✓

## 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.

Internal Audit	Coverage in 5 year strategic plan
<b>Customer Services &amp; Transformation</b>	
Human Resources (Lone Working)	2024/25
Payroll and Expenses	2023/24 & 2024/25
Procurement	2023/24
Capital Project and Programme Management	2022/23
IT Audit (governance health check)	2022/23 & 2024/25
Revenues (Council Tax and Business Rates)	2023/24 & 2025/26
Benefits / Council Tax Support	2023/24 & 2025/26
<b>Built Environment</b>	
Housing Allocations	2024/25
Disabled Facilities Grants - contract management	2023/24
Housing Rents	2022/23 & 2024/25
Housing Maintenance, Repairs and Voids	2025/26
Homelessness	2022/23 & 2024/25
Development Control	2022/23
S106 Agreements	2024/25
Fleet Management	2023/24
<b>Finance / Corporate</b>	
Governance Arrangements	2023/24
Financial Ledger Management and Reporting	Annual
Key Financial Systems (Accounts Receivable)	2022/23 & 2023/24
Key Financial Systems – Creditors	2022/23
Key Financial Systems – Treasury Management	2022/23

Internal Audit	Coverage in 5 year strategic plan
<b>Law and Democracy</b>	
Licensing – Premises and Alcohol	2022/23
Licensing – Other	2023/24
Selective Licensing	2025/26
Taxi Licensing	2025/26
Grounds Maintenance and Street Cleansing	2022/23
Complaints Management	2023/24
Leisure Services Contract Management	2023/24
Asset Disposals	2023/24
Food Safety	2024/25
Private Sector Housing Enforcement	2023/24 & 2026/27
Democracy and Elections	2025/26
Car Parking	2022/23
Health and Safety	2025/26
Business Continuity	2024/25
Emergency Planning	2025/26
Anti- Social Behaviour/ Community Safety	2026/27
Waste Management (project assurance)	2024/25

## Appendix D – 360 Assurance Charter 2024/25

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.

#### **Council**

The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes Councillors as members.

#### **Senior Management**

The most senior staff of the organisation reporting to the accounting or 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/ Interim Strategic Director). 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 Interim Strategic Director 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 Audit Committee Terms of Reference.

The Audit Committee Terms of Reference state the following in relation to Internal Audit:

To approve the internal audit charter.

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

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.

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

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

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.

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.

To consider summaries of specific internal audit reports as requested.

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.

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.

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.

*(Constitution: Functions of the Audit Committee Part 3E, December 2023)*

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 Chief Finance Officer (S151 Officer) but will be the Interim Strategic Director.

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 Interim Strategic Director 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.

## Appendix E – Oadby and Wigston Borough Council Corporate Plan and Strategic and Corporate Risk Registers




### Corporate Plan

The Council’s 2019-24 Corporate Plan came into effect on 1<sup>st</sup> April 2019 setting out targets designed to manage the performance of the Council in delivering its corporate priorities over the next five financial years, including:

1. Building, Protecting and Empowering Communities
2. Growing the Borough Economically
3. Providing Excellent Services

### Strategic risks on the Strategic Risk Register *(source: Audit Committee papers – April 2024)*

Link to Corporate Priority	Strategic Risk Register Reference / Risk Description	Owner	Inherent Risk Score	Current Risk Score
CO3	CR1 - Decreasing Financial resources / Increasing Financial Pressures	Chief Finance Officer	20 (L5, I4)	16 (L4, I4)
CO3	CR2 – Key Supplier Failure	Head of Law and Democracy/ Monitoring Officer	20 (L5, I4)	12 (L4, I3)
CO1 and CO2	CR3 - Failure to work effectively with other public sector partner organisations (PSOs) and 3rd sector organisations	Head of Law and Democracy/ Monitoring Officer	12 (L4, I3)	6 (L2, I3)
CO1	CR4 - Hard to reach demographics feel disenfranchised through lack of specific communication and engagement	Head of Customer Service and Transformation	16 (L4, I4)	4 (L2, I2)
CO3	CR5 – Political Dynamics	Head of Law and Democracy/ Monitoring Officer	12 (L3, I4)	9 (L3, I3)
CO3	CR6 – Reputation Damage	Chief Executive	16 (L4, I4)	4 (L2, I2)
CO1 and CO3	CR7 – Effective utilisation of Assets / Buildings (non housing)	Head of Law and Democracy/ Monitoring Officer	12 (L4, I3)	9 (L3, I3)
CO3	CR8 - Regulatory Governance	Head of Law and Democracy/ Monitoring Officer	12 (L3, I4)	1 (L1, I1)
CO3	CR9 – Failure to respond to a significant incident	Head of Law and Democracy/ Monitoring Officer	16 (L4, I4)	6 (L2, I3)
CO3	CR10 – Organisational / Transformational Change	Strategic Director	9 (L3, I3)	6 (L3, I2)
CO2	CR11 – Economy / Regeneration	Head of Built Environment	20 (L5, I4)	16 (L4, I4)
CO3	CR12 – Increased Fraud	Chief Finance Officer	9 (L3, I3)	6 (L2, I3)
CO3	CR13 - Cyber Threat/Security, Cyber security is seen as an ICT risk and not a corporate risk that needs to be managed and monitored by senior management.	Head of Customer Service and Transformation	20 (L4, I5)	6 (L2, I3)
CO3	CR14 - Staff lone working including out of hours	Head of Law and Democracy/ Monitoring Officer	20 (L4, I5)	6 (L2, I3)

Key 360 Assurance contacts		
<b>Leanne Hawkes, Director</b>		
<a href="mailto:leanne.hawkes@nhs.net">leanne.hawkes@nhs.net</a>	07545 423040	
<b>Tracey Barnard-Ghaut, Assistant Director</b>		
<a href="mailto:Tracey.Barnard-Ghaut1@nhs.net">Tracey.Barnard-Ghaut1@nhs.net</a>	07545 502397	
<b>Ruby Deo, Client Lead</b>		
<a href="mailto:Ruby.Deo@nhs.net">Ruby.Deo@nhs.net</a>	07545 502399	

# Agenda Item 9



<b>Audit Committee</b>	<b>Tuesday, 09 July 2024</b>	<b>Matter for Information</b>
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**Report Title:** **Internal Audit Annual Report and Opinion (2023/24)**

**Report Authors:** **Sal Khan (Interim Strategic Director)**  
**Leanne Hawkes (360 Assurance Director)**

<b>Purpose of Report:</b>	To provide the Committee with the Internal Auditors Annual Report and Opinion for 2023/24.
<b>Report Summary:</b>	<p>As part of the Council’s corporate governance arrangements, the Annual Internal Audit Report is submitted to the Audit Committee. The purpose of the report (at Appendix 1) is to report the key outcomes arising from the work of Internal Audit for 2023/24 and to provide an audit opinion on the adequacy and effectiveness of the Council’s arrangements for governance, risk management and internal control.</p> <p>The report states that “significant assurance” can be given to the Council as there is a generally sound framework of governance, risk management and control designed to meet the organisation’s objectives, and controls are generally being applied consistently.</p>
<b>Recommendation(s):</b>	<b>That the report included on the audit opinion and the adequacy and effectiveness of the Council’s arrangements for governance, risk management and internal control (as set out at Appendix 1) be noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Sal Khan (Interim Strategic Director)  (0116) 257 2635  <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a></p> <p>Leane Hawkes (360 Assurance Director)  07545 423040  <a href="mailto:leanne.hawkes@nhs.net">leanne.hawkes@nhs.net</a></p> <p>Tracey Barnard-Ghaut (360 Assurance Assistant Director)  07545 502397  <a href="mailto:tracey.barnard-ghaut1@nhs.net">tracey.barnard-ghaut1@nhs.net</a></p> <p>Ruby Deo (360 Assurance Client Lead)  07545 502399  <a href="mailto:ruby.deo@nhs.net">ruby.deo@nhs.net</a></p>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications directly arising from this report.
Financial:	There are no implications directly arising from this report.



Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly 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> Head of Internal Audit Opinion and Annual Report (2023/24)

## **1. Background**

- 1.1 Under the Local Government Act 1972, section 151 and the Accounts and Audit (England) Regulations 2015 (as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby & Wigston Borough Council, during 2023/24 this responsibility was delivered by 360 Assurance.
- 1.2 In responding to this requirement, the Internal Audit service works to best practice and is compliant with Public Sector Internal Audit Standards (PSIAS).
- 1.3 The Internal Audit Annual Report & Opinion (2023/24) is attached at **Appendix 1** and provides an overall summary of the work undertaken for the whole year in relation to the 2023/24 approved Annual Audit Plan.
- 1.4 Internal Audit progress reports are regularly presented to the Audit Committee so Members can be kept up to date with Internal Audit work and findings.
- 1.5 The Audit Opinion forms part of the Council's Annual Governance Statement. This report also meets requirements to report on the review of the effectiveness of Internal Audit and so feed results into the Annual Governance Statement.
- 1.6 360 Assurance will be present at the meeting to talk through the report.

# 2023/24 Head of Internal Audit Opinion and Annual Report

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## Oadby and Wigston Borough Council

1 July 2024

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*Reports prepared by 360 Assurance and addressed to OWBC directors or officers are prepared for the sole use of OWBC, and no responsibility is taken by 360 Assurance or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit between OWBC and 360 Assurance dated 1 April 2023 shall not have any rights under the Contracts (Rights of Third Parties) Act 1999. The matters reported are only those which have come to our attention during the course of our work and that we believe need to be brought to the attention of OWBC. They are not a comprehensive record of all matters arising and 360 Assurance is not responsible for reporting all risks or all internal control weaknesses to OWBC.*

*The appointment of 360 Assurance does not replace or limit the organisation's own responsibility for putting in place proper arrangements to ensure that its operations are conducted in accordance with the law, guidance, good governance and any applicable standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. This report has been prepared solely for your use in accordance with the terms of the aforementioned agreement (including the limitations of liability set out therein) and must not be quoted in whole or in part without the prior written consent of 360 Assurance.*

## Introduction

The Council is required by the Accounts & Audit Regulations 2015 “to undertake an adequate and effective internal audit of its accounting records and of its system of internal control, taking into account Public Sector Internal Auditing Standards or guidance”.

This report contains my final opinion, along with a summary of your internal audit service for the 2023/24 financial year.

The provision of assurance services is the main role for an internal audit provider within the public sector and as part of this role, and in compliance with Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit will provide an opinion that is based on an objective assessment of the organisation’s framework of governance, risk management and internal control. The opinion should contribute towards developing the Annual Governance Statement.

## Your 2023/24 Head of Internal Audit Opinion

My opinion is provided on the basis of an objective assessment of the framework of governance, risk management and control. To provide my opinion, I have considered:

- the arrangements for strategic risk management and the Board Assurance Framework
- Internal audit plan outturn
- the implementation of internal audit actions
- third party assurances.

The work undertaken within the Internal Audit Plan for the 2023/24 financial year is limited to the scope agreed with the organisation’s executive officers and approved by the Audit Committee, and as detailed within our final reports.

## Context

In providing an opinion for the financial year, we have reflected on key issues faced across public sector organisations. Throughout 2023/24 Local Authorities have continued to face a range of challenges which has enhanced the need for strengthened control arrangements.

The Budget Monitoring Report (Q4 2023/24) presented to the Policy, Finance & Development Committee in June 2024 reported the final revenue position for 2023/24 was an overspend of £535k. At Quarter 3 (December 2023) the forecast outturn position for 2023/24 was £563K overspend which represents a 7.3% variance of the revised revenue budget of £7.709m. The 2023/24 Capital Programme was set at Full Council in February 2023 and the forecast outturn for the General Fund capital programme is £2.906m with slippage of £705K by outturn due to the new sports facilities schemes now being re-programmed for 2024/25. The forecast outturn for the HRA capital programme is £1.725m with slippage of £3.560m in the New Housing Initiatives and Decarbonisation schemes estimated by outturn.

During the year, there have been the following Director changes:

- Tracey Bingham, Director (S151 Officer) left the Council in late May 2023.
- Bev Bull, Head of Finance / Acting S151 Officer left in February 2024 and Sal Khan, Interim Strategic Director fulfilled the role from June 2023 to July 2024.
- Philippa Fisher, Strategic Director retired at the end of October 2023
- Terresa Neil, Strategic Director started in January 2024

During 2023/24 there has been changes at senior manager level including the Revenues & Benefits Manager leaving in June 2023 and the Finance Manager leaving in July 2023. Interim Finance Managers provided support for the period July to November 2023 and then from December 2023 to May 2024 until the substantive Finance Manager joined the Council in April 2024.

Your Head of Internal Audit Opinion for 2023/24 is provided below:

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I am providing an opinion of Significant Assurance that there is a generally sound framework of governance, risk management and control designed to meet the organisations objectives, and controls are generally being applied consistently.

**Strategic risk management**– I am providing an opinion of Significant Assurance. The Council has updated the Strategic Risk Register and further developed arrangements during 2023/24.

**Internal Audit outturn** – I am providing an opinion of Significant Assurance for this element of the opinion. We have issued 1 moderate review. We have not been able to complete 5 reviews from the 2023/24 work programme and these are therefore excluded from our opinion. These will be included in the 2024/25 opinion.

**Implementation of Internal Audit Actions** – I am providing an opinion of Moderate Assurance for this element of the opinion. At year end the Council’s overall action implementation rate was 74%. Whilst progress to close down actions was slow to start, during the latter months of the year significant efforts have been made to implement agreed actions. 3 high risk actions were implemented late, 2 high risks were overdue at the year end.

*This opinion should be taken in its entirety for the Annual Governance Statement and any other purpose for which it is repeated.*

### Limitations to the opinion

It is management's responsibility to develop and maintain a sound system of governance, risk management and control. This opinion is based on the work undertaken. Where good levels of control are in place, there are still instances where this may fail, for example, poor judgement in decision-making, human error, control processes being deliberately circumvented, management overriding controls and the occurrence of unforeseeable circumstances. As our scope of work is limited, there may be weaknesses in control systems that we are not aware of.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of a risk-based plan generated from an organisation-led Assurance Framework, which is one component that the Board considers in making its Annual Governance Statement.

### Summary findings

#### Strategic risk management

The Opportunity Risk Management Policy was reviewed and approved by the Audit Committee in January 2023.

Processes are in place to review and update the Strategic Risk Register via the Risk Management Group (RMG) and Senior Leadership Team (SLT) prior to the Strategic Risk Register being presented to the Audit Committee.

The Audit Committee reviews the Strategic Risk Register on a quarterly basis in line with its remit to provide oversight and assurance to Full Council on the adequacy of governance, risk management and internal control processes. The Strategic Risk Register together with update reports were received by the Audit Committee at meetings in April, July, October 2023, January and April 2024.

The RMG was established in May 2022 with members from the Corporate Management Team to review and update the Strategic Risk Register. This group meets on a quarterly basis to review and update the risk register prior to it being submitted to the SLT for approval and then subsequently presented to the Audit Committee. Our review of the RMG minutes for March, May and September 2023 confirmed that each meeting had considered all of the risks on the Strategic Risk Register, further details for actions and controls were identified and added, and risk scores were revised where relevant. The SLT have reviewed the Strategic Risk Register at meetings in April, June, September and December 2023. SLT members have also reviewed the Strategic Risk Register and made updates where appropriate during March 2024.

The Operational Risk Registers are managed within service areas, with Heads of Service maintaining responsibility. All risks with a residual score of 10 or above are escalated to the RMG for review and consideration in respect of whether they should be added to the Strategic Risk Register.

We have reviewed the format of the Strategic Risk Register which includes alignment to the corporate priorities within the Corporate Plan, risk description, inherent, mitigated and target risk scores and risk owners (Heads of Service). Risks are scored using a 5 by 5 scoring matrix and guidance for assessing the likelihood and impact is provided. Further actions and timescales for completion are also recorded.

### Internal Audit Plan outturn

In line with the PSIAS, your Internal Audit Plan was developed using a risk based process aligning our work with your 2023/24 Corporate Plan, strategic objectives and Strategic Risk Register. The planning process is designed to ensure that I discharge my statutory responsibility to provide a balanced Head of Internal Audit Opinion at the end of the financial year. The Audit Plan was shared with External Audit to ensure effective use of resources.

The Plan reflects the resources made available to Internal Audit as advised and agreed by the Chief Finance & S151 Officer and as agreed by your Audit Committee. The Audit Plan contains a mix of core audits that we define as required coverage to adhere to PSIAS over a five-year cycle in support of your Annual Governance Statement, as well as legislative and regulatory requirements. The balance of reviews reflects current and emerging risks to your organisation.

The 2023/24 Plan was discussed and agreed by the Chief Finance & S151 Officer, the Senior Leadership Team and approved at the April 2023 Audit Committee meeting.

During the year, we have liaised with designated lead officers within the organisation to discuss delivery of the Internal Audit Plan and to ensure that the work agreed at the start of the financial year continues to be reflective of changes in your risks and assurance needs.

Progress in relation to the delivery of your Internal Audit Plan has been reported regularly to the Audit Committee.

In agreeing the Internal Audit Plan, we identified a number of key assignments and risk based reviews. Whilst we recognise that the organisation engages internal audit to assist in areas of concern, the following completed review has been provided a moderate assurance opinion:

- Leisure Services – Contract Management

At the time of writing no high risk issues have been formally reported as a result of our 2023/24 work.

The assurance levels provided for all reviews undertaken are summarised below:

<b>Substantial Assurance</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Significant Assurance</b>	<ul style="list-style-type: none"> <li>• Governance arrangements</li> <li>• Complaints management</li> <li>• Disabled Facilities Grants</li> <li>• Private sector housing - enforcement</li> <li>• Asset disposals</li> <li>• Fleet management</li> <li>• Payroll and expenses (<i>indicative assurance level, currently at proposed final report stage</i>)</li> <li>• Procurement (<i>indicative assurance level, currently at proposed final report stage</i>)</li> <li>• Accounts receivable (<i>indicative assurance level, currently at proposed final report stage</i>)</li> </ul>
<b>Moderate Assurance</b>	<ul style="list-style-type: none"> <li>• Leisure Services – Contract Management</li> </ul>
<b>Limited Assurance</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Weak Assurance</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Grant certification work</li> </ul>

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We are currently liaising with management at the Council on finalising the following reviews. These will be reported as part of the 2024/25 opinion:

- Financial ledger management and reporting
- Benefits / Council Tax support
- Revenues – Council Tax / Business Rates



The following audits from the 2023/24 Internal Audit Plan remain in progress and will be reported as part of the 2024/25 opinion:

- Licensing
- Housing allocations

### Implementation of Internal Audit actions

As part of PSIAS, I am required to consider the appropriateness of the organisation's response to Internal Audit recommendations and action subsequently agreed.

As part of an established process, we use our online action tracking system to provide a summary of open and closed actions as part of our progress reports to the Audit Committee. We also provide a list of outstanding actions to the S151 Officer and Heads of Service (risk owners) on a monthly basis.

Since 1 April 2023, we have tracked 53 actions that fell due for completion in year to 31 March 2024. As at 31 March 2024, the organisation have an overall action implementation rate of **74%**, with a first follow up rate of 32%. This rate falls within our moderate assurance range for 2023/24. Whilst progress to close down actions was slow to start, during the latter months of the year significant efforts have been made to implement agreed actions. 3 high risk actions were implemented late, 2 high risks are overdue at the year end.

For information, next year we will consider the percentage of actions implemented by the original due date (first follow up) and whether there is a robust process and proactive culture with respect to actions.

### Third party assurances

The Payroll service is outsourced to a third party provider and our 2022/23 audit identified that whilst a third party assurance had been provided this was limited. It was recommended that the Council seek documented assurance from EMSS of action taken to address control weaknesses highlighted in the report that impact on service delivery to OWBC and the Council should monitor implementation of actions during contract review meetings. At the time of our Head of Internal Audit Opinion work this action remained ongoing.

OWBC has a contract with Blaby District Council to administer its Disabled Facilities Grant (DFG) allocation. Whilst performance information is provided our current year audit work noted that third party assurance reports are not provided and we have recommended that the Council requests an assurance report.

## Introduction

This report sets out service delivery by 360 Assurance during 2023/24.

## Performance

We are required to comply with the mandatory Public Sector Internal Audit Standards (PSIAS). We adhere to these Standards and our working processes are set out in our Internal Audit Manual. Annually, all staff complete a declaration to acknowledge understanding and adherence to the Manual and sign a certificate of independence recording any possible conflicts of interest.

We have an annual programme of quality assurance to ensure compliance with PSIAS and this is reported to our Management Team and Management Board.

PSIAS require that providers of internal audit services have an independent assessment at least every five years. Our most recent external assessment of compliance with the Standards was undertaken by CIPFA in November 2022. This review confirmed that 360 Assurance achieved the highest level of compliance; that is we **fully conform** to the requirements of the standards.

## Achievement of the plan

The 2023/24 Internal Audit Plan was approved at the Audit Committee meeting in April 2023. Delivery of the plan has been reported to every meeting of the Audit Committee. The plan has been regularly reviewed and updated through the committee and any significant changes appropriately approved.

## Staffing

As the Director of 360 Assurance, I have a strategic responsibility for overseeing the effective delivery of the internal audit services to the organisation. The contract is delivered by a team of staff led by your nominated Client Lead, Ruby Deo and supported by Tracey Barnard-Ghaut.

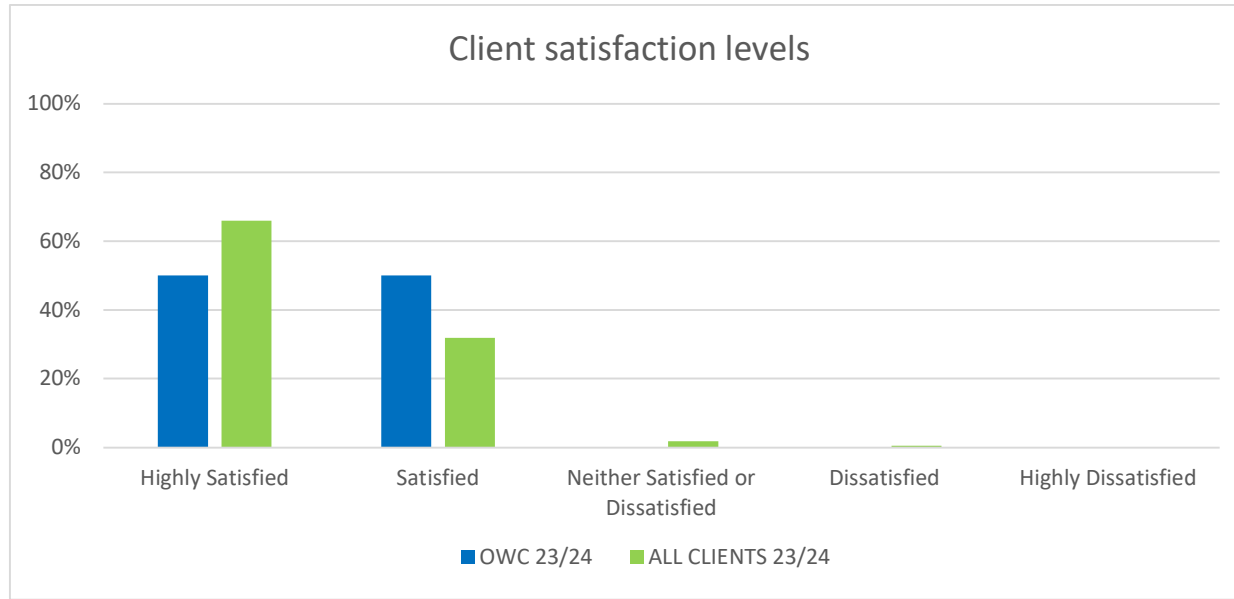
## Key Performance Indicators (KPIs)

[Appendix A](#) sets out the KPIs that were agreed as part of our contract with the organisation and our achievement against each of the indicators during the year.

## Client satisfaction questionnaires

We issue client satisfaction questionnaires following the conclusion of all audit reviews. The questionnaire seeks to confirm that the auditee was appropriately engaged in the planning and reporting process and that our approach to the review and subsequent report provided added value to the organisation.

Responses received during 2023/24 are summarised in the graph below (based on 2 CSQs returned):



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Where we have received comments on specific areas of service, these are reviewed and action taken, as appropriate, by the relevant Client Lead. Feedback is provided to the client lead officer.

I would like to pass on my thanks, and those of my team, to the Council for their continued support in helping us to deliver our work in what has been another challenging year for the public sector.

**Leanne Hawkes**  
Director

KPI	Measure	Target	Actual	2023/24 Actual performance	
Service delivery and value					
1	Issue a Client Satisfaction Questionnaire (CSQ) following completion of every audit assignment.	The 360 Assurance CSQ link to be issued to the Client Lead for all audits. To be chased once. Outcomes to be presented to Audit Committee. Any negative responses to be appropriately followed up.	100%	100%	A CSQ was issued for all final reports. See also pages 9 and 11.
2	Produce an Annual Audit Plan and submit to the Audit Committee for approval on a timely basis. Plan aligned to client identified strategic risk/priorities.	A risk-based plan to be produced in accordance with 360 Assurance strategic planning guidance. Plan should be approved prior to commencement of financial year. Plan linked to strategic objectives and risks as identified in assurance framework. Plan demonstrates consideration of emerging risks (sector proposed risks) and major transformation projects. Plan considers other expected third party assurances to avoid duplication.	Yes	Yes	The audit plan was approved at the Audit Committee meeting in April 2023. During the year, we regularly reviewed the plan and all changes were reported through the Audit Committee.
3	Plan implemented within agreed budget.	The audit plan is delivered within the agreed budget, delivering the agreed number of outputs.	Yes	Yes	The audit plan was delivered as agreed with the Audit Committee.
4	Compliance with 360 Assurance Quality Monitoring Manual.	Implementation of the 360 Assurance Quality Monitoring Manual confirms compliance with PSIAS. Details of any non-compliance are provided.	Yes Details non-compliance	Yes	There are no areas of non-compliance in year.
5	Final report issued within 5 working days of executive sign-	From date Executive Lead provides approval to issue to date the report is issued.	100%	100%	Of the 10 audit assignments reported from the 2023/24 Plan,

KPI	Measure	Target	Actual	2023/24 Actual performance	
	off.			all were issued within 5 working days of executive sign-off.	
6	Terms of Reference issued before commencement of the audit.	Before the audit work starts, the Terms of Reference is agreed with the Executive Lead.	100%	100%	Of the 15 Terms of Reference agreed in the year, all were issued before the commencement of the audit.
7	Draft report issued within 10 working days of exit meeting.	The draft report to be provided for client review within 10 working days of holding the exit meeting.	100%	100%	Of the 10 audit assignments reported from the 2023/24 Plan, all were issued within 10 working days of the exit meeting.
8	Overall client satisfaction rating of satisfied or highly satisfied.	Responses to client satisfaction questionnaires to record an overall satisfaction rating of satisfied or highly satisfied.	90%	100%	A CSQ was issued for all final reports. 2 responses were received during the year, all of which were rated highly satisfied or satisfied.
People					
9	Percentage of audit staff with relevant qualifications. <sup>1</sup>	Relevant qualification defined by designated professional background. To be calculated based on days charged to the client.	60%	95%	Met

<sup>1</sup> Relevant qualification includes for example: CCAB including passed finalists, CIA/CMIIA, and professional qualification such as registered nurse and relevant masters.

Client KPIs					
1	Terms of Reference to be agreed within 10 working days of being received.	From date sent to Executive Lead to date approval is received.	100%	100%	Of the 15 Terms of Reference issued in the year, all were agreed within 10 working days
2	Information has been provided and staff have been available to meet the timescales set out within the Terms of Reference.	Recognising client pressures - the provision of information and availability of client staff has not impacted on delivering the audit within the agreed timescales.	100%	60%	There were delays in receipt of information from the Council for 6 reviews.
3	Management responses received within 10 working days of receiving the final draft report.	Complete sign off process to be completed from receipt of final draft report within 10 working days.	100%	100%	There were no delays in management responses for the 10 final reports issued to date.



<b>Audit Committee</b>	<b>Tuesday, 09 July 2024</b>	<b>Matter for Information</b>
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**Report Title:** **External Audit Plan for 2023/24 Audit**

**Report Author(s):** **Richard J Anderson (Director Grant Thornton LLP)**  
**Sal Khan (Interim Strategic Director)**

<b>Purpose of Report:</b>	To present the External Auditor’s 2023/24 Audit Plan and Risk Assessment
<b>Report Summary:</b>	The report and appendices include the: <ul style="list-style-type: none"> <li>External Audit Plan 2023/24</li> <li>The Audit Risk Assessment 2023/24 which informs the External Audit Plan</li> </ul>
<b>Recommendation(s):</b>	<b>That the content of the report and appendices be noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Sal Khan (Interim Strategic Director) (0116) 257 2690 <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly 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 External Audit 2023-24 Audit Plan <b>2.</b> Informing the Audit Risk Assessment (2023-24)

**1. The 2023-24 External Audit Plan**

- 1.1 This provides an overview of the planned scope and timing of the statutory audit of Oadby & Wigston Borough Council for those charged with governance.
- 1.2 It identifies those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error as being:
- The presumed risk of management override of control
  - The valuation of pension liability
  - The valuation of Council Dwellings
  - The valuation of other land and buildings.

**2. Informing the Audit Risk Assessment 2023-24**

- 2.1 This report contributes towards the effective two-way communication between Oadby & Wigston Borough Council's external auditors and Oadby & Wigston Borough Council's Audit Committee, as 'those charged with governance'.
- 2.2 The report covers some important areas of the auditor risk assessment where they are required to make inquiries of the Audit Committee under auditing standards.





# Oadby & Wigston Borough Council Audit Plan

Year ending 31 March 2024

Oadby & Wigston Borough Council

April 2024

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Appendix 1

# Contents



## Your key Grant Thornton team members are:

### Richard Anderson

Key Audit Partner

T 0121 812 7658

E Richard.J.Anderson@uk.gt.com

### Kirsty Lees

Senior Manager

T 0121 232 5242

E Kirsty.Lees@uk.gt.com

## Section

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Significant risks identified

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IT Audit Strategy

Value for Money Arrangements

Risks of significant VFM weaknesses

Audit logistics and team

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

# Key matters

## National context

The national economic context continues to present challenges to the local government sector. There are increasing cost pressures nationally, such as a growing population and increasing demand for local government services, especially in adult and children's social care. Combined with inflationary pressures, pay demands and energy price rises, the environment in which local authorities operate is highly challenging. Local Government funding continues to be stretched and there have been considerable reductions in the grants received by local authorities from government.

Recently, we have seen the additional strain on some councils from equal pay claims, and there has been a concerning rise in the number of councils issuing s.114 notices. These are issued when a council's Chief Financial Officer does not believe the council can meet its expenditure commitments from its income. Additionally, the levels of indebtedness at many councils is now highly concerning, and we have seen commissioners being sent in to oversee reforms at a number of entities.

Our recent value for money work has highlighted a growing number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

## Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report [About time?](#) in March 2023 which explored the reasons for delayed publication of audited local authority accounts.

As outlined on page 29, The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

# Key matters - continued

## Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan will be agreed with the Interim Strategic Director
- To ensure close work with our local audited bodies and an efficient audit process, our preference as a firm is to work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with our delivery commitments in our contract with PSAA.
- We offer a private meeting with the Chief Executive twice a year, and with the Strategic Director Quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit Committee, to brief them on the status and progress of the audit work to date.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work. We will follow up on your progress in addressing the significant weakness in arrangements identified in our report dated 16 January 2024. This related to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings.
- Our Value for Money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.

# Key matters - continued



## Our Responses (continued)

- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the Council. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the Council.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.
- To help ensure that accounts audits can be completed on time, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. See page 28 for further details.
- As a firm, we have responded to The Department for Levelling Up, Housing and Communities (DLUHC) consultation on proposals to address the backlog that currently exists in local audit. See pages 29 and 30.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Oadby & Wigston Borough Council ('the Council') for those charged with governance.

## Respective responsibilities

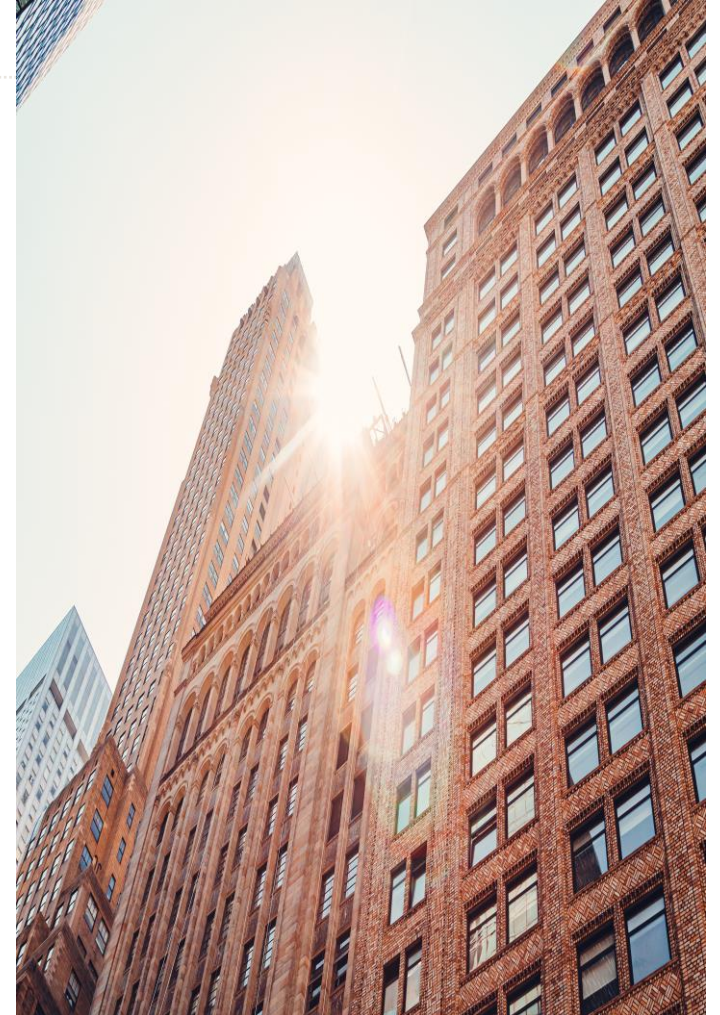
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Oadby & Wigston Borough Council. We draw your attention to these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance the Audit Committee; and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.



# Introduction and headlines

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of property, plant and equipment
- Valuation of council dwellings
- Valuation of the net pension liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £481k for the Council, which equates to approximately 1.55% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £24k.

## Value for Money arrangements

On 16 January 2024, we reported a significant weakness in relation to the Council's latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We recommended that the Council take urgent action to implement savings plans identified in order to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26. We will report on the Council's progress in addressing this key recommendation in our Auditor's Annual Report.

We have not identified any other risks of significant weaknesses from our initial planning work. We will continue to update our risk assessment until we issue our Auditor's Annual Report.

## Audit logistics

Our planning visit took place in March 2024 and our final accounts visit will take place between June and September 2024. Our key deliverables are this Audit Plan, our Audit Findings Report and our Auditor's Annual Report.

Our preference is for some of our work to take place on site alongside your officers.

Our proposed fee for the audit will be £138,539, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Fraudulent revenue recognition {rebutted}	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are limited</li> <li>• the culture and ethical frameworks of local authorities, including Oadby &amp; Wigston Borough Council, mean that all forms of fraud are seen as unacceptable.</li> </ul>	We will continue to review revenue transactions as part of our audit ensuring that it remains appropriate to rebut the presumed risk of fraud in revenue recognition for the Council.
Fraudulent expenditure recognition {rebutted}	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>Having considered the risk factors set out in Practice Note 10 and the nature of expenditure at the Council, we have determined that there is not a significant risk of misstatement arising from fraud in expenditure recognition, for the same reasons as set out above.</p>	We will continue to review expenditure transactions as part of our audit ensuring that it remains appropriate to rebut the presumed risk of fraud in expenditure recognition for the Council.

‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)



# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li> <li>• gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regards to corroborative evidence</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>
Valuation of council dwellings	<p>The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Department for Levelling Up, Housing and Communities. They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor (EUV-SH). Dwellings are divided into asset groups (a collection of properties with common characteristics) and further divided into archetype groups based on uniting characteristics material to their valuation, such as number of bedrooms. A sample property, the “beacon” is selected which is considered to be representative of the archetype group and a detailed inspection carried out. The valuation of this asset is then applied to all assets within its archetype.</p> <p>The key inputs into the valuation are the social housing factor, consideration of market movements and the determination of the beacons.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. We therefore have identified that the accuracy of the key inputs driving the valuation of council dwellings as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met</li> <li>• challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding</li> <li>• test revaluations made during the year to see if they had been input correctly into the Council's asset register</li> <li>• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end.</li> </ul>

# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>The Council revalues its land and buildings on a rolling basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>The Council holds its other land and buildings on its Balance Sheet at current value on the existing use valuation basis (EUV). These are revalued each year by either a desktop revaluation or by the major revaluation exercise which occurs every five years. Within the valuation of the Council's Other Land and Buildings, the valuer's estimation of the value has several key inputs, which the valuation is sensitive to. These include the build cost of relevant assets carried at depreciated historic cost and any judgements that have impacted this assessment and the condition of the current assets.</p> <p>For assets valued at existing use value and fair value, the key inputs into the valuation are the yields used in the valuation, including estimated future income from the asset.</p> <p>We therefore have identified that the accuracy of the key inputs driving the valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert</li> <li>• write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met</li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding.</li> <li>• test revaluations made during the year to see if they had been input correctly into the Council's asset register and accounted for correctly</li> <li>• evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>

Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net asset/ liability	<p>The pension fund net asset / liability, as reflected in the balance sheet as the net defined benefit asset / liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net asset / liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.</p> <p>We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's pension fund net asset/ liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net asset/ liability is not materially misstated and evaluate the design of the associated controls</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation</li> <li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report</li> <li>• obtain assurances from the auditor of Leicestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

## Description

## Planned audit procedures

### Determination

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. Materiality at the planning stage of our audit is £481k, which equates to approximately 1.55% of your unaudited gross expenditure for the prior period.

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- assist in establishing the scope of our audit engagement and audit tests;
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

An item may be considered to be material by nature where it may affect instances when greater precision is required.

We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £8.7k.

### Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

### Other communications relating to materiality we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £24k. If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the entity financial statements	481,000	We determined that total expenditure in year was the most appropriate benchmark. Our risk assessment led us to set materiality at approximately 1.55% of prior year gross expenditure.
Materiality for specific transactions, balances or disclosures - senior officer remuneration	8,700	We identified senior management remuneration as a sensitive item and set a lower materiality of £8,700 for testing these items which is approximately 1.55% of expenditure.



# IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on page 21.

The following IT system has been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Integra	Financial reporting	<ul style="list-style-type: none"> <li>Detailed ITGC assessment (design effectiveness only)</li> </ul>

# Value for Money arrangements

## Approach to Value for Money work for the period ended 31 March 2024

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



### Improving economy, efficiency and effectiveness

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



### Financial sustainability

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



### Governance

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





# Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the next page, along with the further procedures we will perform. The potential different types of recommendations we could make are set below.

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

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### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

# Risks of significant VFM weaknesses – continued

The Audit Code sets out that the auditor’s work is likely to fall into three broad areas:

- planning;
- additional risk-based procedures and evaluation; and
- reporting.

We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. A key part of this is the consideration of prior year significant weaknesses and known areas of risk which is a key part of the risk assessment for 2023/24. We set out our reported assessment below:

Criteria	2022/23 Auditor judgement on arrangements informing our initial risk assessment	Additional risk-based procedures planned
Financial sustainability	Amber No significant weaknesses in arrangements identified, but seven improvement recommendations made and three prior year recommendations carried forward.	We have followed up progress against the improvement recommendations made, to ensure that our work assesses the current arrangements in place. On 16 January 2024, we reported a significant weakness in relation to the Council’s latest financial projections showing a cumulative budget gap to 2025/26 of £6.883m before planned savings. We recommended that the Council take urgent action to implement savings plans identified in order to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26. See page 19 for further details.
Governance	Amber Our work did not identify any areas where we considered that key or improvement recommendations were required, but one prior year recommendation carried forward.	We will follow up progress against the carried forward improvement recommendation and ensure that our work assesses the current arrangements in place.
Improving economy, efficiency and effectiveness	Amber Our work did not identify any areas where we considered that key or improvement recommendations were required, but one prior year recommendation carried forward.	We will follow up progress against the carried forward improvement recommendation and ensure that our work assesses the current arrangements in place.

<b>G</b>	No significant weaknesses in arrangements identified or improvement recommendation made.
<b>A</b>	No significant weaknesses in arrangements identified, but improvement recommendations made and our prior year recommendation carried forward.
<b>R</b>	Significant weaknesses in arrangements identified and key recommendations made.

# Risks of significant VFM weaknesses – continued

## Financial Sustainability

The NAO Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements as part of their work, they raise them promptly with those charged with governance at the body.

Whilst completing our 2022/23 VFM work we noted that the Council was forecasting a significant deterioration in its financial position during the 2023/24 year. On 5 December 2023, the Policy, Finance and Development Committee received a report on the 2024/25 Draft Revenue Budget and Medium Term Financial Plan (MTFP) which highlighted a significantly worse position than the one forecast in February 2023. The report outlined an updated MTFP position for 2024/25 to 2027/28 which showed a cumulative gap of £6.883m before planned savings. Based on projections, reserves would need to be used to balance the budgets, with projections indicating that these will run out in 2025/26. At the time of our report (January 2024), the Council had identified around £1.2m of potential savings. Even if these savings were achieved in full, there remained an annual underlying deficit of around £0.3m for which additional savings or funding was required.

Based on this, we were not satisfied that the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources for 2023/24. We therefore identified a risk of significant weakness and made the following key recommendation:

### Key Recommendation

The Council needs to take urgent action to implement savings plans identified to ensure that the use of reserves to balance the budget does not continue and that the Council does not find itself in a position where it is unable to fund its expenditure in 2025/26.

### Management Response

The Council (12 December 2023) considered the emerging budget position for 2024/25. Council approved the sustainability plan (appendix 4 to the report) in the main, including moving to alternate weekly refuse and recycling collections. Some small changes to proposals were made requiring a small increase in savings to be found through service transformation, however all the suggestions put forward to meet the £1.267m gap have been approved including an ongoing commitment that the Council should not use reserves to balance the revenue budget.

We will report on the Council's progress in addressing this key recommendation in our Auditor's Annual Report.

## Governance and Improving economy, efficiency and effectiveness

We have not identified any other risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our Auditor's Annual Report.

# Audit logistics and team



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## Nokubonga Mkhize, Audit In charge

Nokubonga will be the key contact for the finance team, responsible for the day to day running and delivery of the audit work.

## Lisa Morrey, Audit Manager

Lisa will manage the delivery of the audit, including reviewing work of the audit team and ensuring that our reports are clear, concise and understandable.

## Richard Anderson, Key Audit Partner

Richard will lead to our relationship with you and be a key contact for the s151 Officer and the Audit Committee. Richard will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Authority as well as ensuring that Grant Thornton's full service offering is at your disposal.

## Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Annual Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

# Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for Oadby & Wigston Borough Council to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2023/24 audit is £131,009.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here <https://www.psa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>

## Assumptions

In setting these fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# Audit fees

	Proposed fee 2023/24
Oadby & Wigston Borough Council Audit Scale Fee	£131,009
ISA 315	£7,530
<b>Total audit fees (excluding VAT)</b>	<b>£138,539</b>

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The additional work required to comply with the revised auditing standard, ISA 315, was not included in the PSAA fees

## Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# IFRS 16 ‘Leases’ and related disclosures

IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. As this is a shadow year for the implementation of IFRS 16, we will need to consider the work being undertaken by the Council to ensure a smooth adoption of the new standard.

## Introduction

IFRS 16 updates the definition of a lease to:

“a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

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IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating) although if an NHS body is the intermediary and subletting there is a change in that the judgement between operating and finance lease is made with reference to the right of use asset rather than the underlying asset

## Council’s systems and processes

We believe that most local authorities will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance

## Further information

Further details on the requirements of IFRS16 can be found in the HM Treasury Financial Reporting Manual. This is available on the following link.

[IFRS 16 Application Guidance December 2020.docx \[publishing.service.gov.uk\]](#)

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

In this context we disclose that Grant Patterson served as Engagement Lead on this audit until 19 February 2024. This was Grant's 6<sup>th</sup> year on the audit. Grant's involvement on 2023/24 audit was to report a Value for Money significant weakness and handover Engagement Lead Responsibilities to Richard Anderson. This short extension was agreed with PSAA and was required to safeguard quality on the audit up until Richard became a Key Audit Partner on 19 February 2024. We confirm that there are no other significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.



# Independence and non-audit services

## Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Housing Benefit (Subsidy) Assurance Process 22/23 (January – March 2024)	18,800	For these audit-related services, we consider that the following perceived threats may apply:	The level of this recurring fee taken on their own are not considered a significant in comparison to the to the total fee for the audit of £138,539 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, each is a fixed fee and there is no contingent element to any of them. These factors all mitigate the perceived self-interest threat to an acceptable level.  Our team have no involvement in the preparation of the grant claims to be certified, and do not expect material misstatements in the financial statements to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of certification is separate from the work required to audit the financial statements, and is performed after the audit of the financial statements has been completed.  The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting frameworks. Any amendments made as a result of our work are the responsibility of informed management
Housing Benefit (Subsidy) Assurance Process 23/24 (Summer 2024)	35,640	<ul style="list-style-type: none"> <li>• Self Interest (because these are recurring fees)</li> <li>• Self Review</li> <li>• Management</li> </ul>	
Certification of Pooling of Housing Capital Receipts return 22/23 (January – March 2024)	10,000		
Certification of Pooling of Housing Capital Receipts return 23/24 (Summer 2024)	10,000		

There are no non-audit related fees

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud( deliberate manipulation) involving management and/or which results in material misstatement of the financial statements ( not typically council tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

# Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

## Step 1 - Initial Communication with Strategic Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Strategic Director to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

## Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

## Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

## Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

## Step 5 – Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

# Addressing the local audit backlog - consultation

## Consultation

The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

**Phase 1: Reset** involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

**Phase 2: Recovery** from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

**Phase 3: Reform** involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- FRC landing page - [Consultations on measures to address local audit delays \(frc.org.uk\)](https://www.frc.org.uk/consultations)
- DLUHC landing page - [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
- NAO landing page - [Code of Audit Practice Consultation - National Audit Office \(NAO\)](https://www.nao.org.uk/consultations/code-of-audit-practice)

## Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect.

# Preparing for the backstop

For any outstanding years up to 2022/23, local authorities should:

- Prepare, adopt and publish financial statements in line with Code and Statutory requirements (Accounts and Audit Regs 2015 – ‘true and fair’)
- Support statements with a proper set of working papers and audit trail
- Work with the auditor to support the completion of outstanding audit work (where possible) and for the completion of Value for Money Work.

For 2023/24, local authorities should:

- Agree a timetable and working paper requirements with the auditor
- Put project planning and key milestones in place
- Consider the implications of CIPFA consultation (property valuation and pensions)
- Ensure the Audit Committee is properly briefed and prepared

As your auditor we will:

- Keep you updated on all national developments
- Set out clear expectations of the information we will require to conclude our work
- Agree a plan for the delivery of our work programme with a commitment to key milestones

## Next steps

We await the government’s response to the consultation. We will discuss next steps including any implications for your audit once we have further information.



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# Informing the audit risk assessment for Oadby & Wigston Borough Council 2023/24

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

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## Purpose

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

## Background

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

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

## Communication

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

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

## Purpose

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

# General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?</p>	<p>Pension costs and asset valuations are the only items that may cause a significant impact on the accounts for 23/24, information for both is provided by professional experts in their fields.</p> <p>During 23/24 the Council progressed on its commitment to making savings and ensuring that expenditure can be provided for with the funding and income received, the savings are budgeted for 24/25 have enabled the 24/25 budget to balance without the use of any reserves. Whilst it won't have a material effect in year it does have a material effect on our financial outlook.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Oadby &amp; Wigston Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Accounting Policies were reviewed March 2024.</p> <p>No.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</p>

## General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No.
6. Are you aware of any guarantee contracts? If so, please provide further details	No.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Oadby & Wigston Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	In house only.

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## General Enquiries of Management

Question	Management response
9. Have any of the Oadby & Wigston Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<p>Advisors are used for planning DC, local plan, housing (Business plan), business cases.</p> <p>Exi group- Sale of Oadby pool &amp; Horsewell lane.</p> <p>Nexus Planning- town centre and housing studies.</p> <p>Tetra tech- Habitats survey.</p> <p>JBA Consulting- Flood assessment, water cycle study.</p> <p>Knight, Kavanagh and Page- Open spaces studies and plans.</p> <p>Land use Consulting- Infrastructure plan.</p> <p>Ove Arup and Partners- O&amp;W masterplans.</p>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	None.

# Fraud

## Matters in relation to fraud

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

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

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

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

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

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



# Fraud risk assessment

Question	Management response
<p>1. Has Oadby &amp; Wigston Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Low risk, strong controls in place, well trained experienced staff in place.</p> <p>SLT create and review Strategic Risk.</p> <p>CMT create and review Operational Risk.</p> <p>Both reviewed and financial impact considered alongside.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Government grants taken fraudulently – outstanding debtors.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Oadby &amp; Wigston Borough Council as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>None.</p>

# Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>We review Operational risk as managers, which are discussed at the Risk Management Group, prior to SLT reviewing and incorporating as part of their Strategic risks review. Strategic Risks are regularly reported to Audit Committee.</p> <p>There is a report on the Council's Anti-Fraud activities including an Fraud Risk Register to be presented to Audit Committee.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Oadby &amp; Wigston Borough Council where fraud is more likely to occur?</p>	<p>Fraud Risk Profiling has been undertaken as part of the anti-fraud activities.</p> <p>No</p> <p>No</p>
<p>6. What processes do Oadby &amp; Wigston Borough Council have in place to identify and respond to risks of fraud?</p>	<p>The finance accounting system has hierarchy of authorisation designed to detect and prevent fraud.</p>

# Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Oadby &amp; Wigston Borough Council, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Excellent.</p> <p>All finances processes are in constant review to keep them up to date and complete.</p> <p>KPIs are recorded and reviewed by SLT and members. These KPIs are designed to alert members of areas of control weaknesses (e.g. Invoices raised before POs) and identify any fraudulent activity (level of o/s debts).</p> <p>PFD Committee monitoring: Key areas are reported and signed off by SLT and committee – debtors write-off's over £10K, Policies are reviewed by rotation, Exemption reports must be filed etc.</p> <p>No</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>No</p>

## Fraud risk assessment

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Question	Management response
<p>9. How does Oadby &amp; Wigston Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Through regular mandatory company-wide training.</p> <p>Managers meet fortnightly as CMT and share any concerns and support each other where necessary. Any issues are escalated to SLT or their line manager.</p> <p>O&amp;W's positive culture ensures all teams work together for the good of the council. Continuous training of managers furthers this positive culture.</p> <p>There is a whistle-blowing procedure in place.</p> <p>Any member of staff noticing any fraud would notify their line manager immediately.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Segregation of duties reduces the risk of fraud.</p> <p>Fraud would need to be via management over-ride but the finance staff are encouraged to question everything even their manager, and if they suspect something is not right, they are to escalate it.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>N/A</p>

## Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Audit Committee (AC) approves the Risk management Policy, and the Strategic Risk Register is presented to AC quarterly. AC challenges and scrutinises the Policy and all assessments. The Policy, Finance and Development Committee approved the Council's Anti-fraud Policy in June 2023. An Activity Report covering 2023/24 as well as an activity plan for 2024/25 will be presented to AC in July 2024.</p> <p>There are numerous measures in place across the whole of the Council to reduce fraud, however, if there were any breaches of internal control or fraud they would be reported to Audit Committee as a matter of course.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>None</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>None</p>

# Law and regulations

## Matters in relation to laws and regulations

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

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

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

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

## Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Oadby &amp; Wigston Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Staff have regular updates but also engage Internal Auditors (360 Assurance) to keep track of all matters including compliance with Legislation.</p> <p>360 Assurance reports into CMT meetings.</p> <p>No</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Internal and External Auditor reports comment on these.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>No</p>

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## Impact of laws and regulations

Question	Management response
5. What arrangements does Oadby & Wigston Borough Council have in place to identify, evaluate and account for litigation or claims?	The Legal Section handles all legal matters.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No



# Related Parties

## Matters in relation to Related Parties

Oadby & Wigston Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

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

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

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

# Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Oadby &amp; Wigston Borough Council's 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Oadby &amp; Wigston Borough Council</li> <li>whether Oadby &amp; Wigston Borough Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	No
<p>2. What controls does Oadby &amp; Wigston Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	Annual questionnaire sent to all Senior Officers and members plus new staff and members disclose upon entrance into office.
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	Integra hierarchy of authorisations and controls are in place.
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	Legal must sign off large contracts and all exemption forms too.

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government / NHS bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

# Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Oadby & Wigston Borough Council will no longer continue?	Effective budget management, setting a balanced budget, so not to deplete funds. Cash flow management.
2. Are management aware of any factors which may mean for Oadby & Wigston Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No.
3. With regard to the statutory services currently provided by Oadby & Wigston Borough Council, does Oadby & Wigston Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Oadby & Wigston Borough Council to cease to exist?	Yes, O&W will continue to provide statutory services.
4. Are management satisfied that the financial reporting framework permits Oadby & Wigston Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes

# Accounting estimates

## Matters in relation to accounting estimates

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

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

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

Specifically do Audit Committee members:

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

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

# Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Estimates on valuations only. Valuations are done for the council's portfolio: Housing stock (~1184 properties), main operational buildings, 3 shops, community assets (parklands and open spaces), Oadby Pool (surplus asset for sale).
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	A qualified valuer must be appointed. Full valuation every 5 years of all assets. Desktop valuation is permitted in between full valuations.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	N/A
4. How do management review the outcomes of previous accounting estimates?	N/A
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	None.

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>An appropriately qualified and experienced valuer is appointed by the Finance Manager in consultation with the s151. Other estimates include pensions figures which are done by Actuaries (external professional). Internal estimates are provisions, prepayments and accruals done by the finance team and approved by a senior accountant.</p>
<p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>Where professional estimates are required the Council use reputable, experienced professionals.</p>
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Professional experts are used for Pension and Asset valuations, reports and information received are analysed for changes and these are queried with the providers to ensure the basis of the movement can be accurately explained.</p> <p>Further checks are made once the information has been entered to compare to previous years and examine the changes, these transactions are checked and approved by a manager.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	<p>Where the Council is required to use professional experts for accounting estimates, reputable, skilled and experienced professionals are procured. All information is reviewed at service level and approved by a manager, all variations are also queried by the officers and fed back to the manager for approval.</p> <p>When Accounting estimates are undertaken by Finance methods are fully scrutinised by the manager, all Finance managers are CCAB qualified and use professional knowledge to ensure that the basis is correct and that any estimate has detailed documented process. Changes to MRP were reported and accepted by Council. The Council are also happy to work with audit and take there recommendations for assumptions onboard.</p>

## Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	None
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	The valuations are done by an experienced and qualified valuer. Pensions estimates done by actuaries, accruals and prepayments by qualified accountants and approved by an experienced manager.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The valuations are done by an experienced and qualified valuer. Pensions estimates done by actuaries, accruals and prepayments by qualified accountants.

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## Appendix A Accounting Estimates

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Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	Done by Actuaries	Formal annual report from actuaries	Actuary employed by the pension fund.	Assumptions made by actuary. Clarity would be sought in the event of significant shifts in values.	No
Level 2 investments	N/A	N/A	N/A	N/A	N/A
Level 3 investments	N/A	N/A	N/A	N/A	N/A
Fair value estimates	This is set out in detail in the Authority's accounting policies under "Fair Value Measurement".		No		No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions	GAAP	There is a annual review of provisions as part of annual closedown process	No	Provisions made for redundancy pay and pension strain in 23/24 on basis of information provided by payroll.	No
Accruals	GAAP	Accruals set out in detail in closing instructions to budget managers, and reviewed by finance team.	No	Accruals are either determined per the relevant invoices or, if the invoice for the service has yet to be received, based on informed judgement.	No
Finance lease liabilities	IFRS 16 in place.	Ledger scrutinised to identify lease transactions. Where meeting the definition of finance lease, information on asset value is sought from lessor.	No	Lifetime of assets will be as determined in lease. Value of assets is as specified by lessor.	No

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation	See valuation report	Report from RICS-qualified independent valuation expert, which is then scrutinised and challenged if necessary	Professional valuer	For property, the useful remaining life of PPE is assessed in accordance with the opinion of the valuer, and varies between property types. For vehicles, an assumption of 7 years is made. For software and IT equipment, 5 years.	No

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<b>Audit Committee</b>	<b>Tuesday, 09 July 2024</b>	<b>Matter for Information</b>
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**Report Title:** **Anti-Fraud & Corruption Report (2023-2024)**

**Report Author(s):** **Sal Khan (Interim Strategic Director)**

<b>Purpose of Report:</b>	To provide Audit Committee with an update of the Council’s anti-fraud arrangements and future plans.
<b>Report Summary:</b>	The report provides Audit Committee the results of the self-assessments of the Council’s anti-fraud and corruption framework and arrangements against recommended good practice. It also provides a dedicated Fraud Risk Register and planned anti-fraud activity for 2024/25.
<b>Recommendation(s):</b>	<b>That the content of the report and appendix 1 be noted.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Sal Khan (Interim Strategic Director) (0116) 257 2635 <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Increased Fraud (CR10) Reputation Damage (CR4) Regulatory Governance (CR6) Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly 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> <li>• Individual Heads of Service</li> <li>• Finance Manager (Deputy S151)</li> </ul>
<b>Background Papers:</b>	None.
<b>Appendices:</b>	1. Anti-Fraud & Corruption Report (2023-2024)

## 1. Background and Analysis

- 1.1 This report details the results of the self-assessments of the Council’s anti-fraud and corruption framework and arrangements against recommended good practice detailed in:
- Local Government Counter Fraud and Corruption Strategy for the 2020s – “Fighting Fraud and Corruption Locally”
  - Chartered Institute of Finance and Accountancy’s (CIPFA) Code of Practice “Managing the Risk of Fraud and Corruption”
- 1.2 The Council’s Anti-Fraud and Corruption Policy was updated and approved by PFDC in June 2023. The Policy aligned with the Fighting Fraud and Corruption Locally Guidance 2020 (FFCL 2020) which includes a checklist against which the Council’s anti-fraud arrangements have been assessed. These are detailed in Table 1 within **Appendix 1**.
- 1.3 There is one improvement recommendation identified which is to ensure that sign-up to the whistleblowing policy is included to contractors and third parties, which will be included within our procurement documentation, and in doing so we will increase awareness on our website.
- 1.4 The CIPFA’s Code of Practice is designed to help organisations recognise and address their fraud risks and consists of the following five basic principles:
- Acknowledge the responsibility of the governing body for countering fraud and corruption
  - Identify the fraud and corruption risks
  - Develop an appropriate counter fraud and corruption strategy
  - Provide resources to implement the strategy
  - Take action in response to fraud and corruption
- 1.5 The self-assessment against the Code’s requirements is detailed in Table 2 within **Appendix 1**. There are no actions for improvement identified
- 1.6 As part of the assessment a dedicated Fraud and Corruption Risk Register has also been prepared. This will be reviewed regularly and reported on annually in detail. This is provided at Table 3 within **Appendix 1**. This also includes any planned activities for 2024/25.
- 1.7 Table 4 within **Appendix 1** provides the Anti-Fraud and Corruption Activity Plan for 2024/25 which also includes the internal checking to be undertaken within key service areas identified within the Fraud and Corruption Risk Register.

# **Anti-Fraud & Corruption Report (2023- 2024)**

**Oadby & Wigston Borough Council**

## Summary & Analysis

This report details the results of the self-assessments of the Council's anti-fraud and corruption framework and arrangements against recommended good practice detailed in:

- Local Government Counter Fraud and Corruption Strategy for the 2020s – “Fighting Fraud and Corruption Locally”
- Chartered Institute of Finance and Accountancy's (CIPFA) Code of Practice “Managing the Risk of Fraud and Corruption”

The Council's Anti-Fraud and Corruption Policy was updated and approved in June 2023.

The Policy aligned with the Fighting Fraud and Corruption Locally Guidance 2020 (FFCL 2020) which includes a checklist against which the Council's anti-fraud arrangements have been assessed.

These are detailed in **Table 1. (Page 3)**

There is one improvement recommendation identified at No. 17 which is to ensure that sign-up to the whistleblowing policy is included to contractors and third parties, which will be included within our procurement documentation, and in doing so we will increase awareness on our website.

The CIPFA's Code of Practice is designed to help organisations recognise and address their fraud risks and consists of the following five basic principles:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption

The self-assessment against the Code's requirements is detailed in **Table 2 (Page 9)**.

There are no actions for improvement identified

As part of the assessment a dedicated Anti-Fraud and Corruption Register has also been prepared. This will be reviewed regularly and reported on annually.

This is provided at **Table 3 (Page 13)**.

Finally, **Table 4 (Page 31)** provides the Anti-Fraud and Corruption Activity Plan for 2024/25.



**Table 1: Fighting Fraud & Corruption Locally 2020 Checklist Assessment**

		Yes	Partial	No	Supporting Evidence	Action
1	The Council has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior board and its members.	X			<ul style="list-style-type: none"> <li>The Council has developed a Fraud and Corruption Risk Register which has been reviewed for 2023/24. This will be presented to the Audit Committee July 2024.</li> </ul>	
2	The Council has undertaken an assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	X			<ul style="list-style-type: none"> <li>An assessment has been completed for 2023/24.</li> <li>Horizon scanning undertaken as part of review of fraud and corruption risk register.</li> </ul>	
3	There is an annual report to the Audit Committee or equivalent to compare against FFCL 2020 and this checklist.	X			<ul style="list-style-type: none"> <li>Report to be presented to the Audit Committee July 2024.</li> </ul>	
4	The relevant portfolio holder has been briefed on the fraud risks and mitigation.	X			<ul style="list-style-type: none"> <li>Briefing to be provided to the Chair of Audit Committee.</li> </ul>	
5	The Audit Committee or equivalent supports counter fraud work and challenges the level of activity to ensure that it is appropriate in terms of fraud risk and resources.	X			<ul style="list-style-type: none"> <li>The Strategic Risk Register is regularly reported to the Audit Committee.</li> <li>This report also provides a more detailed review of counter fraud activity.</li> </ul>	
6	There is a counter fraud and corruption strategy applying to all aspects of the Council's business which has been communicated throughout the Council and acknowledged by those charged with governance.	X			<ul style="list-style-type: none"> <li>The Council's anti-fraud and corruption strategy was adopted in June 2023 and training has been provided to all staff.</li> </ul>	
7	The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	X			<ul style="list-style-type: none"> <li>Officer and Member Codes of Conduct.</li> <li>Gifts and hospitality register.</li> <li>Declarations of interest registers.</li> </ul>	

		Yes	Partial	No	Supporting Evidence	Action
8	The risks of fraud and corruption are specifically considered in the Council's overall risk management process.	X			<ul style="list-style-type: none"> <li>• Council's fraud and corruption risk register.</li> <li>• Increased fraud is an identified risk on the strategic risk register.</li> </ul>	
9	Counter fraud staff are consulted to fraud proof new policies, strategies and initiatives across departments, and this is reported upon to committee.	X			<ul style="list-style-type: none"> <li>• MO and CFO sign off all formal committee reports so this is embedded within existing practice.</li> </ul>	
10	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	X			<ul style="list-style-type: none"> <li>• Publicised when they occur – No examples of non-benefit fraud during 2023/2024.</li> </ul>	
11	The Council has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	X			<ul style="list-style-type: none"> <li>• Anti-fraud and corruption strategy.</li> <li>• Strategic Risk Register.</li> <li>• Annual report to Audit Committee.</li> </ul>	
12	The Council has put in place arrangements for monitoring compliance with standards of conduct across the Council covering: <ul style="list-style-type: none"> <li>➤ Codes of conduct including behaviour for counter fraud, anti-bribery and corruption</li> <li>➤ Register of interests</li> <li>➤ Register of gifts and hospitality</li> </ul>	X			<ul style="list-style-type: none"> <li>• Regular senior management compliance checks.</li> <li>• Internal Audit reviews.</li> <li>• Monitoring Officer checks.</li> </ul>	
13	The Council undertakes recruitment vetting of staff prior to appointment by risk assessing posts and undertaking the checks recommended.	X			<ul style="list-style-type: none"> <li>• Recruitment policy and procedures.</li> </ul>	
14	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	X			<ul style="list-style-type: none"> <li>• Officer and Member Codes of Conduct.</li> <li>• Internal Audit Plan.</li> </ul>	
15	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery	X			<ul style="list-style-type: none"> <li>• Management anti-fraud and compliance checks.</li> </ul>	

		Yes	Partial	No	Supporting Evidence	Action
	agents led by counter fraud experts.				<ul style="list-style-type: none"> <li>Annual Counter Fraud Plan.</li> </ul>	
16	There is an independent whistle-blowing policy which is monitored for take up and can show that suspicions have been acted upon without internal pressure.	X			<ul style="list-style-type: none"> <li>Whistle-blowing procedure.</li> </ul>	
17	Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.		X		<ul style="list-style-type: none"> <li>Whistle-blowing procedures.</li> </ul>	<ul style="list-style-type: none"> <li>There will be an inclusion made within our procurement documents.</li> <li>We will increase awareness on the Council website.</li> </ul>
18	Fraud resources are assessed proportionately to the risk the Council faces and are adequately resourced.	X			<ul style="list-style-type: none"> <li>Level of NFI exercises checked is based upon risk and resource availability.</li> <li>OWBC's response to fraud and corruption allegations are detailed within the Anti-Fraud and Corruption Policy which is regularly reviewed.</li> <li>Anti-Fraud Plan for 2024/2025.</li> <li>Regular anti-fraud activities undertaken by key staff.</li> <li>Internal Audit plans.</li> </ul>	
19	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	X			<ul style="list-style-type: none"> <li>OWBC's response to fraud and corruption allegations are detailed within the Anti-Fraud and Corruption Policy which is regularly reviewed.</li> <li>Anti-Fraud Plan for 2024/2025</li> </ul>	

		Yes	Partial	No	Supporting Evidence	Action
					<ul style="list-style-type: none"> <li>Regular anti-fraud activities undertaken by key staff.</li> </ul>	
20	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	X			<ul style="list-style-type: none"> <li>The MO maintains a corporate register of all fraud related activity.</li> </ul>	
21	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	X			<ul style="list-style-type: none"> <li>OWBC's response to fraud and corruption allegations are detailed within the Anti-Fraud and Corruption Policy which is regularly reviewed.</li> </ul>	
22	All allegations of fraud and corruption are risk assessed.	X			<ul style="list-style-type: none"> <li>OWBC's response to fraud and corruption allegations are detailed within the Anti-Fraud and Corruption Policy which is regularly reviewed.</li> </ul>	
23	The fraud and corruption response plan covers all areas of counter fraud work.	X			<ul style="list-style-type: none"> <li>OWBC's response to fraud and corruption allegations are detailed within the Anti-Fraud and Corruption Policy which is regularly reviewed.</li> </ul>	
24	The fraud response plan is linked to the audit plan and is communicated to senior management and members.	X			<ul style="list-style-type: none"> <li>Audit Plan includes areas of high risk and contingency which could be used if necessary for fraud and corruption investigations</li> <li>Audit Plan communicated to CMT and approved by Audit Committee.</li> </ul>	
25	Asset recovery and civil recovery is considered in all cases.	X			<ul style="list-style-type: none"> <li>This is detailed within the Anti-Fraud and Corruption Policy.</li> </ul>	
26	There is a zero-tolerance approach to fraud and corruption which is always reported to committee.	X			<ul style="list-style-type: none"> <li>Anti-Fraud and Corruption Policy.</li> <li>Financial Regulations.</li> </ul>	
27	There is a programme of proactive counter fraud	X			<ul style="list-style-type: none"> <li>There is regular management</li> </ul>	

		Yes	Partial	No	Supporting Evidence	Action
	work which covers risks identified in assessment.				<ul style="list-style-type: none"> <li>compliance and anti-fraud checks.</li> <li>Counter Fraud Plan testing.</li> </ul>	
28	The fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	X			<ul style="list-style-type: none"> <li>Generally captured within OWBC's response to fraud and corruption allegations which is detailed within the Anti-Fraud and Corruption Policy.</li> </ul>	
29	The Council shares data across its own departments and between other enforcement agencies.	X			<ul style="list-style-type: none"> <li>Data is shared in accordance with legislative requirements in compliance with GDPR.</li> </ul>	
30	Prevention measures and projects are undertaken using data analytics where possible.	X			<ul style="list-style-type: none"> <li>Annual NFI exercises.</li> </ul>	
31	The Council actively takes part in NFI and promptly takes action arising from it.	X			<ul style="list-style-type: none"> <li>Managed through Internal Audit.</li> </ul>	
32	There are professionally trained and accredited staff for counter fraud work.	X			<ul style="list-style-type: none"> <li>Professionally trained and experienced counter fraud staff – accredited staff are available if required through IA contract and external organisations such as Oxford Investigation Service.</li> </ul>	
33	The counter fraud team has adequate knowledge in all areas of the Council.	X			<ul style="list-style-type: none"> <li>Finance Team and Internal Audit experience and knowledge.</li> </ul>	
34	The counter fraud team has access to specialist staff for surveillance, computer forensics, asset recovery and financial investigations.	X			<ul style="list-style-type: none"> <li>This is available as necessary.</li> </ul>	
35	Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems.	X			<ul style="list-style-type: none"> <li>Management checking and Internal Audit reporting process – although no cases identified 2023/2024.</li> </ul>	

		<b>Yes</b>	<b>Partial</b>	<b>No</b>	<b>Supporting Evidence</b>	<b>Action</b>
36	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	<b>X</b>			<ul style="list-style-type: none"> <li>• Senior Finance Officers are registered with Hub.</li> </ul>	
37	The counter fraud team has access to the FFCL regional networks.	<b>X</b>			<ul style="list-style-type: none"> <li>• Access via Hub.</li> </ul>	

## **CIPFA’s Code of Practice “Managing the Risk of Fraud and Corruption”**

The self-assessment against the Code’s requirements, with the results detailed in Table 2 below.

There are no actions for improvement identified.

**Table 2: CIPFA Code of Practice Managing the Risk of Fraud & Corruption Assessment**

### **1. Acknowledge the responsibility of the governing body for countering fraud and corruption**

The governing body should acknowledge its responsibility for ensuring that the risks with fraud and corruption are managed effectively across all parts of the organisation.

	<b>CIPFA Requirement</b>	<b>Yes</b>	<b>Partial</b>	<b>No</b>	<b>Supporting Evidence</b>	<b>Action</b>
1.1	The Council’s leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users	<b>X</b>			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Financial Regulations</li> <li>• Strategic Risk Register</li> </ul>	
1.2	The Council’s leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance	<b>X</b>			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Strategic Risk Register</li> <li>• Annual Governance Statement</li> <li>• Financial Regulations</li> </ul>	
1.3	The Council acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports	<b>X</b>			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Annual Governance Statement</li> <li>• Financial Regulations</li> </ul>	
1.4	The Council sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention	<b>X</b>			<ul style="list-style-type: none"> <li>• Management anti-fraud and compliance checks</li> <li>• Counter Fraud Plan testing</li> </ul>	
<b>2. Identify the fraud and corruption risks</b>						
Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users						
	<b>CIPFA Requirement</b>	<b>Yes</b>	<b>Partial</b>	<b>No</b>	<b>Supporting Evidence</b>	<b>Action</b>

2.1	Fraud risks are routinely considered as part of the Council's risk management arrangements	X			<ul style="list-style-type: none"> <li>• Anti-Fraud periodically reviewed and reported as part of the Strategic Risk Review</li> <li>• Annual review of the Fraud and Corruption Risk Register</li> </ul>	
2.2	The Council identifies the risks of corruption and the importance of behaving with integrity in its governance framework	X			<ul style="list-style-type: none"> <li>• Anti-Fraud periodically reviewed and reported as part of the Strategic Risk Review</li> <li>• Annual review of the Fraud and Corruption Risk Register</li> </ul>	
2.3	The Council uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures	X			<ul style="list-style-type: none"> <li>• Published fraud loss estimates are taken into account to aid the evaluation of the fraud risk exposure (EG Cyber Crimes)</li> </ul>	
2.4	The Council evaluates the harm to its aims and objectives and service users that different fraud risks can cause	X			<ul style="list-style-type: none"> <li>• Anti-Fraud periodically reviewed and reported as part of the Strategic Risk Review</li> <li>• Annual review of the Fraud and Corruption Risk Register</li> </ul>	

### 3. Develop an appropriate counter fraud and corruption strategy

A Council needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action

	<b>CIPFA Requirement</b>	<b>Yes</b>	<b>Partial</b>	<b>No</b>	<b>Supporting Evidence</b>	<b>Action</b>
3.1	The Council formally adopts a counter fraud and corruption strategy to address identified risks and align with the Council's acknowledged responsibilities and goals	X			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> </ul>	
3.2	The strategy includes the Council's use of joint working or partnership approaches to managing its risks, where appropriate	X			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> </ul>	
3.3	The strategy includes both proactive and responsive approaches that are best suited to the Council's fraud and corruption risks	X			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> </ul>	
3.4	The strategy includes clear identification of	X			<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> </ul>	



	responsibility and accountability for delivery of the strategy and for providing oversight					
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#### 4. Provide resources to implement the strategy

The Council should make arrangements for appropriate resources to support the counter fraud strategy

	<b>CIPFA Requirement</b>	<b>Yes</b>	<b>Partial</b>	<b>No</b>	<b>Supporting Evidence</b>	<b>Action</b>
4.1	An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk	<b>X</b>			<ul style="list-style-type: none"> <li>Fraud and Corruption Risk Register</li> <li>Report to Audit Committee on Fraud Plan for 2024/25</li> </ul>	
4.2	The Council utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation	<b>X</b>			<ul style="list-style-type: none"> <li>Professionally trained and experienced counter fraud staff – accredited staff are available if required through IA contract and external organisations such as Oxford Investigation Service.</li> </ul>	
4.3	The Council grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes	<b>X</b>			<ul style="list-style-type: none"> <li>Financial Regulations</li> </ul>	
4.4	The Council has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity	<b>X</b>			<ul style="list-style-type: none"> <li>Data sharing protocols</li> <li>Implementation of GDPR arrangements</li> </ul>	

#### 5. Take action in response to fraud and corruption

The Council should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud

	<b>CIPFA Requirement</b>	<b>Yes</b>	<b>Partial</b>	<b>No</b>	<b>Supporting Evidence</b>	<b>Action</b>
5.1	The Council has put in place a policy framework which supports the implementation of the counter fraud strategy	<b>X</b>			<ul style="list-style-type: none"> <li>Anti-Fraud and Corruption Policy</li> <li>Financial Regulations</li> <li>Whistle-blowing procedures and code.</li> <li>Codes of Conduct</li> <li>Cyber Security Policy</li> <li>Declarations of Interest</li> </ul>	

					<ul style="list-style-type: none"> <li>• Gifts and Hospitality register</li> </ul>	
5.2	Plans and operations are aligned to the strategy and contribute to the achievement of the Council's overall goal of maintaining resilience to fraud and corruption	<b>X</b>			<ul style="list-style-type: none"> <li>• Fraud and Corruption Response Plan</li> </ul>	
5.3	Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	<b>X</b>			<ul style="list-style-type: none"> <li>• NFI exercises</li> </ul>	
5.4	Providing for independent assurance over fraud risk management, strategy and activities	<b>X</b>			<ul style="list-style-type: none"> <li>• Lead officer is the CFO / S151</li> </ul>	
5.5	There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person designated in the strategy. Conclusions are featured in the annual governance report	<b>X</b>			<ul style="list-style-type: none"> <li>• Annual Report to the Audit Committee</li> </ul>	

### **Fraud and Corruption Risk Register**

The Fraud and Corruption Risk Register has been established and verified to ensure that it continues to accurately reflect the fraud and corruption risks being faced by the Council and the controls and actions required to mitigate them to an acceptable level.

The Council's Counter Anti-Fraud Plan is fully aligned with this register.

**Table 3 - Fraud & Corruption Risk Register - June 2024**

<b>Risk No.</b>	<b>Risk Area</b>	<b>Current Risk Rating</b>	<b>Target Risk Rating</b>
1.	Procurement / Contracts	2 (Low)	2 (Low)
2.	Recruitment / Selection / Attendance	2 (Low)	2 (Low)
3.	Payroll	2 (Low)	2 (Low)
4.	Debt Management	2 (Low)	2 (Low)
5.	Creditor Payments	2 (Low)	2 (Low)
6.	Financial and Treasury Management	3 (Low)	3 (Low)
7.	Stocks & Assets	2 (Low)	2 (Low)
8.	Declaration of Interests / Gifts and Hospitality	2 (Low)	2 (Low)
9.	Data Management	4 (Medium)	4 (Medium)
10.	Money Laundering	1 (Low)	1 (Low)
11.	Tenancy / Right To Buy Fraud	2 (Low)	2 (Low)
12.	Benefit Fraud	6 (Medium)	6 (Medium)
13.	Insurance	1 (Low)	1 (Low)
14.	Council Tax / Business Rates	6 (Medium)	6 (Medium)
15.	Bank Mandate	2 (Low)	2 (Low)
16.	Planning Regime	3 (Low)	3 (Low)

**Definition of Fraud:** “Dishonest conduct with the intention to make a gain or cause a loss or the risk of a loss to another”

**Definition of Corruption:** “Offering, giving, soliciting or accepting of an inducement or reward which influences a person to act against the interests of the organisation or the proper conduct of their duties”

<b>Likelihood</b> 1 = Almost Impossible (< 5%) 2 = Unlikely (5 – 35%) 3 = Likely (36 – 75%) 4 = Almost certain (>75%)	
<b>1 = Low / Negligible Impact e.g.</b> <ul style="list-style-type: none"> <li>Minor service disruption</li> <li>Minimal financial loss</li> </ul>	<b>2 = Medium Impact e.g.</b> <ul style="list-style-type: none"> <li>Service disruption</li> <li>Moderate financial loss which can be accommodated from within existing budgets</li> <li>Adverse local media coverage</li> </ul>
<b>3 = High Impact e.g.</b> <ul style="list-style-type: none"> <li>Significant service disruption</li> <li>Major financial loss which will have a significant impact on the MTFP</li> <li>Adverse national media coverage</li> </ul>	<b>4 = Catastrophic Impact e.g.</b> <ul style="list-style-type: none"> <li>Total service loss for a significant period</li> <li>Severe financial loss with reserves unlikely to be available</li> <li>Government intervention in running services</li> </ul>

Risks that are scored between 1 and 3 are considered to be **Low**, between 4 and 9 are **Medium** and between 12 and 16 are considered to be **High**.

The risk scores can be plotted onto the risk matrix, see below, which assists in determining the risk priority and the attention required Tolerance.

LIKELIHOOD	4				
	3				
	2				
	1				
		1	2	3	4
	IMPACT				

Fraud & Corruption Risk Ref: 1					
Fraud & Corruption Risk Area: Procurement / Contracts					
1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>• Cartel operations by contractors (price fixing)</li> <li>• Business case / specification favours one contractor</li> <li>• Improper award of contract</li> <li>• Contracts not delivered properly</li> <li>• Contract cost over run</li> <li>• Inducements offered</li> <li>• Favourable terms on leases / agreements given</li> </ul>	<ul style="list-style-type: none"> <li>• Excessive costs incurred</li> <li>• Fraud</li> <li>• Corruption</li> <li>• Bribery</li> <li>• Reputational damage</li> <li>• Police involvement</li> <li>• Legal proceedings</li> <li>• Legal action against the Council</li> <li>• Adverse media coverage</li> <li>• Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with Contract &amp; Procurement Regulations and Guidance</li> <li>• Contracts Register</li> <li>• Use of contractor frameworks</li> <li>• Supervision, authorisation &amp; management structures</li> <li>• Training</li> <li>• Anti-Fraud checks</li> <li>• Budget monitoring</li> <li>• Anti-Bribery Policy &amp; Procedure</li> <li>• Whistle-blowing Code</li> </ul>	1	2	2
					Target Risk Rating

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Actions For Improvement	Target Date for Implementation	Officer Responsible
<p>Whilst the Whistle-blowing Code is available to all, specific reference will be provided within procurement documentation.</p> <p>Whilst this is a low risk, testing will be undertaken during 2024/25.</p>	<p>Q2</p> <p>By Q4</p>	<p>Corporate Project, System &amp; IT Manager</p> <p>Finance Manager &amp; Deputy S151 (in conjunction with Service Manager)</p>

**Fraud & Corruption Risk Ref: 2**

**Fraud & Corruption Risk Area: Recruitment / Selection / Attendance**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Identity fraud</li> <li>Qualification fraud</li> <li>False references</li> <li>Favouritism</li> <li>Appointment of unauthorised employees</li> <li>Non-disclosure of a criminal record</li> <li>No right to work in the UK</li> <li>Employees working whilst on sick leave</li> <li>Falsifying time management system</li> <li>Home-working – employees not working</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Reduced productivity</li> <li>Work not to required standard</li> <li>Safeguarding issues</li> <li>Health &amp; Safety risks</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Reputational damage</li> <li>Legal sanction</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with recruitment &amp; attendance management policies &amp; procedures</li> <li>Training</li> <li>Compliance with Disclosure and Barring reporting policy</li> <li>National Fraud Initiative (NFI) data matching</li> <li>Whistle-blowing Code</li> <li>Checks on flexi time records</li> <li>Compliance with agile working policy</li> <li>Anti-fraud checks by management</li> <li>General management / supervisory controls</li> <li>Internal Audit testing</li> </ul>	1	2	2
					Target Risk Rating

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Actions For Improvement	Target Date for Implementation	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25.	By Q4	Finance Manager & Deputy S151 (in conjunction with Service Manager)

<b>Fraud &amp; Corruption Risk Ref: 3</b>
<b>Fraud &amp; Corruption Risk Area: Payroll</b>

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Creation of ghost employees</li> <li>Unauthorised payroll adjustments</li> <li>Unauthorised payments to leavers</li> <li>Falsified timesheets / overtime claims</li> <li>Falsified travel and subsistence claims</li> <li>Out of date employee details including contracts</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Financial loss</li> <li>Reputational damage</li> <li>Police involvement</li> <li>Legal proceedings</li> </ul>	<ul style="list-style-type: none"> <li>Payroll system access controls</li> <li>Compliance with Financial Regulations</li> <li>Confirmation of establishment lists</li> <li>Payroll system controls</li> <li>Payroll reconciliations</li> <li>Whistle-blowing Code</li> <li>Internal Audit reviews</li> <li>Budget monitoring</li> <li>Management authorisation controls</li> <li>Independent valuations</li> <li>Anti-fraud checks</li> <li>All new starters are introduced to SLT</li> </ul>	1	2	2
					Target Risk Rating 2

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Actions For Improvement	Target Date for Implementation	Officer Responsible
Internal Audit of Payroll and Expenses	Q4	Internal Audit

**Fraud & Corruption Risk Ref: 4**

**Fraud & Corruption Risk Area: Debt Management**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Failure to raise a debtor account</li> <li>Unauthorised amendments to debtor accounts</li> <li>Improper write-offs</li> <li>Improper suppressing of debt recovery action</li> <li>Falsifying refunds</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Corruption</li> <li>Bribery</li> <li>Loss of income</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Reputational damage</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Financial Regulations</li> <li>Management / supervisory controls</li> <li>Budget monitoring</li> <li>Performance monitoring re debt collection</li> <li>IT system access controls</li> <li>Write-off authorisation controls</li> <li>Internal Audit reviews</li> <li>Whistle-blowing Code</li> <li>Anti-Fraud checks</li> </ul>	1	2	2
					Target Rating 2

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Actions For Improvement	Target Date for Implementation	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25	By Q4	Finance Manager & Deputy S151 (in conjunction with Service Manager)



**Fraud & Corruption Risk Ref: 5**

**Fraud & Corruption Risk Area: Creditor Payments**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Invoices paid for goods / services not received</li> <li>Invoices paid for goods / services for personal gain</li> <li>Fictitious creditors set up</li> <li>Falsification of invoices</li> <li>Inflated invoices</li> <li>Improper coding</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Financial Regulations</li> <li>IT system controls including separation of duties</li> <li>System access controls</li> <li>Budget monitoring</li> <li>BACS processing controls</li> <li>NFI data matching</li> <li>Internal Audit review</li> <li>Anti-fraud checks</li> <li>Whistle-blowing Code</li> </ul>	1	2	2
					Target Risk Register 2

Actions For Improvement	Target Date for completion	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25	By Q4	Finance Manager & Deputy S151 (in conjunction with Service Manager)

**Risk & Corruption Ref: 6**

**Fraud & Corruption Risk Area: Financial and Treasury Management**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Fraudulent repayment / investment by Council employee</li> <li>Misappropriation of funds</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Financial Regulations</li> <li>Compliance with Treasury Mgt Policies &amp; Procedures</li> <li>Compliance with Investment Strategy</li> <li>Authorisation controls / separation of duties</li> <li>Insurance cover</li> <li>Anti-fraud checks</li> <li>Internal Audit Financial Management Reviews</li> </ul>	1	3	3
					Target Risk Register 3

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Actions For Improvement	Target Date for Implementation	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25	By Q4	Finance Manager & Deputy S151 (in conjunction with Service Manager)
Further work to be undertaken to look at the separation of duties regarding journals/approvals and whether this can be automated.	By Q2	Finance Manager & Deputy S151

**Fraud & Corruption Risk Ref: 7**

**Fraud & Corruption Risk Area: Stocks & Assets (including land)**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Misappropriation of stock by Council employees or others</li> <li>Theft of fuel / misuse of fuel cards</li> <li>Theft / misuse of assets</li> <li>Inappropriate / unauthorised disposal of assets for personal gain</li> <li>Inappropriate / unauthorised use of Council vehicles</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Theft</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Financial Regulations</li> <li>Management / Supervisory controls</li> <li>Stock checking procedures</li> <li>Fuel monitoring</li> <li>Compliance with fuel card procedures</li> <li>Budget monitoring</li> <li>Internal Audit review</li> <li>Whistle-blowing Code</li> <li>Vehicle logs</li> <li>Anti-fraud checks</li> </ul>	1	2	2
					Target Risk Register 2

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Actions For Improvement	Target Date for Implementation	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25	By Q4	Finance Manager & Deputy S151 (in conjunction with Service Manager)

**Fraud & Corruption Risk Ref: 8**

**Fraud & Corruption Risk Area: Declaration of Interests / Gifts & Hospitality**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>• Failure to declare private work / other interests</li> <li>• Failure to declare / accept inappropriate gifts for preferential treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Bribery</li> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Police involvement</li> <li>• Legal proceedings</li> <li>• Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with members &amp; Employees Codes of Conduct</li> <li>• Declaration of Interests requirements</li> <li>• Bribery Act Policy &amp; Procedure</li> <li>• Whistle-blowing Code</li> <li>• Internal Audit checks</li> <li>• Monitoring Officer checks</li> </ul>	2	1	2
					Target Risk Register 2

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Actions For Improvement	Target Date for Implementation	Officer Responsible
No additional actions required		

**Fraud & Corruption Risk Ref: 9**

**Fraud & Corruption Risk Area: Data Management**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Abuse of email / internet</li> <li>Abuse/misuse of personal or corporate information</li> <li>Theft / misuse of IT equipment</li> </ul>	<ul style="list-style-type: none"> <li>Breach of Data Protection Act</li> <li>Fines from Information Commissioner</li> <li>Theft</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with IT Policies &amp; Procedures</li> <li>Management / Supervisory controls</li> <li>Compliance with Members &amp; Employees Codes of Conduct</li> <li>Compliance with GDPR Policies &amp; Procedures</li> <li>IT system access controls</li> <li>Restricted access to internet sites</li> <li>IT inventory checks</li> <li>Whistle-blowing Code</li> <li>Anti-fraud checks</li> </ul>	2	2	4
					Target Risk Register 4

Actions For Improvement	Target Date for Implementation	Officer Responsible
IT Governance Health Check scheduled 2024/25	Q4	Internal Audit

<b>Fraud &amp; Corruption Risk Ref: 10</b>
<b>Fraud &amp; Corruption Risk Area: Money Laundering</b>

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Use of the Council to hide improper transactions to launder money illegally</li> </ul>	<ul style="list-style-type: none"> <li>Criminal offence</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Money Laundering Policy &amp; Procedure</li> <li>Upper limits for cash transactions</li> <li>Training for relevant employees</li> </ul>	1	1	1
					Target Risk Register 1

Actions For Improvement	Target Date for Implementation	Officer Responsible
No additional actions required		

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**Fraud & Corruption Risk Ref: 11**

**Fraud & Corruption Risk Area: Housing Tenancy**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Sub-letting of properties for personal gain</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Home visits (at least annually)</li> <li>Photographic evidence of tenants checked</li> <li>Signatures of tenants checked</li> <li>Anti-fraud checks</li> <li>NFI</li> </ul>	2	1	2
			Target Risk Register 2		

Actions For Improvement	Target Date for Implementation	Officer Responsible
Housing Rent Audit scheduled for 2024/25	Q2	Internal Audit

**Fraud & Corruption Risk Ref: 12**

**Fraud & Corruption Risk Area: Benefit Fraud**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>• Claimant fraudulently claims benefit</li> <li>• Fraudulent claim by third party</li> <li>• Fraudulent claim by Member / employee</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Legal proceedings</li> <li>• Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• SFIS</li> <li>• Verification framework</li> <li>• Training</li> <li>• Fraud hotline</li> <li>• NFI &amp; data matching</li> <li>• Benefit Subsidy Claim Verification Checks</li> </ul>	3	2	6
			Target Risk Register 6		

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Actions For Improvement	Target Date for Implementation	Officer Responsible
<p>Benefit fraud investigations are carried out by the DWP.</p> <p>Potential single person discount fraud is investigated by the Council's Benefits Team</p>		



**Fraud & Corruption Risk Ref: 13**

**Fraud & Corruption Risk Area: Insurance**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>• Fraudulent claims</li> <li>• Duplicate claims at other organisations</li> <li>• Over claiming</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Reputational damage</li> <li>• Potential increases in insurance premiums</li> <li>• Financial loss</li> <li>• Police involvement</li> <li>• Legal proceedings</li> <li>• Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance Officer checks claims</li> <li>• NFI</li> </ul>	1	1	1
			Target Risk Register 1		

Actions For Improvement	Target Date for Implementation	Officer Responsible
No additional actions required		

**Fraud & Corruption Risk Ref: 14**

**Fraud & Corruption Risk Area: Council Tax / Business Rates**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Exemptions / Discounts claimed fraudulently</li> <li>Fictitious refunds</li> <li>Suppressing arrears</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Reviews of single person discount entitlement</li> <li>NFI &amp; data matching</li> <li>Internal Audit reviews</li> <li>Fraud hotline</li> <li>Management &amp; system controls</li> <li>Review of suppressed recovery action</li> </ul>	3	2	6
					Target Risk Register 6

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Actions For Improvement	Target Date for Implementation	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25	By Q4	Finance Manager & Deputy S151 (in conjunction with Service Manager)

**Fraud & Corruption Risk Ref: 15**

**Fraud & Corruption Risk Area: Bank Mandate Fraud**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>Inappropriate / Unauthorised changes made to bank account details</li> </ul>	<ul style="list-style-type: none"> <li>Fraud</li> <li>Reputational damage</li> <li>Financial loss</li> <li>Police involvement</li> <li>Legal proceedings</li> <li>Adverse media coverage</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with Financial Regulations</li> <li>Authorised signatories</li> <li>Internal Audit review</li> </ul>	1	2	2
					Target Risk Register 2

Actions For Improvement	Target Date for Implementation	Officer Responsible
Whilst this is a low risk, testing will be undertaken during 2024/25	By Q4	Finance Manager & Deputy S151

**Fraud & Corruption Risk Ref: 16**

**Fraud & Corruption Risk Area: Planning Regime**

1 Trigger	2. Consequence	3. Existing Controls	Likelihood	Impact	Risk Rating to Date
<ul style="list-style-type: none"> <li>• Bribery of planning officers</li> <li>• Bribery of committee members</li> <li>• Unethical relationship with developers</li> <li>• Inadequate enforcement procedures</li> <li>• Conflicts of interest</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Financial loss</li> <li>• Prosecution e.g. Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Planning Procedures</li> <li>• Delegated approvals require PO to confirm no conflict of interests,</li> <li>• Effective enforcement action</li> <li>• Whistle-blowing Code</li> <li>• Member &amp; Officer Codes of Conduct</li> <li>• Training</li> <li>• Recruitment Checks</li> <li>• Management controls</li> <li>• Up to date Planning Enforcement Policies</li> </ul>	1	3	3
			Target Risk Register 3		

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Actions For Improvement	Target Date for completion	Officer Responsible
No additional actions required		

**Table 4: Proposed Anti-Fraud and Corruption Plan for 2024/2025**

The following table of activities provide the proposed Anti-Fraud and Corruption Plan for 2024/25.

<b>Ref</b>	<b>Action</b>	<b>Lead officer(s)</b>
1	To undertake publicity campaigns to promote the Council's counter-fraud and corruption policies and procedures, with particular emphasis upon whistleblowing	CFO & MO
2	To ensure the delivery of fraud and corruption awareness training including e-learning in liaison with HR	CFO
3	To manage the National Fraud Initiative (NFI) data matching exercises including the review and investigation of relevant matches in accordance with agreed protocols	CFO (in conjunction with Head of Internal Audit)
4	To perform horizon scanning of emerging fraud and corruption risks and respond to new / revised CIPFA or Fighting Fraud Locally guidance	CFO & MO
5	To consider nationally publicised fraud and corruption cases and assess the risk for the Council	CFO & MO
6	To deliver the agreed schedule of risk assessed management counter fraud and corruption checks	Heads of Service
7	To ensure that relevant sections of the Council's Intranet and Internet sites relating to counter fraud and corruption are kept up to date	Finance Manager & Deputy S151
8	To carry out an annual review of the effectiveness of the Council's counter fraud and corruption arrangements and report findings	CFO
9	To review fraud and corruption alerts from the National Anti-Fraud Network and investigate as appropriate	Finance Manager & Deputy S151
10	To carry out in depth checking of transactions in areas identified in the Council's Anti-Fraud & Corruption Register.	Finance Manager & Deputy S151 (in conjunction with Service Manager).
11	To carry out any non-benefit related fraud or corruption investigations	CFO & MO

# Agenda Item 12



<b>Audit Committee</b>	<b>Tuesday, 09 July 2024</b>	<b>Matter for Information and Decision</b>
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**Report Title:** **Annual Governance Statement (2023/24)**

**Report Author(s):** **Sal Khan (Interim Strategic Director)**

<b>Purpose of Report:</b>	To approve the draft Annual Governance Statement 2023/24
<b>Report Summary:</b>	<p>Each year the Council is required to conduct a review of the effectiveness of its systems of internal control and approve an Annual Governance Statement (AGS).</p> <p>The Council's review is provided within the AGS and is appended to this report. It concludes that the Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, by proactively addressing the cost pressures which have been identified and those issues identified in undertaking the annual review.</p> <p>The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.</p>
<b>Recommendation(s):</b>	<b>That Members approve the Council's Annual Governance Statement for 2023/24.</b>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	Sal Khan (Interim Strategic Director) 0116 257 2635 <a href="mailto:sal.khan@oadby-wigston.gov.uk">sal.khan@oadby-wigston.gov.uk</a>
<b>Strategic Objectives:</b>	Our Council (SO1)
<b>Vision and Values:</b>	Resourceful & Resilient (V4)
<b>Report Implications:-</b>	
Legal:	There are no implications directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Regulatory Governance (CR6) Other corporate risk(s) Failing to publish an AGS would breach accounts and audit regulations
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable.
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly 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>	None.
<b>Appendices:</b>	<b>1.</b> OWBC Annual Governance Statement (2023/24)

## **1. Background and Scope of Responsibility**

- 1.1 The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement on the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council must make proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions including the management of risk.
- 1.3 The Council has previously approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'. This statement shows how the Council has complied with the code and also meets the requirements of The Accounts and Audit Regulations 2015, regulation 6(1)(b), which requires each English local authority to conduct a review, at least once a year, of the effectiveness of its systems of internal control and approve an annual governance statement (AGS).

## **2. Purpose of the Report**

- 2.1 The AGS is included at **Appendix 1**. Section 3 of the AGS includes details on the Council's governance framework and a fundamental review of the effectiveness of the governance framework including the system of internal control is provided within Section 4.
- 2.2 The AGS links with the Internal Audit opinion for the year and sets out areas that require attention following the detailed assessment.
- 2.3 The assessment is included within the AGS and the areas of improvement which were identified during 2023/24 are detailed in Table 2.
- 2.4 The Council goes further than just carrying out a review of its internal control system and has adopted the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) joint annual guidance on corporate governance, which encourages Local Authorities in going beyond consideration of the internal control environment to look at wider arrangements for supporting sound corporate governance.
- 2.5 This further assessment is detailed within the Assurance Review of the AGS which is used to support the overall opinion and conclusion.
- 2.6 The overall conclusion is that the Council is satisfied that appropriate governance

arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, by proactively addressing those issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

- 2.7 Following approval, the AGS will eventually be published alongside the draft Statement of Accounts for 2023/24 on the Council's website.



# Annual Governance Statement (2023/24)

# Oadby & Wigston Borough Council Annual Governance Statement 2023/24

## Background and Scope of Responsibility

Oadby & Wigston Council (the Council) is responsible for ensuring that its business is conducted in accordance with legislation, regulation, government guidance and that proper standards of stewardship, conduct, probity, and professional competence are set and adhered to by all those representing, working for, and working with the Council. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council must make proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions including the management of risk.

The Council has previously approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government'. This statement shows how the Council has complied with the code and also meets the requirements of The Accounts and Audit Regulations 2015, regulation 6(1)(b), which requires each English local authority to conduct a review, at least once a year, of the effectiveness of its systems of internal control and approve an annual governance statement (AGS).

## The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects activities through which the Council meets the needs of the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. Evaluation of the likelihood and potential impact of those risks being realised and how to manage them efficiently, effectively, and economically are key parts of the Council's Medium Term Financial Strategy and its Corporate Plan.

This AGS confirms that the governance framework has been in place for the financial year ended 31 March 2024 and up to the date of the approval of the Annual Report and the Statement of Accounts.

The AGS is a summary of how the Council's management arrangements are set up to meet the principles of good governance and how we as a Council assure ourselves that these are effective and appropriate. The main goal of an AGS is to provide the reader with confidence that the Council has an effective system of internal control that is able to manage risks to reasonable levels.

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Oadby and Wigston Borough Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles.

## The Governance Framework

### ***Current Governance Structure***

Oadby & Wigston Borough Council has retained a committee system. The majority of UK local authorities now operate using a cabinet system where a group of members have been given the power to make the majority of decisions on behalf of their Council.

The benefits of retaining the committee system are that all members are able to sit on a range of decision-making committees and every member has a vote that counts. This is the cornerstone of the Council's governance – members are not marginalised in decision making. All decisions are debated and made during open committee in full public view. Closed sessions, for instance where commercially sensitive matters need to be discussed, are kept to an absolute minimum. Only the most urgent decisions are delegated to the Chair/Vice Chair of committees, and these must be reported back to the main committee as soon as possible. In addition to the statutory committees that deal with development control and licensing, the Council has three main committees:

- The Policy, Finance and Development Committee, which has overall responsibility for setting the long term aims of the Council and moving it forward in line with these objectives.
- The Service Delivery Committee, which has direct responsibility for the day-to-day operation of all services.
- The Audit Committee, which is responsible for Internal and External Audit and Risk Management.

### ***Vision and Priorities***

In January 2022 the Local Government Association (LGA) conducted a Peer Review. Two of the key recommendations were for a new vision and corporate plan to be created by Members. The vision was signed off in September 2022 and our emerging new Corporate Strategy is in development.

The Council's Vision, which can be viewed on our website:

[https://www.oadby-wigston.gov.uk/pages/our\\_vision](https://www.oadby-wigston.gov.uk/pages/our_vision) has five Strategic Objectives:

**1. Our council:**

- To be the local voice of residents and businesses.
- To ensure that we provide high quality, value for money services that meet the needs of residents, businesses and visitors.
- To ensure high connectivity with residents and businesses

**2. Our communities:**

- To provide a clean and safe place for everyone.
- To support any activities or actions that enhance the health and wellbeing of our Borough.
- To provide good, affordable and efficient housing for everyone.

**3. Our economy:**

- To support economic growth that is focused on our town centres.
- To make our Borough an inviting place to visit.
- To help to provide good employment opportunities.

**4. Our environment:**

- To ensure that we are a carbon conscious Borough.
- To be seen to be 'Green'.

**5. Our partners:**

- To develop, maintain and enhance partnerships to help support delivery of our objectives.
- To ensure we are engaged and listening to all sections of the community.

**Corporate Plan & Corporate Strategy**

The Council's current Corporate Plan was approved in March 2019, covering the period 2019 – 2024. The Plan continued in 2023/24 and a new Corporate Strategy is scheduled to be approved at the July 2024 Council Meeting.

Service plan targets and key performance indicators are set for each department within the annual service delivery and development plans. Progress against targets is monitored monthly by the management team and reported regularly to relevant committees.

The Council ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust corporate business planning programme is used to identify projects against agreed criteria, including the Council's policies, its priorities, the outcome of public consultations, demonstration of continuous improvements, and responding to legislative change.

Achievement of the Council's priorities has been monitored throughout the financial year 2023/24 by the Council's Senior Leadership Team (SLT) and reports to the relevant committees. The monitoring of delivery against agreed priorities ensures the Council's capacity to deliver projects within agreed costs, time and resources.

**Financial Management**

The Council's financial position is reported against budget to every meeting of the Policy, Finance and Development Committee. Detailed budget information is provided to budget

holders each month and dedicated project teams provide financial information for large projects or capital schemes.

The financial elements of the Council's corporate business planning process are included in the Medium-Term Financial Strategy, which has a detailed one-year budget and high levels for the forthcoming years given the complete lack of clarity from central government regarding future funding for local authorities. The Council has a good track record of financial management and internal control, but resources are necessarily limited, and significant savings targets were agreed in the development of the 2024/25 Budget.

The Council continues to ensure that the accounts are compliant with the Local Authority Accounting Code of Practice. Performance against budget is reported at committee meetings and managed by SLT and through the corporate business planning process. The Council ensures that the levels of reserves it holds are generally sustainable over the medium term. The MTFS takes account of the current economic climate and changes to funding for local government.

The Council has a Treasury Management Strategy that is reviewed each year and monitored on a regular basis. This ensures the Council has sound processes and controls over its treasury function to minimise risk exposure.

### **Decision Making, Scrutiny and Governance**

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters in line with terms of reference set out in the constitution. The committees meet four times each municipal year. Financial performance is monitored and scrutinised by the Policy, Finance and Development Committee on a quarterly basis the Service Delivery Committee reviews non-financial performance. Scrutiny and challenge is managed within these core committees and further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

The Council has a separate Audit Committee which receives reports from the Internal Audit service and can require managers to attend to answer questions as required. Reports from the External Auditor are also received at these meetings.

The Audit Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee also meets quarterly and oversees internal audit and external audit arrangements, the annual accounts and ensures adequate internal controls are in place".

Elected members are responsible for ensuring that effective policy making, scrutiny and monitoring activities occur.

A clear committee structure assists such responsibilities to be effectively carried out. Member expertise and involvement is further enhanced by on-going training and development opportunities.

### **Internal Audit Arrangements**

The Council's internal audit function is currently delivered by an external provider, 360 Assurance Ltd. The annual risk-based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. 360 Assurance supports the design and effectiveness of the governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels is provided in the table below.

### **Definition of Assurance Levels**

- Full - No significant risk issues identified.
- Significant - Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
- Moderate - Exposure to levels of risk that render some elements of the system's control environment undeliverable.
- Limited - Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
- None - Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Regular meetings are held between 360 Assurance and the Section 151 Officer, and the Client Manager attends the Council's Corporate Management Team meetings. This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing challenges. Regular reports are taken on a quarterly basis to the Audit Committee on the progress of internal audits and an annual report is also provided each year.

### **External Audit Arrangements**

The Audit Committee receives regular reports from the Council's External Auditors Grant Thornton LLP and Internal Audit (360 Assurance). The Section 151 Officer has direct access to this committee as well as to the External Auditors. Likewise, Audit Committee members have direct access to the External Auditor.

### **Financial Management Arrangements**

Underpinning the Council's financial management arrangements is a regulatory framework comprising Financial Regulations, Contract Procedure Rules, annual audits of key financial systems and audits of other systems undertaken on a risk-based basis. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

From April 2021, the Council adopted the CIPFA Financial Management Code. A self-assessment exercise undertaken in 2022 identified a number of areas where action is required in order to comply in full with the code and these were presented within the 2021/22 Annual Governance Statement. A full update on progress of these actions is included as part of this report.

### **Role of Statutory Officers**

There are governance arrangements in place to ensure that members and officers work together to achieve a common purpose with clearly defined functions and roles. The Council's constitution includes a scheme of delegation and terms of reference for each committee. Responsibilities are set out to make clear how the Council and its committees operate within the organisation. The scheme of delegation also defines the powers granted to the Chief Executive (the Head of Paid Service) and other chief officers within the areas of their service responsibility.

The constitution reflects all relevant legislation impacting on decision making in local government and is published on the Council's website.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. The Council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Section 151 Officer is a key member of the Senior Leadership Team. The Section 151 Officer is responsible for the proper administration of the Council's financial arrangements and leads a fully resourced and suitably qualified finance function. The Section 151 Officer was actively involved in and able to bring influence to bear on all material business decisions to ensure immediate and long-term implications, opportunities and risks, were fully considered and in alignment with the Medium-Term Financial Strategy.

The Monitoring Officer role is fulfilled by the Council's Head of Law and Democracy, who acts as guardian of the Council's constitution to ensure lawfulness, probity and fairness in Council decision making. The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the constitution.

Consultation meetings and other forms of communication between the Monitoring Officer and senior managers as appropriate ensures that managers can contribute to revisions to the constitution including the scheme of delegation.

The annual review includes the constitution's terms of reference.

### **The Senior Leadership Team**

Officer decision making at a strategic level is led by the Senior Leadership Team. For the majority of 2023/24 this comprised of the Chief Executive, two Strategic Directors, Head of Finance (S151 Officer) the Monitoring Officer, the Head of Built Environment and the Head of Customer Service and Transformation. The Team meets formally on a weekly basis and standing items of business include finance, policy, governance, human resources, performance management and the delivery of the Council's priorities.

### **Standards of Conduct**

Officers of the Council are expected to maintain high standards of conduct. The Council has a staff code of conduct that is published on the intranet along with other policies and procedures.

There is an agreed protocol between members and officers to ensure that a constructive working relationship exists, and this Annual Governance Statement also promotes and demonstrates the values of good governance through upholding high standards of conduct and behaviour. In addition, Policy, Finance and Development committee fulfils the functions of the Standards Committee and operates to ensure that councillors and any co-opted members of the Council behave in a way that exemplifies high standards of conduct and effective governance and has regard to the member code of conduct.

Regular records of advice and code issues are kept by the Monitoring Officer.

Declaring interests under the code of conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by a member of the Democratic and Electoral Services Officer. A legal advisor attends all Council and committee meetings to advise on the application of the code and other issues where this is requested or otherwise considered appropriate. A planning code of conduct is in place and is adhered to by members who sit on the Development Control Committee.

Members and officers comply with the Council's gift and hospitality policy.

The Council's website explains how complaints can be made against elected members by either downloading a complaint form or making a complaint on-line. The web page also has links to the code of conduct and the constitution.

A register of the Council's contracts is published on the Council's website. In addition, details of the Council's spend on individual items over £250 is published on a quarterly basis.

### **Compliance**

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending policies and advise on legal implications including legislative impacts on recommendations included in committee reports. Equalities implications are also considered as part of committee reports.

### **Whistle Blowing**

Concerns regarding non-compliance with policies, procedures, laws and regulations can be raised through the Council's anti-fraud and confidential reporting policies. Concerns raised are always investigated and acted upon following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's intranet and internet to raise awareness and outline procedures in place to staff, contractors and the public. It features in the induction of new staff.

The Monitoring Officer, after consultation with the Chief Executive and Section 151 Officer, has statutory powers to report to Council in relation to any function, proposal, decision or omission that s/he considers would give rise to unlawfulness or any decision or omission that might give rise to maladministration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

### **Officer and Member Development**

The Council's staff appraisal process assesses performance and delivery of Council objectives and also identifies any skills gaps that need addressing. Each officer has an agreed annual personal development plan. Progress against these plans is reviewed regularly through one-to-one discussions with line managers. The process ensures that the Council continually keeps under review the levels of skills required to carry out functions with due regard to law, policy and regulation.

As part of the Council's business planning process each service plan includes learning and development needs linked to specific actions.

This ensures that the skill sets required for delivering the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are circulated and shared more broadly using the Council's internal communication mechanisms. The Council also supports the training and development of members.

### **Consultation**

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework. The Council takes every opportunity to consult with relevant stakeholders before taking any decisions likely to impact on the level and quality



of services. In addition, the Council's business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Resident Forums who can make recommendations to the Policy, Finance & Development Committee on how funds could be allocated to various projects within their geographic area. The Forums' membership is open to people who live in the three areas and this approach has been found to be a very good source of two-way communication and consultation around the Council's policy initiatives.

## **Reviewing the Effectiveness of the Governance Framework**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Audit service is a key document in assessing the effectiveness of the Council's governance arrangements. Comments from External Auditors Grant Thornton LLP and other agencies and inspectorates such as the Local Government Association are also important, as is the role of OFLOG.

The Senior Leadership Team, chaired by the Chief Executive, reviews the Council's governance framework and control environment and is responsible for the preparation of the Annual Governance Statement. Appropriate managers are responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Audit Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

### **External Audit**

The Council's external auditors are Grant Thornton. **Each year the external auditors review the Council's arrangements for:**

- Preparing accounts and compliance with statutory and other relevant requirements.
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice.
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

In April 2024 Grant Thornton issued their Annual Audit Letter, covering the audit of the Council's 2022/23 financial statements. Seven improvement recommendations were identified within the report and were identified as being agreed and addressed.

The report also identified a follow-up of 11 recommendations from previous audits. Out of these 11 recommendations the Council is confident to have completed 10 of them, and this was formally reported to the Council's Audit Committee 10 April 2024.

The remaining recommendation, Follow-up Recommendation 7 had a requirement to "*Incorporate relevant service activity and workforce information in the quarterly budget monitoring reports.*" This will be picked up as part of the end of year financial outturn report (to be reported to Performance Development and Finance Committee June 2024 which will include a reference to the Service Delivery Committee where Council service performance is reported to and will also include an appendix with detailed service information attached.

## **Internal Audit**

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

The Head of Internal Audit's role reflects best practice which is compliant with Public Sector Internal Audit Standards (PSIAS).

For 2023/24, the Head of Internal Audit view was that, based on an objective assessment of the framework of governance, risk management and control, an opinion of Significant Assurance was provided.

- For Strategic Risk Management Significant Assurance was provided.
- For Internal Audit Outturn Significant Assurance was provided.
- For Implementation of Audit Actions Moderate Assurance was provided.

The Head of Internal Audit Opinion and Annual Report will be presented report to the Audit Committee on 9 July 2024.

The Head of Internal Audit stated that there was a generally sound framework of governance, risk management and control designed to meet the organisation's objectives and controls are generally being applied consistently.

Management has acted on the Moderate Assurance opinion regarding the Implementation of Audit Recommendations and instigated two new measures to improve internal controls. These are detailed in Table 2 "Areas of improvement identified during 2023-24" on page 15 as 2324AGS6 and 2324AGS7.

## **Basis of the Auditors opinion formed**

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

## **Risk Management**

During 2023/24 the Council's Strategic Risk Register was monitored by the Risk Management Group – a small, cross-organisational group of officers, managers and Heads of Service who monitor risk on behalf of the Senior Leadership Team. SLT review and sign off risk updates which are then presented to the Audit Committee on a quarterly basis.

The register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible senior officer for identifying an action plan and provides an update.

Risk management is embedded in processes such as project management, appraisal of new capital investment and service development plans as well as all formal Council reports.

### **The Role of the Chief Financial Officer (CFO)**

The CFO (also referred to as the S151 Officer) conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Senior Leadership Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long-term implications, opportunities, and risks, are fully considered and in alignment with the MTFs and other corporate strategies.

The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

### **The Role of the Monitoring Officer (MO)**

The Monitoring Officer has responsibility for ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the Monitoring Officer any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council.

The MO is also bound to ensure that decisions taken are in accordance with the Council's budget and its Policy Framework and provides advice on the scope of powers and authority to take decisions.

In discharging this role, the Monitoring Officer is supported by officers within the Legal and Democratic Services Teams.

### **Local Government Ombudsman**

The Local Government and Social Care Ombudsman investigated three complaints during 2023/24. One was upheld and the Council is awaiting the outcome from the other two investigations.

### **Constitutional Matters**

The key roles and responsibilities of Council committees, of elected members, the Chief Executive, Monitoring Officer and Chief Finance Officer / Section 151 Officer are set out in the Council's constitution scheme of delegation.

These three officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or a committee for approval without first being reviewed by these officers or their delegated representative(s). These officers are also responsible for ensuring that legislation and policy relating to health and safety are implemented in practice.

The Council's Constitution sets out how it operates, how decisions are made and the procedures which are followed to make sure these are efficient, transparent and accountable to the people the Council serves. It's the key guide and 'rulebook' for how the Council, its staff and elected Members fulfil their roles and responsibilities. The Constitution is updated periodically, and the latest version is dated June 2023.

## **Code of Conduct**

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. The Council adopted the LGA Model Code of Conduct with local amends, in December 2021. A register of members' interests is maintained, and the records of interest are declared at Council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements.

Members' allowances are examined on an annual basis and a review of the allowance scheme was last undertaken in 2024 by an independent remuneration panel.

The Monitoring Officer received one complaint in 2023/24 which was resolved informally without the need to conduct an investigation.

## **Effectiveness**

### **Review of Effectiveness**

The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control.

The review is informed by the Internal Audit Annual Report, the work of the Audit Committee, the comments of external auditors and other review agencies and inspectorates, and the work of the Senior Leadership Team who have responsibility for the development and maintenance of the internal control environment.

The review considers evidence identified to support where the Council meets the CIPFA/SOLACE guidance and sets out this in the Assurance Review and Evidence document. Governance areas are given an assessment scoring as follows:

- 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 exist which needs addressing.

Areas identified as fair or poor are reported within the annual governance statement and remedial actions are also outlined.

### **2023/24 Review of Effectiveness and Areas of improvement identified during 2023/24**

No significant governance issues have been identified in the annual assurance review for 2023/24. There are seven new improvements identified.

Full details of the review can be found in the Assurance Review Statement for 2023/24 which is published alongside this Annual Governance Statement and can be found later in this document.

Table 1 identifies the status of the improvement areas from the previous year's review. There are six that have not been fully completed and have been taken forward into the 2023/24 AGS.

Table 2 is an extract summary from the Assurance Review and includes details of the improvement areas identified, along with likely timescale for implementation.

**Table 1 – Status of improvements identified during 2022-2023.**

<b>Improvement</b>	<b>Owner</b>	<b>Implementation Status</b>
AGS5 Implement Corporate Peer Review Action to undertake comprehensive customer demographic profiling exercise and use results to inform desired service offering	Head of Customer Service and Transformation	COMPLETED
AGS7 Review service and financial planning timetable for 2023/24	Head of Finance	COMPLETED
AGS8 Organisational approach to benchmarking to be reviewed and requirements determined.	Strategic Director	COMPLETED
AGS9 Develop People Strategy	Strategic Director	COMPLETED
AGS10 Review staff performance appraisal approach	Strategic Director	COMPLETED
AGS11 Develop and implement anti-fraud awareness raising programme	Strategic Director/S151 Officer	Underway and improvement action carried forward into 2023/24 AGS.
AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy	Underway and improvement action carried forward into 2023/24 AGS
FMC1 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	Underway and improvement action carried forward into 2023/24 AGS
FMC2 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 & S151 Officer	Completed and now carried forward as Business-as-usual approach.
FMC3 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	Partially Completed. Outstanding action carried forward into 2023/24 AGS.
FMC5 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 & S151 Officer	Partially Completed. Outstanding action carried forward into 2023/24 AGS.
FMC12 Review of profiled budgets. Scope and implement financial reporting improvements.	Finance Manager	COMPLETED
FMC17 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	COMPLETED
22AGS1 Align new corporate strategy with Vision	Strategic Director	COMPLETED (in draft report and due to be presented at July 2024 Full Council)
22AGS2 Review of committee report format to be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions	Head of Law and Democracy	Underway and improvement action carried forward into 2023/24 AGS
22AGS3 Take forward outcome based budgeting approach as part of Sustainability Programme and embed results	Strategic Director/S151	COMPLETED AS FAR AS POSSIBLE in

	Officer/Head of Finance	2023/24 and is now replaced by the 2024/25 Service Delivery Changes Financial Sustainability Plan
22AGS4 Undertake Self-Assessment with Audit Committee	Head of Finance	COMPLETED
22AGS5 Embed new values and positive indicators across organisation	Strategic Director	COMPLETED

**Table 2 – Areas of improvements identified during 2023-2024.**

Improvement	Owner	Target date
AGS11 Provide annual anti-fraud activity report to Audit Committee	Interim Strategic Director(S151)	July 2024
AGS12 Revise Asset Management Policy and Capital Expenditure Plan and Holistic Asset Management database/system purchased and timetabled for implementation.	Head of Law and Democracy	March 2025
FMC1 Progress the vision for finance at OWBC and progress all actions arising from the CIPFA Financial Management Code self-assessment exercise.	Chief Finance Officer / Finance Manager	March 2025
FMC3 Undertake training needs analysis identify where skills gaps exist and find appropriate training solutions, in line with key competencies for local government finance teams.	Chief Finance Officer / Finance Manager	December 2024
FMC5 Update Finance Procedure Rules	Chief Finance Officer	March 2025
22AGS2 Review of committee report format to be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions	Head of Law and Democracy	March 2025
2324AGS1 – Develop Partnership Toolkit as per Corporate Strategy	Head of Law & Democracy	March 2025
2324AGS2 – Seek approval of Corporate Strategy	Interim Strategic Director (S151)	July 2024
2324AGS3 – Embed the revised PPM approach across the Council	Strategic Director	September 2024
2324AGS4 - Ensure 2025/26 budget is prepared in accordance with Corporate Strategy activities	CFO	February 2025
2324AGS5 – Ensure the savings target identified in the 2024/25 Sustainability Plan is achieved.	CFO/CEX	February 2025
2324AGS6 – Ensure that all Internal Audit Reviews are considered by SLT in detail prior to sign-off by Service Managers.	CFO	June 2024
2324AGS7 – Ensure that all the agreed audit actions are implemented in a timely manner. (Added focus to be given to those Audits with less than Significant Assurance).	SLT collectively (however each individual member responsible for their own service area)	Ongoing (and by 31 March 2025)

# Overall opinion and conclusion

## Conclusion

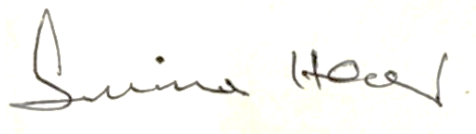
The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, by proactively addressing those issues identified in undertaking the annual review.

The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

## Statement of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Corporate Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed



Councillor Samia Haq

Leader of the Council

XXXXXXXX

Signed



Anne Court

Chief Executive

XXXXXXXX

# Annual Governance Statement

## Assurance Review

**May 2024**

**Assurance and evidence in support of the Council's Governance Statement**

### **Assessment Score:**

**GOOD – Good governance exists and there are no improvements required.**

**FAIR – Satisfactory governance but improvements are required to meet 'Good Governance'.**

**POOR – Significant issues with governance exist which need addressing.**



**Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

**Supporting Principle 1: Behaving with Integrity**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</p>	<p>Good.</p>	<p>Constitution (incl. statutory officers, scheme of delegation, financial and procurement procedure rules) Council, Committee Chairs, Committees. OFLOG Self-Assessment Service policies, Complaints procedure Head of Paid Service, Monitoring Officer and S151 Officer HR policies and procedures Fraud policy in place. Induction training for new members and staff. Codes of conduct Ethics report taken to PFDC quarterly. SLT &amp; CMT External &amp; Internal Audit reports.</p>	<p>None.</p>		
<p>2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p>	<p>Good.</p>	<p>Corporate Plan Council's values OFLOG Self-Assessment Emerging Corporate Strategy 2024/25 Budget Organisational Strategy</p>	<p>None.</p>		
<p>3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions</p>	<p>Good.</p>	<p>Council leadership (Leader of the Council Deputy Leader, Committee Chairs and Vice Chairs, Mayor and Deputy Mayor) Declarations of interest noted. Up-to-date register of gifts and hospitality.</p>	<p>None.</p>		

4. Demonstrating, communicating, and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Good.	Anti-fraud and corruption policy in place. Register of interests and annual declaration of related parties. The whistle blowing policy and complaints policy are well established and regularly reviewed. The Members and Officers Codes of Conduct refers to a requirement to declare interests. Minutes show declarations of interest were sought, and appropriate declarations made.	None.		
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### Supporting Principle 2: Demonstrating strong commitment to ethical values

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Good.	Values developed with staff and embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to PFDC quarterly.	None.		
2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.	Good.	Values embedded into induction process for officers and members and appraisals for staff. Values were developed with staff and are embedded across the Council	None.		
3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Good.	Appraisal process built upon values of the Council and has been revisited during the year. Equality and Diversity Policy in place. EIAs are part of our standard approach and taken forward where appropriate or required.	None.		
4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Good.	Key partnerships have mechanisms in place to define role and scope of partners. Procurement exercises, where appropriate, include assessment criteria around social value which is incorporate into contracts.	None.		

### Supporting Principle 3: Respecting the rule of law

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Good.	Constitution is adhered to and reviewed regularly. Statutory provisions are adhered to. Head of Paid Service, Monitoring Officer and S151/CFO in place.	None.		
2. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.	Good.	Job descriptions and roles of statutory officers are well defined and understood by the organisation. Structure of SLT ensures statutory officers are included in decision making.  The S151 / CFO role complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016).  Statutory Officers meet separately to the Senior Leadership Team when necessary and the Directors and CEX regularly meet separately.	None.		
3. Striving to optimise the use of the full powers available for the benefit of citizens, communities, and other stakeholders	Good.	Arrangements in place for legal advice and recording of advice. All reports requiring a decision are considered by Finance and Legal before being considered by the relevant decision-making committee/Council.	None.		
4. Dealing with breaches of legal and regulatory provisions effectively	Good.	Proper arrangements in place for legal advice and recording of advice, Monitoring Officer referenced to give advice and ensure Council's operates within the law at all times. Monitoring Officer authorised to investigate all breaches and refer to appropriate regulatory bodies.	None.		
5. Ensuring corruption and misuse of power are dealt with effectively	Good.	Whistleblowing policy, anti-fraud and corruption policy in place. Segregation of duties on key financial processes.	None.		

## Core Principle B: Ensuring openness and comprehensive stakeholder engagement

### Supporting Principle 1: Openness

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Good.	Corporate Plan and emerging Corporate Strategy. Budget considerations are consulted upon, and results are published.  FOI requests actively responded to, website, online publishing of expenditure.	None.		
2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Good.	Record of decision making and supporting materials. Standard report format used. The Council's governance framework aims to ensure it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive, and honest manner; and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.	None.		
3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Good.	Decisions well documented with supporting information and advice included. Forward Plan detailing report publication on a timely basis. Calendar of dates for submitting, publishing, and distributing timely reports is adhered to Council and Committee meetings are normally open to the public unless information is of a commercially sensitive nature. The conduct of business is defined by formal procedures and rules that are set out in the Constitution.	None.		
4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action.	Good	Customer and staff satisfaction surveys carried out regularly. Resident Forums in place for key towns in the borough (Oadby, Wigston and South Wigston).  We follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised.  Communications Strategy adopted April 2022 and Customer Experience Strategy adopted in 2023.  The Tenant and Leaseholder Forum plays a key role ensuring the Council meets its regulatory standards.  Comprehensive consultations undertaken in 2023/24 including	None.		

		2024/25 budget consultation, hackney carriage vehicle consultation, polling districts, places and stations, statement of community involvement, draft climate change strategy, draft damp, mould and condensation policy and housing tenants' perception survey.			
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## Supporting Principle 2: Engaging comprehensively with institutional stakeholders

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Good.	Formal and informal partnerships in place. Regular diarised meetings with appropriate senior officers and partners (including SLM, Helping Hands). Strong example is relationship with University of Leicester and support from the Council to the Civic Agreement.	None.		
2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Good.	Partnership working across the authority is strong for example the recently formed Building Control partnership. Approach to consideration of shared services embedded as part of alternative service delivery model reviews.  Service Level Agreements.  Partnership agreements exist.  The organisation has a range of partnerships and collaborative relationships. They have appropriate legal agreements and governance commensurate with the nature of the partnership, depending on factors such as legal status, membership, risk, subject matter.	None.	Develop Partnership Toolkit as per Corporate Strategy.	Head of Law and Democracy
3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	Good.	As above.	None.		

## Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

### Supporting Principle 1: Defining outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.	Fair.	<p>The Corporate Plan and emerging Strategy defines the vision for the Council, including values and priorities.</p> <p>Service Plans are developed based on the Corporate Plan. The quarterly monitoring report and End of Year report details performance against the performance indicators.</p> <p>Council Vision is widely promoted and embedded within the authority.</p> <p>The emerging Corporate Strategy is firmly aligned with the vision.</p>	None.	Approval of New Corporate Strategy	Interim Strategic Director
2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Good.	Intended impacts set out in Corporate Plan / Strategy and Team Business Plans.	None.		
3. Delivering defined outcomes on a sustainable basis within the resources that will be available	Good.	Team Business Plans developed for each service area. Regular performance and finance reports monitored by SLT; Project performance reports monitored by SLT, Service Delivery and Performance, Finance and Development Committees.	None.	Embed the revised PPM approach across the Council.	Strategic Director
4. Identifying and managing risks to the achievement of outcomes	Good.	<p>Quarterly review of risk with SLT.</p> <p>Risk Management Group involves a cross-organisational set of officers from all management levels who monitor risk.</p> <p>Audit Committee review of risk on a quarterly basis.</p>	None.	Ensure that all the agreed Internal Audit actions are implemented in a timely manner (Added focus to given to those Audits with less than Significant Assurance),	Senior Leadership Team (However each SLT Member is responsible for their own service area).
5. Managing service users' expectations effectively with regard	Good.	Performance Indicators within Team Business Plans and Corporate Plan/Strategy include	None.		

to determining priorities and making the best use of the resources available		agreed set of quality standard measures.			
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**Supporting Principle 2: Sustainable economic, social and environmental benefits**

<b>Requirement of local authorities to:</b>	<b>Assessment</b>	<b>Evidence</b>	<b>Significant Issues</b>	<b>Areas for Improvement</b>	<b>Lead</b>
1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Fair.	<p>We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises.</p> <p>Risk management plays an active part in considering and balancing impacts.</p>	None.	A review of committee report format will be undertaken to ensure report authors convey the economic, social and environmental impact of policies, plans and decisions.	Head of Law and Democracy
2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Good.	<p>Record of decision making and supporting materials made available publicly on website.</p> <p>The Medium-Term Financial Strategy adopted includes an affordability approach to assessing the financial implications of the corporate strategy.</p> <p>The MTFP includes a Sustainability Plan for closing budget gaps.</p> <p>The draft Corporate Strategy has been developed in order to be deliverable within the Council's budgetary constraints.</p> <p>The MTFP is updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p>	None.		
3. Determining the wider public interest associated with	Good.	We follow statutory requirements for consultation and as part	None.		

<p>balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p>		<p>of very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised. Elected members act in public interest. Record of decisions made available to public via website. Consultations on key projects with key groups.</p> <p>Members abide by the code of conduct and all committee reports are prepared to reflect all the relevant options, risks and benefits – so members have all the relevant information in front of them when they make a decision.</p> <p>The Council is transparent in decision making.</p> <p>We publish all our agendas and minutes.</p>			
<p>4. Ensuring fair access to services</p>	<p>Good.</p>	<p>Nominated Equalities lead. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access.</p> <p>Equality and Diversity Policy in place. Process in place for equalities impact assessments and action included in Equalities and Diversity Action Plan to assess current processes.</p> <p>The Customer Experience Strategy was adopted in 2023 and progress is regularly monitored to ensure fair access to services is available to all our residents. Our local insight document is available on the intranet and used so that all our staff better understand our customer groups.</p>	<p>None.</p>		



**Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Supporting Principle 1: Determining interventions**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<p>Good.</p>	<p>All reports details options appraisals and risks associated with decisions.</p> <p>The Medium-Term Financial Strategy adopted includes an affordability approach to assessing the financial implications of the corporate strategy.</p> <p>The MTFP includes a Sustainability Plan for closing budget gaps. This is updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>The draft Corporate Strategy has been developed in order to be deliverable within the Council's budgetary constraints.</p>	<p>None.</p>		
<p>2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<p>Good.</p>	<p>Budget consultation undertaken for 2024/25 received 359 replies. Whilst this was a challenging budget, due to the amount of savings that were necessary a change to the draft budget was to reintroduce expenditure on community health and well-being.</p> <p>Other comprehensive consultations undertaken in 2023/24 include the hackney carriage vehicle consultation, polling districts, places and stations, statement of community involvement, draft climate change strategy, draft damp, mould and condensation policy and housing tenants' perception survey.</p> <p>For other areas, we follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised.</p>	<p>None.</p>		

## Supporting Principle 2: Planning interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.	Good.	Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.  Quarterly performance and finance reports monitored by SLT and Service Delivery and Policy, Finance and Development Committees.	None.	Ensure that all Internal Audit Reviews are considered by SLT in detail prior to final sign-off by Service Managers	CFO
2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.	Good.	Resident Forums in existence for each major town in the borough.  We regularly consult where changes to policies are made, over and above statutory requirements.  Tenant engagement approach for Housing now established and will develop further in 2023/24.	None.		
3. Considering and monitoring risks facing each partner when working collaboratively including shared risks	Good	Strong partnerships exist. Partnership agreements exist where necessary for financial/legal/governance/risk reasons and formal agreements are put in place. (e.g. Shared Building Control).	None		
4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Good.	Delegated responsibility in some areas. Constitution is flexible.  Delegated decision making can be amended to facilitate urgent decision making.	None.		
5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Good.	KPIs established and approved for each service and included in Service Plans.  Quarterly Performance Reports are considered by Service Delivery Committee.	None.		
6. Ensuring capacity exists to generate the information required to review service quality regularly	Good.	Performance is included to give context for decisions to be made where necessary.  Resource dedicated to Transformation which works across the organisation to make customer, process and financial improvements.	None.		

		Programme of service reviews underway in 2023 as part of the council's Sustainability Programme.			
7. Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Good	<p>Strategic and Financial Planning timetable was reviewed and aligned for 2024/25 planning, enabling a more integrated approach. Numerous Member workshops covering Financial Sustainability were undertaken during the year.</p> <p>Star Chambers where the Council Leader, Deputy Leader, Chairmen of SDC and PFDC and a Councillor from the Opposition were invited to budget meetings in order to scrutinise and understand budget proposals with the respective Heads of Service prior to formal budget setting.</p> <p>2024/25 Budget was approved with the Council committed to not using General Reserves to balance the budget.</p> <p>Emerging Corporate Strategy is prepared with close alignment to financial position.</p>	None.	Ensure 2025/26 budget is prepared in accordance with Corporate Strategy activities.	CFO
8. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Good.	<p>Strategic and Financial Planning timetable was reviewed and aligned for 2024/25 planning, enabling a more integrated approach. Numerous Member workshops covering Financial Sustainability were undertaken during the year.</p> <p>Star Chambers where the Council Leader, Deputy Leader, Chairmen of SDC and PFDC and a Councillor from the Opposition were invited to budget meetings in order to scrutinise and understand budget proposals with the respective Heads of Service prior to formal budget setting.</p> <p>A realistic, practical and achievable Sustainability Plan was approved as part of the 2024/25 Budget with Council committed to not using General Reserves to balance the budget.</p>	None.		

### Supporting Principle 3: Optimising achievement of intended outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints	Fair	<p>A realistic, practical and achievable Sustainability Plan was approved as part of the 2024/25 Budget with Council committed to not using General Reserves to balance the budget.</p> <p>The MTFP updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>Further work through the Sustainability Programme as outlined above will enhance this.</p>	None.	Ensure savings targets identified in the Sustainability Plan are met and consistently applied.	CFO
2. Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term	Good.	<p>There is a five-year Capital budget planning window.</p> <p>The detailed revenue budget currently planned one year at a time.</p> <p>The MTFP focuses on five-year medium term.</p>	None.		
3. Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Good	<p>The Medium-Term Financial Strategy adopted includes an affordability approach to assessing the financial implications of the corporate strategy. The MTFP includes a Sustainability Plan for closing budget gaps.</p> <p>The draft Corporate Strategy has been developed in order to be deliverable within the Council's budgetary constraints.</p> <p>The MTFP is updated and presented to members twice annually and to scenario model</p>	None.		

		potential outcomes associated with key factors and impact of decisions.			
4. Ensuring the achievement of 'social value' through service planning and commissioning.	Good	Social value considered through the Council's Procurement Policy.	None		

**Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**Supporting Principle 1: Developing the entity's capacity**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Fair.	<p>Reviews of structures, ways of working and performance carried out as necessary. Acquisitions and Disposals Policies.</p> <p>Work is underway with the asset management policy and capital expenditure plan but this is not yet complete.</p> <p>A comprehensive asset review has been undertaken and associated activities including asset disposals are underway.</p> <p>The approach to purchasing a specific asset management database has been refined so that the asset management is contained within the Council's Housing Asset Management System (therefore maximising the use of that Council IT Asset).</p>	None.	<p>Complete the revision of the Asset Management Policy and Capital Expenditure Plan</p> <p>Ensure the 'Corporate Assets' element of the Asset Management Database is timetabled and completed.</p>	Head of Law and Democracy
2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that	Good	Benchmarking is conducted across the Council, and Customer Services participate in a local benchmarking group with other Leicestershire Councils. There are several other specific groups, for example, the DWP	None.		

<p>outcomes are achieved effectively and efficiently</p>		<p>(Department for Work and Pensions) Benefits Performance Management Group. As a result of benchmarking with regard to planning processes, the Council have streamlined their process so that now they lead in terms of decision times. The management of extensions has also been improved.</p> <p>Finance benchmarking subscription in place via LG Inform.</p>			
<p>3. Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	<p>Good.</p>	<p>Strong partnership working across the Council.</p>	<p>None.</p>		
<p>4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<p>Good</p>	<p>Existing Strategic Risk Register.</p> <p>People Strategy approved and rolled out during Summer 2023.</p> <p>Sustainability Plan identified areas for possible redundancy as part of the required savings targets for the 2024/25 Budget.</p>	<p>None.</p>		

## Supporting Principle 2: Developing the capability of the entity's leadership and other individuals

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Good.	Regular meetings between Leader and Chief Executive. Regular meetings also take place between the Chief Executive and Leader of the Opposition. Committee Chairs supported by designated SLT leads. Robust member induction programme, with specific and significant training planned. Code of Conduct for all members.	None.		
2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Good.	Regular review of delegation and financial regulations. Constitution.	None.		
3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Good.	Clear roles and responsibilities with CEX's objectives set and monitored by Members.	None.		
4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>Ensuring members and officers have the</li> </ul>	Good.	Comprehensive timetable of member inductions. Members trained as and when required for specific issues. Formal induction process for new administration and new members. Robust member induction programme, with specific and significant training was undertaken. Code of Conduct for all members and officers.  Detailed and specific induction processes take place for staff and appraisals which detail any specific learning are undertaken annually.	None.		

<p>appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</p> <ul style="list-style-type: none"> <li>Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul>		<p>Post entry training and CPD is also encouraged, and professional fees are reimbursed.</p>			
<p>5. Ensuring that there are structures in place to encourage public participation</p>	<p>Good.</p>	<p>Resident Forums, Customer feedback, regular formal consultation exercises.</p>	<p>None.</p>		
<p>6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	<p>Good.</p>	<p>LGA Financial Health Check 2021 and LGA Corporate Peer Review. OFLOG Best Value Self-Assessment undertaken March/April 2024</p>	<p>None.</p>		
<p>7. Holding staff to account through regular performance reviews which take account of training or development needs</p>	<p>Good.</p>	<p>Staff development plans linked to appraisals. Staff performance appraisal approach was reviewed, refreshed and relaunched in 2023.</p>	<p>None.</p>		
<p>8. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>	<p>Good.</p>	<p>There are numerous health and well-being initiatives such as discount on leisure facilities for staff, free eye-tests, cycle to work scheme, Brocks Hill walks and activities such as pilates. Employee advice line, There are counselling sessions available for those in need. Sickness management ongoing.</p>	<p>None.</p>		



**Core Principle F: Managing risks and performance through robust internal control and strong public financial management**

**Supporting Principle 1: Managing risk**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Good.	Risk Management system in place with regular monitoring at Manager/HoS level and SLT and Audit Committee. New cross-service and role Risk Management Group established to monitor risk. Risk Management Policy adopted by Audit Committee January 23.	None.		
2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Good.	Risk Management Policy formally approved and adopted. Health and Safety Action Plan in place.	None.		
3. Ensuring that responsibilities for managing individual risks are clearly allocated	Good.	Risk Management system in place with regular monitoring. Each Strategic Risk has a member of SLT as the strategic risk owner.	None.		

**Supporting Principle 2: Managing Performance**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Good.	Monitoring of service delivery currently completed through service plans. Agreed performance targets reported monthly. SLAs for all service areas, reviewed annually.	None.		
2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and	Good.	Standardised project appraisal and affordability approach developed as part of the MTFs. This new approach was utilised for the Council funding	None.		

risks inherent in the organisation's financial, social and environmental position and outlook		allocation decision for the office relocation.			
3. Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	Good.	Committee system enables all members to contribute towards ensuring policies are effective and objectives are delivered.  Support offered to opposition members e.g. through regular briefings with the LOTO, CEX and relevant members of SLT, through the Buddying System and as part of budget setting.	None.		
4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Good.	Regular quarterly reports to SLT and Service Delivery Committee.	None.		
5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	Good.	Standing orders in place. Approval reports are separate from financial updates.	None.		

### Supporting Principle 3: Robust internal control

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Aligning the risk management strategy and policies on internal control with achieving the objectives	Good.	Risk management policy audit plan and regular audit reports.	None.		
2. Evaluating and monitoring the authority's risk management and internal control on a regular basis	Good.	Risk management policy with risks reviewed regularly by Risk Management Group, SLT and Audit Committee.	None.		
3. Ensuring effective counter fraud and anti-corruption arrangements are in place	Fair	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).	None.	Ant-Fraud Report to be submitted to Audit Committee	Interim Strategic Director

		Anti-fraud policy updated April 2023 and Anti-corruption policy in place. Anti-fraud training has been rolled out across the Council.  Annual Report on anti-fraud progress to be provided to Audit Committee			
4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Good.	Annual governance statement, internal audit arrangements adequate with internal audit actively involved in service improvement.	None.		
5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon.	Good.	Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2018). Terms of Reference in place for Committee. Training for committee members provided June 2022, included session to enable committee members to approve the financial statements. Financial Statement repeated in July 2024.  Audit Committee Self-Assessment was undertaken in January 2024	None.		

#### Supporting Principle 4: Managing Data

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.	Good.	Policies in place for data management and data protection. Designated data protection officer.	None.	None.	
2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	Good.	Data sharing agreements in place and data processing agreements	None.	None.	

		where necessary.			
3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.	Good.	Regular internal audits carried out.	None.	None.	

### Supporting Principle 5: Strong public financial management

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.	Fair.	<p>The Medium-Term Financial Strategy includes new affordability approach to assessing the financial implications of the corporate strategy and a Sustainability Plan for closing budget gaps.</p> <p>During 2023/24 the S151 Officer led a number of financial workshops with elected members to emphasise the Council's financial position.</p> <p>Working closely with Councillors and the SLT, the budget setting process for 2024/25 provided challenging yet tangible and achievable savings targets that were necessary to put the Council on a more sustainable footing.</p> <p>The MTFP is updated and presented to members twice annually and to scenario model potential outcomes associated with key factors and impact of decisions.</p> <p>That said, the work undertaken to adopt the CIPFA Financial Management Code in 2022 identified areas where the Council did not achieve the Code</p>	None.	<p>Progress the outstanding actions to meet the CIPFA Financial Management Code:</p> <ul style="list-style-type: none"> <li>• Progress the vision for finance at OWBC</li> <li>• Undertake training needs analysis of finance team and develop training and development plan</li> <li>• Update Financial Procedure Rules</li> <li>• Implement the Internal Audit recs/</li> </ul>	CFO

		requirements and the majority of these have now been taken forward with any outstanding actions outstanding to be implemented in 2024/25			
2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Good	There are budget monitoring reports and regular reviews. The relationship between budget managers and business partners has improved and finance play a key role in key projects (such as the introduction of alternate weekly bin collections). This will now be monitored, and continuous improvements undertaken in a 'business as usual' approach.			

**Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**Supporting Principle 1: Implementing good practice in transparency**

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Good.	Website is user friendly, all formal reports written in 'plain English'.	None.		
2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Good.	Website user friendly, all formal reports written in 'plain English'.  Website includes translation tool.	None.		

## Supporting Principle 2: Implementing good practices in reporting

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Reporting at least annually on performance, value for money and the stewardship of its resources	Good.	Service and Financial performance are reported quarterly to committees, Statement of Accounts, Annual Governance Statement.	None.		
2. Ensuring members and senior management own the results	Good.	Members and SLT receive and approve reports.	None.		
3. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Good.	Annual Governance Statement.	None.		
4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Good.	Annual Governance Statement.	None.		
5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Good.	Format follows best practice.	None.		

### Supporting Principle 3: Assurance and effective accountability

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring that recommendations for corrective action made by external audit are acted upon	Good.	Recommendations from external audit acted upon. Regular communication between S151 Officer and External Auditor.  Progress made against external audit recs are reported to Audit Committee	None.		
2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Good.	Internal Audit report directly to Audit Committee. Recommendations from internal audit acted upon. Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards. Regular communication between S151 Officer and Internal Auditor.	None.		
3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Good.	Corporate Peer Challenge undertaken January 2022. All recommendations were implemented.  OFLOG Best Value approach has been approved by Council	None.		