



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: Wednesday, 22 January 2025, 7.00 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
14 January 2025

Anne E Court
Chief Executive



Meeting ID: 2734

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/19837-Audit-Committee>

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



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

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**

There was no Action List arising from the previous meeting.

6. **Petitions and Deputations**

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

7. **Internal Audit Progress Report (January 2025)**

7 - 27

Report of the Chief Finance Officer / S151 Officer

8. **Appointment of Internal Auditors**

28 - 29

Report of the Chief Finance Officer / S151 Officer

9. **External Audit Progress Report (January 2025)**

30 - 78

Report of the Chief Finance Officer / S151 Officer

10. **Strategic Risk Register Update (Q2 2024/25)**

79 - 86

Report of the Chief Finance Officer / S151 Officer

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There was no Action List arising from the previous meeting.

18. PETITIONS AND DEPUTATIONS

None.

19. VALUE FOR MONEY DELAY LETTER - OWBC 2023/24

The Committee gave consideration to the Value For Money Delay Letter – OWBC 2023 / 2024 (as set out on page 6 of the agenda reports pack), which presented a Letter of the Director of Grant Thornton.

Councillor G A Boulter requested that the reasons given by the External Auditor as to why the Value for Money arrangements were not completed by 30 September 2024 be specifically minuted, namely the sector-wide difficulties facing the audit industry in terms of limited personnel resourcing and additional regulations impacting on workloads.

Councillor G A Boulter drew the Committee's attention the perceived hypocritical position of previous criticism levelled towards the Council in relation to having an insufficient number of internal auditors to complete the internal audit work and the current position of there now being a similar deficiency in external auditors to complete their audit work.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The content of the Value For Money Delay Letter be considered and noted.

In accordance with Rule 6.3 of Part 4 of the Constitution, the Chair moved for the order of business to be altered and taken in the order as reflected in the minutes.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The order of business be altered, accordingly.

20. EXTERNAL AUDIT PROGRESS REPORT (OCTOBER 2024) (URGENT ITEM)

Under section 100B(4)(B) of the Local Government Act 1972, by reason of special circumstance, in that an additional item of business needed to be considered before the next meeting of the Audit Committee.

The Chair was of this opinion in that this urgent item of business was to be considered at this meeting due to the time-sensitive need to provide Members with a necessary update at this meeting so that Members were able to make a fully informed decision at the next meeting in relation to the sign-off and approval of relevant accounts.

The Committee gave consideration to the report and appendix (as set out at pages 2 - 15 of the agenda update) which presented the External Audit Progress Report for October 2024.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The content of the report and Internal Audit Progress Report (October 2024) (as set out at Appendix 1) be considered and noted.

21. INTERNAL AUDIT PROGRESS REPORT (OCTOBER 2024)

The Committee gave consideration to the report and appendix (as set out at pages 7-29 of the agenda reports pack) which presented the Internal Audit Progress Report for October 2024.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The content of the report and Internal Audit Progress Report (October 2024) (as set out at Appendix 1) be considered and noted.

22. STRATEGIC RISK REGISTER UPDATE (Q1 2024/25)

The Committee gave consideration to the report and appendix (as set out at pages 30-38 of the agenda reports pack) which presented the Strategic Risk Register Update for quarter 1 2024/25.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The content of the report and Strategic Risk register Update (Q1 2024/2025) (as set out at Appendix 1) be considered and noted.

THE MEETING CLOSED AT 6.51 pm

Agenda Item 7



Audit Committee	Wednesday, 22 January 2025	Matter for Information
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Report Title: **Internal Audit Progress Report (January 2025)**

Report Author(s): **Colleen Warren (Chief Finance Officer / S151 Officer)**

Purpose of Report:	To give an update on Internal Audits progress on delivering the 2024/25 Audit Plan.
Report Summary:	Three final reports issued all at significant assurance, one proposed final report, three draft reports and three agreed terms of reference.
Recommendation(s):	That the progress made in delivering the 2024/25 Audit Plan be noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Colleen Warren (Chief Finance Officer / S151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk</p> <p>Laura Parsons (Finance Manager) (0116) 257 2694 laura.parsons@oadby-wigston.gov.uk</p> <p>Tracey Barnard-Ghaut (Assistant Director) 07545 502397 tracey.banard-ghaut1@nhs.net</p> <p>Ruby Deo (Client Lead / Audit Manager) 07545 502399 ruby.deo@nhs.net</p>
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
Report Implications:-	
Legal:	There are no implications directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	<p>Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Organisational / Transformational Change (CR8) Increased Fraud (CR10)</p>
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.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. Internal Audit Progress Report (January 2025)

1. Information

- 1.1 The Internal Audit Progress Report (January 2025) attached at Appendix 1 provides an overall summary of the work undertaken to date relating to the Audit Plan. The progress report covers the work carried out during the period April to December 2024.
- 1.2 The report identifies progress made in relation to the completion of work from the Councils 2024/25 Internal Audit Plan and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.
- 1.3 Internal Audit progress reports are presented to every meeting of the Audit Committee so that Members are up to date with Internal Audits work and findings.
- 1.4 Under the Local Government Act 1972, Section 151 and the Accounts and Audit (England) Regulations 2011 (as amended), the Council has a responsibility to maintain an adequate and effective Internal Audit function. At Oadby and Wigston Borough Council this responsibility is currently being delivered by 360 Assurance.
- 1.5 In responding to this requirement, the Internal Audit service works to best practice as set out in the Public Sector Internal Audit Standards (2017), which is published by the Chartered Institute of Public Finance and Accountancy.



Oadby and Wigston Borough Council

Internal Audit Progress Report

Audit Committee: 22nd January 2025

Contents

Section	Page	Appendices	Page
Introduction	1	A: Internal audit plan	5
Internal audit update	2	B: Summary of audits completed	6
		C: Terms of Reference issued	9
		D: Key Performance Indicators	13
		E: Action tracker	14

Reports prepared by 360 Assurance and addressed to Oadby and Wigston Borough Council's directors or officers are prepared for the sole use of Oadby and Wigston Borough Council, 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 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 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 Oadby and Wigston Borough Council. 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 Oadby and Wigston Borough Council.

The appointment of 360 Assurance does not replace or limit the 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.

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.

This paper identifies progress made in relation to completion of work from the Council's 2024/25 Internal Audit Plan and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity in a format agreed with the Audit Committee and complies with the requirements of Public Sector Internal Audit Standards.

The Client Manager meets with the Chief Finance Officer / S151 Officer regularly to discuss progress against the plan and to monitor and evaluate the effectiveness of this work which informs the Council's plan.

This progress report covers the work carried out during the period 1st April 2024 to 1st January 2025.

Action required

The Audit Committee is asked to:

Note the key messages and progress made against the Internal Audit Plan since the last meeting.

Receive the information and guidance papers produced by 360 Assurance and seek assurance from the Council that the issues raised are being considered and, where necessary, addressed by the Council.

Members are invited to raise any questions.

Key contacts

Leanne Hawkes, Director

M – 07545 423040

E – leanne.hawkes@nhs.net

Tracey Barnard-Ghaut, Assistant Director

M – 07545 502397

E- Tracey.Barnard-Ghaut1@nhs.net

Ruby Deo, Client Manager

M – 07545 502399

E – Ruby.Deo@nhs.net

Key messages

Since the last Audit Committee we have:

- Issued 2 final reports relating to the 2023/24 plan:
 - Financial ledger management and reporting
 - Housing allocations

2024/25 planned work

- Issued 3 final reports:
 - Waste management project assurance
 - Housing repairs procurement
 - Strategic Risk Management
- Issued 1 proposed final report:
 - Food safety
- Issued 3 draft reports:
 - Business continuity
 - Treasury management
 - Housing rents
- Agreed 5 terms of reference:
 - Payroll and expenses
 - S106 Agreements
 - IT Governance Healthcheck
 - Homelessness
 - Financial ledger management and reporting
- Held planning meetings and undertaken fieldwork to progress the audit plan.

Contract performance

2024/25 Planned audits	Audits completed to report stage	% complete
13	7	54%
	Audits in progress	
	6	46%

The Internal Audit Plan in Appendix A provides a detailed breakdown of delivery.

We have provided at Appendix D a summary of our performance in relation to Key Performance Indicators detailed in our Service Level Agreement with the Council.

Service benefits and other matters



Events

Papers from our events are available on our website <https://www.360assurance.co.uk/events/>



Client briefing and other publications

We regularly publish articles and all of these are on our website.

Our publications and monthly briefings are available at: <https://www.360assurance.co.uk/news-publications/>

Head of Internal Audit Opinion

Internal Audit Outturn

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

Substantive Assurance	<ul style="list-style-type: none"> None
Significant Assurance	<ul style="list-style-type: none"> Housing Repairs Procurement Waste Management Project Assurance Strategic Risk Management Financial Management & Reporting (2023-24) Housing Allocations (2023-24)
Moderate Assurance	<ul style="list-style-type: none"> None
Limited Assurance	<ul style="list-style-type: none"> None
Weak Assurance	<ul style="list-style-type: none"> None
Other	<ul style="list-style-type: none"> None

~ Page 13 ~

Implementation of internal audit actions

The table below shows the current status of progress against internal audit actions:

2024/25 Implementation of internal audit actions	
High risk actions closed on time	(0/0)
First follow up rate – high and medium risks	69% (7/9)
First follow up rate – all risks	78% (11/16)
% of actions subject to revised due dates	8%
Overall implementation rate	69%
Historic Actions	
Historic actions (pre 1 April 2024) outstanding	10

Further details on action tracking are included in Appendix E.

The table below summarises progress against the 2024/25 Internal Audit Plan.

Ref.	Audit	Planned timing	Status	Assurance Level provided	Date reported to Audit Committee
Head of Finance – S151 Officer					
1	Head of Internal Audit Opinion (core)	Q1-4	ToR issued – ongoing during year	~	~
2	Strategic Risk Management (core)	Q3-4	Completed	Significant	January 2025
2	National Fraud Initiative	Q1-4	Ongoing		
3	Financial Management and Reporting (core)	Q4	ToR agreed	~	~
4	Financial Systems – Treasury Management (core)	Q4	Draft report Stage	~	~
5	Housing Repairs Procurement review	Q3	Completed	Significant	January 2025
6	Grant Certifications	Q1-4	Ongoing throughout the year	Certifications	
Head of Customer Services and Transformation					
7	Human Resources - Staff Lone Working (core)	Q3	Fieldwork in progress	~	~
8	Payroll and Expenses	Q3-4	Fieldwork in progress	~	~
9	IT Audit (IT governance health check)	Q3-4	Fieldwork in progress	~	~
10	Business Continuity	Q2	Draft Report Stage	~	~
11	Waste Management (project assurance)	Q2	Completed	Significant	January 2025
12	Food Safety	Q2-3	Proposed final report issued	~	~
Head of Built Environment					
13	Housing Rents	Q2-3	Draft Report Stage	~	~
14	Homelessness	Q4	ToR agreed	~	~
15	S106 Agreements	Q3-4	Fieldwork in progress	~	~

This section summarises the reports finalised relating to the 2023/24 internal audit plan.

2324/OWBC/15 Financial Management and Reporting	
Objectives and scope	<p>The overall objective of our review was to provide an independent assurance opinion on the:</p> <ul style="list-style-type: none"> effectiveness of the Council’s arrangements to ensure the integrity of data held in the financial ledger. robustness of in-year financial reporting arrangements.
Audit opinion	Moderate Assurance
Summary findings	<p>We reviewed the arrangements in place within the Council to ensure the integrity of data held in the financial ledger.</p> <p>Medium risk issues have been identified in respect of the following:</p> <ul style="list-style-type: none"> a lack of segregation of duties in respect of journal authorisation delays in the timely completion and management review of control account reconciliations and lack of evidence of review prompt removal/de-activation of access to the system where officers leave the Council <p>We reviewed the robustness of in-year financial reporting arrangements but were not provided with evidence to confirm that finance reports are derived directly from the ledger.</p> <p>An action plan has been agreed to address the areas of improvement identified. All other controls tested were operating satisfactorily.</p>

2324/OWBC/18 Housing Allocations	
Objectives and scope	<p>The overall objective of our review was to review the systems and processes in place for managing housing allocations. In order to achieve this objective, we reviewed the following controls:</p> <ul style="list-style-type: none"> The housing allocations system is operated in accordance with legislation and appropriate controls are in place to ensure that access is restricted and updates are prompt and accurate. Applications to join the housing register to bid for properties are processed promptly and accurately in accordance with policy. The bidding process for properties is run in a fair and consistent manner and offers are made promptly to winning bidders on the basis of a fully validated bid. The housing allocations system is subject to appropriate levels of management review and monitoring and information is regularly reported to senior management and committee.
Audit opinion	Significant Assurance
Summary findings	<p>The Council has an up-to-date Housing Allocations Policy. The system (Home Connections) which is used to deliver the Choice Based Lettings scheme was found to have effective security and integrity controls in place, although evidence of these controls should be shared with the Council in accordance with the terms of the contract.</p> <p>Testing on a sample of applications confirmed that evidence to support eligibility was available in all cases and that ‘priority’ or ‘high’ bandings were</p>

2324/OWBC/18 Housing Allocations	
	<p>supported by evidence and appropriately authorised. Staffing issues have however impacted on the Council’s ability to conduct regular reviews of applicants on the Housing Register (particularly ‘non-bidders’) and to approve care leavers for inclusion on the Housing Register promptly.</p> <p>Testing on a sample of applicants that have now been housed indicated that the bidding process is running effectively. A significant number of the dwellings that are bid for belong to various housing associations that participate in the Choice Based Lettings scheme run by the Council. It was noted that a formally signed agreement is not in place with one of these housing associations and that there is no facility within any of the other signed agreements that allows the Council to confirm that housing associations are conducting final eligibility and banding checks prior to letting homes to successful bidders.</p> <p>There are four customer service standards that are monitored in respect of the Choice Based Lettings scheme and our audit has noted some data is not recorded in the performance management results in relation to one of the standards and issues have been identified in respect of the regularity with which performance against these standards is published.</p> <p>An action plan has been agreed to address the areas of improvement identified.</p>

The following section summarises the final reports from the 2024/25 internal audit plan.

2425/OWBC/01 Waste Management Project Assurance	
Objectives and scope	<p>The overall objective of our review was to ensure that the Council applies a robust project management process to the transition from weekly to fortnightly bin collections. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> Formal project management arrangements are in place, which have been designed to ensure that the project to move from weekly to fortnightly bin collections is delivered in a timely and cost effective manner that delivers the required outcomes/benefits in accordance with the Council’s Project Framework.
Audit opinion	Significant Assurance
Summary findings	<p>The audit confirmed that the Council has followed its Programme / Corporate Project procedures to scope and deliver the project to move to fortnightly waste and recycling bin collections. This project had a specific scope in relation to waste transformation with the move from weekly to fortnightly waste bin collections as part of an overall Sustainability Plan approved as part of the 2024-25 MTFS in December 2023.</p> <p>The audit identified that given the specific scope of this project and timescales involved a full business case was not completed. It was noted that a formal benefits realisation plan had not been developed as part of the overall project. An action has been agreed to review other benefits realised.</p>

2425/OWBC/03 Housing Repairs Procurement	
Objectives and scope	<p>The overall objective of our review was to ensure that the contract for housing repairs has been procured in accordance with the Council’s Contract Procedure Rules, with particular reference to confirming that competition to award the contract has been fair and equitable to all interested parties. In order to achieve this objective, we reviewed the following controls:</p> <ul style="list-style-type: none"> • A detailed contract specification was provided to all interested parties that provided clear instructions on the tender process to be followed and which allowed for open competition from all relevant contractors. • The opportunity to bid for the housing repairs contract was advertised fairly in accordance with the requirements of Contract Procedure Rules. • Tender submissions were received and evaluated in a fair and equitable manner that was consistently applied for all bids submitted. • The contract award process followed was consistent with the requirements outlined in Contract Procedure Rules.
Audit opinion	Significant Assurance
Summary findings	<p>The audit concluded that the process followed to tender the responsive repairs service was undertaken in accordance with the Council’s Contract Procedure Rules and that existing contractors were provided with sufficient opportunity to bid for the contract. The action to tender the housing repairs service was necessary to address a previous audit finding that the Council needed to take action in order to comply with its contract procedure rules. Whilst the audit identified two areas where evidence of communications with existing contractors could have been made more formal, we are satisfied that these contractors were actively encouraged to place bids. The existing model for undertaking responsive repairs involved the use of a number of companies that specialised in specific elements of the repairs service, such as electrical works, plumbing and doors/windows. The tender for the responsive repairs contract was for the whole service, which meant that a number of the specialist existing contractors did not have the full skillset required to bid for the work. The Housing Manger however reported that a joint bid would have been acceptable and that this option was discussed with existing contractors but was not taken up. An action plan has been agreed for three low risk actions to be implemented.</p>

2425/OWBC/05 Strategic Risk Management	
Objectives and scope	<p>The overall objective of our review was to provide an independent assurance opinion on how strategic and corporate risks are managed by the Council and its committees. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> • there is a fit for purpose Risk Register in place which has had been developed with appropriate engagement from the Council • there is a clear programme to report the Risk Register to the Council and its assurance committees during the year which is adhered to • the Risk Register is used as a live tool for managing risks and supports robust discussion at the Council and its assurance committees • the Audit Committee fulfils its responsibilities in relation to the Risk Register as set out within its Terms of Reference • risks in the Risk Register reflect those being faced by the organisation and are aligned to the organisation’s objectives • meaningful actions are taken to mitigate risks which impact on risk scores, controls and assurances
Audit opinion	Significant Assurance

2425/OWBC/05 Strategic Risk Management

Summary findings

The Council has a Risk Management Policy in place having last been reviewed in January 2023. The Corporate Risk Register has been presented to the Senior Leadership Team and Audit Committee on a quarterly basis in line with the Risk Management Policy. We have raised one medium risk finding and associated action for the Council to align the Corporate Risk Register to the Corporate Strategy approved by the Council in July 2024. Three low risk findings and associated actions have been made, including:

- to further enhance the assurances identified in the Corporate Risk Register;
- to reflect the impact of completed actions and controls in the Corporate Risk Register; and
- the Risk Management Group should meet on a quarterly basis in line with the Risk Management Policy with records of discussion maintained.

The following terms of reference have been agreed with Council officers.

ToR 8	Staff Lone Working
Introduction	<p>The Council has a legal duty under the Health and Safety at Work Act 1974 and Management of Health and Safety at Work Regulations 1999, to ensure the safety and welfare of anyone working within the Council as far as reasonably practicable.</p> <p>The Health and Safety Executive (HSE) defines lone workers as those who work by themselves without close or direct supervision and has published health and safety guidance on the risks of lone working aimed at anyone who employs or engages lone workers. This guidance was revised in March 2020 to take account of COVID-19 and an increased number of lone workers working at home and a rise in individuals completing duties alone due to social distancing measures.</p> <p>Employees may be required to work alone within resident’s homes; communities; or in isolated office or public premises for all or part of their working hours. As a result, lone workers can be vulnerable and exposed to hazards including an increased risk of physical or verbal abuse and harassment from residents, their relatives or members of the public.</p> <p>Workers also have responsibilities to take reasonable care of themselves and other people affected by their work activities and to co-operate with their employers in meeting their legal obligations.</p>
Objectives and scope	<p>The overall objective of our review is to assess the adequacy of the systems and processes established to ensure the safety of lone workers working within the Council’s services. To achieve this objective, we will review the following controls:</p> <ul style="list-style-type: none"> • Policies and procedures are in place for staff lone working • Training is provided to current and new members of staff on the lone working policy • Staff comply with lone working policies and procedures • Lone working devices and equipment are provided to all members of staff where necessary • Incidents are recorded and reported • Governance processes are in place to gain assurance that the Council’s policy and procedures are being complied with. <p><i>Limitations of scope:</i> The scope of our work is limited to the areas identified in the agreed Terms of Reference. Sample testing will be undertaken to review the above processes are in place. The review will be limited to those members of staff directly employed by the Council.</p>
Methodology and approach	<p>To deliver this audit we will:</p> <ul style="list-style-type: none"> • document, via walk-through testing, our understanding of the system processes and controls • undertake risk-based sample testing to assess the effectiveness of the controls in place, identifying risks and any mitigating controls • review reports and committee papers to identify and assess the reporting and monitoring arrangements in place

ToR 9	Homelessness
<p>Introduction</p>	<p>Each local housing authority is required to consider housing needs within its area, including the needs of homeless households, to whom local authorities have a statutory duty to provide assistance. The Homelessness Reduction Act 2017 significantly reformed England’s homelessness legislation by placing duties on local authorities to intervene at earlier stages to prevent homelessness in their areas. It also requires housing authorities to provide homelessness services to all those affected, not just those who have ‘priority need’. These include:</p> <ul style="list-style-type: none"> • An enhanced prevention duty extending the period a household is threatened with homelessness from 28 days to 56 days, meaning that housing authorities are required to work with people to prevent homelessness at an earlier stage; and • A new duty for those who are already homeless so that housing authorities will support households for 56 days to relieve their homelessness by helping them to secure accommodation. <p>The Council utilises the Home Connections IT system to manage homelessness cases. As at August 2024, the following statistics were available:</p> <ul style="list-style-type: none"> • 61 families in temporary accommodation. • 42 applicants at the relief stage. • 35 applicants at prevention stage. • 88 main duty cases. <p>Temporary accommodation is a mix of the Council’s own hostel, private rented properties on a three year lease, the Council’s housing stock and bed & breakfast. The forecasted homelessness expenditure budget for 2024/25 is expected to be £770k, with an income budget of £772k (mainly grants).</p>
<p>Objectives and scope</p>	<p>The overall objective of our review is to ensure that the Council has arrangements in place to manage homelessness in line with the required legislation. In order to achieve this objective, we will review the following controls:</p> <ul style="list-style-type: none"> • There is a detailed Homelessness Strategy in place that demonstrates how the Council meets the requirements of all relevant legislation. • Processes and procedures are in place and implemented to deliver the Homelessness Strategy and meet the requirements of homelessness legislation. • Access to the IT system used to implement the Council’s Homelessness Strategy is restricted. • There are sufficient, trained staff resources to implement all aspects of homelessness legislation. • There are appropriate monitoring and reporting arrangements in place. <p><i>Limitations of scope:</i> The scope of our work will be limited to the areas identified in the agreed Terms of Reference.</p>
<p>Methodology and approach</p>	<p>To deliver this audit we will:</p> <ul style="list-style-type: none"> • interview key staff to determine and document the current controls and processes in operation. • undertake sample testing to confirm compliance with controls and processes as recorded.

ToR 10 IT Governance Healthcheck	
Introduction	<p>The Council’s ICT service was insourced in February 2022 from the Leicestershire ICT Partnership, hosted by Hinckley & Bosworth Borough Council. A new ICT team was established with responsibilities for supporting users and managing all corporate IT infrastructure, networks and clients.</p> <p>The IT team is led by the Corporate Projects, Systems and IT Manager. The Head of Customer Service and Transformation is the Senior Leadership Team lead for IT. The IT team comprises of four members of staff and their roles and responsibilities are documented. There is a separate Systems team who are responsible for managing corporate IT applications and they also report to the Corporate Projects, Systems and IT Manager.</p> <p>At a corporate level, there is Member engagement via the IT Working Group and IT is a standing agenda item at the Corporate Management Team meetings. An IT Risk Register was established in May 2022.</p> <p>An IT Security presentation was provided by the Corporate Projects, Systems and IT Manager in April 2024 which provided an overview of IT security to the members.</p> <p>The Council’s Corporate Strategy was approved by the Council in July 2024 and the Corporate Strategy action plan includes a target of a Digital Strategy being developed and approved during quarter two of 2025/26.</p> <p>The Council’s Strategic Risk Register dated April 2024 identified the following strategic risk with a current score of 6 and rated yellow:</p> <ul style="list-style-type: none"> • 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. <p>We completed an IT governance healthcheck in 2022/23 and provided advisory recommendations on the governance arrangements for the newly established IT team to develop. As part of the agreed internal audit plan for 2024/25 it was agreed to review the IT governance arrangements in place.</p>
Objectives and scope	<p>The overall objective of our review is to provide independent assurance via a ‘healthcheck’ on the overarching governance and control arrangements in place for the ICT team to provide an independent assurance opinion. To achieve this objective, we will review the following controls:</p> <ul style="list-style-type: none"> • There is a defined structure in place to manage the provision of ICT services. • Arrangements are in place for the development of an IT Strategy/development plan and objectives for the IT service have been defined. • Service levels have been agreed and defined. • Performance measures are in place for ICT and they are regularly monitored and reported upon. • Training in IT security is provided to staff and members of the Council. • IT risks are identified, logged and managed. <p><i>Limitations of scope:</i> The scope of our work will be limited to the areas identified in the agreed Terms of Reference. Our review will not include business continuity or cyber security arrangements. Our review will be limited to the extent to which governance arrangements over ICT are in place and will not include review of the operation of IT systems used by the Council.</p>
Methodology and approach	<p>To deliver this audit we will:</p> <ul style="list-style-type: none"> • document, via walk-through testing, our understanding of the system processes and controls • undertake risk-based sample testing to assess the effectiveness of the controls in place, identifying risks and any mitigating controls

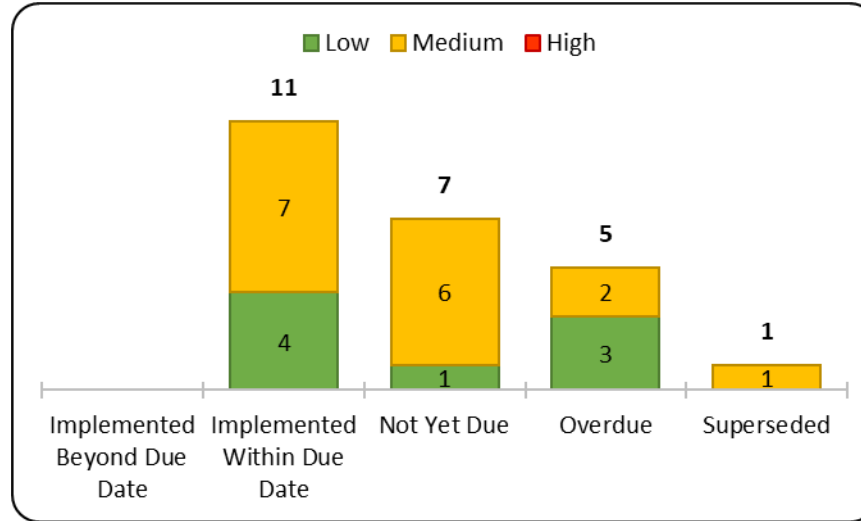
ToR 11 Financial Ledger Management and Reporting	
Introduction	Councils are dependent upon their financial systems to provide accurate, complete and timely data to support their financial management and reporting. In particular, an organisation relies heavily on its financial ledger to provide the basic data necessary to inform its reporting of income, expenditure and budgetary performance. In turn, the financial ledger is populated via external systems and sub-ledgers including payroll, accounts payable and accounts receivable. An annual review of the organisation’s financial ledger and reporting key controls forms part of our core audit programme.
Objectives and scope	<p>The overall objective of our review is to provide an independent assurance opinion on the:</p> <ul style="list-style-type: none"> effectiveness of the organisation’s arrangements to ensure the integrity of data held in the financial ledger; robustness of in-year financial reporting arrangements. <p>To achieve this objective, we will review the following controls using sample testing:</p> <p>Budget Setting</p> <ul style="list-style-type: none"> budgets are set in a structured, comprehensive, and robust manner in accordance with the organisation's objectives and the Medium Term Financial Strategy (MTFS). <p>Financial ledger</p> <ul style="list-style-type: none"> automated arrangements or regular manual checks ensure the financial ledger is in balance internal checks are in place to confirm that data input to the financial ledger from external feeder systems is complete, accurate and timely the use of suspense accounts is kept to a minimum – accounts are only used for the short-term posting of unidentified entries and are cleared promptly control accounts are regularly and promptly reconciled to information outside the financial ledger and reconciliations are reviewed and authorised cash/bank reconciliations are regularly and promptly prepared and reviewed with reconciling items cleared in a timely manner there is segregation of duties over the preparation, authorisation and input of journals – journals are supported by a clear narrative description and adequate evidence access to the financial ledger is restricted to approved individuals robust system back-up and restore procedures are in place (for the financial ledger and the organisation’s network where supporting records are held). <p>Financial reporting</p> <ul style="list-style-type: none"> arrangements are in place to confirm that the latest agreed financial plan is accurately loaded to the financial ledger there is an adequate audit trail to evidence that financial reports reconcile to the financial ledger financial reports are produced promptly each quarter in accordance with a documented closedown timetable. <p><i>Limitations of scope:</i> The scope of our work will be limited to the areas identified in the agreed Terms of Reference. We will not comment on the organisation’s in-year financial performance or assess its financial standing.</p>
Methodology and approach	<p>To deliver this audit we will:</p> <ul style="list-style-type: none"> hold interviews with key officers review supporting documentation (electronic and hardcopy) for all specified controls undertake walkthrough, substantive and compliance testing on a risk and sample basis to assess the design and operation of the controls in place, performing data analytics as appropriate.

As part of our contract with the Trust we agreed a number of Key Performance Indicators. Those that can be measured on a quarterly basis are included below; others will be reported in our Annual Report due in June 2025. Please note these are compiled on a cumulative basis.

So far in 2024/25 we have issued eleven Terms of Reference, two draft reports in respect of 2024/25 and 6 final reports in respect of 2023/24:

360 Assurance KPIs	Target	Q1	Q2	Q3	Q4
Issue a Client Satisfaction Questionnaire following completion of every audit.	100%	100%	100%	100%	
Terms of Reference issued before commencement of the audit.	100%	100%	100%	100%	
Draft report issued within 10 working days of exit meeting.	100%	100%	Not applicable	100%	
Final report issued within 5 working days of executive sign-off.	100%	100%	Not applicable	100%	
Overall client satisfaction rating of satisfied or highly satisfied.	90%	No responses received in Q1	No responses received in Q2	No responses received in Q3	
Client KPIs	Target	Q1	Q2	Q3	Q4
Terms of Reference to be agreed within 10 working days of being received.	100%	100%	100%	100%	
Information has been provided and staff have been available to meet the timescales set out within the Terms of Reference.	100%	100%	100%	100%	
Management response received within 10 working days of receiving the final draft report.	100%	100%	Not applicable	50%	

The chart below summarises the progress against agreed actions (by risk rating) for Internal Audit for 2024/25:



~ Page 24 ~

Table 1 below provides a summary of actions due on or by 1st January 2025 that have yet to be implemented (this includes actions where extensions to original implementation dates have been agreed).

Table 1

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Head of Built Environment	1	1	-	2	
Private Sector Housing – Enforcement	-	1	-	1	<p>Deadline for implementation has been moved to provide further capacity to explore viability of further Selective Licensing scheme, as a specific HMO policy is not a statutory requirement and there is already a process currently in place.</p> <p>Following the approval of consultation for a further Selective Licensing scheme within the Borough, amendments to HMO management and charges will be brought in to coincide with any new scheme with new policy and charging scheme to become live concurrently subject to relevant approvals.</p> <p>December 2024 update: I would ask that the deadline be amended to 31/03/25 so this can be considered</p>

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
					<p>following completion of the consultation and a decision on a further selective licensing scheme which is scheduled for early February 2025. You may be aware this is a critical piece of work which will take considerable resource to progress and one which is considered a priority.</p> <p><u>Original due date:</u> 1st April 2024</p> <p><u>Revised Implementation date:</u> 5th December 2024</p> <p><u>Revised implementation date:</u> 31st March 2025</p>
Disabled Facilities Grant	1	-	-	1	<p>Engage with Lightbulb to refine performance data so that OWBC specific data is reported and measurable performance targets reported against.</p> <p><u>Original due date:</u> 31st December 2024</p> <p><i>No updates received</i></p>
Head of Customer Services and Transformation	-	1	-	1	
Procurement	-	1	-	1	<p>Approval and reporting of high level expenditure in line with Council’s Contract Procedure Rules</p> <p><u>Original due date:</u> 30th November 2024</p> <p><i>No updates have been received</i></p>
Section 151 Officer	2	-	-	2	
Financial Systems	2	-	-	2	<p>Debt recovery action and Debt invoices raised.</p> <p><u>Original due dates:</u> 30th November and 31st December 2024 respectively</p> <p><i>Updates have been received and are in the process of being validated</i></p>
TOTAL	3	2	-	5	

Table 2 below provides details of all historic actions (with original due dates before 1st April 2024) not yet fully implemented.

Table 2

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Chief Finance Officer / S151	1	-	-	1	
Financial Systems	1	-	-	1	Reports of aged debt levels being periodically provided to the PFD Committee. <u>Original Due Date:</u> 30 th September 2023 <u>Revised Due Date:</u> 30 th June 2024 <i>Updates have been received and are in the process of being validated.</i>
Head of Law and Democracy	1	6	1	8	
Grounds Maintenance and Street Cleaning	1	6	1	8	The responsible officer is off on long term sickness and responsibility for these actions has been transferred to another officer. <u>Original Due Date:</u> 3 due by 30 th June 2023 and 5 due by 30 th September 2023 <u>Revised Implementation date:</u> 31 st December 2024
Head of Customer Services and Transformation	1		-	1	
Payroll	1	-	-	1	Contract Documentation – decision on the provision of payroll services. Action Update: Due to organisational change priorities within 2023/24 it has only been possible to spend limited time on researching other payroll service options and this work will continue in 2024/25 with a view of a formal decision being made by the end of 2024/25 (target changed). We will review current contractual arrangements with EMSS during 2024/25 to more clearly set service delivery priorities. <u>Original Due Date:</u> 31 st March 2024 <u>Revised implementation date:</u> 31 st March 2025
TOTAL	3	6	1	10	

Agenda Item 8



Audit Committee	Wednesday, 22 January 2025	Matter for Decision
------------------------	---------------------------------------	----------------------------

Report Title: **Appointment of Internal Auditors**

Report Author(s): **Colleen Warren (Chief Finance Officer / Section 151)**

Purpose of Report:	To appoint new Internal Auditors.
Report Summary:	To approve South West Audit Partnership as our new Internal Auditors from 1/4/2025.
Recommendation(s):	That the recommendation as set out at paragraph 1.6 be approved.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer / Section 151) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk Laura Parsons (Finance Manager) (0116) 257 2694 laura.parsons@oadby-wigston.gov.uk
Strategic Objectives:	Our Council (SO1) Our Economy (SO3) Our Partners (SO5)
Vision and Values:	Resourceful & Resilient (V4)
Report Implications:-	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out at paragraph 1.5 of this report.
Corporate Risk Management:	Key Supplier / Partnership Failure (CR2) Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Economy / Regeneration (CR9) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.

Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Internal Audit Provision

- 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 2022/23 this responsibility was delivered by CW Audit Services (as at April 2023 CW Audit Services merged with 360 Assurance). In responding to this requirement, the Internal Audit service works to best practice as set out in the 2017 Public Sector Internal Audit Standards, which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.2 Following CW Audit Services merging with 360 Assurance the Council were informed of a significant increase in the cost of the audit provision. The cost was renegotiated for the service for 2024/25; however, the costs were due to increase significantly for 2025/26 onwards. The 360 Assurance contract for Internal Audit provision is due to end on the 31 March 2025.
- 1.3 Upon notification of the increase the Council undertook an exercise to see if alternative providers of the service could be found within the current cost envelope. Enquiries were made with another Leicestershire Local Authority to join their audit partnership, however due to capacity issues they were unable to offer us a partnership.
- 1.4 Further enquiries were made with other Internal Audit providers until we identified a suitable not-for-profit teckal company – SWAP. SWAP is one of the largest partnerships in England and Wales providing Internal Audit services to Local Authorities, schools, housing associations, fire and rescue and charities.
- 1.5 Discussions have been held with SWAP and they have presented to SLT who have given their approval to pursue a partnership with SWAP within our budget envelope of £93,000 pa. SWAP can offer us a partnership with them from 1st April 2025 providing us with the required number of Audit days, subject to approval by their Board of Directors. For further information please see the link to their website (<https://www.swapaudit.co.uk/>).
- 1.6 **Recommendation**
- That members approve OWBC entering into a partnership with SWAP for the provision of our Internal Audit services from 1st April 2025.

The Audit Findings Report for Oadby & Wigston Borough Council

Year ended 31 March 2024

13 January 2025

~ Page 29 ~





Oadby & Wigston Borough Council
 Brocks Hill Council Offices
 Washbrook Lane
 Oadby
 Leicester
 LE2 5JJ

22 January 2025

Private and Confidential

Grant Thornton UK LLP

17th Floor
 103 Colmore Row
 Birmingham
 B3 3AG

+44(0)121 212 4000

www.grantthornton.co.uk

Audit Findings for Oadby & Wigston Borough Council for the year ended 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (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 for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf](https://www.grantthornton.co.uk/transparency-report-2023.pdf) [grantthornton.co.uk].

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Richard Anderson

Director
 For Grant Thornton UK LLP

Chartered Accountants

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Contents



Your key Grant Thornton team members are:

Richard Anderson

Key Audit Partner

E richard.j.anderson@uk.gt.com

Kirsty Lees

Senior Manager

E kirsty.lees@uk.gt.com

Allison Thomas

Assistant Manager

E allison.thomas@uk.gt.com

Section	Page
1. Headlines	4
2. Financial statements	7
3. Value for Money arrangements	22
4. Independence and ethics	24
Appendices	
A. Communication of audit matters to those charged with governance	27
B. Action plan – Audit of financial statements	28
C. Follow up of prior year recommendations	30
D. Audit adjustments	33
E. Fees and non-audit services	42
F. Management Letter of Representation	44
G. Audit opinion	46

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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Oadby & Wigston Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

~ Page 32 ~

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work has been completed both on site and remotely during July to September, as planned. Our findings are summarised on pages 4 to 25. We have identified 4 adjustments to the financial statements that have resulted in a £2m adjustment to the Council's Comprehensive Income and Expenditure Statement. We also identified a prior period adjustment corresponding to one of these misstatements, where some of the impact has been adjusted for in the opening balance for the current financial year. These have no impact on the level of the Council's usable reserves.

Audit adjustments are detailed at Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our follow up of recommendations from the prior year's audit are detailed at Appendix C.

Our work is now complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix G) or material changes to the financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our financial statements audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

Our work on the Council's value for money (VFM) arrangements is reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). This report is included on the agenda for the 22 January Audit Committee.

In January 2024 we reported one 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 raised a key recommendation that the Council 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. Members have fully embraced the difficult decisions required and in February 2024 the Council agreed a breakeven budget, without the need to use reserves, which also included a further £0.326m of growth and cost pressures identified since December 2023. The MTFP 2024/25 to 2028/29 now shows a forecast cumulative surplus. Our Key Recommendation has been addressed and we are satisfied there was not a significant weakness in arrangements in this areas as at 31 March 2024, however we have reported the instance of an in-year significant weakness in our audit report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

No additional powers have been used.

We cannot formally conclude the audit and issue an audit certificate for Oadby & Wigston Borough Council for the year ended 31 March 2024. The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. The NAO has requested that we do not issue a certificate, even where the audit is below the threshold, pending completion of its own work. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.

Significant matters

We did not encounter any significant difficulties arising during our audit.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#). This confirmed the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024.

The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026.

This does not affect Oadby & Wigston Borough Council as the 2022/23 financial statements were signed on 16 April 2024 and the audit of the 2023/24 financial statements was completed ahead of the proposed backstop date of 28 February 2025.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives in the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Auditor's Annual Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

All councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on council budgets, there are concerns as councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Oadby & Wigston Borough Council had borrowings of £36.6m as at 31 March 2024, comprising almost exclusively of Public Works Loans Board (PWL) loans. From our planning work on value for money, we have not identified any indicators of issues with the level of borrowing at the Council, its ability to repay the borrowing, or the uses for the borrowing.

2. Financial statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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 for the preparation of the financial statements.

~ Page 35 ~

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have now completed our audit of your financial statements and we anticipate issuing an unqualified audit opinion, as detailed in Appendix G.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial statements

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.

Materiality levels remain the same as reported in our audit plan in April 2024.

We set out in this table our determination of materiality for Oadby & Wigston Borough Council.

Amount (£) Qualitative factors considered

Materiality for the financial statements	481k As communicated in our audit plan, we determined materiality at the planning stage to be £481k based on prior year gross operating costs. We reconsidered planning materiality on receipt of the draft financial statements, but did not consider it necessary to update our materiality threshold based on current year gross operating costs.
Performance materiality	288k Performance materiality has been set at 60% of financial statements materiality. This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. It is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial matters	24k Taken as a proportion of the materiality threshold, we consider that any matters below this threshold would be clearly inconsequential, taken individually or in aggregate. We will report to you all misstatements identified in excess of £24k.
Materiality for the senior officers' remuneration disclosure	8.7k Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set.

2. Financial statements – Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Fraudulent revenue recognition (rebutted) ISA (UK) 240	<p>Under ISA (UK) 240 there is a rebuttable presumed risk of material misstatement 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 related to revenue recognition.</p> <p>It was reported in our Audit Plan that we had rebutted the presumed significant risk of material misstatement arising from improper revenue recognition of the Council's income streams. Our work has not identified any issues that would change our assessment.</p>
Fraudulent expenditure recognition PAF Practice Note 10	<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). As most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure recognition may in some cases be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>It was reported in our Audit Plan that we had determined there was no significant risk of material misstatement arising from improper expenditure recognition of the Council's expenditure streams. Our work has not identified any issues that would change our assessment.</p>

2. Financial statements – Significant risks

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of controls, and in particular journals, management estimates, and transactions outside the normal course of business as a significant risk.

We have:

- evaluated the design and implementation of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- identified unusual journals made during the year and the accounts production stage;
- tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence (specifically the material estimates of property valuations and the net pension liability); and
- evaluated the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Our work did not identify any issues in respect of management override of controls or any changes to accounting policies or estimation processes used by management.

2. Financial statements – Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of council dwellings

The Council contracts an expert to provide annual valuations of council dwellings based on guidance issued by the Ministry of Housing, Communities, and Local Government (MHCLG). They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor. 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.

The key inputs into the valuation are the social housing factor, consideration of market movements, and the determination of the beacons.

We therefore have identified that the accuracy of the key inputs driving the valuation of council dwellings as a significant risk.

We have:

- evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to the valuation expert, and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met;
- assessed the instructions issued by the Council to the valuer, the scope of the Council's valuer's work, the Council's valuer's reports and the assumptions that underpin the valuations;
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; and
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.

Our work did not identify any issues.

2. Financial statements – Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings

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 (£23.4m in the Council's Balance Sheet at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions.

Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date.

We therefore identified valuation of land and buildings as a significant risk of material misstatement.

We have:

- evaluated management's processes and assumptions for the calculation of the estimates, the instructions issued to the valuation expert, and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation expert;
- written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met;
- challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;
- assessed the instructions issued by the Council to the valuer, the scope of the Council's valuer's work, the Council's valuer's reports and the assumptions that underpin the valuations; and
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.

During the course of our work we identified an aggregated difference of £1.3m between the fixed asset register and the valuation report relating to two assets, resulting in an understatement of asset values in the draft financial statements – see Appendix D. The final financial statements have been updated to correct for this issue. We have not identified any other issues.

2. Financial statements – Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the net pension fund liability

The Council's pension fund net liability, as reflected in its balance sheet within 'other long term liabilities', represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£8.6m in the Council's Balance Sheet) and the sensitivity of the estimate to changes in key assumptions.

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.

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.

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. 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 Council's pension fund net liability as a significant risk.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the net pension liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (the actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liabilities;
- undertaken 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;
- reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised; and
- obtained assurances from the auditor of the 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's financial statements.

We have reported our detailed review of the estimation process in the key judgements and estimates section on page 16.

From our work we identified that following the requirements of IFRIC 14 there was an unrecognised additional onerous liability of £5.4m as at 31 March 2024, a portion of which (£2.1m) should have been recognised at 31 March 2023. Management has processed a prior period adjustment to amend the closing prior period balance for the net pension liability and has reflected an in-year adjustment to ensure that the full additional onerous liability is recognised at 31 March 2024. See Appendix D.

Separately, we noted that the pensionable pay data provided by the Council to the actuary only includes pensionable pay for active employees but should also include pensionable pay for leavers during the year. Whilst we are satisfied that this would not have a material impact on the overall pension liability, we have raised a control recommendation – see Appendix B.

The assurances from the pension fund auditor identified a misstatement in gross pension asset values. This has led to an unadjusted misstatement in the Council's accounts – see Appendix D.

We did not identify any other issues.

2. Financial statements – Key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber} We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Land and building valuations £23.4m	<p>Other land and buildings comprises specialised assets such as leisure centres and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council engaged an external valuer to complete the valuation of properties as at 31 March 2024. All land and building assets were revalued during 2023/24.</p> <p>The total year end valuation of land and buildings was £23.4m, a net decrease of £1.2m from 2022/23 (£24.6m).</p>	<p>We have:</p> <ul style="list-style-type: none"> • deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate; • not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate; • not identified any concerns over the competence, capabilities and objectivity of the valuation expert used by the Council; • considered the movements in the valuations of individual assets and confirmed their consistency with national indices; and • not identified any indicators of management bias in determining the estimate or evidence that might contradict management's assessment. <p>As noted on page 12, we identified an aggregated difference of £1.3m between the fixed asset register and the valuation report relating to two assets, resulting in an understatement of asset values in the financial statements – see Appendix D. This has been corrected in the final version of the financial statements. We have not identified any other issues.</p>	<p>Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

2. Financial statements – Key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Council dwellings valuations £78.4m	The Council owns 1,182 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Innes England to complete the valuation of these properties. The year end valuation of council dwellings was £78.4m, a net increase of £0.1m from 2022/23 (£78.3m).	<p>We have:</p> <ul style="list-style-type: none"> deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate; not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate; no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council; considered the movements in the valuations of individual assets and their consistency with national indices; not identified any material errors within the disclosures in the financial statements; and considered management bias in determining the estimate and evaluated evidence that might contradict management's assessment. <p>We have not identified any issues from our work.</p>	<p>Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

2. Financial statements – Key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment																								
Net pension liability £3.1m	<p>The Council's net pension liability at 31 March 2024 is £8.6m (PY £8.5m) comprising the Leicestershire Pension Fund funded and unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation of the Leicestershire Pension Fund was completed for 31 March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert; used PwC as auditor's expert to assess the actuary and the assumptions made by the actuary – see table below for the comparison made; confirmed that the Council's share of LGPS pension assets is in line with expectations; confirmed that the increase in the estimate is reasonable; assessed the approach taken by the actuary; reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised; performed procedures around the completeness and accuracy of the underlying information used to determine the estimate; and reviewed the adequacy of the disclosure of the estimate in the financial statements. <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.80%</td> <td>4.80% - 4.85%</td> <td>● Appropriate</td> </tr> <tr> <td>Pension increase rate</td> <td>2.80%</td> <td>2.80% - 2.85%</td> <td>● Appropriate</td> </tr> <tr> <td>Salary growth</td> <td>3.30%</td> <td>3.25% - 5.25%</td> <td>● Appropriate</td> </tr> <tr> <td>Life expectancy Males currently aged 45 / 65</td> <td>45: 21.5 years 65: 21.2 years</td> <td>N/A</td> <td>● Appropriate</td> </tr> <tr> <td>Life expectancy Females currently aged 45 / 65</td> <td>45: 25.5 years 65: 24.1 years</td> <td>N/A</td> <td>● Appropriate</td> </tr> </tbody> </table> <p>Note that PwC has not provided ranges for the mortality assumptions of Hymans Robertson as the actuary uses individual employer-level life expectancies. PwC has confirmed that the methodology used is reasonable.</p> <p>As noted on page 13, we identified that following the requirements of IFRIC 14 there was an unrecognised additional onerous liability of £5.4m as at 31 March 2024, a portion of which (£2.1m) should have been recognised at 31 March 2023. See Appendix D. We also noted an issue with the data supplied to the actuary – see Appendix B – and the value of gross pension assets at the pension fund, of which the Council has a share of the error – see Appendix D. No other issues were identified.</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	4.80%	4.80% - 4.85%	● Appropriate	Pension increase rate	2.80%	2.80% - 2.85%	● Appropriate	Salary growth	3.30%	3.25% - 5.25%	● Appropriate	Life expectancy Males currently aged 45 / 65	45: 21.5 years 65: 21.2 years	N/A	● Appropriate	Life expectancy Females currently aged 45 / 65	45: 25.5 years 65: 24.1 years	N/A	● Appropriate	Green - We consider management's process is appropriate and key assumptions are neither optimistic or cautious
Assumption	Actuary value	PwC range	Assessment																								
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2. Financial statements – Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

ITGC control area rating

IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Integra	ITGC assessment (design effectiveness only)	(PY)	(PY)	(PY)	(PY)	Management override of controls	We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware. Enhanced procedures incorporated into our journals testing to address the deficiencies identified. More detail on the deficiencies identified is included within Appendix C.

~ Page 45 ~

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

2. Financial statements – Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

~ Page 46 ~

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is set out at Appendix F.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements, though we did note that there was no disclosure for the accounting policy relating to allowance for impaired debt or expected credit loss allowances – this is included in Appendix D.</p> <p>A number of disclosure changes were made to the draft financial statements to improve overall compliance with the CIPFA code and accounting standards. Please refer to Appendix D for all disclosures changes made.</p>
Audit evidence and explanations	All information and explanations requested from management were provided.

2. Financial statements – Other communication requirements



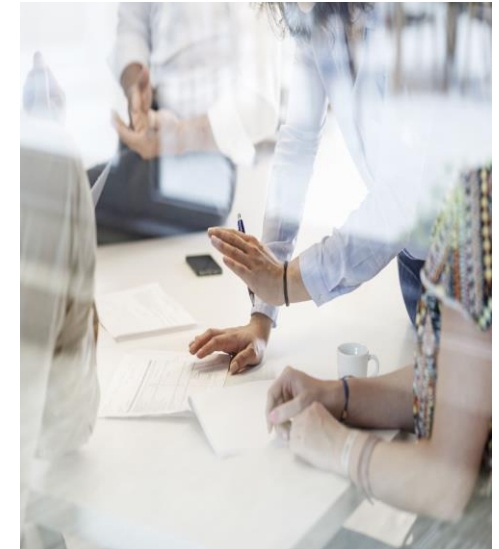
Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA [UK] 570)

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> 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 entity’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, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities. for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council’s financial reporting framework the Council’s system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial statements – Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix G.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in the following areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We reported a significant weakness in Value for Money arrangements in January 2024 – see page 23. Whilst we are satisfied that our Key Recommendation has been addressed and that there was not a significant weakness in arrangements in this areas as at 31 March 2024, we are required to report that a significant weakness was identified in year in our audit report.</p> <p>We have nothing else to report on these matters.</p>



2. Financial statements – Other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued. We are satisfied that this work would not have a material effect on the financial statements for the year ended 31 March 2024.</p>
Certification of the closure of the audit	<p>We cannot yet certify the closure of the 2023/24 audit of Oadby & Wigston Borough Council due to changes in the NAO instructions issued to us as part of WGA procedures.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

~ Page 50 ~



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



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.

3. VFM – Our procedures and conclusions

We have now completed our VFM work. Our detailed commentary is set out in the Auditor’s Annual Report, which is presented to the Audit Committee as a separate item.

Our planning work identified one significant weakness in arrangements. This was in the area of financial sustainability and was identified whilst following up progress against the improvement recommendations raised in our Auditor’s Annual Report for 2021/22. 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 raised 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 alternative 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.

~ Page 51 ~

As part of our detailed work, we assessed the Council’s progress against this key recommendation and considered whether there were any further significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

Financial sustainability: We have closed the key recommendation in regard to urgently developing savings plans. However, we have raised an improvement recommendation that the Council should continue to address the financial challenges that it faces. The one prior year improvement recommendation in relation to better demonstrating how the annual budget supports achievement of the Council’s priorities has not been addressed and is carried forward.

Governance: Our work did not identify any areas where we considered that key or improvement recommendations were required. The one prior year improvement recommendation regarding budget setting is carried forward as it is too early in the financial year to be able to conclude on this.

Improving economy, efficiency and effectiveness: Our work did not identify any areas where we considered that key or improvement recommendations were required. However, we have assessed commissioning and procurement arrangements as “Amber” owing to the Internal Audit findings – we have not duplicated their recommendations.

We are satisfied that there were no significant weaknesses in the Council’s arrangements as at 31 March 2024.

4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers). There are no such matters to disclose to you.

We confirm that we have implemented policies and procedures to meet the requirements of 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.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the Council held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council's members, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified as having been charged from the beginning of the financial year to September 2024, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £ 2022-23	Fees £ 2023-24	Threats identified	Safeguards
Audit related				
Certification of Housing Benefits Subsidy Claim	18,800	35,640	Self-interest (because this is a recurring fee)	The level of these recurring fees taken on their own is not considered a significant threat to independence as the fees for these pieces of work in comparison to the total fee for the audit of £138,539 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, they are fixed fees and there is no contingent element to them. These factors all mitigate the perceived self-interest threat to an acceptable level.
			Self-review (because GT provides audit services)	
Certification of Pooling of Housing Capital Receipts Claim	10,000	10,000	Management (because providing information to external bodies is the responsibility of management)	To mitigate against the self-review threat: the timing of certification work is done after the audit has completed; the immateriality of the amounts involved to our opinion; the unlikelihood of material errors arising; and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee. None of the services provided are subject to contingent fees.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of financial statements
- C. Follow up of prior year recommendations
- D. Audit adjustments
- E. Fees and non-audit services
- F. Management Letter of Representation
- G. Audit opinion

A. Communication of audit matters to 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	•	
Confirmation of independence and objectivity	•	•
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 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 involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

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 Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

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.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action plan – Audit of financial statements

We have identified 4 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p><u>Unsupported disposals and scrapped assets</u></p> <p>Our testing of asset disposals identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. There is a risk that disposals could have occurred in a previous or future financial year, or not at all.</p>	<p>We recommend that management consider retaining clearer records on assets sales and disposals in order to satisfy audit requirements.</p> <p>Management response</p> <p>From January 2025 an annual review of assets will be carried out to ensure that any assets disposed of or scrapped are identified and removed from the asset register.</p>
Medium	<p><u>Coding of Collection Fund income and precepts and levies</u></p> <p>Collection fund income and precepts and levies expenditure were charged directly to reserves instead of the relevant CIES account codes. This was due to coding errors and so while the net of the two accounts appear correct, we could only verify the split between the collection fund income and precepts and levies expenditure by using the work carried out in Council working papers.</p>	<p>We recommend that management should consider implementing a timely reconciliation of expenditure and income categories to detect any errors in advance of the final accounts audit.</p> <p>Management response</p> <p>In-year reconciliations and checks will be carried out to ensure that all income and expenditure is coded correctly and in the appropriate accounting code.</p>

~ Page 56 ~

Controls

- High – Significant effect on financial statements
- Medium – Limited effect on financial statements
- Low – Best practice

B. Action plan – Audit of financial statements

Assessment	Issue and risk	Recommendations
Medium	<p><u>Data provided to external experts</u></p> <p>The pensionable pay data provided to the actuary only included pensionable pay for active employees, but should also have included pensionable pay for leavers during the year. There is a risk that estimates included within the financial statements are based on incorrect source data, leading to a misstatement.</p>	<p>Whilst we are satisfied that this would not have a material impact on the financial statements, we recommend that management implement controls to ensure that all relevant source data is provided to external experts.</p> <p>Management response</p> <p>Checks will be made to ensure that all pay data provided includes pensionable pay from both current staff and leavers.</p>
Medium	<p><u>Obtaining declarations of interests</u></p> <p>There was one instance of a declarations form not being completed by a sitting Councillor. In 2023/24 we have undertaken alternative procedures to confirm the related party transaction disclosure in the accounts is complete. However, there is a risk that transactions with a related party could be omitted from the disclosure in the accounts, where declarations are not returned.</p>	<p>We recommend that the Council obtains and holds declarations for all Councillors and all senior officers, and that they are updated on a regular basis.</p> <p>Management response</p> <p>Declarations are sent out annually and we will continue to chase for completion as necessary.</p>

~ Page 57 ~

Controls

- High – Significant effect on financial statements
- Medium – Limited effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Oadby & Wigston Borough Council's 2022/23 financial statements, which resulted in 6 recommendations being reported in our 2022/23 Audit Findings Report. We are pleased to report that management has implemented 4 of our recommendations but note that 2 are still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Minimum Revenue Provision</u></p> <p>From our review of the Council's Minimum Revenue Provision (MRP) we identified that the Council's published MRP Policy states that they are using Option 2 for supported debt. Using this option MRP is calculated using the CFR (Capital Financing Requirement, as defined in the Prudential Code) method. The statutory guidance states this should be 4% of the non-housing CFR for the preceding financial year. However, the Council's policy states that 2% should be used. The guidance does allow the Council to amend the percentage rate, however the MRP Policy does not explain that they are doing this or the basis for the amendment.</p> <p>The Council should review its MRP policy to ensure that it documents compliance with statutory guidance and that it explains the basis for the calculation.</p>	<p>Management has confirmed that the MRP policy was reviewed in year and a new methodology has now been implemented, though we note that the previous policy was in place for the financial year being audited.</p>
✓	<p><u>Useful Economic Lives</u></p> <p>Our review of the Useful Economic Lives Vehicle, Plant & Equipment Assets that a number of assets totalling £4.45m were fully depreciated. In some cases the assets were no longer in use by the Council.</p> <p>IAS 16 - Property, Plant & Equipment (paragraph 51) requires that the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate. For the remaining balance we recommend that the Council reviews their useful economic lives to ensure that they remain appropriate.</p>	<p>Management has confirmed that a review was undertaken in year of assets with a nil net book value. This exercise identified assets with a gross book value of approximately £2m that were no longer in use, and these have been written out in year. A review of useful lives was also undertaken during the year.</p> <p>However we note that there are still assets within the financial statements with a gross book value of approximately £2.5m held at nil net book value. Our testing support there not being a risk of material misstatement in relation to this balance. Going forward, management has confirmed that assets with nil net book value will be assessed annually.</p>

Assessment

✓ Action completed

X Not yet addressed

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C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Expected Credit Losses</u></p> <p>The Council does not allow credit for customers, such that all of the debtor's balance is past its due date for payment. The Council sets aside a provision for non-payment of these debtors based on the age of debt and the historic experience of default on these balances.</p> <p>For 2022/23 the Council reviewed the % used to calculate these provisions and amended the % set aside for sundry and Housing Benefit debtors, however the reasons for these changes were not documented.</p> <p>For any future changes in % rate the reasons for this change should be documented and approved by senior member of the finance team.</p>	<p>There were no changes to how this balance was calculated for 2023/24 however management has confirmed that the process for any changes in the future has been updated to include a referral to the CFO.</p>
X	<p><u>IT controls – General Ledger</u></p> <p>We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware.</p> <p>Management should consider whether a central review of all superuser activity could be undertaken to mitigate the risk of undetected unauthorised activity.</p>	<p>We have confirmed that there is no central review of superuser activity. Management has confirmed that although the superusers identified work within the transactional processing process of the finance department, they do not work within the management accounting part of the team. Management consider there to be limited risk when supplier details are changed, with only bank detail changes being considered risky. All bank detail changes are now checked by making a call to the supplier using publicly available contact information to validate bank details. Evidence of this check is reviewed by a finance manager to approve the change.</p>
✓	<p><u>IT controls – New User Access</u></p> <p>The process for an account set up does not include creation and authorisation, before the account goes live. There also does not seem to exist a proper access authorisation process with access areas appointed by a Senior manager or an account log in report.</p> <p>Management should consider the controls in place to make sure that accounts are set up correctly and relevant access is provided to employees and there is transparency of their activity on the system.</p>	<p>Management has confirmed that ledger access and authorisation levels for new users now requires manager approval, and we have verified this from our observations of controls around the finance system.</p>

Assessment

✓ Action completed

X Not yet addressed

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C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Grants Received in Advance</u></p> <p>Grants should only be recognised as a Grant Received in Advance when there are conditions attached to the grants that have not been satisfied.</p> <p>Our testing of testing of Grants Received in Advance identified 3 grants where there were no unsatisfied conditions and should therefore not have been recognised as a Grant Received in Advance.</p> <p>Management should review all grants classified as received in advance to ensure that they still meet the criteria for this recognition and still have unsatisfied grant conditions.</p>	<p>Management has confirmed that this review took place for the 2023/24 financial year. We have not identified any errors in our sample testing of the grants received in advance balance.</p>
✓	<p><u>Collection Fund Audit Trails</u></p> <p>We have identified a number of issues in obtaining audit trails and transaction listings in relation to the Collection Fund. Due to the nature of the Council Tax and NNDR system certain reports (e.g. NNDR / CTAX arrears, accounts in receipt of discounts / reliefs) cannot be run retrospectively and must be run on the day.</p> <p>Officers have been able to produce acceptable audit trails by pulling together information from various system reports but this has involved a significant amount of work for both officers and auditors.</p> <p>Management should ensure that the all the required system reports from the Council Tax and NNDR system are run on a timely basis.</p>	<p>Management has confirmed that a consultant was brought in to assist with running the reports. These reports are now run on a schedule and any ad hoc reports will be run as required and added to a schedule if needed.</p>

~ Page 60 ~

Assessment

✓ Action completed

X Not yet addressed

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D. Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Impact of IFRIC 14 on the net pension liability				
During the course of the audit, a national issue emerged in relation to IFRIC 14, which identified that an additional onerous pension liability existed and had not been recognised in either the prior year or current year financial statements. Management has appropriately processed a prior period adjustment in respect of IFRIC 14. This has changed the opening balance of the net pension liability, therefore the adjustment in the 2023/24 accounts is the movement required to reach the appropriate closing balance which recognises the total additional liability of £5,415k at 31 March 2024.				
The effect on the current year financial statements is:				
DR pension reserve (through OCI)	3,279		3,279	Nil
CR pension liability		(3,279)		
Valuation of assets held for sale				
We noted an aggregated difference of £1,253k between the fixed asset register and the valuation report relating to the Council office and Walter Charles buildings, resulting in an understatement in accounts.				
DR assets held for sale		1,253		
CR revaluation reserve (through OCI)	(1,253)		(1,253)	Nil

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<u>Assets under construction</u>				
The amount relating to Oadby Pool of £370k is incorrect and should have been transferred to assets held for sale. We have assumed here that AHFS remains in long term assets as per the draft accounts.				
DR assets held for sale		370		
CR PPE	Nil	(370)	Nil	Nil
<u>Incorrect classification of grant income</u>				
We identified that grant income includes an amount of £97,856 that relates to Council Tax Court Costs that was incorrectly charged to grant income and should have been coded against fees and charges.				
	Nil	Nil	Nil	Nil
Overall impact	£2,026	(£2,026)	£2,026	£Nil

D. Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements. Note that all note references are in relation to the draft financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Balance Sheet and Note 19 Cash and cash equivalents	There should not be a separate bank overdraft line on the Balance Sheet or within the cash and cash equivalents note.	✓
Note 3 Assumptions made about the future and other major sources of estimation uncertainty	To meet the requirements of IAS 1, this disclosure should include the carrying value of the assets at 31 March 2024 that the uncertainty applies to; the nature of the uncertainty and what the key input or assumption is that might change between the current and next Balance Sheet dates that would change the carrying value of the assets; and a sensitivity analysis demonstrating what the Council reasonably expects the key input or assumption to change by in that period and the impact that would have on the carrying value. These disclosures are only required if the estimation uncertainty is expected to be material. We would also expect an entry for the valuation of council dwellings.	✓
Note 5 Adjustments between accounting and funding basis under regulation	The Major Repairs Reserve is not separately disclosed. The current entries in Note 5 for 'reversal of major repairs allowance credited to the HRA' of £1,518k and 'use of the major repairs reserve to finance new capital expenditure' of £1,598k are incorrectly disclosed under 'earmarked reserves'.	✓
Note 6 Transfers to/from earmarked reserves	The movements in earmarked grants have been corrected, with a £374k transfer to other reserves now showing as a transfer out of the fund, and a £50k duplicate transfer out of fund being reversed.	✓
Note 9 Financing and investment income and expenditure	Interest income was understated by £45k in the disclosure and should be disclosed as £168k.	✓
Note 10 Taxation and non-specific grant income and expenditure	Incorrect signage used for general government grants, so general government grants should go from £62k to (£62k) and as a result non-domestic rates income will go from (£6,325k) to (£6,201k) - difference of £124k.	✓
Note 20 Short term creditors	The purchase ledger balance of £307k was not included in the disclosure for "current creditors" resulting in an understatement in the creditors disclosure.	✓
Note 21 Short term provisions	Short-term provisions doesn't agree to balance sheet as provision for exit packages of £164k was omitted from the note. The line descriptors are against the wrong numbers. It should read 54 used during the year and (16) arising during the year. The same issue applies to the prior year comparatives table.	✓
Note 22 Capital grants and contributions – receipts in advance	An error of £244k overstatement was noted for the section 106 open space line. The Balance Sheet is unaffected.	✓

D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 23 Movements in reserves	We noted that Note 23 disclosed the Collection Fund Adjustment for the year as £-168k. The amount disclosed was incorrect and should be £394k.	✓
Note 26 Pensions fund reserve	The opening balance as at 1 April 2022 has been restated by an immaterial amount. The adjustment to this figure should have been processed as an in-year 2022/23 movement instead. This finding also relates to the same figure in note 23 movements on reserves.	X
Note 31 Note to the expenditure and funding analysis	We noted immaterial differences between the outturn report submitted to Cabinet and the column "Net Expenditure chargeable to the General Fund and HRA balances" of the Expenditure Funding Analysis (EFA). Narrative explanation should be included to explain how the EFA reconciles to the outturn report submitted to Cabinet.	✓
	We noted that an immaterial prior period adjustment was made in relation to the comparatives for 2022/23. In keeping with the requirements of IAS 8 which only requires material prior period errors to be accounted for as prior period adjustments, we recommend that immaterial prior period adjustments are corrected within the current year instead.	✓
Note 32 Expenditure and income analysed by nature	We noted that REFCUS items totalling £829k are included in Depreciation and amortisation in the CIES, instead of being shown as a separate item such as Other service expenditure in the expenditure by nature note. REFCUS should be either included in other expenditure or split out in expenditure by nature note instead of being included in depreciation and amortisation.	✓
Note 34 Audit costs	Audit fees disclosure is incorrect. The prior year comparatives have been inappropriately changed when compared to the prior year signed accounts. The narrative underneath the table should make it clear that Grant Thornton UK LLP has not been involved in setting the scale fee for the audit. The figures disclosed are incorrect by a non-trivial amount.	✓
Note 36 Remuneration of senior staff	The bandings note includes salaries for senior officers, as a result of which narrative needs to be included in the accounts to indicate that the senior officers are also included in the bandings note.	✓
Note 38 Defined benefit pension schemes	Restatement of the prior period net liability balance as a result of the adjustment relating to IFRIC 14. Additional narrative has been included to refer to the ongoing legal case of 'Virgin Media vs NTL Pension Trustees II Limited'.	✓
Note 40 Capital expenditure	We noted that the REFCUS, as per note 40, consists of both flexible use of capital receipts and REFCUS, with respective amounts of £256k and £688k. Given the distinct nature of flexible use of capital receipts from the REFCUS, we concluded that it should be disclosed separately from the note and classified separately, as it represents a different type of funding.	✓
	Disclosures in Note 40 should be revised to state the prior year comparator for the increase in underlying need for unsupported borrowing to £2,706k rather than £2,405k, with the 'restated' at the top of the prior year column being removed.	

D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 46 Fair value of assets and liabilities carried at amortised cost	We noted that the Note 46 disclosure for financial liabilities held at amortised cost - Public Works Loans also includes the balance for short term creditors. The note needs to be amended to split the amounts between borrowings and creditors.	✓
	The Note 46 disclosure for fair value of financial liabilities held at amortised cost - Public Works Loans - needs to be amended to reflect the amendment of £307k that was made to include the purchase ledger balances in the disclosure for "current creditors".	✓
Note 47 Nature and extent of risks arising from financial instruments	The maturity analysis in Note 47 currently shows the current value of financial liabilities held at amortised cost - Public Works Loans as £38,674k. This needs to be amended to reflect the adjustment of £307k made to the current value of financial liabilities held at amortised cost - Public Works Loans and should read £38,981k.	✓
Note 50 Prior period adjustments	Prior period adjustment to be disclosed in relation to the net pension liability.	✓
HRA income and expenditure statement	We identified a variance of £30k between dwelling rent per HRA Note 1 of £5,466k and transactions in the fees, charges, and income population relating to dwelling rent of £5,496k. This variance of £30k is related to the housing revenue write-off, which is included in HRA Note 1, income, and dwelling rent. Dwelling rent has been amended from £5,466k to £5,496k, and the write-off of £30k has been added in the Total Expenditure section.	✓
HRA Note 2	The narrative at Note 2 to the HRA needs updating to correctly state the Balance Sheet value of council dwellings.	✓
HRA Notes 10 and 11	Two additional disclosures were required, to meet the disclosure requirements of the CIPFA Code. These were the amount of capital expenditure funded by the HRA (additional Note 10 now included) and the amount of transfer to the general fund (additional Note 11 now included).	✓
Collection Fund account	Transitional protection payments (TPP) had been netted out. TPP in respect of NDR of £102k were netted down against the TPP receivable of £306k (into a line for the net amount of £204k). There is no overall change to the movement in the fund for the year, or the reported deficit for NDR but amounts are above trivial, and the current disclosure is non-compliant with the Code requirements.	✓
Collection Fund Note 3	Note 3 should include additional narrative and/or headings in the table to appropriately distinguish between the impairment for bad debt provision and the separate provision that relates to the business rates appeals. The amount disclosed in Note 3 to the Collection Fund for the provision for bad debts is stated at £59k and differs by £21k from the provision amount of £80k included in short term debtors.	✓

D. Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Collection Fund Note 4	The precept for Leicestershire Police Authority is incorrectly shown against the Central Government line.	✓
Accounting policies	We noted that a "Going Concern" note was missing from the accounts. In keeping with section 3.8.2.24 of the Code, local authorities are required to prepare their accounts on the going concern basis. However, the accounts should include management's assessment of the local authority's going concern assessment, and also that the functions of the local authority will continue in operational existence for the foreseeable future, as it can only be discontinued as a result of statutory prescription.	✓
Accounting policies	No accounting policy has been disclosed for allowances for impaired debt or expected credit loss allowances.	✓
Annual Governance Statement	The AGS has been updated to reference the significant weakness in arrangements on financial sustainability identified in January 2024 as part of our Value for Money work.	✓
We identified a number of minor typographical and disclosure issues throughout the draft financial statements that have been amended by management.		✓

D. Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
<u>Invoices raised after year-end</u>					
The testing of invoices raised after year-end identified an item of business rates income for £199k relating to 2022/23 that had been accounted for in 2024/25. As this would constitute an immaterial prior year error, the correct accounting treatment would be to recognise the income in 2023/24.	(199)	199	(199)	Nil	Immaterial
<u>Capital additions</u>					
Sample testing of additions identified 2 errors totalling £3,019. One of the samples was found to be invalid capital, while the other was overstated by £1,219. As this was a sample, we have extrapolated these errors to determine a projected error across the total additions population £26,124.	26	(26)	26	26	Immaterial
<u>Unsupported disposals and scrapped assets</u>					
Our testing identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. We extrapolated these issues across the total population which resulted in a projected error of £74,839.	(75)	75	(75)	Nil	Immaterial

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Errors identified at the Pension Fund					
There was an understatement in the value of assets identified at the pension fund. Applying the Council's percentage share of assets at 0.73% results in an understatement of gross pension assets of £30,799, which would decrease the net liability.	(31)	31	(31)	Nil	Immaterial
Error in valuation of an asset					
We identified a £26,342 overstatement in the valuation of one asset due to the incorrect land area being used in the valuation calculation.	26	(26)	26	Nil	Immaterial
Overall impact	(£253)	£253	(£253)	£26	

D. Audit adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
<p>Pension fund errors</p> <p>The auditor of Leicestershire Pension Fund reported two issues in respect of the estimated rate of return on investments used by the actuary in the IAS19 report which differed from the actual rate of return achieved by the pension fund, and timing issues identified in the valuation of pension fund assets. The net impact of these for the Council was an overstatement of the net pension liability of £69k.</p> <p>The impact on the 2023/24 financial statements would be a £69k decrease in the 'actuarial gain on pension fund assets and liabilities' as shown on the CIES.</p>	69	Nil	69	Nil	Immaterial
Overall impact	£69	£Nil	£69	£Nil	

E. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services. The below are services identified as having been charged or where work has been undertaken from the beginning of the financial year to January 2025.

Audit fees	Proposed fee £	Final fee £ (TBC)
Scale fee set by Public Sector Audit Appointments Ltd (PSAA)	131,009	131,009
Increased audit requirements of revised ISA 315 (note 1)	7,530	9,410
Total audit fees (excluding VAT)	138,539	140,419

Additional fees in relation to ISA 315 is still subject to approval by PSAA . The additional work required by this auditing standard was not accounted for in the scale fee. The impact on our work was greater than estimated at planning.

Non-audit fees for other services	Proposed fee £	Final fee £ (TBC)
Audit related services		
Certification of Housing Benefits Subsidy Claim 22-23	18,800	18,800
Certification of Housing Benefits Subsidy Claim 23-24 (note 2)	35,640	35,640
Certification of Pooling of Housing Capital Receipts Claim 22-23	10,000	10,000
Certification of Pooling of Housing Capital Receipts Claim 23-24 (note 2)	10,000	10,000
Total non-audit fees (excluding VAT)	74,440	74,440

Note 2: Please note that the fees for these pieces of work have not yet been agreed with management. The proposed fee entered for 2023-24 is an indicative fee based on an expectation of the level of work.

The total value of non-audit services is £45,640 for 2023/24. This constitutes a significant proportion of the proposed audit fee (33%). Having due regard to the FRC Revised Ethical Standard 2019 para 4.18 in respect to provision of Non Audit Services, we have evaluated the perceived self-interest threat to independence. The Council does not meet the definition of a Public Interest Entity, and therefore the Non Audit Services fee cap is not applicable. As a result, and given the nature of the non-audit service, we have not identified a threat to our independence. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. None of the services provided are subject to contingent fees

E. Fees and non-audit services

Total audit and non-audit fee

Audit fee £138,539

Non-audit fees £45,640 (TBC)

The fees reconcile to the financial statements, which show audit fees of £132k and non-audit fees of £73k, as follows:

Audit fee per note 31 of the financial statements £132k (rounded)

Add proposed additional fee for ISA 315 £7,530

Total audit fees £139k (rounded)

Audit fee per AFR £138,539

Additional fees, as reflected in final audit fee, are not reflected in the financial statements.

Non-audit fees per note 31 of the financial statements £73k (rounded) which comprises multiple years based on timing of invoices and recognition to expenditure

Less certification of housing benefits subsidy claim 2022-23 £18,800

Less certification of pooling of housing capital receipts claim 2022-23 £10,000

Total non-audit fees £44k (rounded)

Non-audit fees per AFR £45,640

None of the above services were provided on a contingent fee basis.

This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

F. Management Letter of Representation

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

[Date]

Dear Grant Thornton UK LLP

Oadby & Wigston Borough Council Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of Oadby & Wigston Borough Council for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and building assets and council dwellings, and the net pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the financial statements:

- a. there are no unrecorded liabilities, actual or contingent;
- b. none of the assets of the Council has been assigned, pledged or mortgaged; and
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

We have considered the unadjusted misstatements schedule included in your Audit Findings Report and in the appendix. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The prior period adjustment disclosed in Note xx to the financial statements is accurate and complete. There are no other prior period errors to bring to your attention.

We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- b. the financial reporting framework permits the entity to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

F. Management Letter of Representation

The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

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

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 22 January 2025.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

G. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report.

Independent auditor's report to the members of Oadby & Wigston Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Oadby & Wigston Borough Council (the 'Authority') for the year ended 31 March 2024, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, notes to the core financial statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and notes to the Housing Revenue Account, the Collection Fund Account and notes to the Collection Fund Account, and the Statement of Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer (Section 151 Officer)'s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer (Section 151 Officer)'s conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer (Section 151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer (Section 151 Officer) with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Financial Report other than the financial statements and our auditor's report thereon. The Chief Finance Officer (Section 151 Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

G. Audit opinion

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Chief Finance Officer (Section 151 Officer)

As explained more fully in the Statement of Responsibilities [set out on page 26], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer (Section 151 Officer). The Chief Finance Officer (Section 151 Officer) is responsible for the preparation of the Financial Report, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer (Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer (Section 151 Officer) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).

We enquired of management and the Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and management bias within significant accounting estimates. We determined that the principal risks were in relation to high risk journal entries and the valuation of significant estimates. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on high value manual journals posted as part of the year-end closedown process, journals posted by senior finance officers, journal entries that altered the Authority's financial performance, and journals posted by individuals identified as having privileged access to the Authority's ledger system,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and building assets and council dwellings, and the net pension liability, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

G. Audit opinion

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the presumed significant risk of fraudulent revenue and expenditure recognition. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter, except on 16 January 2024 we identified a significant weakness in how the Council plans and manages its resources to ensure it can continue to deliver its services. This was 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 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.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Oadby & Wigston Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Date



Agenda Item 10



Audit Committee	Wednesday, 22 January 2025	Matter for Information
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Report Title: **Strategic Risk Register Update (Q2 2024/25)**

Report Author(s): **Colleen Warren (Chief Finance Officer / Section 151 Officer)**

Purpose of Report:	To present the Strategic Risk Register to Committee for information.
Report Summary:	In accordance with the requirements of the Councils Risk Management Policy, this report presents the Strategic Risk Register for the Committees consideration. The register is updated on a regular basis through discussions with the internal Risk Management Group and members of the Senior Leadership Team.
Recommendation(s):	That the content of the report and the Strategic Risk Register [as set out in Appendix 1] be considered and noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer / Section 151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk
Strategic Objectives:	Our Council (SO1)
Vision and Values:	"Our Borough - The Place To Be" (Vision) Resourceful & Resilient (V4)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) 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 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.
Statutory Officers' Comments:-	

Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	<ul style="list-style-type: none"> • Risk Management Group. • Senior Leadership Team.
Background Papers:	None.
Appendices:	1. Strategic Risk Register (Q2 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 (Q2 2024/25) 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 September 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 the mitigated score is visually represented by the arrows shown in the far-right column "Direction of travel of mitigated score risk".
- 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.

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

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




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


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

Strategic Risk Register																				
Ref	Risk Definition	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		
	What is the headline risk/issue?				Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR1	Decreasing Financial resources / Increasing Financial Pressures	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. Draft budget for 2025/26 accepted at PFD Dec 24	4	4	16	<input type="checkbox"/> Delivery of Service Delivery Changes – Financial Sustainability Plan. <input type="checkbox"/> Monthly reviews 2024 Regular review of savings targets. New PID to be developed including all aspects linked to sustainability of the Councils finances, eg establishments, contracts etc	Monthly reviews 2024	4	4	16	Chief Financial Officer	Dec-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. New PID completed.	
CR2	Key Supplier Failure	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"/> 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. Formal Contract management training has been rolled out via CMPP	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. Formal Contract management training has been rolled out via CMPP	4	3	12	<input type="checkbox"/> Contract review underway (Sustainability programme). <input type="checkbox"/> Further external review of our contract management process and support with improvements (CMPP)	Sep-24	2	2	4	Head of Law and Democracy/ Monitoring Officer	Dec-24	Commentary amended to reflect new position with SLM.	
CR3	Failure to work effectively with other public sector partner organisations (PSOs) and 3rd sector organisations	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. 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. Cost of Living support programme has funded 3rd sector organisations and support for warm hubs. Contract review complete.	2	3	6	<input type="checkbox"/> Strategic Planning Group - governance arrangements are in place for this. 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. Cost of Living support programme has funded 3rd sector organisations and support for warm hubs. Contract review complete.	Sep-24	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Updated management control	

Strategic Risk Register																				
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	What is the headline risk/issue?		What is the root cause or problem? What could go wrong?	What could occur as a result, how much of a problem would it be?	(no controls)			(with controls)												
					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"> Staff capacity could impact on engagement hard to reach communities some resident groups not digitally connected change in political power could result in non-statutory service being stopped Failure to consult when appropriate to do so Funding changes impacting on roles Digital exclusion as a result of cost of living crises 	<ul style="list-style-type: none"> Reputational damage lack of support for community initiatives missed opportunity to impact on equalities agenda and HWB of residents Citizens panel not representative of demographic. Services may not meet the needs of this demographic 	4	4	16	<ul style="list-style-type: none"> 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 Communications Strategy in place Gov.Delivery digital e-mail system – targeted delivery on specific topics e.g. tenants newsletter in place Financial Inclusion Officer Volunteer community champion Digital Newsletter - specifically relating to health and wellbeing targeting socially vulnerable Events programme run by Community Health Improvement Officers to target vulnerable and hard to reach residents/communities. Statement of community involvement in place Residents Forums meet regularly Sports and physical activity commission plan to target hard to reach Customer Experience Strategy in place Appointment hubs in operation as well as reception point open at Brockshill Website offers the facility to change language. Use language line for translation services. Tenant & Leaseholder focus group established and meeting on a quarterly basis. Language Translation Service incorporate. All households are to receive 2*letter communications regarding change to the bin collection regime. Customer Experience Strategy Action Plan being monitored Housing Regulators new Tenant Satisfaction collected Virtual Appointments to increase customer contact have commenced Volunteer event took place in November 24. 	2	2	4	Members session planned for January 2025		1	2	3	Head of Customer Service and Transformation	Jan-25	Updated management control	↔
CR5	Political Dynamics	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> Change in political power Change in leader New members Public perception changes 	<ul style="list-style-type: none"> Change in priorities Change in member/officer engagement Breakdown in communication Inability to meet expectations Reputation issues (organisational and political) Reactive decision making (rather than planned) Failure to follow legislative requirements e.g. equalities Further strain on council finances 	3	4	12	<ul style="list-style-type: none"> Member development programmes New Code of Conduct has been adopted which comes into force on 1/4/22, with training planned to familiarise members with its content Policies e.g. Safeguarding/Equalities and DBS checks Provision of chairing skills training Constitution, which is in the process of being reviewed to reflect new management structure Public consultation, Development of member enquiry system Training for members covering a range of areas including IT and Planning Buddying system in place for Elected Members to use Members bulletin Customer Service training and Political awareness training has been undertaken Member and officer training undertaken with Centre for Governance and Scrutiny November 2022 Full review of members induction programme has been completed. Induction training delivered for new members during May to July 2023. SLT/Member workshops July, Sept. Nov CMT/Member training sept 'meet the teams'. OFLOG Self Assessment presented to Full Council in April 2024. Member Working Group established to engage with the Alternate Weekly Waste Collection Project 	3	3	9	<ul style="list-style-type: none"> New Corporate Strategy to be presented to Members - presented 16/7/24 at full council Planning Member training externally facilitated 	July 2024	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Updated management controls and updated further actions	↔
CR6	Reputation Damage	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> Litigation Breakdown in a partnership Failure to have regard to officers advice Whistle blowing Freedom of Information (FoI) Inconsistent decision making Poor Media Relations Poor communication Failure to provide or reduce services Poor performance Poor business planning and consideration of financial implications 	<ul style="list-style-type: none"> Intervention Loss of public confidence Ombudsman findings Court costs Quality of service affected Breakdown in a partnership Adverse publicity Lower public satisfaction level Time spent mitigating damage/rectifying the situation Low Morale Difficulties to recruit/staff retention Inadequate budget provision, inappropriate financial decisions made 	4	4	16	<ul style="list-style-type: none"> Review of external communication by Heads of Service Use of modern.gov Whistle blowing and Anti Fraud and Corruption policies Freedom of Information log Qualified in house legal team Officer complaints training & new complaints process Performance reporting and Key Performance Indicators Public and media consultation Achieved accreditation for customer service excellence award Communications Policy and Communications Plan in place Online customer care training in place for all new staff and a separate module also in place for managers. Partnership working eg Lightbulb & Local Plan Marketing & Communications Manager Social Media Policy Service Standards Project Comms Plans e.g. external communications regarding alternate weekly waste collection project. Performance Review Plans Standardised project appraisal and affordability approach as per Corporate Peer Review Action Plan built into new MTFS Complaints handling and investigation training for all managers undertaken Safety Risk assessments always consider reputational damage as a risk. Anti Fraud Policy in place. Good relationships built with media i.e. cemetery Consultations conducted i.e budget 	2	2	4		Oct-24	2	2	4	Chief Executive	Dec-24	Updated further controls	↔

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CR7	Effective utilisation of Assets/Buildings (non-housing)	Building, Protecting and Empowering Communities (CO1); Providing Excellent Services (CO3)	<ul style="list-style-type: none"> Failure to follow Health and Safety Insurance/Public Liability Financial investment Contractor going into liquidation Political will Facility Management Depreciation 	<ul style="list-style-type: none"> Loss of investment opportunities Loss of income Loss of capital Higher revenue costs Costs Death or injury Higher insurance premiums Reputation damage Public liability Personal liability for corporate team e.g. corporate manslaughter 	4	3	12	<ul style="list-style-type: none"> Physical controls (e.g. Door Codes, fire alarms) Designated first aiders Capital Programme and HRA Business Plan - annual reiteration and regular monitoring Fixed Asset Register Annual valuation of property by external valuer Designated Health and Safety Officer Implementation of controls within Health and Safety Executive review Health and Safety risk assessments Designated Facilities Manager Accommodation Reviewed Health and safety assessments carried out on all buildings Move to Bushloe House to Brocks Hill complete Asset Management a theme as part of the Sustainability Programme Health and Safety Action Plan approved by full Council April 2023. Asset Review received end of November - Report to PFDC regarding disposal of assets. 	3	3	9	<ul style="list-style-type: none"> Revision of Asset Management Policy and Capital Expenditure Plan Asset review Holistic Asset Management database/system purchased and timetabled for implementation. Roll out of the system has begun. Completion of the sale of Bushloe House and Oadby Pool site. Marketing all of our assets for hire to generate additional income to support the sustainability plan 	<ul style="list-style-type: none"> Dec 2024 Jan 2024 December 2024 Dec 2024 	2	2	4	Head of Law and Democracy/ Monitoring Officer	Dec-24	Further Management controls updated.	↔
CR8	Regulatory Governance	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> New or changes to legislation Resources (staff) Failure to identify new legislation 	<ul style="list-style-type: none"> Substantial fines e.g. Data Protection Judicial review Reputation Code of conduct Financial loss Cost orders Personal liability 	3	4	12	<ul style="list-style-type: none"> Data Protection Policy and log Freedom of Information log Code of Conduct and training HR Induction Statutory Monitoring Officer Subscriptions (e.g. legal journals and LGA) and CPD of legal officers Prosecution Policy Purchased GDPR/DPA learning modules to be rolled out in the future. Appraisal training and 1-2-1 training has been rolled out. to all managers. 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. 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 Reviewed and improved HR induction approach. 	1	1	1	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Summer 2025 December 2024 	1	1	1	Head of Law and Democracy/ Monitoring Officer	Dec-24	Existing Control and further actions have been updated	↔
CR9	Failure to respond to a significant incident	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> Loss of staff Loss of ICT Loss of Building Loss of Key supplier Loss of facilities Loss of systems Act of God Adverse Weather Pandemic Adverse staff impact as a result of cost of living 	<ul style="list-style-type: none"> Insurance – higher premiums Loss of essential services Adverse publicity Reputation damage Loss of public confidence Loss of income Financial damage Death and injury Litigation risks Insurance – higher premiums Loss of essential services Adverse publicity Loss of public confidence Financial damage Death and injury Litigation risks Staff unavailable after major incident large proportion of staff becoming ill 	4	4	16	<ul style="list-style-type: none"> Insurance policies and annual review - new insurers from 1 Jan 2024 Risk Management policies and procedures Membership of Local Resilience Forum Standby rota IT backup, Business Continuity Plans in place Community Engagement with Health professionals Agile Working Policy Coordination of Out of Hours Service Additional training from Leicestershire Resilience Partnership underway (incl power lose scenario) Business Continuity training exercise and refresh undertaken December 2022 BC Plans refresh and incorporated into service plans SLT and CMT additional training scheduled with LRF Mighty Oak national power outage LRF Training exercise Brocks Hill project has incorporated business continuity improvements inc generator if power outage. New accident investigation form Refresher of Health and Safety Training Health and Safety face to face training for manual workers delivered. BCPs being reviewed; Implications from Martyn's Law have been considered. New insurance processes being rolled out to operational staff 	2	3	6	<ul style="list-style-type: none"> LRF training course attendance to be reviewed by SLT Protect & Prevent training to be rolled out by the end of the year. 	Sept 2024	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Existing controls and further management actions are updated	↔

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	What is the headline risk/issue?				Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR10	Organisational/ Transformational Change	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <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 	<ul style="list-style-type: none"> <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	<ul style="list-style-type: none"> <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	<ul style="list-style-type: none"> <input type="checkbox"/> Organisation Strategy to be approved. <input type="checkbox"/> Service Reviews being undertaken. Sustainability Plan Review /ongoing Management plan developed and implemented for Waste Transformation. Opportunities being considered for joint working with other local authorities. 	January 2025 <input type="checkbox"/> Ongoing	2	2	4	Strategic Director	Jan-25	Existing controls updated for progress against budget/service implications and revised PPM approach and senior management meetings. Waste transformation project has been delivered within timescale. Agreement reached for Blaby DC to pay for additional days of IT support.	
CR11	Economy/ Regeneration	Growing the Borough Economically (CO2)	<ul style="list-style-type: none"> <input type="checkbox"/> Further decline in the economy <input type="checkbox"/> 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 	<ul style="list-style-type: none"> <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	<ul style="list-style-type: none"> <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 Members - approach made to Homes England for potential funding. 	4	4	16	<ul style="list-style-type: none"> <input type="checkbox"/> Monitor progress against ER Strategy & UKSPF Programme. Project review meetings undertaken with all UKSPF funded projects to ensure outcomes and expenditure will be achieved. Proposals being developed for any underspends 	Ongoing	3	3	9	Head of Built Environment	Dec-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. Further management controls update for latest project meetings. Information received from Govt that UKSPF would be continued for 2025/26	
CR12	Increased Fraud	Providing Excellent Services (CO3)	<ul style="list-style-type: none"> <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 	<ul style="list-style-type: none"> <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	<ul style="list-style-type: none"> <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	<ul style="list-style-type: none"> <input type="checkbox"/> Update of anti-fraud activities to Audit Committee 	July 2024	2	2	4	Chief Financial Officer	Dec-24	Updated to include Audit Committee Report July 2024	

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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.	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 <input type="checkbox"/> Member training delivered in September 24 with a mop up session planned for January 2025. Roll out of Multi Factor Authentication across the Council	October 2024	2	3	6	Head of Customer Service and Transformation	Dec-24	As part of cyber security review and changes in IT Team structure, all existing controls have been updated.	
CR14	19. Staff lone working including out of hours	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. Head of SC&T and H&S officer reviewed the Customer Alert System including the monitoring of lone working procedures.	2	3	6	Review response to alarms going off in the buildings during the night.	Sep-24	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Further management controls updated	