



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, 9 April 2025, 6.00 pm
Venue: Civic Suite 2, Brocks Hill Council Offices, Washbrook Lane, Oadby, Leicester, LE2 5JJ
Contact: Democratic Services
t: (0116) 257 2775
e: democratic.services@oadby-wigston.gov.uk

Yours faithfully

Council Offices
Oadby
01 April 2025

Anne E Court
Chief Executive



Meeting ID: 2754

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/20338-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**

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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 Plan 2025/26 and Introduction Report**

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Report of the Chief Finance Officer / S151 Officer

8. **External Audit Plan for 2024/25 Audit**

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Report of the Chief Finance Officer / S151 Officer

9. **Accounting Policies and Materiality 2024/25**

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Report of the Chief Finance Officer / S151 Officer

10. **Strategic Risk Register Update (Q3 2024/25)**

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Report of the Chief Finance Officer / S151 Officer

11. **Internal Audit Progress Report (April 2025)**

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Report of the Chief Finance Officer / S151 Officer

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Agenda Item 4

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD AT CIVIC SUITE 2,
BROCKS HILL COUNCIL OFFICES, WASHBROOK LANE, OADBY, LEICESTER, LE2 5JJ ON
WEDNESDAY, 22 JANUARY 2025 COMMENCING AT 7.06 PM**

PRESENT

K J Loydall Chair



Meeting ID: 2734

COUNCILLORS

G A Boulter
F S Ghattoraya
S Z Haq
P Joshi
J Kaufman

OFFICERS IN ATTENDANCE

R Anderson	External Auditor
S J Ball	Legal & Democratic Services Manager / Deputy Monitoring Officer
K Lees	External Auditor
K Robson	Democratic & Electoral Services Officer
C Warren	Chief Finance Officer / Section 151 Officer

OTHERS IN ATTENDANCE

R Anderson	Grant Thornton UK LLP
K Lees	Grant Thornton UK LLP

23. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillors C S Gore and I K Ridley.

24. APPOINTMENT OF SUBSTITUTES

Councillor F S Ghattoraya substituted for Councillor C S Gore.

25. DECLARATIONS OF INTEREST

None.

26. MINUTES OF THE PREVIOUS MEETING

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The minutes of the previous meeting held on 2 October 2024 be taken as read, confirmed and approved.

27. ACTION LIST ARISING FROM THE PREVIOUS MEETING

Audit Committee

Wednesday, 22 January 2025, 7.00 pm

There was no Action List arising from the previous meeting.

28. PETITIONS AND DEPUTATIONS

None.

29. INTERNAL AUDIT PROGRESS REPORT (JANUARY 2025)

The Committee gave consideration to the report and appendix (as set out at pages 7-27 of the agenda reports pack) which gave an update on Internal Audit's progress on delivering the 2024/25 Audit Plan.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

The content of the report and Internal Audit Progress Report (January 2025) (as set out at Appendix 1) be considered and noted.

30. APPOINTMENT OF INTERNAL AUDITORS

Councillor G A Boulter requested that the assurances given by the Section 151 Officer regarding having carried out due diligence be specifically minuted, namely the new Internal Auditors selected are reputable and competent.

The Committee gave consideration to the report (as set out at pages 28-29 of the agenda reports pack), which asked it to approve the recommendation as set out at paragraph 1.6.

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

UNANIMOUSLY RESOLVED THAT:

The recommendation to appoint new Internal Auditors as set out at paragraph 1.6 be approved.

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

31. EXTERNAL AUDIT PROGRESS REPORT (JANUARY 2025)

The Committee gave consideration to the report and appendices (as set out at pages 30-78 of the agenda reports pack and pages 3-34 of the agenda update) which presented an update on External Audit's progress.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

- i) The contents of the report and appendices be noted; and**
- ii) The report and appendices be recommended to and noted by Full Council.**

32. STRATEGIC RISK REGISTER UPDATE (Q2 2024/25)

The Committee gave consideration to the report and appendix (as set out at pages 79-86 of the agenda reports pack) which presented the Strategic Risk Register to Committee for information.

By affirmation of the meeting, it was

UNANIMOUSLY RESOLVED THAT:

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

33. STATEMENT OF ACCOUNTS REPORT (2023/24) (URGENT ITEM)

The Committee gave consideration to the report and the appendices (as set out at pages 35-269 of the agenda update), which presented the Council's Statement of Accounts (2023/24) for approval.

It was moved by the Chair, seconded by Cllr P Joshi and

UNANIMOUSLY RESOLVED THAT:

- i. The Statement of Accounts for the year ended 31 March 2024 and the Annual Governance Statement, subject to any required final changes that may be agreed with the Council's External auditors be reviewed and approved;**
- ii. The Statement of Accounts and Annual Governance Statement for the year ended 31 March 2024, be published, and the Section 151 Officer be authorised, following consultation with the Chair of the Audit Committee, to make any required final changes to the accounts that may be agreed with the Council's External Auditors be confirmed, in order to comply with the Council's statutory obligations; and**
- iii. The Letter of Representation be approved.**

THE MEETING CLOSED AT 7.58 pm

Agenda Item 7



Audit Committee	Wednesday, 09 April 2025	Matter for Information
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Report Title: **Internal Audit Plan 2025/26 and Introduction Report**

Report Author(s): **Colleen Warren (Chief Finance Officer/S151 Officer)
Lucy Cater (Assistant Director, SWAP)**

Purpose of Report:	To introduce SWAP to the audit committee and outline the audit plan for 2025/26.
Report Summary:	To introduce the SWAP audit team and for them to outline the audit focus for 2025/26.
Recommendation(s):	That the content of the report and to agree the audit plan for 2025/26.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer/S151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk Lucy Cater (Assistant Director SWAP) 01285 623340 / 07720 312470 lucy.cater@swapaudit.co.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 directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Reputation Damage (CR4) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Organisational / Transformational Change (CR8) Increased Fraud (CR10) Cyber Threat / Security (CR11) Other corporate risk(s)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report.

Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	1. Internal Audit Plan 2025/26

1. Information

- 1.1 Internal Audit provides an independent and objective opinion on the Council's control environment by evaluating its effectiveness. The Internal Audit service for Oadby and Wigston Borough Council (provided by SWAP Internal Audit Services) works to professional standards and from 1st April 2025 will apply the Global Internal Audit Standards (GIAS) and Topical Requirements subject to the Application Note for UK Public Sector Internal Audit
- 1.2 Primarily, the work of the service is based on the Internal Audit Annual Plan agreed by Senior Management and the Audit Committee, driven by the Council's Strategic Risks and which includes both assurance and advisory work across financial, operational, governance along with grant certification work and other reviews.
- 1.3 Due to the pace of change within local authorities, it is increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.
- 1.4 We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of the Leadership team, Chief Finance Officer and review of the Authority's risk register will be considered in this process.
- 1.5 The Audit Plan contains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

Oadby and Wigston Borough Council

Proposed Internal Audit Plan 2025/26

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The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2025/26 financial year.

Introduction and Objective of the Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

This audit plan has been drafted following discussions with the S151 Officer and is a proposed plan of work.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Senior Management Team and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

Internal Audit Planning 2025/26

The proposed 2025/26 plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives and risks as well as core areas of recommended coverage.

Internal audit is only one source of assurance and should be considered as such.

Update to Approach

Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management and review of the Authority's risk register will be considered in this process. Our 2025/26 audit plan will contain an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

The proposed audit plan at Appendix 1 provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit activity.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. Internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

Internal Audit Planning 2025/26

Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit Committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

Internal Audit Risk Assessment (updated)

Our 2025/26 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register has been considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Oadby and Wigston Borough Council



Core Audit Areas – Areas of Coverage and Brief Scope	Directorate
<p>Governance</p> <ul style="list-style-type: none"> • Risk Management • Equality and Diversity • Performance Management 	
<p>Core Financial</p> <ul style="list-style-type: none"> • Accounts Payable (Creditors) • Accounts Receivable (Debtors) • Treasury Management • Bank Reconciliation • Payroll • Main Accounting – suggested area Control of Income including the direct debit management • Procurement – compliance with new legislation 	
<p>Human Resources</p> <ul style="list-style-type: none"> • Human Resources 	
<p>Revenues and Benefits</p> <p>A review of the controls operating in respect of:</p> <ul style="list-style-type: none"> • Council Tax • National Non-Domestic Rates • Housing Benefit and Council Tax Support <p>Scope to be confirmed</p>	
<p>Regulatory Services</p> <p>A review of either Licensing / Building Control / Environmental Health – suggested area to be reviewed is Licensing. A review of an element of Planning e.g. application processing, appeals, income allocation. Area and scope to be confirmed</p>	
<p>ICT Audits</p> <p>Audits to be discussed and confirmed</p>	

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Proposed Audit Areas – Areas of Coverage and Brief Scope	Directorate
<p>Compliance with Building Control Safety Regulations <i>New annual audit, to review a sample of building control applications, and offer an assurance on process. Act as a critical friend prior to HSE audit.</i></p>	
<p>Biodiversity – Compliance for Councils <i>Review to ensure the Council is meeting its obligations in respect of Biodiversity Legislation. Biodiversity Net Gain</i></p>	
<p>Data Protection <i>Security of Data, training provision, reporting arrangements</i></p>	
<p>Transparency Data <i>Review to ensure all data is published in accordance with the Transparency Agenda</i></p>	
<p>Data Retention <i>Review the Council's data retention policies for accuracy and compliance.</i></p>	
<p>Digital Discrimination <i>Ensure all channels of communication are made available (for all services / consultations) to customers and stakeholders</i></p>	
<p>Data Maturity Assessment <i>Assessment of how the Council manages its data against the Government's Data Maturity Framework</i></p>	
<p>Climate Change - Operational <i>Review to assess what business areas are doing to support the Council's commitment to the Climate Emergency</i></p>	
<p>Grant Income <i>Audit to assess the effectiveness of the management of grant income by Service Managers. To include communications with the Finance Service and the allocation of income.</i></p>	
<p>Business Continuity Plans <i>Audit to assess service area Business Continuity Plans</i></p>	
<p>Emergency Planning <i>Review to ensure processes are effective and in compliance with legislation</i></p>	
<p>Freedom of Information Requests (Fol) <i>Audit to include Framework, Processes, Training and Quality Control</i></p>	
<p>Section 106s <i>Review of agreements and funds, to include timelines, triggers and procedures, data recording, monitoring of financial and non-financial contributions</i></p>	
<p>Members Allowances <i>Treatment of VAT and appropriateness of Claims</i></p>	

Proposed Internal Audit Plan 2025/26

Taxi Licensing Safeguarding <i>To ensure the Council is fulfilling its safeguarding duties in relation to taxi licensing</i>	
Housing Services <i>Rent Management</i> <i>Housing Allocations</i> <i>Stock Conditions</i> <i>Homelessness</i> <i>Management of Rechargeable Repairs</i> <i>Voids</i>	
Waste and Environmental Services <i>Service areas to be informed to IA</i>	
Carbon Reduction <i>Review to assess how carbon data is measured ensuring the Council continues to meet its commitment to carbon reduction.</i>	
Solar Panels <i>Payback on the installation of solar panels on the leisure centres.</i>	
Cemeteries <i>Process effectiveness review</i>	
Follow-Up Audits and Support	
Food Safety <i>Follow-Up of 2024/25 Audit</i>	Follow-Up Audits
Housing Allocations <i>Follow-Up of 2024/25 Audit</i>	
Licensing <i>Follow-Up of 2024/25 Audit</i>	
Programmes and Projects <i>Time allocated to support Council Specific Programmes and Projects</i>	

<p>Proposed audits will be considered, during the year, and discussed with Service Managers and Directors, and Council Statutory Officers to confirm scope, timing and if it remains appropriate to undertake the audit. Liaison meetings will also identify any further areas (not included above) that would benefit from an Internal Audit Review. The Audit Plan will be updated, and agreed with the CFO as necessary.</p>	
<p>Further requested assurance / advisory / support work</p>	
<p>Other Audit Involvement</p>	
<p>Management <i>Preparation of IA Monitoring Reports and preparation and attendance at Audit Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFO and Management Team. IA Team Liaison Meetings.</i></p> <p>Follow-Up Audits <i>Follow-Up of Previous Year's Agreed Actions</i></p> <p>Programmes and Projects <i>IA support to programmes and projects as appropriate</i></p> <p>Specialist Groups <i>IA attendance at specialist groups e.g. Health and Safety, Procurement and Commissioning</i></p> <p>Grant Certification <i>Review (income and expenditure) and certification of Grants received by the Council ensuring funding requirements have been met (to include Disabled Facilities Grants)</i></p> <p>Contingency <i>Provision for new work based on emerging risks and Investigations.</i></p>	

Agenda Item 8



Audit Committee	Wednesday, 09 April 2025	Matter for Information
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Report Title: External Audit Plan for 2024/25 Audit

Report Author(s): Colleen Warren (Chief Finance Officer/S151 Officer)
Richard J Anderson (Director Grant Thornton LLP)

Purpose of Report:	To present the External Auditors 2024/25 Audit Plan and Risk Assessment.
Report Summary:	To present the External Audit Plan and Risk Assessment for 2024/25 including the proposed dates of the audit.
Recommendation(s):	That the content of the report and appendices are noted.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Chief Finance Officer/S151 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 directly arising from this report.
Financial:	There are no implications directly arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Regulatory Governance (CR6) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
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. Oadby and Wigston Borough Council Audit Plan 2024/25
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1. Oadby and Wigston Borough Council Audit Plan 2024/25

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

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Draft Audit Plan for Oadby and Wigston Borough Council

Year ending 31 March 2025

March 2025



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1 Key developments impacting our audit approach

Local Government Reorganisation

External factors

English Devolution White Paper

On 16 December 2024, the Secretary of State for Housing, Communities and Local Government, Angela Rayner, Presented to Parliament the English Devolution White Paper.

The White Paper sets out the direction of travel for the devolution of power across England. Devolution is seen by the government as being fundamental in achieving the change the public expect and deserve. The government's aim is for devolution to promote growth, a joined-up delivery of public services, and politics being done with communities, not to them. England is one of the most centralised countries in the developed world. The goal is universal coverage of strategic authorities in England.

Strategic authorities will be a combination of pre-existing Combined Authorities and Mayoral Strategic Authorities (MSAs). They will be funded through an integrated settlement which can be used by the Authority across housing, regeneration, local growth, local transport, retrofit, skills and employment support. This removes the complexity of numerous grants, conditions and reporting requirements, simplifying it into a single mutually agreed outcomes framework monitored over a supply review period. In combination with this Mayors will be given more control over the devolution of transport, skills & employment support, housing and planning, environment and climate change, supporting business and research, reforming and joining up public services.

The government plans to facilitate a programme of local government reorganisation for 2-tier areas across England. It will also facilitate the reorganisation of unitary councils where there is evidence of failure, or where their size and/or boundaries are a hinderance to local decision making. This will be done in a phased approach and for most will mean creating councils serving a population of 500 000 or more. Along with devolution government wants to reset its relationship with local government, end micro-management and enable local governments through multi-year settlements.

The next steps are:

- A widening and deepening of devolution, expanding on the 2 new Mayors and 6 non-mayoral devolutions already noted in the white paper, with a priority programme for those with plans ready for action;
- An invitation from all remaining 2-tier areas and unitary councils where appropriate, to submit proposals for local reorganisation;
- And re-committing to the English Devolution Bill by putting the devolution framework into statute and moving to a systematic approach that ensures local leaders have the powers they need.

Update

Jim McMahan, Minister for Local Government and English Devolution, wrote to two-tier authorities in February 2025 to set out a timetable for reorganisation proposals to be submitted. An interim plan for Council structures in Leicester, Leicestershire and Rutland was submitted to Government on 21 March 2025. The plan has been developed by a partnership of councils and proposes three equally-sized unitary councils to deliver all council services. One would serve North Leicestershire and Rutland, and one would serve South Leicestershire. They would work alongside Leicester City Council. A full proposal must be submitted to government by 28 November 2025.

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Position

The local government sector is facing many challenges. The pandemic along with the cost of living crisis has left local governments with economic, social, and health challenges to address:

Staffing: A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.

Climate change: As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

Housing crisis: The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand and it's difficult to find land for new housing developments. New requirements around net zero and other environmental considerations make it more complex to get planning permission. Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements.

Funding : Local authorities face many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for Local Authorities to balance their budgets, assess their revenue base, enforce taxes, and prevent tax evasion. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services, infrastructure projects and the ongoing stream of section 114 notices will not come as a surprise this year.

Digital Transformation : The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

Cybersecurity: Local authorities need to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local authorities must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Despite councils' best efforts, financial pressures are affecting the scale, range and quality of council services provided to local residents.

Spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

Our value for money audit work across the sector continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that local authorities are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced within Local Authorities and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Chief Finance Officer.
 - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.
 - We would like to offer a formal meeting with the Chief Executive twice a year, and with the Chief Finance Officer quarterly as part of our commitment to keep you fully informed on the progress of the audit.
 - At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit Committee, to brief them on the status and progress of the audit work to date.
 - Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
 - We will continue to provide you and your Audit Committee with sector updates providing our insight on issues from a range of sources via our Audit Committee updates.
 - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation , discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.
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IFRS 16 Leases



Summary

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

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

There are however the following exceptions:

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

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

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

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries

As part of our planning risk assessment procedures, we have held discussions with management in regard to the implementation of IFRS 16. Management are not expecting that the new standard will materially affect the accounts. We will carry out sufficient and appropriate audit procedures to satisfy ourselves that the impact is not material and that the Council have the appropriate processes in place to identify lease arrangements.

The Backstop

Local Government National Context – The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

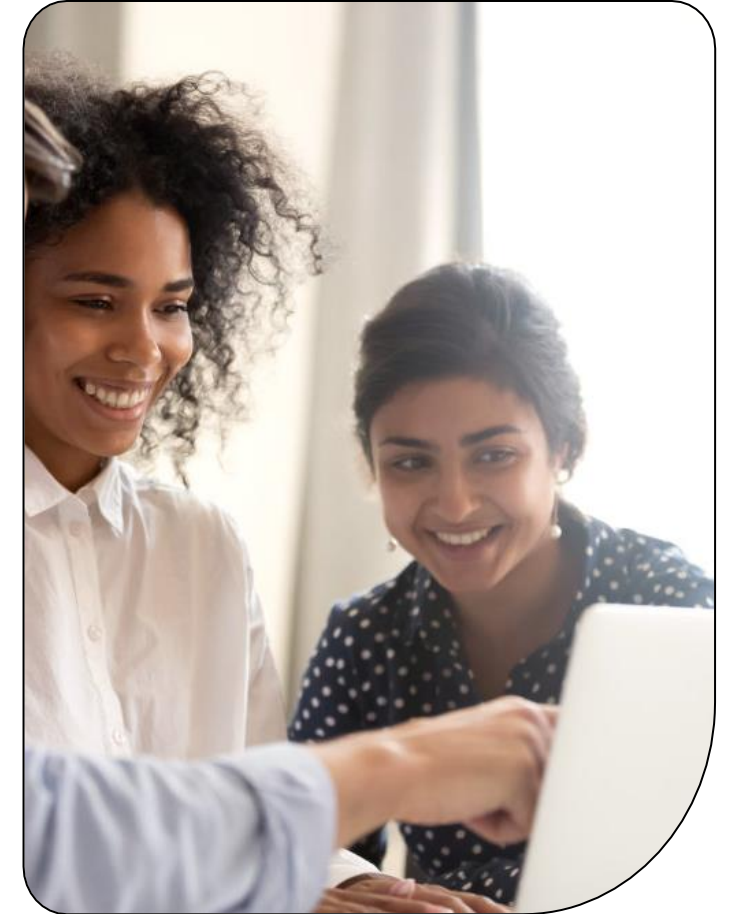
- for years ended 31 March 2023 and earlier by 13 December 2024; and
- for years ended 31 March 2024 by 28 February 2025; and
- for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and to enable the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Government National Context – Local Audit Recovery

Oadby and Wigston Borough Council is up to date with its financial statements, with the 2023/24 audit opinion being issued on 23 January 2025.

For the 2024/25 financial year we will work with the Council in order to ensure audit procedures are completed well in advance of the backstop date of 27 February 2026. Our intention is to complete the audit by 31st December 2025. This is in preparation for the backstop date moving forward for the 2025/26 financial year.



2 Introduction and Headlines

Introduction and headlines



Purpose

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

Respective responsibilities

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

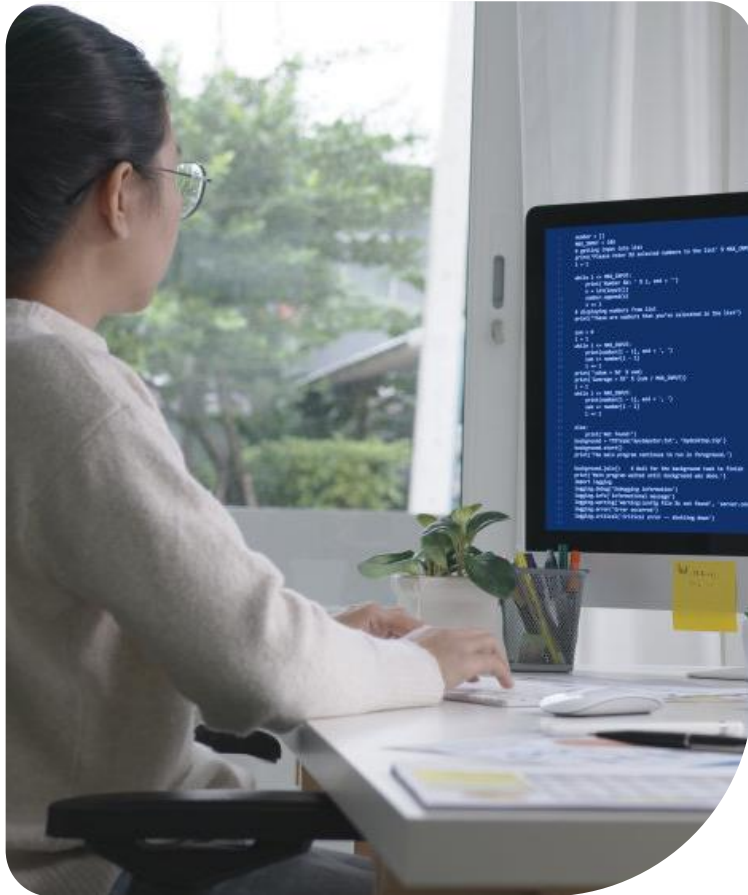
Scope of our Audit

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

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

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

Introduction and headlines (continued)



Significant risks

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

- Management override of control
- Valuation of land and buildings
- Valuation of council dwellings
- Valuation of the net pension liability

We have rebutted the presumed significant risks in relation to revenue and expenditure recognition.

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

Materiality

We have determined planning materiality to be £0.823m (PY £0.481m) for the Council, which equates to 2.1% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.041m (PY £0.024m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified a risk of significant weakness in relation to financial sustainability. This relates to the medium-term financial plan for 2025/26 to 2029/30 showing that general fund balances are forecast to decrease over the period, with budget gaps in each financial year. We will carry out further risk-based work in this area and report our conclusions in our Auditor's Annual Report.

We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Audit logistics

Our interim visit will take place in April and our final visit will take place between August and October. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £145,193, (PY: £140,519) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) 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

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3 Identified risks

Significant risks identified

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

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	<p>We will:</p> <ul style="list-style-type: none"> Evaluate the design effectiveness of management controls over journals Analyse the journals listing and determine the criteria for selecting high risk unusual journal Test high risk unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness; and corroboration Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

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“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



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

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

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the underlying nature of the transaction, or immaterial nature of the revenue streams both individually and collectively.	<p>Notwithstanding that we have rebutted this risk, we will still undertake a significant level of work on the Council's revenue streams, as they are material. Planning is an iterative process as such our risk assessment will be kept under review throughout the audit. We will carry out the following audit procedures:</p> <p><u>Accounting policies and systems</u></p> <ul style="list-style-type: none"> Evaluate the Council's accounting policies for recognition of income for its various income streams and compliance with the CIPFA Code. <p><u>Fees, charges and other service income</u></p> <ul style="list-style-type: none"> Agree, on a sample basis, income and year end receivables from other income to invoices and cash payment or other supporting evidence. <p><u>Taxation and non-specific grant income</u></p> <ul style="list-style-type: none"> Income for national non-domestic rates and council tax is predictable and therefore we will conduct substantive analytical procedures. For other grants we will sample test items back to supporting information and subsequent receipt, considering accounting treatment where appropriate.
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure	We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.	<p>Notwithstanding that we have rebutted this risk, we will still undertake a significant level of work on the Council's expenditure streams, as they are material. Planning is an iterative process as such our risk assessment will be kept under review throughout the audit. We will carry out the following audit procedures:</p> <p><u>Expenditure</u></p> <ul style="list-style-type: none"> Update our understanding of the Council's business processes associated with accounting for expenditure; Evaluate the Council's accounting policies for recognition of expenditure for its various material expenditure streams and compliance with the CIPFA Code; and Agree, on a sample basis, expenditure and year end creditors to invoices and cash payment or other supporting evidence.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	Uncertainty relating to the revaluation of land and buildings	<p>The revaluation of land and buildings should be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.</p> <p>The Council revalues its land and buildings every year to ensure that the carrying value is not materially different from the current value at the financial statements date. The valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of these estimates to changes in the key assumptions.</p>	<p>We will:</p> <ul style="list-style-type: none"> Evaluate management's processes and assumptions for the calculation of the estimates, the instruction issued to valuation experts and the scope of their work; Evaluate the competence, capabilities and objectivity of the valuation expert; Write to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the CIPFA code are met; Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; Test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register and accounted for correctly; and Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.
Valuation of council dwellings	Uncertainty relating the revaluation of council dwellings	<p>The Council contracts an expert to provide annual valuations of council dwellings, based on guidance issued by the Department for Levelling Up, Housing and Communities. They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor (EUV-SH).</p> <p>The key inputs into the valuation are the social housing factor, consideration of market movements and determination of the beacons.</p> <p>The valuation represents a significant estimate by management in the financial statement due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore have identified the valuation of council dwellings to be a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> Evaluate management's processes and assumptions for the calculation of the estimates, the instruction issued to valuation experts and the scope of their work; Evaluate the competence, capabilities and objectivity of the valuation expert; Write to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the CIPFA code are met; Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, and; Test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register and accounted for correctly.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net asset / liability	Complexity of valuation of the pension fund net liability including IFRIC 14 considerations.	<p>The pension fund net asset/ liability, as reflected in the balance sheet as the net defined benefit asset/ liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net asset/ liability is considered a significant estate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 asset/ liability.</p>	<p>We will:</p> <ul style="list-style-type: none"> Update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net asset/ liability is not materially misstated and evaluate the design of the associated controls; Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; Assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; Assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report, and; Review management's assessment under IFRIC 14 to determine whether any additional onerous liability should be recognised.

Other matters

Other work

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

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

Other material balances and transactions

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


4 Our approach to materiality

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.

Matter	Description	Planned audit procedures
01	<p>Determination</p> <p>We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
02	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements</p>	<p>An item may be considered to be material by nature when it relates to instances where greater precision is required</p>
03	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality</p>
04	<p>Matters we will report to the Audit Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.041m (PY £0.024m).</p> <p>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.</p>

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

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

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£823,000	We have determined financial statement materiality based on a proportion of the gross expenditure of the council for financial year. Materiality at the planning stage of our audit equates to approximately 2.1% of the gross expenditure for the 2023/24 period
Materiality for specific transactions, balances or disclosures - Senior officers' remuneration	£13,000	Senior officer disclosure are deemed as a specific sensitive area for the users of the accounts. Materiality at the planning stage of our audit equates to approximately 2.1% of the gross expenditure for the 2023/24 period

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5 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Integra 2	Financial Reporting	ITGC assessment (design and implementation effectiveness only)

6 Advanced audit work

Advanced Audit Work

Details of work to be conducted in advance of year end:

Description	Work commentary
Property, Plant and Equipment	We will: <ul style="list-style-type: none">• Write to the council's external valuation experts and carry our relevant assessment of instructions issued• Obtain a listing of capital additions and select a sample for substantive testing
Payroll analytical procedures	We will: <ul style="list-style-type: none">• Request a new starters listing , select a sample and agree to source documentation and review payroll processing for item sampled;• Request a leavers listing, select a sample and agree to source documentation to ensure the employee was removed from payroll at correct date;• Request payroll change data, select a sample, agree to source documentation and review payroll processing for item sampled;• Obtain and summarise gross to net payroll reports; and• Obtain details and evidence to support pay increases applied in year.
Income and expenditure procedures	We will: <ul style="list-style-type: none">• Obtain a listing of fees and charges income and select a sample for substantive testing• Obtain listing of other expenditure and select a sample for substantive testing• Obtain a listing of housing benefit expenditure and select a sample for substantive testing
Collection Fund procedures	We will: <ul style="list-style-type: none">• Obtain a listing of council tax reliefs and select a sample for substantive testing• Obtain a listing of NDR reliefs and select a sample for testing
Pension Fund Auditor liaison	We will write to the Pension Fund Auditor for the purposes of providing IAS 19 letter.
External confirmations	We will send our all necessary external conformations relating to bank and cash balances, investments and borrowings.

7 Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

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Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

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



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

Risks of significant weakness in VFM arrangements (continued)

Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Financial sustainability	A	<p>We identified one significant weakness in January 2024 in regard to urgently developing a savings plan to enable a balanced budget to be set. The Council took action to address the risk and it was resolved by the year end.</p> <p>We have identified a risk of significant weakness in arrangements. The medium-term financial plan for 2025/26 to 2029/30 shows general fund balances are forecast to decrease over the period. The plan also shows budget gaps in each financial year.</p> <p>Whilst the Council plans to revisit the forecast, there is a risk of significant weakness in relation the budget gaps which currently exist in the medium-term financial plan</p>	To address this risk we will review the arrangements the Council has in place to identify, develop and deliver sufficient savings or income generation schemes to balance the budget without the need to use reserves. We will also undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023/24.
Governance	A	<p>No risks of significant weakness reported; improvement recommendations made</p> <p>No risks of significant weakness identified</p>	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023/24.
Improving economy, efficiency and effectiveness	A	<p>No risks of significant weakness reported; improvement recommendations made</p> <p>No risks of significant weakness identified</p>	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023/24.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

8 Logistics

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Richard Anderson

Engagement Lead/
Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Francesca Hitchman

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Ben Hopper

Audit Senior / In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

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	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings • Auditor's Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

9 Fees and related matters

Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Oadby and Wigston Borough Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2024/25 audit is £145,193.

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

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

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

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

Company	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Oadby and Wigston Borough Council Audit	140,419	145,193
Total (Exc. VAT)	140,149	145,193

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

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

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Valuation of PPE
- Valuation of pensions liabilities

Previous year

In 2023/24 the scale fee set by PSAA was £131,009. The actual fee charged for the audit was £140,419. The difference between the scale and final fee reflected the increased audit requirements of ISA 315. The additional work required by this auditing standard was not accounted for in the scale fee in 2023/24. The scale fee for 2024/25, factors in the increased audit requirements of ISA 315.

10 Independence considerations

Independence considerations

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). In this context, there are no matters that we are required to report.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

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

Matter	Conclusions
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.
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 board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning 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.

Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the council's policy on the allotment of non-audit work to your auditor

None of the below services were provided on a contingent fee basis

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Housing Benefit Subsidy Assurance Process 23/24	35,640	For these audit related services, we consider that the perceived threats may apply: <ul style="list-style-type: none"> • Self interest (as fees are recurring) • Self review • Management 	The level of recurring fee taken on their own are not considered significant in comparison to the total audit fee of £145,193, and in particular to Grant Thornton UK LLP's turnover overall. Furthermore, each is a fixed fee and there is no contingent element to any of them. These factors all mitigate the perceived self interest threat to an acceptable level. Our team has no involvement in the preparation of the grants claims to be certified, and do not expect material misstatements in the financial statements to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of the certification is sperate from the work required to audit the financial statements. The scope of the work does not include making decisions on behalf of management or recommending or suggesting any particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting framework. Any amendments made as a result of our work are the responsibility of informed management.
Housing Benefit Subsidy Assurance Process 24/25	45,890		
Certification of Pooling of Housing Capital Receipts return 24/25	10,000		
Certification of Pooling Housing Capital Receipts 23/24	10,000		
Total	101,530		

There are no non-audit related fees

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.

11 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

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Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
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 matters in relation to going concern	●	●
Views about the qualitative aspects of the Council's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
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		●

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

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

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

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.

12 Delivering audit quality

Delivering audit quality

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Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

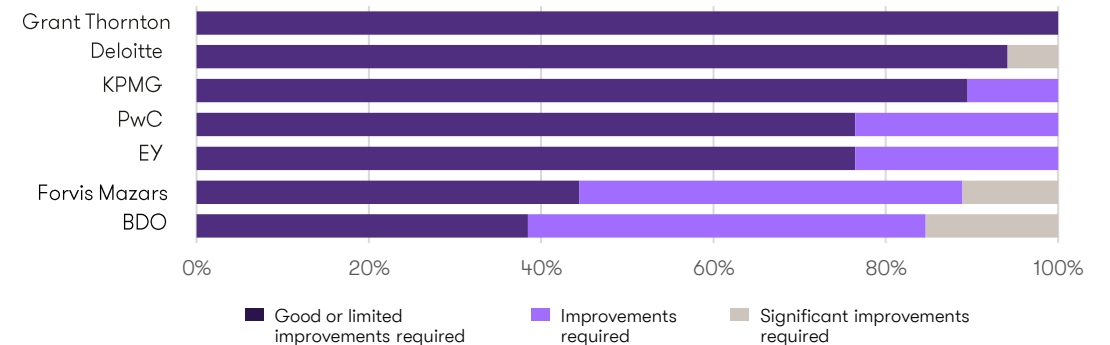
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)



13 Appendices

Escalation Policy



The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

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

Escalation Process

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

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

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

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

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

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

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

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

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

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

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

Aim

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

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

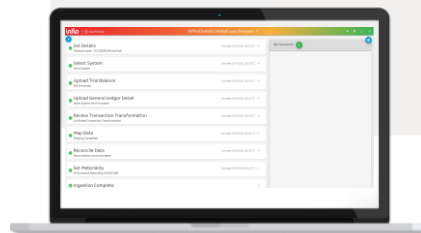


02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

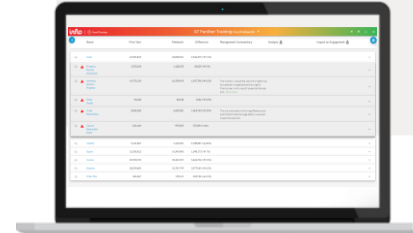


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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Agenda Item 9



Audit Committee	Wednesday, 09 April 2025	Matter for Information and Decision
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Report Title: **Accounting Policies and Materiality 2024/25**

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

Purpose of Report:	To review and approve the draft accounting policies and materiality levels for the 2024/25 Financial Statements.
Report Summary:	It is considered good practise for the committee to have visibility of the Accounting Policies and materiality levels annually before the preparation of the Statement of Accounts. Committee approve the draft policies and delegate authority to s151 officer to make any necessary amendments.
Recommendation(s):	To consider and approve: 1. The Draft Accounting Policies for the 2024/25 Financial Statement as detailed in Appendix 1; and 2. The materiality levels as set out in Appendix 2; and 3. Delegate authority to Section 151 officer to make any necessary amendments.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Colleen Warren (Section 151 Officer) (0116) 257 2690 colleen.warren@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Stronger Borough Together" (Vision) Accountability (V1)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	There are no implications arising from this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	<ul style="list-style-type: none"> Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
Appendices:	1 – Accounting Policies for the 2024/25 Financial Statement 2 – Materiality levels

1. BACKGROUND

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

2. ACCOUNTING POLICIES

2.1 It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices.

2.2 The Accounting Policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year-end. They determine the specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements.

2.3 Accounting policies need not be applied if the effect of applying them would be immaterial.

2.4 The Audit Committee's Terms of Reference require the committee to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. It is therefore considered good practice for the committee to have greater visibility over these accounting policies before they are applied.

2.5 The accounting policies are reviewed each year by officers to ensure all accounting policies previously approved are still relevant and are in accordance with the latest version of the Chartered Institute of Finance and Accountancy (CIPFA) Code of Practice and international Financial Reporting Standards (IFRS) requirements. Any new requirements are added to the policies and policies, which are no longer relevant or have no material effect to the Statement of Accounts, are removed.

2.6 The following Accounting Standards have been amended by the Code of Practice in 2024/25:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

2.7 The application date of the above amendments is the 1 April 2025.

2.8 The amendments change the wording of existing Accounting Standards to clarify the interpretation and understanding of the Standards. They do not have any significant impact. Therefore, no changes have been made to the Council's Accounting policies to reflect these amendments to Accounting Standards.

2.9 The proposed accounting policies for 2024/25 are included at **Appendix 1** and are presented to the committee for approval. Adopting the proposed policies will support the timely production of the annual accounts.

2.10 CIPFA are to issue an accounting Bulletin giving further guidance on matters for the production of the Statement of Accounts for 2024/25. The Bulletin provides advice on emerging issues and is intended to inform best practice. This will be reviewed during the production of the statements.

2.11 During the year-end process there may be changes required to the policies arising from changes in circumstances or updated guidance. These will be agreed with the Section 151 Officer and reported to the Audit Committee alongside the final version of the Statement of Accounts.

3. MATERIALITY LEVELS

3.1 Materiality is defined in the Code as:

"Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor".

3.2 Setting materiality levels enables the finance team to identify significant variances and items that need disclosing in the financial statements.

3.3 Levels for the 2024/25 financial statements are set out in **Appendix 2** for approval. The levels of materiality agreed by the committee will be used in the preparation of the financial statements and information provided for external audit purposes.

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

Appendix 1

Notes to the Accounts

Accounting Policies

1. General

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

The Statement of Accounts summarises the council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which requires the statement to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Critical judgements and areas where the use of estimates is significant.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, rather than when cash payments are made or received.

In particular:

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

which they are carried as works in progress on the Balance Sheet.

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

Exceptions to this are:

- **Telephone accounts** are charged to that year which has most of the quarter to which the rental or the charge relates as appropriate. This is rather than apportioning them between the financial years.
- **Insurance premiums** are due on the 30 September each year and are charged to the year that the payment is made and not adjusted between years.
- **Rentals and maintenance** agreements are consistently charged to the year where the period starts and are not apportioned between the years.

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

3. Cash and Cash Equivalents

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

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

4. Exceptional Items

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

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

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

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

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

6. Charges to Revenue for Non-Current Assets

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

- **Depreciation** attributable to the assets used by the relevant service.
- **Revaluation and Impairment losses** on assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- **Amortisation** of intangible fixed assets attributable to the services.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision - MRP) to contribute towards the

reduction in its overall borrowing requirement. For debt that is supported by Revenue Support Grant (RSG), the provision is calculated using the Capital Financing Requirement (CFR) method. For new borrowing for which no Government support has been given and is therefore self-financed, the annuity asset life method has been used for the 2024/25 accounts.

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

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

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

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

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

NDR) and as principals, collecting council tax and NDR for themselves.

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

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge

made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

8. Employee Benefits

Benefits Payable During Employment

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

An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexitime earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Un-useable Reserve – Accumulated Absence Account in the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where

applicable, to a corporate service segment at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

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

Post-employment Benefits

Employees of the Council are members of the Local Government Pension Scheme administered by Leicestershire County Council.

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

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a

discount rate determined by the pension scheme's actuary.

- The assets of pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities - current bid price
 - Unquoted securities - professional estimate
 - Unitised securities - current bid price
 - Property - market value

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

- Service Cost comprising;
 - Current service cost** - the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
 - Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
 - Net Interest cost** – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement.
- Remeasurements comprising;
 - The return on plan assets** – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

Actuarial gains and losses –

changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Comprehensive Income and Expenditure Statement.

Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

9. Events after the Reporting Period

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

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

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

10. Financial Instruments

Financial Liabilities

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

the life of the instrument to the amount at which it was originally recognised.

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables

and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. The Council has one small loan to a local organisation and one small soft loan due to be redeemed within the next financial year. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for loans held on a collective basis.

Fair Value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices in active markets for identical assets – the market price
- Other instruments with fixed and determinable payments in active markets for identical assets – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Loans and Receivables

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

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

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

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

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

11. Government Grants and Contributions

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

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

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

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

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

Account once they have been applied to fund capital expenditure.

12. Heritage Assets

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

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

13. Intangible Assets

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

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

An asset is tested for impairment whenever there is an indication that the

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

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

14. Inventories and Work in Progress

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

15. Investment Properties

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

Investment properties are measured at fair value with gains and losses

recognised in surplus or deficit within the Comprehensive Income and Expenditure Statement. Investment properties held at fair value are not depreciated.

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

16. Leases

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

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

The Council as lessee.

Finance Leases

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

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for

the obligation to pay the lessor. Initial direct costs of the authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

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

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

Operating Leases

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

The Council as lessor

Finance Lease

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

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

Operating Leases

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

17. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the council's arrangements for accountability and financial performance.

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2024/25 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, except for:

- **Corporate and Democratic Core** – costs relating to the Council's status as a multi-functional, democratic organisation.
- **Non-Distributed Costs** – the cost of discretionary benefits awarded to employees retiring early and any

depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Cost of Services.

An appropriate charge has been made from the General Fund to the Housing Revenue Account for Corporate and Democratic Core costs. This has been based on the proportion of committee time spent on Housing Revenue Account business.

Segmental Reporting

The Council's operating segments are organised into seven service areas. These were determined to give both members and the general public a clear picture of the services the Council provides and will assist the making of decisions about allocating resources and assessing performance. The seven segments are:

- Customer Services & Business Transformation
- Senior Leadership Team
- Community & Wellbeing
- Law & Governance
- The Built Environment
- Finance & Resources
- Housing Revenue Account

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

The Council does not report on segmental asset and liability internally,

therefore it is not required to report segmental information on assets and liabilities.

18. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising the purchase price and any expenditure that is directly attributable to bringing the asset into working condition for its intended use.

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

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

exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

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

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

Assets included in the Balance Sheet at current value are revalued each year by either a desktop revaluation or by the major revaluation exercise which occurs every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise

unrealised gains. Exceptionally, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Impairment

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

Where impairment losses are identified they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the

amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- **Council dwellings**– straight-line allocation over the useful life of the property as estimated by the valuer – currently 40 years.
- The Council's **operational buildings** are depreciated over a period of between 5 and 20 years. It is recognised that Leisure Centres, which are a newer build, have a greater expected life and these are depreciated over 40 years.
- **Vehicles, plant, furniture, and equipment** – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Council currently is using the straight-line allocation method over the useful life of the asset. The useful life of the plant, equipment and vehicles fall into a range of between 5 and 10 years.

Newly acquired or operational assets are depreciated for a full year in the first year of use or acquisition.

No depreciation is provided for on assets in the year of disposal

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

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

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

Disposals

When an asset is disposed of or decommissioned the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account

Amounts received for disposals that are more than £10,000 are categorised as capital receipts. The Council also retains an amount relating to the building of new houses in the One-for-One replacement agreement the Council has signed up to as well as Council House Buy-Back should these occur.

The balance of receipts received from disposals are credited to the Useable Capital Receipts Reserve which can

then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the reserve from the Movement in Reserves Statement.

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

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Income and Expenditure Account for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

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

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

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

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

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

Componentisation

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

A component must have the following factors:

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

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

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

The following assets have been componentised

- Wigston Swimming Pool
- Council Offices
- Blaby Road Park
- Parklands Leisure Centre

Council Dwellings are not componentised other than the separation of the land value, as the internal components individually do not form a significant enough part of the value to be material.

19. Provisions, contingent liabilities, and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, where a reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate revenue account when the Council becomes aware of the obligation, based on the best estimate of the likely settlement at the Balance Sheet date. When payments are made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes

more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant service revenue account.

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

Contingent Liabilities

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

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

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is

probable that there will be an inflow of economic benefits or service potential.

20. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement on Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

21. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute results from expenditure of a capital nature where the result is that a non-current asset is not created for the Council.

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

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the

General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

22. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

23. Revenue Recognition

Revenue (excluding non-exchangeable transactions) represents the amount receivable in respect of services provided to customers.

Revenue is recognised only when payment is probable. Revenue from services is recognised as the services are provided.

The total consideration on arrangements with multiple revenue generating activities is allocated to those components that can operate independently based on the estimated fair value of the components. When the fair value of components cannot be assessed, the revenue is spread over the term of the service.

Revenue arising from the provision of other services is recognised evenly over the periods in which the service is provided.

24. Related Party Transactions

Related party transactions re circumstances where an authority might have the potential either to be controlled/influenced or to exert control/influence.

The council is required to disclose material related party relationships and

transactions, outstanding balances between the Council and its related parties.

25. Fair Value

The Council measures some of its non-financial assets, such as surplus assets and investment properties, and some of its financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing an asset or liability (assuming they were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Council uses appropriate valuation techniques, which takes into account the three levels of inputs to valuations for fair value assets:

- Level 1 – quoted prices in active markets for identical assets or liabilities that the Council can assess at the measurement date.

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability

26. Accounting standards that have been issued but have not yet been adopted

To be updated upon receipt of the CIPFA year-end Bulletin.

Materiality Levels

The following materiality levels are proposed for the preparation of the 2024/25 Financial Statements

Balance Sheet

Materiality will be set at 10% of the 2023/24 balance, subject to the external auditors advised materiality, although some areas are material by nature so this will also be taken into account.

Where the external auditors materiality is less than 10% of the balance sheet, the materiality applied internally is reduced to 90% of the external audit materiality.

The 2023/24 balances are deemed to be the best consistent point to assess materiality on, as although the majority of balance is reconciled and updated regularly thought-out the year, some areas, the pension liability for example, is only updated at the end of the financial year.

Balance Sheet Area	23/24 Balance	Material Level at 10%	External Audit Materiality	90% of External Audit Materiality	Internal Materiality Level
	£'000	£'000	£'000	£'000	£'000
Property, Plant Equipment (PPE)	107,430	10,743	823	741	741
Short term Debtors	5,649	565	823	741	565
Short Term Creditors	3,891	389	823	741	389
Provisions	524	52	823	741	52
Pension Liability	8,556	856	823	741	741

Agenda Item 10



Audit Committee	Wednesday, 09 April 2025	Matter for Information
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Report Title: **Strategic Risk Register Update (Q3 2024/25)**

Report Author(s): **Colleen Warren (Chief Finance Officer/S151 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/S151 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 Q3 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 (Q3 2024/25) at Appendix 1.
- 1.2 The Risk Management Group has reviewed and updated the risk register which has then been reviewed and approved by the Senior Leadership Team (SLT).
- 1.3 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 January 2025.

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 is only one change to the mitigated scores at CR11. This is due to a reduction in the likelihood of risk with regards to the UKSPF funding and the recruitment of an Economic Development Manager to control some of the risks.
- 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, highlighted in red writing.




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)	<ul style="list-style-type: none"> □ Increase demand for services e.g. benefits □ Continuing Austerity □ Political promises □ Change in priorities □ Deflated housing market □ Lack of business growth □ Further changes in legislation □ Pooling/Unpooling of NNDR □ Universal Credit □ Political hesitancy in decision making for fundamental service reform. □ Cost-of-living crises □ Supplier price variations as a result of inflation 	<ul style="list-style-type: none"> □ Cuts in services □ Political and customer expectations not met □ Quality of service □ Reputation damage □ Knock on impact on the local community and economy e.g. spiral effect □ Legal challenge. □ Reduction in rent/monies owed to the council through the introduction of UC. □ Increased homelessness adding stresses to council finances and the local economy. □ Supplier price variations significant. Devolution 	5	4	20	<ul style="list-style-type: none"> □ Budgetary Control processes and committee reporting □ Medium Term Financial Strategy and HRA Business Plan - including scenario planning □ Setting and monitoring of savings and efficiency targets □ Annual Fees and Charges review □ Disclosure of expenditure over £250 □ Review of reserves and balances □ Treasury Management and Investment Strategy □ Prudential Indicators □ Revised Financial Regulations □ Business Rates Pooling □ Procurement Policy. □ Homelessness team increased □ Assessment of viability of capital projects. □ Financial Inclusion Officer assists vulnerable residents □ Service/Review Transformation Programme across the council to improve service delivery □ Ongoing impacts of inflation captured in medium term financial plan. □ New MTFs approved February 2025 □ Engagement with MP, LGA and DLUHC about the council's unique financial Sustainably Programme now □ 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 and parklands, therefore reducing energy costs for the Council. Final budget presented to full council in February 2025. Financial challenges of Devolution to be managed through budget set aside from reserves. Vacancy Management 	4	4	16	<ul style="list-style-type: none"> □ Delivery of Service Delivery Changes – Financial Sustainability Plan. Regular review of savings targets. New PID developed including all aspects linked to sustainability of the Councils finances, eg establishments, contracts etc Final Budget for 2025/26 approved at Full Council in February 2025. Monitoring of reserves quarterly - set amount for Devolution with further requirements to be brought to members for approval. 	□ Monthly reviews 2025	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)	<ul style="list-style-type: none"> □ Cost implications □ Business Continuity □ Loss of revenue □ Service failure □ TUPE issues □ Potential court action □ Increased complaints □ Reputation issues □ Political damage □ Delays Impact of TUPE Inability to process payroll 	<ul style="list-style-type: none"> □ Formal contracts and agreements including realistic notice periods □ Tender arrangements and pre qualification financial assessments □ Qualified internal officers to provide legal advice □ Use of external counsel □ Performance management of contracts, Comprehensive Contract Register, Partnership working with Local Authority Partners □ Part of management Board to oversee delegated services such as Lightbulb and Building Control. □ Creation of Project and Procurement Team and Procurement Policy promotes use of established frameworks, thus reducing risk of supplier failure. □ Partnership and contract risk registers □ Contract term renegotiation with key providers as necessary □ Contract Management review is undertaken as part of the Sustainability Programme □ Contracts information has been incorporated into draft service plan template. □ Contracts an item on 1-2-1's. □ Specialists engaged where required i.e. Leisure Operator Contract (LOC) negotiations. □ 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	<ul style="list-style-type: none"> □ Contract review complete (Sustainability programme). Further external review of our contract management process and support with improvements (CMPP) Updating of Contract Procedure Rules to go to Full Council in May 2025 	4	3	12	Jun-25	2	2	4	Head of Law and Democracy/ Monitoring Officer	Dec-24			
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)	<ul style="list-style-type: none"> □ Poor service delivery from PSOs the Council has agreements with □ Lack of engagement from partner PSOs □ Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown Failure of relationships at strategic level in County & across members 	<ul style="list-style-type: none"> □ Loss of public confidence in Community Safety Partnership □ Loss of funding for LLR Sports Alliance partnership □ May not realise potential economies of scale □ Impact on staff morale 	4	3	12	<ul style="list-style-type: none"> □ Formal agreements with public sector partners which clearly identify roles & responsibilities including H&WB, Lightbulb, Building Control and Local Land Charges. □ Governance arrangements which manage performance against agreements □ Lead officer arrangements/contract manager □ Financial controls ensuring payments are only authorised where service being delivered by partner organisation is received and is of appropriate quality □ 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. □ Regular account meetings with contracted 3rd sector organisations. □ 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	Jun-25	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Updated management control		

Strategic Risk Register																				
Ref	Risk Definition	2019-2024	Root Cause:	Consequence /effect:	Inherent Risk Score			Existing Controls (sources of assurance)			Mitigated Risk Score			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?		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)	<input type="checkbox"/> Staff capacity could impact on engagement <input type="checkbox"/> hard to reach communities <input type="checkbox"/> some resident groups not digitally connected <input type="checkbox"/> change in political power could result in non-statutory service being stopped <input type="checkbox"/> Failure to consult when appropriate to do so <input type="checkbox"/> Funding changes impacting on roles <input type="checkbox"/> Digital exclusion as a result of cost of living crises	<input type="checkbox"/> Reputational damage <input type="checkbox"/> lack of support for community initiatives <input type="checkbox"/> missed opportunity to impact on equalities agenda and HWB of residents <input type="checkbox"/> Citizens panel not representative of demographic. <input type="checkbox"/> Services may not meet the needs of this demographic	4	4	16	<input type="checkbox"/> Public consultation surveys to obtain feedback for influencing strategy/policy through Citizens Panel and other communication channels, compliant with the Code of Practice on Consultations <input type="checkbox"/> Communications Strategy in place <input type="checkbox"/> Gov.Delivery digital e-mail system – targeted delivery on specific topics e.g. tenants newsletter in place <input type="checkbox"/> Financial Inclusion Officer <input type="checkbox"/> Volunteer community champion Digital Newsletter - specifically relating to health and wellbeing targeting socially vulnerable <input type="checkbox"/> Events programme run by Community Health Improvement Officers to target vulnerable and hard to reach residents/communities. <input type="checkbox"/> Statement of community involvement in place <input type="checkbox"/> Residents Forums meet regularly <input type="checkbox"/> Sports and physical activity commission plan to target hard to reach <input type="checkbox"/> Customer Experience Strategy in place <input type="checkbox"/> Appointment hubs in operation as well as reception point open at Brockshill <input type="checkbox"/> Website offers the facility to change language. <input type="checkbox"/> Use language line for translation services. <input type="checkbox"/> Tenant & Leaseholder focus group established and meeting on a quarterly basis. <input type="checkbox"/> Language Translation Service incorporate. All households are to receive 2*letter communications regarding change to the bin collection regime. <input type="checkbox"/> Customer Experience Strategy Action Plan being monitored <input type="checkbox"/> 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	Jun-25	1	2	3	Head of Customer Service and Transformation	Jan-25	Updated management control	
CR5	Political Dynamics	Providing Excellent Services (CO3)	<input type="checkbox"/> Change in political power <input type="checkbox"/> Change in leader <input type="checkbox"/> New members <input type="checkbox"/> Public perception changes	<input type="checkbox"/> Change in priorities <input type="checkbox"/> Change in member/officer engagement <input type="checkbox"/> Breakdown in communication <input type="checkbox"/> Inability to meet expectations <input type="checkbox"/> Reputation issues (organisational and political) <input type="checkbox"/> Reactive decision making (rather than planned) <input type="checkbox"/> Failure to follow legislative requirements e.g. equalities <input type="checkbox"/> Further strain on council finances	3	4	12	<input type="checkbox"/> Member development programmes <input type="checkbox"/> New Code of Conduct has been adopted which comes into force on 1/4/22, with training planned to familiarise members with its content <input type="checkbox"/> Policies e.g. Safeguarding/Equalities and DBS checks <input type="checkbox"/> Provision of chairing skills training <input type="checkbox"/> Constitution, which is in the process of being reviewed to reflect new management structure <input type="checkbox"/> Public consultation, <input type="checkbox"/> Development of member enquiry system <input type="checkbox"/> Training for members covering a range of areas including IT and Planning <input type="checkbox"/> Buddying system in place for Elected Members to use <input type="checkbox"/> Members bulletin <input type="checkbox"/> Customer Service training and Political awareness training has been undertaken <input type="checkbox"/> Member and officer training undertaken with Centre for Governance and Scrutiny November 2022 <input type="checkbox"/> Full review of members induction programme has been completed. <input type="checkbox"/> Induction training delivered for new members during May to July 2023. <input type="checkbox"/> SLT/Member workshops July, Sept. Nov <input type="checkbox"/> CMT/Member training sept 'meet the teams'. <input type="checkbox"/> 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	<input type="checkbox"/> New Corporate Strategy to be presented to Members - presented 16/7/24 at full council <input type="checkbox"/> Planning Member training externally facilitated	Ongoing	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)	<input type="checkbox"/> Litigation <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Failure to have regard to officers advice <input type="checkbox"/> Whistle blowing <input type="checkbox"/> Freedom of Information (FoI) <input type="checkbox"/> Inconsistent decision making <input type="checkbox"/> Poor Media Relations <input type="checkbox"/> Poor communication <input type="checkbox"/> Failure to provide or reduce services <input type="checkbox"/> Poor performance <input type="checkbox"/> Poor business planning and consideration of financial implications	<input type="checkbox"/> Intervention <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Ombudsman findings <input type="checkbox"/> Court costs <input type="checkbox"/> Quality of service affected <input type="checkbox"/> Breakdown in a partnership <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Lower public satisfaction level <input type="checkbox"/> Time spent mitigating damage/rectifying the situation <input type="checkbox"/> Low Morale <input type="checkbox"/> Difficulties to recruit/staff retention <input type="checkbox"/> Inadequate budget provision, inappropriate financial decisions made	4	4	16	<input type="checkbox"/> Review of external communication by Heads of Service <input type="checkbox"/> Use of modern.gov <input type="checkbox"/> Whistle blowing and Anti Fraud and Corruption policies <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Qualified in house legal team <input type="checkbox"/> Officer complaints training & new complaints process <input type="checkbox"/> Performance reporting and Key Performance Indicators <input type="checkbox"/> Public and media consultation <input type="checkbox"/> Achieved accreditation for customer service excellence award <input type="checkbox"/> Communications Policy and Communications Plan in place <input type="checkbox"/> Online customer care training in place for all new staff and a separate module also in place for managers. <input type="checkbox"/> Partnership working eg Lightbulb & Local Plan <input type="checkbox"/> Marketing & Communications Manager <input type="checkbox"/> Social Media Policy <input type="checkbox"/> Service Standards <input type="checkbox"/> Project Comms Plans e.g. external communications regarding alternate weekly waste collection project. <input type="checkbox"/> Performance Review Plans <input type="checkbox"/> Standardised project appraisal and affordability approach as per Corporate Peer Review Action Plan built into new MTFS <input type="checkbox"/> Complaints handling and investigation training for all managers undertaken <input type="checkbox"/> Safety Risk assessments always consider reputational damage as a risk. <input type="checkbox"/> Anti Fraud Policy in place. <input type="checkbox"/> Good relationships built with media i.e. cemetery <input type="checkbox"/> Consultations conducted i.e budget	2	2	4		Ongoing	2	2	4	Chief Executive	Dec-24	Updated further controls	

Strategic Risk Register																				
Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)			Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/	Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR7	Effective utilisation of Assets/Buildings (non-housing)	Building, Protecting and Empowering Communities (CO1); Providing Excellent Services (CO3)	<input type="checkbox"/> Failure to follow Health and Safety <input type="checkbox"/> Insurance/Public Liability <input type="checkbox"/> Financial investment <input type="checkbox"/> Contractor going into liquidation <input type="checkbox"/> Political will <input type="checkbox"/> Facility Management <input type="checkbox"/> Depreciation	<input type="checkbox"/> Loss of investment opportunities <input type="checkbox"/> Loss of income <input type="checkbox"/> Loss of capital <input type="checkbox"/> Higher revenue costs <input type="checkbox"/> Costs <input type="checkbox"/> Death or injury <input type="checkbox"/> Higher insurance premiums <input type="checkbox"/> Reputation damage <input type="checkbox"/> Public liability <input type="checkbox"/> Personal liability for corporate team e.g. corporate manslaughter	4	3	12	<input type="checkbox"/> Physical controls (e.g. Door Codes, fire alarms) <input type="checkbox"/> Designated first aiders <input type="checkbox"/> Capital Programme and HRA Business Plan - annual reiteration and regular monitoring <input type="checkbox"/> Fixed Asset Register <input type="checkbox"/> Annual valuation of property by external valuer <input type="checkbox"/> Designated Health and Safety Officer <input type="checkbox"/> Implementation of controls within Health and Safety Executive review <input type="checkbox"/> Health and Safety risk assessments <input type="checkbox"/> Designated Facilities Manager <input type="checkbox"/> Accommodation Reviewed <input type="checkbox"/> Health and safety assessments carried out on all buildings <input type="checkbox"/> Move to Bushloe House to Brocks Hill complete <input type="checkbox"/> Asset Management a theme as part of the Sustainability Programme <input type="checkbox"/> Health and Safety Action Plan approved by full Council April 2023. <input type="checkbox"/> Asset Review received end of November - Report to PFDC regarding disposal of assets.	3	3	9	<input type="checkbox"/> Revision of Asset Management Policy and Capital Expenditure Plan <input type="checkbox"/> Asset review <input type="checkbox"/> Holistic Asset Management database/system purchased and timetabled for implementation. Roll out of the system has begun. <input type="checkbox"/> Completion of the sale of Bushloe House and Oadby Pool site. <input type="checkbox"/> Marketing all of our assets for hire to generate additional income to support the sustainability plan	Ongoing	2	2	4	Head of Law and Democracy/ Monitoring Officer	Dec-24	Further Management controls updated.	
CR8	Regulatory Governance	Providing Excellent Services (CO3)	<input type="checkbox"/> New or changes to legislation <input type="checkbox"/> Resources (staff) <input type="checkbox"/> Failure to identify new legislation	<input type="checkbox"/> Substantial fines e.g. Data Protection <input type="checkbox"/> Judicial review <input type="checkbox"/> Reputation <input type="checkbox"/> Code of conduct <input type="checkbox"/> Financial loss <input type="checkbox"/> Cost orders <input type="checkbox"/> Personal liability	3	4	12	<input type="checkbox"/> Data Protection Policy and log <input type="checkbox"/> Freedom of Information log <input type="checkbox"/> Code of Conduct and training <input type="checkbox"/> HR Induction <input type="checkbox"/> Statutory Monitoring Officer <input type="checkbox"/> Subscriptions (e.g. legal journals and LGA) and CPD of legal officers <input type="checkbox"/> Prosecution Policy <input type="checkbox"/> Purchased GDPR/DPA learning modules to be rolled out in the future. <input type="checkbox"/> Appraisal training and 1-2-1 training has been rolled out. to all managers. <input type="checkbox"/> New Social Housing Regulation Act 2023 strengthens the regulation regime associated with the Council as a social landlord. A full inspection by the regulator can be expected by end of 2026 - Housing Manager is preparing for mock-inspection during 2024. <input type="checkbox"/> Building Safety Act 2022 places increased compliance responsibilities and scrutiny on Building Control and the construction industry generally and the Leicestershire Building Control Partnership has put in place an action plan to manage this risk <input type="checkbox"/> Reviewed and improved HR induction approach. All Key managers trained in undertaking investigations and Disciplinarys. Having Difficult Conversations rolled out to relevant managers.	1	1	1	<input type="checkbox"/> Refresher training on GDPR/DPA to be completed by all. Resources in Housing Team to be focused around meeting the requirements of the new act.	Summer 2025	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)	<input type="checkbox"/> Loss of staff <input type="checkbox"/> Loss of ICT <input type="checkbox"/> Loss of Building <input type="checkbox"/> Loss of Key supplier <input type="checkbox"/> Loss of facilities <input type="checkbox"/> Loss of systems <input type="checkbox"/> Act of God <input type="checkbox"/> Adverse Weather <input type="checkbox"/> Pandemic <input type="checkbox"/> Adverse staff impact as a result of cost of living	<input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Reputation damage <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Loss of income <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Insurance – higher premiums <input type="checkbox"/> Loss of essential services <input type="checkbox"/> Adverse publicity <input type="checkbox"/> Loss of public confidence <input type="checkbox"/> Financial damage <input type="checkbox"/> Death and injury <input type="checkbox"/> Litigation risks <input type="checkbox"/> Staff unavailable after major incident <input type="checkbox"/> large proportion of staff becoming ill	4	4	16	<input type="checkbox"/> Insurance policies and annual review - new insurers from 1 Jan 2024 <input type="checkbox"/> Risk Management policies and procedures <input type="checkbox"/> Membership of Local Resilience Forum <input type="checkbox"/> Standby rota <input type="checkbox"/> IT backup, Business Continuity Plans in place <input type="checkbox"/> Community Engagement with Health professionals <input type="checkbox"/> Agile Working Policy <input type="checkbox"/> Coordination of Out of Hours Service <input type="checkbox"/> Additional training from Leicestershire Resilience Partnership underway (incl power lose scenario) <input type="checkbox"/> Business Continuity training exercise and refresh undertaken December 2022 <input type="checkbox"/> BC Plans refresh and incorporated into service plans <input type="checkbox"/> SLT and CMT additional training scheduled with LRF <input type="checkbox"/> Mighty Oak national power outage LRF Training exercise <input type="checkbox"/> Brockshill project has incorporated business continuity improvements inc generator if power outage. <input type="checkbox"/> New accident investigation form <input type="checkbox"/> Refresher of Health and Safety Training <input type="checkbox"/> Health and Safety face to face training for manual workers delivered. <input type="checkbox"/> BCPs being reviewed; Implications from Martyn's Law have been considered. <input type="checkbox"/> New insurance processes being rolled out to operational staff Foremost Security to carry out any Out of Hours calls for our assets.	2	3	6	<input type="checkbox"/> LRF training course attendance to be reviewed by SLT <input type="checkbox"/> Protect & Prevent training to be rolled out by the end of the year.	Jun-25	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Existing controls and further management actions are updated	

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				
CR10	Organisational/ Transformational Change	Providing Excellent Services (CO3)	<input type="checkbox"/> Restructure <input type="checkbox"/> Transformational change <input type="checkbox"/> Transferable skills <input type="checkbox"/> Reduction in funding <input type="checkbox"/> Change in personnel <input type="checkbox"/> Change in the way the council delivers services <input type="checkbox"/> Redundancy <input type="checkbox"/> Less controls in place due to limited resources <input type="checkbox"/> Change in office location	<input type="checkbox"/> Redundancy <input type="checkbox"/> Staff morale <input type="checkbox"/> Staff retention <input type="checkbox"/> Change in working practices <input type="checkbox"/> Impact on quality of service <input type="checkbox"/> Legal implications <input type="checkbox"/> HR implications <input type="checkbox"/> Reputation damage/perception <input type="checkbox"/> Financial loss <input type="checkbox"/> Possible litigation <input type="checkbox"/> Increased fraud	3	3	9	<input type="checkbox"/> Organisation review policy <input type="checkbox"/> Recruitment and selection policies and procedures <input type="checkbox"/> Union and staff consultation <input type="checkbox"/> Staff Wellbeing Group and Wellbeing Teams <input type="checkbox"/> Staff Health and Wellbeing Action Plan <input type="checkbox"/> Internal Audit <input type="checkbox"/> Staff newsletters <input type="checkbox"/> Monitoring and supervision of management/1:1's <input type="checkbox"/> Training and professional qualification support <input type="checkbox"/> Performance appraisal process <input type="checkbox"/> Formal induction programme <input type="checkbox"/> Comms plans for key projects - includes PR, Public, Staff and member and other stakeholder comms plans <input type="checkbox"/> Staff engagement on organisational culture and values as part of People Strategy undertaken <input type="checkbox"/> Introduction of live vacancy management plan with SLT <input type="checkbox"/> People Strategy approved by PFD 12/09/2023 <input type="checkbox"/> Organisation Strategy update completed. <input type="checkbox"/> Clean & Green / Corporate Assets Service Review and Revs and Bens review underway / Service changes post budget approval are well underway . Project Management approach has been refined; Joint SLT/CMT Meetings are being programmed into diaries focusing on finance and performance/ Sustainability Plan is a standing item on SLT agenda	3	2	6	<input type="checkbox"/> Organisation Strategy to be approved. <input type="checkbox"/> Service Reviews being undertaken. Sustainability Plan Review /ongoing Management plan developed and implemented for Waste Transformation. Opportunities being considered for joint working with other local authorities.	<input type="checkbox"/> 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)	<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	<input type="checkbox"/> Relocation (Business and Domestic) <input type="checkbox"/> Lack of inward investment <input type="checkbox"/> Increased demand for certain services e.g. benefits <input type="checkbox"/> Loss of value in public assets <input type="checkbox"/> Need to continually adapt/change <input type="checkbox"/> Conflicting pressures - decreased funding – increased demand <input type="checkbox"/> Spiral effect <input type="checkbox"/> Short term decision making – uncertainty <input type="checkbox"/> Increased autonomy leads to greater risk <input type="checkbox"/> Decrease in collection levels	5	4	20	<input type="checkbox"/> Demand management of services that come under pressure as a result of decline in economy <input type="checkbox"/> Debt Recovery Policy in place <input type="checkbox"/> Local Council Tax and Business Rate Retention scheme in place <input type="checkbox"/> Contract monitoring of bailiffs <input type="checkbox"/> Paying out business grants to support local businesses during pandemic <input type="checkbox"/> Regular programme of business webinars to provide information and support to businesses <input type="checkbox"/> Monthly newsletter issued to businesses <input type="checkbox"/> Helping Hands - energy champion <input type="checkbox"/> Business microsite live and accessible via Council's website. <input type="checkbox"/> UKSPF Investment Plan 2022 to 2025 being implemented <input type="checkbox"/> Levelling Up bid developed in partnership with The University of Leicester and ready to submit if an opportunity arises. Currently supporting University in investigating a Heritage Lottery Fund bid <input type="checkbox"/> Capital Projects Sub-committee established <input type="checkbox"/> Specialist support procured to advise on the deliverability of regeneration projects (Oadby Pool and Horsewell Lane) <input type="checkbox"/> Cost of Living report to members sets our proposal to review discretionary rates relief which may provide additional relief to businesses. <input type="checkbox"/> Business Networking Event held 14/09/2023 - 80 businesses attended. <input type="checkbox"/> Business Improvement District - Phase feasibility completed and to be progressed during 2024 Horsewell Lane Business Case agreed by Members - approach made to Homes England for potential funding. Awaiting details of new Government funding available.	4	4	16	<input type="checkbox"/> Monitor progress against ER Strategy & UKSPF Programme. <input type="checkbox"/> Project review meetings undertaken with all UKSPF funded projects to ensure outcomes and expenditure will be achieved by 31/03/25. Discussions with members held regarding developing a 25/26 programme for the UKSPF funding. In order to mitigate the risk of there being no single manager for the UKSPF programme and to provide advice to businesses in the Borough funding has been identified to recruit an Economic Dev Mgr as a 2 year fixed term post.	Ongoing	2	3	6	Head of Built Environment	Dec-24	24/25 Q3 abd 4 UKSPF monitoring due by the end of April 2025. In addition, a programme for spending 25/26 UKSPF funding has been developed and will be reported to Government. Econ Dev manager likely to be in post in Q1 of 25/26.	
CR12	Increased Fraud	Providing Excellent Services (CO3)	<input type="checkbox"/> Dilution of internal controls due to less staff <input type="checkbox"/> Increase in unemployment <input type="checkbox"/> Reduction in benefits <input type="checkbox"/> Inflation <input type="checkbox"/> Debt <input type="checkbox"/> Opportunity <input type="checkbox"/> Sub-letting of Council properties	<input type="checkbox"/> Homelessness, poverty and social deprivation <input type="checkbox"/> Financial loss <input type="checkbox"/> Resources of the authority to investigate fraud issues <input type="checkbox"/> Reputation impact <input type="checkbox"/> Litigation	3	3	9	<input type="checkbox"/> Internal and External Audit <input type="checkbox"/> Financial Regulations <input type="checkbox"/> Segregation of Duties <input type="checkbox"/> Supervision and Management <input type="checkbox"/> Investigation and disciplinary procedures <input type="checkbox"/> Litigation <input type="checkbox"/> Anti Fraud and Corruption Policy <input type="checkbox"/> Whistle blowing process <input type="checkbox"/> Tone from the top - no tolerance <input type="checkbox"/> Budgetary Control <input type="checkbox"/> Participation in National Fraud Initiative <input type="checkbox"/> Transaction review (e.g. invoices/mileage) <input type="checkbox"/> All related Policies to be reviewed and an annual rolling training programme to be implemented. <input type="checkbox"/> Anti Fraud Policy reviewed and approved PFD July 2023 <input type="checkbox"/> Fraud Awareness Training rolled out.	2	3	6	<input type="checkbox"/> Update of anti-fraud activities to Audit Committee	<input type="checkbox"/> July 2025	2	2	4	Chief Financial Officer	Dec-24	Updated to include Audit Committee Report July 2025	

Strategic Risk Register																				
Ref	Risk Definition What is the headline risk/issue?	2019-2024	Root Cause: What is the root cause or problem? What could go wrong?	Consequence /effect: What could occur as a result, how much of a problem would it be?	Inherent Risk Score (no controls)			Existing Controls (sources of assurance)	Mitigated Risk Score (with controls)			Further management actions/controls	Target Implementation date for further mgt actions	Target Score with further management actions/	Risk Owner	Review Date	Review Commentary	Direction of Travel of mitigated risk score		
					Likelihood	Impact	Overall risk rating		Likelihood	Impact	Overall risk rating			Likelihood	Impact	Overall risk rating				
CR13	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 and further sessions as needed <input type="checkbox"/> Roll out of Multi Factor Authentication across the Council	Ongoing	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 - although small in number <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	<input type="checkbox"/> Moving to Foremost Security from 1/4/25 to mitigate risk to staff on call outs as this function will be carried out by the security company.	Jun-25	2	3	6	Head of Law and Democracy/ Monitoring Officer	Dec-24	Further management controls updated	

Agenda Item 11



Audit Committee	Wednesday, 09 April 2025	Matter for Information
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Report Title: **Internal Audit Progress Report April 2025**

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

Purpose of Report:	To give an update on Internal Audit's progress on delivering the 2024/25 Audit Plan.
Report Summary:	Four final reports issued all at significant assurance, one proposed final report and one draft report issued.
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):	Colleen Warren (Chief Finance Officer/S151 Officer) (0116) 257 2759 colleen.warren@oadby-wigston.gov.uk Tracey Barnard-Ghaut (Assistant Director) 07545 502397 tracey.barnard-ghaut1@nhs.net Ruby Deo (Client Lead/Audit manager) 07545 502399 ruby.deo@nhs.net
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:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Key Supplier / Partnership Failure (CR2) Effective Utilisation of Assets / Buildings (CR5) Regulatory Governance (CR6) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9) Increased Fraud (CR10) Cyber Threat / Security (CR11)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.

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 (April 2025)

1. Information

- 1.1 The Internal Audit Progress Report (April 2025) attached at Appendix 1 provides an overall summary of the work undertaken relating to the Audit Plan. The progress report covers work carried out during the period April 2024 to March 2025.
- 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 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. This responsibility is currently being delivered by 360 Assurance.
- 1.4 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: 9th April 2025

Contents

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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 January to 26th March 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

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Key messages

Since the last Audit Committee we have:

- Issued 4 final reports:
 - Treasury Management
 - Housing Rents
 - Food Safety
 - Payroll and Expenses
- Issued 1 proposed final report:
 - Business Continuity
- Issued 1 draft report:
 - Staff Lone Working
- Undertaken fieldwork to progress the audit plan.

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/>

Contract performance

2024/25 Planned audits	Audits completed to report stage	% complete
13	9	69%
	Audits in progress	
	4	31%

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

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

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"> • Financial Management & Reporting (2023-24) • Housing Allocations (2023-24) • Strategic Risk Management • Payroll and Expenses • Treasury Management • Housing Rents • Housing Repairs Procurement • Waste Management Project Assurance • Food Safety
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

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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	65% (11/17)
First follow up rate – all risks	64% (18/28)
% of actions subject to revised due dates	7%
Overall implementation rate	68%
Historic Actions	
Historic actions (pre 1 April 2024) outstanding	10

Further details on action tracking are included in Appendix D.

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
3	National Fraud Initiative	Q1-4	Ongoing		
4	Financial Management and Reporting (core)	Q4	Fieldwork in progress	~	~
5	Financial Systems – Treasury Management (core)	Q4	Completed	Significant	April 2025
6	Housing Repairs Procurement review	Q3	Completed	Significant	January 2025
7	Grant Certifications	Q1-4	Ongoing throughout the year	Certifications	
Head of Customer Services and Transformation					
8	Human Resources - Staff Lone Working (core)	Q3	Draft report stage	~	~
9	Payroll and Expenses	Q3-4	Completed	Significant	April 2025
10	IT Audit (IT governance health check)	Q3-4	Fieldwork in progress	~	~
11	Business Continuity	Q2	Proposed final report stage	~	~
12	Waste Management (project assurance)	Q2	Completed	Significant	January 2025
13	Food Safety	Q2-3	Completed	Significant	April 2025
Head of Built Environment					
14	Housing Rents	Q2-3	Completed	Significant	April 2025
15	Homelessness	Q4	Fieldwork complete	~	~
16	S106 Agreements	Q3-4	Fieldwork complete	~	~

The following reports have been issued and agreed with Council officers.

2425/OWBC/07 Treasury management	
Objectives and scope	<p>The overall objective of our review was to determine whether an efficient, effective and robust control environment is in place in relation to cash flow and treasury management and to provide an independent assurance opinion. To achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> • The organisation has an approved Treasury Management Policy. • The organisation has a cash flow forecast that is regularly reviewed/updated and subject to scrutiny. • The organisation monitors surplus funds and invests them in line with its Treasury Management Policy. • Arrangements are in place to manage borrowing. • The Council has arrangements in place to comply with the Prudential Code. • Up-to-date bank mandates are in place with the organisation’s bankers. • Cash/bank reconciliations are regularly and promptly prepared and reviewed with reconciling items cleared in a timely manner. • There are effective processes in place to scrutinise treasury management activities. <p>Limitations of Scope: The scope of our work was limited to the areas identified in the agreed Terms of Reference. Our review of treasury management has not validated the organisation’s investment strategy or assessed its effectiveness.</p>
Audit opinion	Significant Assurance
Summary findings	<p>The Treasury Management Strategy was approved by the Policy Finance and Development Committee and Full Council in February 2024. The Council has undertaken a number of short term investments during 2024/25 to date (September 2024) and all were appropriately authorised. The Council has completed one borrowing to date in the current financial year (September 2024) which was appropriately authorised. This audit has identified two medium risk areas for improvement, which relates to amendments to the Treasury Management Policy and ensuring bank mandates are kept up to date. A number of low risk improvement recommendations have been made to enhance the Council’s governance and control over treasury management activities and these include ensuring the intended use of investments are documented.</p>

2425/OWBC/06 Housing Rents	
Objectives and scope	<p>The overall objective of our review was to ensure that the Council has arrangements in place to ensure that housing rents are managed effectively. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> • Rent is charged correctly on properties in accordance with the Housing Rents Policy, and with documented calculations of gross and net rent for each property. • Arrangements are in place for timely and complete collection of rent payments and crediting these to the correct accounts. • Arrangements are in place to deal with arrears, comply with Debt Recovery Policies and ensure efficient recovery of outstanding sums. • Rent income, rent collection rates and arrears are reported to a nominated committee on a regular basis.

2425/OWBC/06 Housing Rents	
	<ul style="list-style-type: none"> • Access to system functions is restricted to authorised personnel and the security and integrity of the system is maintained. <p><i>Limitations of scope:</i> The scope of our work was limited to the areas identified in the agreed Terms of Reference and has focussed on the systems and processes in place at OWBC.</p>
Audit opinion	Significant Assurance
Summary findings	<p>The audit confirmed that the Council uses the Orchard system which is designed to assist with the management, administration and collection of housing rents. We have raised three medium risk findings with actions as follows:</p> <ul style="list-style-type: none"> • Discussions with key staff highlighted that they had identified an issue with the way Orchard is currently highlighting accounts that have slipped into arrears. Some arrears accounts are being omitted from arrears reports generated from the system. • Arrears outstanding as a proportion of income due have increased in the last two financial years and the Council should explore all available mechanisms to reduce rent arrears as far as possible. • We have noted the lack of performance reporting in respect of rent income collection and arrears recovery performance to the senior leadership within the Council and an appropriate committee. The Council should consider introducing performance reporting. <p>A further two low risk and one advisory recommendations have been raised to address the review of Housing Rent setting procedure, control account reconciliations between the housing system and general ledger, and a reconciliation of the Housing Register with the Orchard housing rent system.</p>

2425/OWBC/04 Food Safety	
Objectives and scope	<p>The overall objective of our review is to ensure that the Council has arrangements in place to ensure that food standards are maintained across the borough. In order to achieve this objective, we have reviewed the following controls:</p> <ul style="list-style-type: none"> • There are up to date policies and procedures in place and all food safety/enforcement officers have received appropriate training to enable them to carry out their duties. • There are processes in place to ensure that all food business operators are registered and approval is given prior to startup of the business for any approved premises. • Processes are in place to ensure all food businesses in the Borough are inspected on a regular basis and any issues are dealt with appropriately in line with the policies. • Advice and training is provided to business owners and any food alerts are issued promptly. • Any premises or food complaints are dealt with promptly by the Council and appropriate action is taken to protect public health. • A centralised system is used to record all food premises in the Borough, inspections undertaken and the results/actions taken. <p><i>Limitations of scope:</i> The scope of our work was limited to the areas identified in the agreed Terms of Reference.</p>
Audit opinion	Significant Assurance

2425/OWBC/04 Food Safety	
Summary findings	<p>The Council has a Food Enforcement Policy and Food Delivery Plan in place. All applications, inspections and complaints in respect of businesses are recorded in the Uniform system. The Council triages new businesses and assigns them with a risk rating for the category of business and prioritises high risk rated businesses for inspections.</p> <p>We have raised three medium risk findings in respect of overdue food safety inspections and reviewing the capacity of the Environmental Health team in relation to food safety. One advisory action has been included to amend the review date on the Food Enforcement Policy from 2024 to 2027.</p>

2425/OWBC/08 Payroll and Expenses	
Objectives and scope	<p>The overall objective of our review is to determine whether an efficient, effective and robust control environment is in place in relation to pay expenditure and to provide an independent assurance opinion. In order to achieve this objective, we reviewed the following controls:</p> <ul style="list-style-type: none"> • A signed contract is in place for the provision of payroll services • Approval to recruit posts within the agreed establishment is obtained prior to recruitment taking place • New starters are authorised and entered accurately onto the payroll system • Leavers are authorised and accurately processed on a timely basis and final salary payments are adjusted to reflect leaving dates. • Changes to payroll records are authorised, controlled and accurately processed • Payroll data input locally (such as timesheets and expenses) is complete, accurate, timely, valid and authorised. • Access to the payroll system is restricted so that only authorised officers may make additions, amendments and deletions • Checks are in place to ensure the accuracy of payroll runs prior to authorising payment (exception reports) • The organisation verifies the payroll data prior to upload to the financial ledger <p><i>Limitations of scope:</i> The scope of our work was limited to the areas identified in the agreed Terms of Reference. Our review has not included:</p> <ul style="list-style-type: none"> • pre-employment checks undertaken for new starters • payroll processes relating to non-substantive (bank/temporary) staff • compliance with the Pension Scheme Regulations.
Audit opinion	Significant Assurance
Summary findings	<p>A contract is in place with the service provider which has been signed by both parties. The Council maintains a performance log of any issues that require raising with the provider at monthly performance monitoring meetings. Sample testing undertaken in respect of starters, leavers, permanent variations and temporary variations (overtime, mileage and expenses) confirmed that controls operated by the Council were largely found to be working effectively, although one instance was noted where the authorising officer was not formally approved to do so and one instance where a mileage claim had not been signed by the claimant.</p>

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 thirteen Terms of Reference, 1 draft report, 1 proposed final report and 7 final reports in respect of 2024/25.

360 Assurance KPIs	Target	Q1	Q2	Q3	Q4
Issue a Client Satisfaction Questionnaire following completion of every audit.	100%	100%	100%	100%	100%
Terms of Reference issued before commencement of the audit.	100%	100%	100%	100%	100%
Draft report issued within 10 working days of exit meeting.	100%	100%	Not applicable	100%	100%
Final report issued within 5 working days of executive sign-off.	100%	100%	Not applicable	100%	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	No responses received in Q4
Client KPIs	Target	Q1	Q2	Q3	Q4
Terms of Reference to be agreed within 10 working days of being received.	100%	100%	100%	100%	77% *
Information has been provided and staff have been available to meet the timescales set out within the Terms of Reference.	100%	100%	100%	100%	92% **
Management response received within 10 working days of receiving the final draft report.	100%	100%	Not applicable	50%	100%
<p>* There are three audits (Payroll & Expenses, Homelessness and IT audit – governance health check) where the Terms of Reference were not agreed by Council officers within 10 working days.</p> <p>** There is one audit (Financial Ledger Management and Reporting) where information was not provided in line with the agreed timescales in the terms of reference.</p>					

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of an organisation’s framework of governance, risk management and control for the period for which it relates. The opinion will take into account the implementation of internal audit actions.

In forming an opinion for 2024/25, we will take into account:

- how the organisation takes ownership to ensure that actions are being implemented within the dates agreed
- whether there are any actions still open from previous years and how these are progressed in 2024/25
- whether appropriate focus is given to high and medium risk actions so that they are closed at their original due date
- what percentage of actions are implemented by their original due date – this is for all actions with an original due date 1 April 2024 to 31 March 2025.

We expect to see a robust process and proactive culture in the organisation on internal audit actions and a focus on high risks. At least 75% of all high and medium risk actions should be closed by their original due date and progress to have been made on historic actions.

The 2024/25 opinion will be informed by the follow-up rate as at 4 April 2025.

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

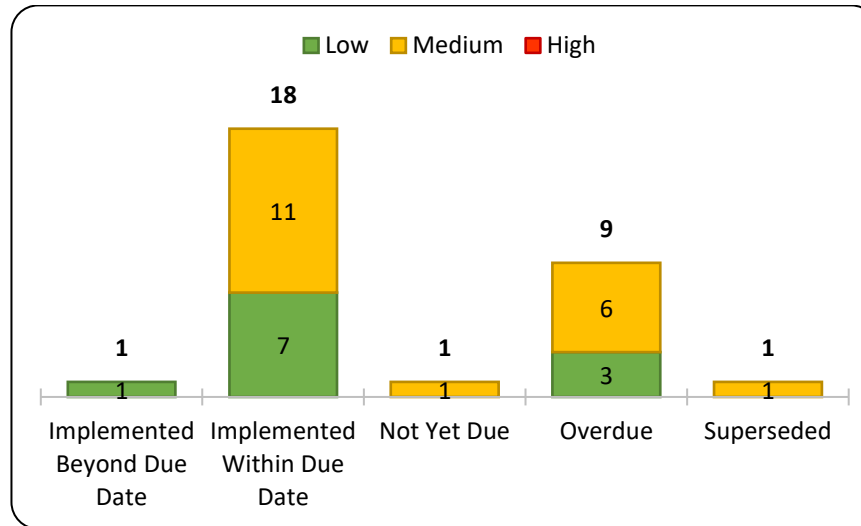


Table 1 below provides a summary of actions due on or by 26th March 2025 that have yet to be implemented (this includes actions where extensions to original implementation dates have been agreed).

Table 1

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Head of Built Environment	-	1	-	1	
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:</p> <p>I would ask that the deadline be amended to 31/03/25 so this can be considered 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 <u>Revised Implementation date:</u> 5th December 2024 <u>Revised implementation date:</u> 31st March 2025</p>
Head of Customer Services and Transformation	1	1	-	2	
Waste Management Project Assurance	1	-	-	1	<p>Compile, monitor and report on specific measures for other benefits that arise from moving to fortnightly bin collections.</p> <p><u>Original due date:</u> 28th February 2025</p> <p><i>No updates have been received</i></p>
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>

Audit reference/title by Executive Lead	Low	Medium	High	Total	Comments
Head of Law and Democracy	-	1	-	1	
Food Safety	-	1	-	1	Continue to review the number of overdue inspections and determine any further actions to reduce the number of inspections overdue. Original due date: 28 th February 2025 <i>Updates have been received and are in the process of being validated</i>
Section 151 Officer	2	3	-	5	
Financial Systems	2	-	-	2	Debt recovery action and Debt invoices raised. <u>Original due dates:</u> 30 th November and 31 st December 2024 respectively <i>Updates have been received and are in the process of being validated</i>
Financial Management and Reporting	-	3	-	3	Control account reconciliations completion, system access regular reviews, system leavers. <i>The above actions are being validated as part of the 2024-25 review.</i>
TOTAL	3	6	-	9	

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 <i>No updates received</i>
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	