

DATE: 25 January 2023
MY REF: Audit & Corporate Governance Committee
YOUR REF:
CONTACT: Democratic Services
TEL NO: 0116 272 7640
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To Members of the Audit and Corporate Governance Committee

Cllr. Shane Blackwell (Chairman)
Cllr. Stuart Coar (Vice-Chairman)

Cllr. Nick Chapman
Cllr. Alex DeWinter

Cllr. Paul Hartshorn
Cllr. Mark Jackson

Cllr. Kirsteen Thomson

Dear Councillor,

A meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** will be held in the Council Chamber - Council Offices, Narborough on **THURSDAY, 2 FEBRUARY 2023** at **5.30 p.m.** for the transaction of the following business and your attendance is requested.

Yours faithfully



Louisa Horton
Monitoring Officer



AGENDA

1. Apologies for Absence

2. Disclosures of Interest

To receive disclosures of interests from Members (i.e. the existence and the nature of those interests in respect of items on this agenda).

3. Minutes (Pages 3 - 6)

To approve and sign the minutes of the meeting held on 12th October 2022.

4. Risk Management Quarter 3 2022/23 (Pages 7 - 14)

To consider the report of the Finance Group Manager (enclosed).

5. Internal Audit Progress Report 2022/23 Q3 (Pages 15 - 42)

To consider the report of the Shared Service Audit Manager (enclosed).

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting held at the Council Offices, Narborough

WEDNESDAY, 12 OCTOBER 2022

Present:-

Cllr. Shane Blackwell (Chairman)

Cllr. Alex DeWinter

Substitutes:-

Cllr. Mike Shirley (In place of Cllr. Stuart Coar)
Cllr. David Findlay (In place of Cllr. Nick Chapman)

Officers present:-

Nick Brown	- Finance Group Manager
Kerry Beavis	- Senior Auditor
Hayley Clark	- External Auditor
Sandeep Tiensa	- Senior Democratic Services & Scrutiny Officer
Nicole Cramp	- Democratic & Scrutiny Services Officer

Also in attendance as observers:-

Cllr. Maggie Wright (Deputy Leader) Finance, People & Performance Portfolio Holder

Apologies:-

Cllr. Paul Hartshorn and Cllr. Mark Jackson

123. DISCLOSURES OF INTEREST

No disclosures were received.

124. MINUTES

The minutes of the meeting held on 25 July 2022, as circulated, were approved as correct record.

125. APPROVAL OF THE AUDITED ACCOUNTS 2020/21

Considered – Report of the Finance Group Manager.

Hayley Young (Ernst & Young) advised Members that 1 Amendment has been made to the Risk Assessment since the last Audit Planning Report. The risk rating in relation to evaluation of property planting equipment has been increased.

Hayley Young (Ernst & Young) also advised members that a new Auditors Admiral Report will be replacing the usual Annual Audit letter in the near future.

Cllr. Maggie Wright (Deputy Leader) Finance, People & Performance Portfolio Holder – Raised concerns over delays with Blaby District Council's Audited accounts due to staffing issues.

Hayley Young (Ernst & Young) reassured the Committee Members that they are experiencing resourcing issues surrounding public sector audits but are working as hard as they can to pull audits back in line with expected deadlines.

DECISIONS

1. That the external auditor's report be accepted.
2. That delegated authority be granted to the Executive Director (Section 151) in consultation with the Chair of the Audit and Corporate Governance Committee to approve and sign off the Council's audited Financial Statement once all outstanding matters have been finalised.

Reasons:

1. To bring to Members' attention the findings of our external auditors, Ernst & Young (EY) in relation to the audit of the 2020/21 accounts.
2. The Accounts and Audit Regulations require local authorities to have their 2020/21 accounts approved by a resolution of "a committee or by the members meeting as a whole", and no later than 30th September 2021. Due to the ongoing resourcing issues surrounding public sector audits, compounded by the pandemic, and additional reporting requirements, the audit process did not commence until after the deadline for publication. Accordingly, a notice advising of the delay in approval of the accounts was published on the Council's website in September 2021.

126. HOUSING BENEFIT SUBSIDY CERTIFICATION 2020/21

Considered – Report of the Finance Group Manager.

DECISION

That the Grant Certification Report be approved.

Reason:

The Audit and Corporate Governance Committee are made aware of the contents of any reports from the external auditors.

127. RISK MANAGEMENT Q2 2022/23

Considered – Report of the Finance Group Manager.

DECISION

That the latest information in respect of the Council's major corporate risks be accepted.

Reason:

The overview of the Council's risk management processes is a key responsibility of the Audit and Corporate Governance Committee.

128. INTERNAL AUDIT PROGRESS REPORT 2022/23 Q2

Considered – Report of the Shared Service Audit Manager.

DECISION

That the Internal Audit Annual report 2022/23 be noted.

Reason:

To keep the Audit and Corporate Governance Committee informed of progress and recent Internal Audit findings and recommendations, in line with the Public Sector Internal Audit Standards requirements.

THE MEETING CONCLUDED AT 6.05 P.M.

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting	2 February 2023
Title of Report	Risk Management Quarter 3 2022/23
Report Author	Finance Group Manager

1. What is this report about?

- 1.1 The report provides the Committee with an update in relation to the Council's Corporate Risk Register for the quarter ending 31st December 2022.

2. Recommendation(s)

- 2.1 That the latest information in respect of the Council's major corporate risks is accepted.

3. Reason for Decision(s) Recommended

- 3.1 The overview of the Council's risk management processes is a key responsibility of the Audit and Corporate Governance Committee.

4. Matters to consider

4.1 Background

The management of risk is a critical success factor in terms of an organisation achieving its objectives. The Audit and Corporate Governance Committee, supported by Internal Audit, has the role of evaluating the effectiveness of the Council's risk management procedures, and commenting upon areas of improvement as appropriate.

Risks are assessed for their impact on the Council's business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a "5x5" matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

Further information can be found within the Risk Management Strategy.

4.2 Corporate Risk Register

Corporate Risks are monitored by the Corporate Risk Group which comprises the Chief Executive and Directors.

The Corporate Risk Group met on 19th December 2022 to review and update the Corporate Risk Register.

The following table summarises the number of corporate risks before any control measures are put in place (i.e., uncontrolled risks).

All Corporate Risks – Uncontrolled Rating Summary			
Red	Amber	Green	Total
12	9	2	23

The corporate risks once control measures have been put in place (controlled risks) are as follows:

All Corporate Risks – Controlled Rating Summary			
Red	Amber	Green	Total
5	9	9	23

The tables above show that 12 high risks to the Council's business have been identified before any form of mitigation has been put in place. However, once control measures are considered, 7 of these are reduced to medium or low risk. The controls put in place for all high corporate risks are detailed at Appendix A.

Since the last report to Committee, in October 2022, 3 of our corporate risks have increased, 2 have reduced, and 18 have remained unchanged.

The increased risks are detailed below:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
Lack of effective Emergency Planning and Business Continuity arrangements.	Risk Likelihood	Likely (3)	Likely (3)
	Risk Impact	Major Disaster (5)	Major Impact (4)
	Status	15	12
Control Measures	All key documents held on Resilience Direct. Periodic training in place for SLT and key officers. Out of hours Emergency Contact Centre contract in place. We are members of the Leicestershire Resilience Forum. SLT on call rota in place.		

The risk has been increased in light of an IT server failure experienced in December. Business Continuity plans are also in need of refreshing to reflect the change in management structure.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
Failure of ICT systems leaves us unable to deliver services.	Risk Likelihood	Very Likely (4)	Very Likely (4)
	Risk Impact	Major Disaster (5)	Major Impact (4)
	Status	20	16
Control Measures	Effective security measures in place including external support where required. LICTP are working on the following key initiatives: <ul style="list-style-type: none"> • Adding a back-up N drive server (completed) • Increasing server storage space • Installing a broadband line into offices Capital investment planned to improve resilience and security.		

The recent server downtime has prompted additional investment into a range of resilience measures identified above.

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
ICT Security breaches and non-compliance with Government security standards	Risk Likelihood	Very Likely (4)	Very Likely (4)
	Risk Impact	Major Disaster (5)	Major Impact (4)
	Status	20	16
Control Measures	Perimeter security in place along with various software programmes covering encryption detection, antivirus, mail filtering, intrusion detection, and threat management. Systems and data subject to regular back-up. Cyber essentials and PSN accreditation. Security Working Group in place supplemented with support and advice to staff to raise cyber awareness.		

External support has been engaged by the Leicestershire ICT Partnership to review a range of measures.

The following risks have reduced since last quarter:

- Cost of living crisis/increased demand for services – whilst the cost of living continues to be a concern, the presence of a hardship fund has helped to mitigate some of the service demand.
- Incidents or outbreaks within the Council leading to significantly reduced staffing levels – although Covid-19 and flu cases are on the rise in Leicestershire, the Council is not currently experiencing a reduction in staffing levels as a result. The ability for staff to work remotely has helped to minimise the spread and enable people to continue working in isolation in many cases.

4.3 Relevant Consultations

Service risks are maintained on a separate Risk Register and are subject to quarterly monitoring by Service Managers to ensure that they remain up to date and have not become obsolete. Senior Leadership Team will provide an overview of the service risks on a quarterly basis, but service risks will

not be reported to Audit and Corporate Governance Committee other than in exceptional circumstances.

5. What will it cost and are there opportunities for savings?

5.1 Not applicable.

6. What are the risks and how can they be reduced?

6.1

Current Risk	Actions to reduce the risks
If risks are not monitored, then the Council may not be aware of possible events arising.	Audit and Corporate Governance Committee receive regular reports on risk and advise Cabinet Executive as appropriate.
If risks are not effectively managed through mitigation, risks identified cannot be minimised and may have a significant impact on the Council.	Mitigating control measures are in place and monitored through Audit and Corporate Governance Committee, Corporate Risk Group and by Senior Leadership Team.

7. Other options considered

7.1 None. It is a requirement of the Risk Management Strategy that regular reports are brought to Audit and Corporate Governance Committee.

8. Other significant issues

8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

9. Appendix

9.1 Appendix A – Corporate Risk Register

10. Background paper(s)

Risk Management Strategy 2019 - 2022

11. Report author's contact details

Nick Brown	Finance Group Manager
Nick.Brown@blaby.gov.uk	0116 272 7625

Corporate Risk Register 2022-23

No. of Risks Assessed
Current no. of Red Risks
Current no. of Amber Risks
Current no. of Green Risks

Uncontrolled	Controlled
23	23
12	5
9	9
2	9

Risk update status
Checked - No Changes
Checked - Risk Reduced
Checked - Risk Increased
Outstanding

Q2
21
1
1
0

Q3
18
2
3
0

ID	Date Added	Risk Category	Risk Description	Uncontrolled Risk			Control Measures	Mitigated Risk			Risk Owner	Risks checked and Commentary provided			
				Impact	Likelihood	Rating		Impact	Likelihood	Rating		30th September 2022		31st December 2022	
1		Political	Effectiveness of elected Members could damage the reputation and culture of BDC	3	3	9	<ul style="list-style-type: none">• Cabinet & Leader awareness and development• Code of conduct• Member development strategy/ supporting roles & responsibilities• Recruitment/member succession• Audit & Standards Committee• Training/Cabinet development	3	2	6	Corporate Risk Group	No Changes		No Changes	
2		Political	Blaby District Plan is not deliverable within available resources. If we do not deliver the corporate objectives the quality of life of residents and those who work in the district will not be improved.	4	3	12	<ul style="list-style-type: none">• All service plans aligned to Blaby District Plan objectives• Be clear about expected outcomes• Monitor delivery of Blaby District Plan• Review Blaby District Plan priorities regularly	4	2	8	Corporate Risk Group	No Changes		No Changes	
7		Competitive Reputational Social	Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults may place people in danger	5	3	15	<ul style="list-style-type: none">• Active Member of District DSO Group• Continuous training of designated officers, review of policies• Ensuring enough trained officers are available• Policies in place and effectively communicated to staff	4	2	8	Corporate Risk Group	No Changes	Bronze training rolled out to staff via Athena. Training for DSOs to follow in mid-October.	No Changes	
8		Fraud Legal	Failure to ensure adherence to internal control arrangements would leave the council open to fraud, affecting reputation. If adequate fraud & corruption prevention arrangements are not in place this leaves the council open to potential financial losses, wrong doing, breaches of the councils procedures & policies & legal responsibilities.	5	3	15	<ul style="list-style-type: none">• Anti Fraud & Corruption/Benefit Fraud policies reviewed & adopted. Staff/Member training• Employees adhere to governance procedures• Ensure we do not employ staff with false records	4	2	8	Corporate Risk Group	No Changes	Whistleblowing policy updated and published on the Website. Also Modern Slavery Statement recently updated.	No Changes	
11		Professional	Failure to recruit and retain the right people for the right jobs.	4	4	16	<ul style="list-style-type: none">• Learning and development provision, including skills and training needs analysis• Supporting Employee Performance policies and practices• Workforce planning including succession planning and use of market supplements where applicable.	4	3	12	Corporate Risk Group	Risk Reduced - Add to Change Log	More flexible recruitment practices being introduced, e.g., application by way of CV rather than on line forms.	No Changes	
13		Professional	Lack of effective Emergency Planning and Business Continuity arrangements	5	3	15	<ul style="list-style-type: none">• All key EP & BC documents on Resilience Direct• Internal EP & BC working group meeting• Periodic training with SLT & key officers of plans• Out of hours Emergency Contact Centre Contract (First Call)• Partnership with the Leicestershire Resilience Forum• Senior Leadership Team On Call Rota	4	3	12	Corporate Risk Group	No Changes		Risk Increased - Add to Change Log	Increased on the back of recent server downtime. Business Continuity plans also in need of refresh to reflect change in management structure.

14		Financial	Impact on financial position as a result of lack of certainty around future funding streams (i.e. Business Rates, Fair Funding, New Homes Bonus and Council Tax Equalisation), and cost of living crisis.	4	4	16	<ul style="list-style-type: none"> Awareness & Understanding of national policy changes Balanced budget approved Deliver Action Plan of Commercialisation Strategy Maintain an awareness of changing priorities MTFS in place Strategy to maximise growth of Business Rates Working with significant partners Maintain adequate level of reserves Financial plan now in place with measures to reduce the budget gap. 	4	4	16	Corporate Risk Group	No Changes	Known budget gap caused by inflationary pressures arising from the cost of living crisis. However, there remains a high level of uncertainty over when any changes to local government funding may take place. Although it is unlikely that changes will be implemented before 2024/25, the Chancellor's mini budget may lead to a reduction in funding as early as next financial year.	No Changes	Review once financial settlement is known. Measures to close the gap are in place which may reduce the immediate risk. Ongoing challenge exists in relation to increasing supplier costs, in particular the impact on the Capital Programme, but also with rising utility costs.
18		Legal	Failure to comply with legislation, resulting in us not meeting our statutory obligations The organisation promotes and demonstrates the principles and values of good governance	2	3	6	<ul style="list-style-type: none"> Constitution regularly reviewed and kept up to date Annual Governance Statement Independent Member Committees Skilled workforce Training/CPD 	2	2	4	Corporate Risk Group	No Changes		No Changes	
19		Contractual Partnership	Contracts may fail to deliver intended outcomes if not managed effectively, and improvements/efficiencies may not be delivered.	3	3	9	<ul style="list-style-type: none"> Ensure that effective contract management arrangements are put in place as part of procurement process. Manage SLM Contract through quarterly governance meetings. 	3	2	6	Corporate Risk Group	No Changes		No Changes	
20	07/01/2020	Reputational Financial	Failure to host partnerships and engage with partners effectively may lead to reputational damage and financial loss to the Council.	4	4	16	<ul style="list-style-type: none"> Ensure that regular Board meetings are in place, and recognise our responsibility in respect of partners' financial position. Regular monitoring of budgets and financial implications. Inclusion on annual Internal Audit Plan. 	3	3	9	Corporate Risk Group	No Changes		No Changes	
26		Physical	Failure to identify, record, monitor and report health and safety risks.	4	4	16	<ul style="list-style-type: none"> Effective Health & Safety Committee Effective Health & Safety procedures Service blueprints 	4	2	8	Corporate Risk Group	No Changes		No Changes	New H&S Advisor in post but still at the training stage.
29		Financial	Closure, downsizing of premises or relocation of a major district employer which may cause significant unemployment, retraining requirements and a potential loss of Business Rates	4	4	16	<ul style="list-style-type: none"> Review the Council's Economic Development Strategy and resources Develop the work and skills capacity Engage regularly with businesses to understand requirements Work with authorities, landowners, developers & agents Work with LLEP to secure funding for business development initiatives & schemes 	4	4	16	Corporate Risk Group	No Changes		No Changes	
30		Political	Failure to provide affordable housing and supporting infrastructure in the district in line with identified need.	4	4	16	<ul style="list-style-type: none"> Agreement on countywide housing distribution Council adoption of appropriate housing needs policies Feedback to consultation processes Input into Strategic Planning Groups Review of options to deliver affordable housing & balanced housing market 	4	4	16	Corporate Risk Group	No Changes		No Changes	
32		Financial Social	Structural, legislative and budgetary changes in other Public Sector organisations (eg DWP, Health, Police, Leicestershire CC).	4	4	16	<ul style="list-style-type: none"> Maintain awareness & respond to implications of emerging changes in public sector delivery organisations 	4	3	12	Corporate Risk Group	Risk Increased - Add to Change Log	Leicestershire County Council has announced that it needs to make significant cuts to meet its budget shortfall, some of which may impact on the level of external funding available to districts.	No Changes	Subject to review in light of the publication of County's MTFS.
46		Social	That the Council is unable to deliver a new local plan and cannot identify 5 years worth of housing land required by National Policy, which could make relevant local policies out of date when determining planning applications.	3	4	12	<ul style="list-style-type: none"> To identify additional sites for residential development through the Delivery DPD To release appropriate sites for residential development 	3	3	9	Corporate Risk Group	No Changes		No Changes	

49		Contractual Partnership	Transition to new ICT Partnership arrangements	5	4	20	• Regular Governance Board Meeting & Strategic Board Meetings	5	3	15	Corporate Risk Group	No Changes		No Changes	Not currently in contract. Contractual arrangements to be revised in line with Revenues & Benefits Partnership.
50	16/03/21	Technological Reputational	Failure of ICT systems leaves us unable to deliver services.	5	4	20	• Effective security measures in place. • External support from cyber experts	4	4	16	Corporate Risk Group	No Changes	Currently reviewing the level of insurance cover in place, and exploring the potential for shared cover to mitigate against cyber attacks. The Council maintains a range of robust security controls, including external support from cyber experts.	Risk Increased - Add to Change Log	Recent server downtime giving rise to additional investment into a range of resilience measures.
51	24/06/21	Technological Reputational	ICT Security breaches and non-compliance with Government security standards	5	4	20	Perimeter Security, Systems and data is backed up, Annual IT Health checks, Cyber Essentials and PSN accreditation, Security Working Group, policies in place to support and advise staff, ICT monthly articles and newsletters aimed at increasing staff cyber awareness, Encryption detection software, Antivirus software, Mail Filtering, Sophos Unified Threat Manager, Intrusion detection software.	4	4	16	ICT	No Changes		Risk Increased - Add to Change Log	External support engaged to review a range of measures.
52	08/10/21	Financial Social	Cost of living crisis leading to increased demand for services.	4	5	20	• CAB service • Earmarked reserve in place to support cases of serious hardship. • Communication with food banks to be able to provide support • Supporting residents in times of crisis	3	4	12	Corporate Risk Group	No Changes	On 20th September, Council approved a range of measures to provide support to residents and businesses during the current period of economic uncertainty. These measures include making available resources from our hardship fund, signposting to other organisations, supporting the increased demand for temporary accommodation, provision of cost of living grants to community groups, and recruitment of a Cost of Living Officer.	Risk Reduced Add to Change Log	Hardship fund in place to mitigate service demand.
53	17/12/21	Financial, Reputational, Health & Safety	Huncote Leisure Centre - risk of elevated levels of methane from landfill site	5	3	15	• Additional monitoring and venting wells installed. • Further works planned. • Site and building closed. • Financial provision approved by Members. Regular communication with partners on site.	4	3	12	Corporate Risk Group	No Changes	Works commencing 31st October.	No Changes	
54	31/12/21	Environmental/Financial, Reputational	Budgetary pressures prevent us from achieving our 2030 net zero carbon reduction target.	4	3	12	• Carbon reduction action plan in place. • Dedicated officer working on "green" initiatives. • Cross service working group in place to maintain high profile and awareness. • Fleet replacement strategy under review.	4	2	8	Corporate Risk Group	No Changes	Additional budget approved by Council earlier in the financial year to allow vehicles to be converted from diesel to HVO. Conversion of a small number of vehicles has been undertaken; budgetary impact to be kept under review.	No Changes	
55	17/03/22	Physical	Employee wellbeing is compromised due to revised working practices, dealing with ongoing emergency issues, and the general cost of living crisis.	4	4	16	• Policies and procedures being revised and reviewed together with guidance documents for staff and managers • Clear communications to all staff with regards to arrangements and options • Constant review with teams and individuals • Being flexible with working policies. • Home visit guidance in place. • Guidance provided to staff to on how to reduce risk of viral transmission when visiting/working at other sites and in customers' homes.	4	3	12	Corporate Risk Group	No Changes		No Changes	

Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 2 February 2023
Title of Report Internal Audit Progress Report 2022/23 Q3
Report Author Shared Service Audit Manager

1. What is this report about?

- 1.1 The purpose of this report is to inform the Committee of the progress against the Internal Audit plan for 2022/23 and to highlight incidences of any significant control failings or weaknesses that have been identified between 1 October 2022 and 31 December 2022 (Q3).

2. Recommendation(s)

- 2.1 To note the Internal Audit progress report and comment as appropriate.

3. Reason for Decision(s) Recommended

- 3.1 To keep the Audit and Standards Committee informed of progress and recent Internal Audit findings and recommendations, in line with the Public Sector Internal Audit Standards requirements.

4. Matters to consider

4.1 Background

The Public Sector Internal Audit Standards require the Audit and Standards Committee to approve the audit plan and monitor progress against it. They should receive periodic reports on the work of internal audit. The Audit and Standards Committee approved the 2022/23 audit plan on 27 April 2022. This is the third progress report for 2022/23.

4.2 Progress Report

The Internal Audit Progress Report for the period from 01 October 2022 to 31 December 2022 (Q3) is attached at Appendix 1.

4.3 Relevant Consultations

The Senior Leadership Team were presented with the report at their meeting on 24 January 2023. There have been no updates since then.

4.4 Significant Issues

None.

5. What will it cost and are there opportunities for savings?

5.1 No costs or opportunities for savings in the context of this report.

6. What are the risks and how can they be reduced?

6.1 There are no risks relating to this report.

7. Other options considered

7.1 Not applicable.

8. Other significant issues

8.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

9. Appendix

9.1 Appendix 1 – Internal Audit Progress Report 2022/23 Q3.

10. Background paper(s)

Public Sector Internal Audit Standards.

11. Report author's contact details

Kerry Beavis
Kerry.beavis@blaby.gov.uk

Audit Manager



INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2022/23 Q3

1. Introduction

- 1.1 Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2022/23 Internal Audit Plan up to 31 December 2022.

2 Internal Audit Plan Update

- 2.2 The 2022/23 audit plan is included at Appendix A for information and shows the audits in progress.
- 2.3 Since the last update report eight final reports have been issued, these are detailed at appendix B. Additionally, two draft reports have been issued from the 2022/23 audit plan
- Environmental Permits - Reasonable
 - Benefits – Substantial
 - Council Tax – Reasonable
 - NNDR – Reasonable
 - Income Collection - Reasonable
 - Creditors - Reasonable
 - Debtors – Reasonable
 - Payroll – Reasonable
 - Treasury Management – draft issued
 - Policy Management – draft issued

The audits due to take place in Q4 are:

- Leisure Centre Fees & Charges
- Business Continuity
- Fleet Management
- Environmental Health – HMO's
- Contaminated Land
- Service Planning including Performance Management

3 Internal Audit Recommendations

- 3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. There are seven overdue recommendations, updates on the progress have been received, as detailed in Appendix C.

4 Internal Audit Performance Indicators

- 4.1 Progress against the agreed Internal Audit performance targets are documented in Appendix D. There are no areas of concern at this stage.

Appendix A

2022/23 AUDIT PLAN PROGRESS TO 31 DECEMBER 2022

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Workforce Planning	Audit	8		Planning						
Policy Management	Audit	12	11	Draft Report						
Fleet Management	Audit	10		Planning						
Disabled Facilities Grant Determinations	Grant	4	3.5	Completed	N/A					
Building Control	Advisory	2		As required						
Leisure Centres Fees & Charges	Audit	8		Q4						
Leisure Centres Contract	Advisory	3	2.5	As required						
Lightbulb	Advisory	2		As required						
Environmental Permits	Audit	8	16	Completed	Reasonable	-	8	6	-	
Environmental Health - HMO's	Audit	10	0.5	Planning						
Car Parking	Advisory	2		As required						
Revenue & Benefits - new system	Advisory	2		As required						
Contaminated Land	Audit	6	0.5	Planning						
Key Financial Systems as detailed below										
Benefits	Audit	3	3.5	Completed	Substantial	-	-	1	-	
Council Tax	Audit	4	3.5	Completed	Reasonable	-	1	-	-	
NNDR	Audit	10	8.5	Completed	Reasonable	-	1	-	1	
Income Collection	Audit	4	3	Completed	Reasonable	-	1	-	-	
Creditors	Audit	10	8	Completed	Reasonable	-	-	2	1	
Debtors	Audit	4	3	Completed	Reasonable	-	-	1	-	
Main Accounting	Audit	10	3	In progress						
HR & Payroll	Audit	4	4	Completed	Reasonable	-	2	7	-	

Treasury Management	Audit	4	2.5	Draft Report						
Business Grant assurance work, inc NFI	Advisory	10	2	As required						
Service Planning including Performance Management	Audit	10	0.5	Planning						
Service Planning including Performance Management	Advisory	2		As required						
ICT Partnership	Advisory	2	1	As required						
Business Continuity	Audit	8	0.5	Planning						
LAD 2 – Green Homes Grant	Certification		2.5	Completed						Addition to the plan.

Audit Opinion Definitions

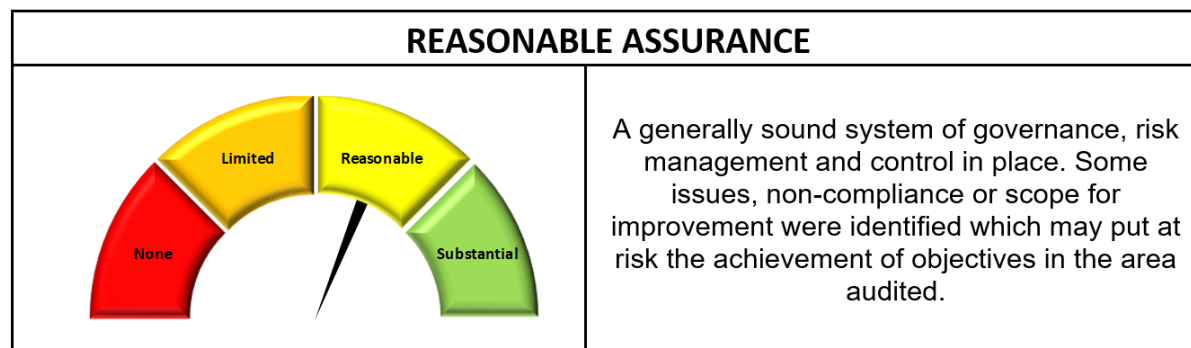
Opinion	Definition
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Recommendation Priority

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made,
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed or potential opportunities for management to improve the operational efficiency and/ or effectiveness of the system.

EXECUTIVE SUMMARY OF FINAL AUDIT REPORTS ISSUED 01 OCTOBER 2022 – 31 DECEMBER 2022

ENVIRONMENTAL PERMITS

**Key Findings**

Areas of positive assurance identified during the audit:

- The Enforcement Policy is up to date and the legislation, guidance manuals and statutory process notes are available to officers online.
- Testing of nine permits found that the correct application fee and annual subsistence fee had been charged in each case.
- Officers are suitably qualified.

The main areas identified for improvement are:

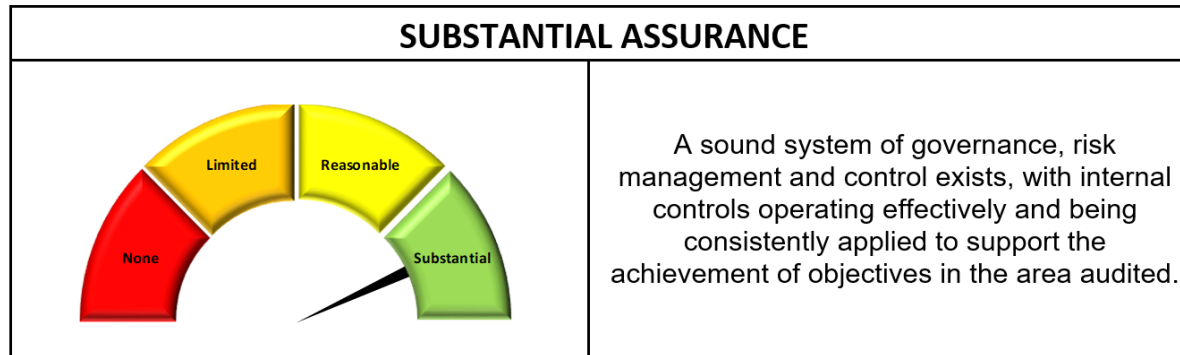
- The publication of information
- The inspection process
- Performance management and monitoring
- The IDOX system usage and records

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Review and update the information published on the website to ensure that it is accurate and up to date and directs users to the current application forms and charges.	Medium	Agreed. Website to be updated making reference to the 2017 charging scheme which is still in force.	Environmental Services Team Assistant	15 th October 2022
2. The ongoing development of the IDOX module should include the facility to record the annual subsistence charge and invoicing details.	Medium	Agreed. Work will continue to update the module and add this information to the system.	Senior Technical Officer and Performance and Systems Officer	31 st December 2022
3. Invoice and payment records are checked periodically by Environmental Services staff to ensure all income due has been invoiced and appropriate action is taken for any which are overdue.	High	Agreed. All outstanding invoices have been chased and most now paid. Procedure now in place with Finance to check unpaid invoices.	Environmental Services Team Assistant / Environmental Health Officer	30 th September 2022
4. Review and update the online register to provide an accurate record of all current permits and ensure that a process is in place to update this annually.	High	Agreed. Processes to be updated on Uniform system. The possibility of a link to the public access system to provide an electronic public register will be explored.	Senior Technical Officer and Performance and Systems Officer	31 st December 2022
5. The system records for each permit should be reviewed in full and updated as required to	High	Agreed.	Performance and Systems Officer	31 st December 2022

correctly reflect the current status of each permit, all other relevant details, and ensure that all supporting documentation is attached.		See above. Training will take place with all officers once records updated. This work is already in progress.		
6. Review and update the hard copy Public Register to reflect the current status of each permit and the latest summary of accounts. Extinct permit records should be retained separately.	Medium	Agreed. Financial records requested from Finance. Folders to be reviewed.	Senior Technical Officer and Environmental Services Manager	30 th November 2022
7. Opportunities for benchmarking inspections data against other local authorities should be explored and facilitated if possible.	Medium	Not agreed / risk accepted. Benchmarking already takes place within the team with officers shadowing inspections and the processes being moved between officers. Do not propose undertaking inspections with officers from other authorities.	N/a	N/a
8. An inspection recording procedure is agreed, documented and issued to all relevant staff to ensure consistency going forward.	High	Agreed. Once uniform updated a procedure will be developed with template letters.	Senior Technical Officer and Performance and Systems Officer	31 st December 2022
9. Standard templates are developed to record and notify the operator of the outcome of each inspection in order to improve consistency and provide a clear audit trail.	Medium	See above. Template letters already set up, training needed for team.	Senior Technical Officer and Performance and Systems Officer	31 st December 2022

10. Review and update the inspection records for each case as required to accurately reflect the inspections completed from at least 01.04.21 onwards and enable the workflow system to operate effectively going forward.	High	Agreed. Already in progress	Environmental Services Team and Performance and Systems Officer	31 st December 2022
11. Arrangements are put in place to monitor and improve the independence and quality of the inspection process, including e.g. the regular rotation of officers across each installation, spot checks by a senior officer and unannounced site visits.	High	Agreed. Spot checks to be scheduled.	Senior Technical Officer	Throughout year.
12. Performance should be formally monitored and recorded.	High	Agreed. Performance graphs will be available on uniform once system updated.	Environmental Services Manager	31 st January 2023
13. Review, update and reissue the warrants held by officers.	Medium	Agreed. Warrants updated.	Environmental Services Manager	30 th September 2022
14. One-to-one training in respect of the IDOX system module should be arranged for all relevant officers, with procedures being developed from this.	High	Agreed. The Performance and Systems Officer has allocated time each week until October to update and amend the records. Once this is done 1:1 training will be undertaken with each officer.	Performance and Systems Officer.	30 th November 2022

BENEFITS



Key Findings

Areas of positive assurance identified during the audit:

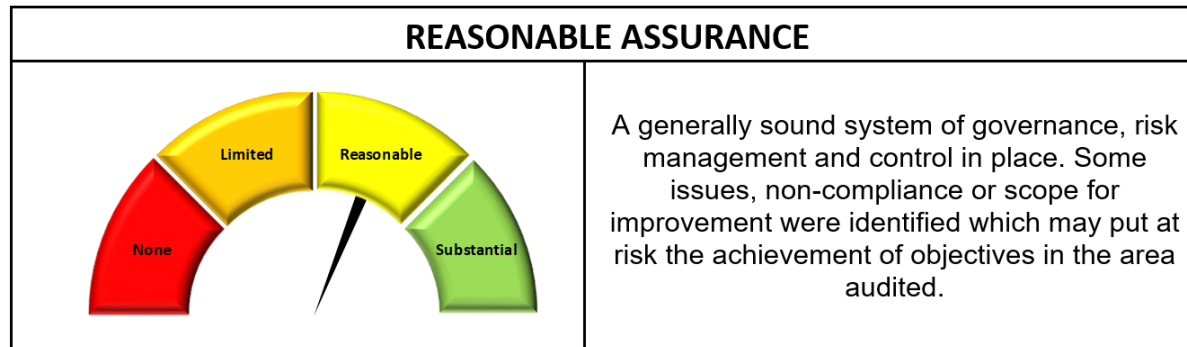
- Key procedure notes are up to date and accessible to all relevant staff
- System parameters had been updated for 2022/23 as expected
- Access to the system had been removed for leavers
- Reconciliations are up to date

The sole area identified for improvement is:

- Supervisory monitoring

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Independent spot checks are completed to ensure that payment errors identified through monitoring have been corrected as required.	Medium	Agreed.	Senior Team Leader	Immediate and ongoing.

COUNCIL TAX



Key Findings

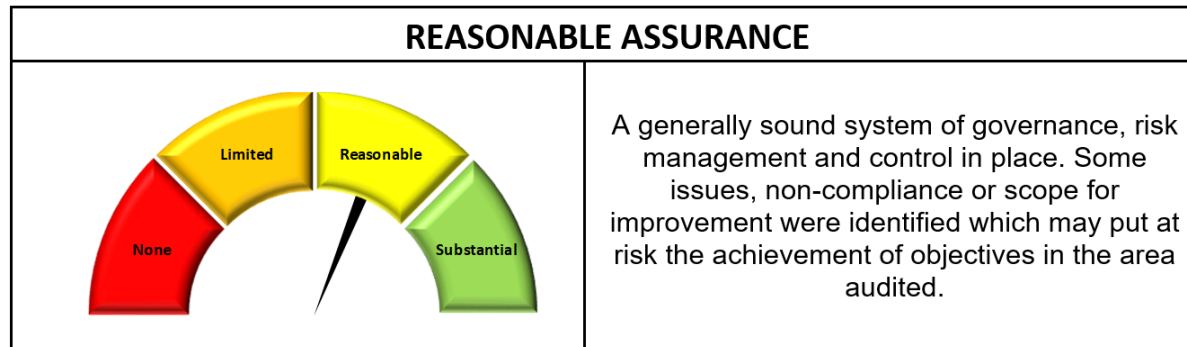
Areas of positive assurance identified during the audit:

- Procedure notes are up to date and accessible to staff.
- System parameters had been updated for 2022/23 as required.
- Supervisory monitoring checks are completed to ensure accuracy of billing and focus on discounts, disregards and exemptions.
- The Council Tax system is regularly reconciled to Valuation Office records.
- Access to the system is adequately controlled.

The main area identified for improvement is:

- The monitoring and review of the suspense account

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
<p>A plan is put in place to ensure that the suspense account is proactively reviewed and monitored on a regular basis.</p> <p>Consideration is given to the development of a procedure to periodically transfer historic unallocated receipts to a separate income code, subject to appropriate authorisation.</p>	High	Agreed.	Senior Team Leader.	<p>30.11.22 (to develop the plan)</p> <p>31.12.22 (to implement the plan and start the review process)</p>



Key Findings

Areas of positive assurance identified during the audit:

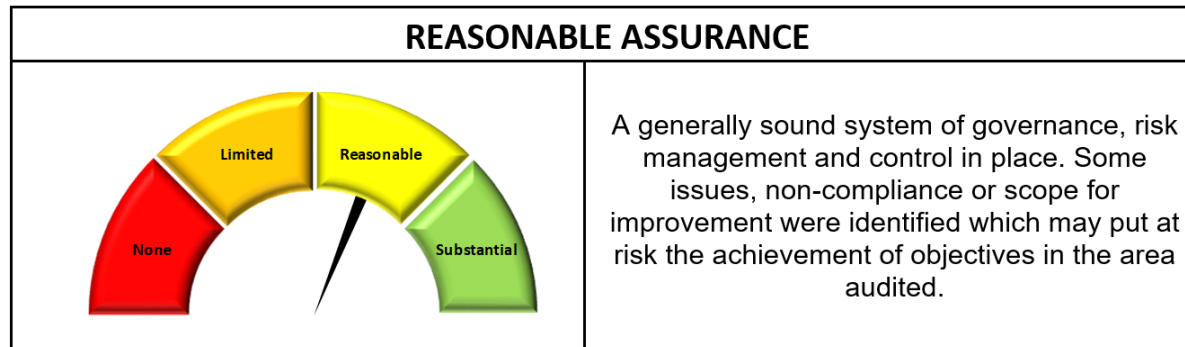
- Procedure notes are up to date and accessible to staff.
- There is adequate separation of duties between billing, the collection and recording of income and recording of transactions.
- Arrangements are in place to receive information from the Valuation Office and the Planning service and the system is regularly reconciled to Valuation Office records.
- System parameters had been updated for 2022/23 as required.
- Empty properties are reviewed periodically.
- Refunds, write offs and discretionary reliefs are authorised as required.
- The suspense account is regularly monitored and transfers are actioned promptly.
- Access to the system is adequately controlled.

The main area identified for improvement is:

- Supervisory monitoring

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Monitoring checks are completed and recorded in accordance with procedures.	High	Agreed.	Senior Team Leader	Immediate and ongoing.
The monthly outstanding work report should be revised to include the oldest date of priority work areas and any outstanding reconciliations.	Low	Agreed.	Team Leader	Immediate and ongoing.

INCOME COLLECTION



Key Findings

Areas of positive assurance identified during the audit:

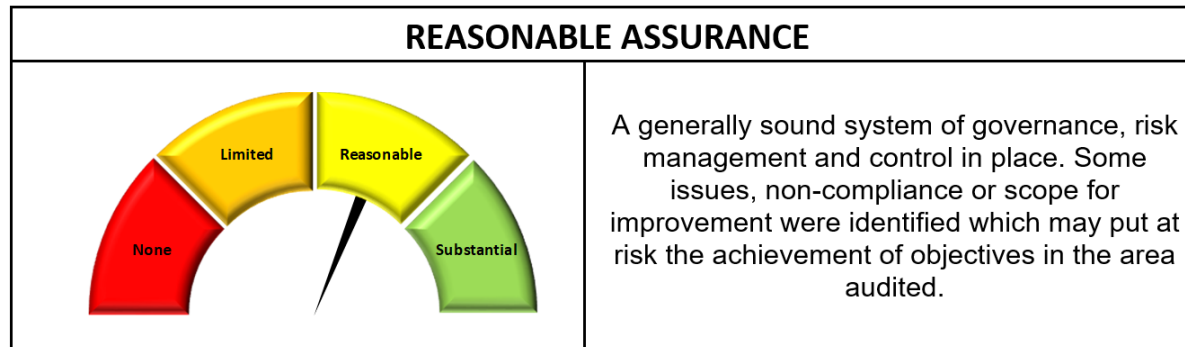
- Procedures are in place, up to date and accessible to all relevant staff.
- Access to the systems associated with income management is adequately controlled.

The main area identified for improvement is:

- Control account reconciliations.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
The outstanding control account reconciliations are brought up to date as soon as possible and going forward arrangements are in place to ensure all are completed and reviewed promptly.	High	Agreed.	Interim Accountancy Services Manager	31.01.23

CREDITORS



Key Findings

Areas of positive assurance identified during the audit:

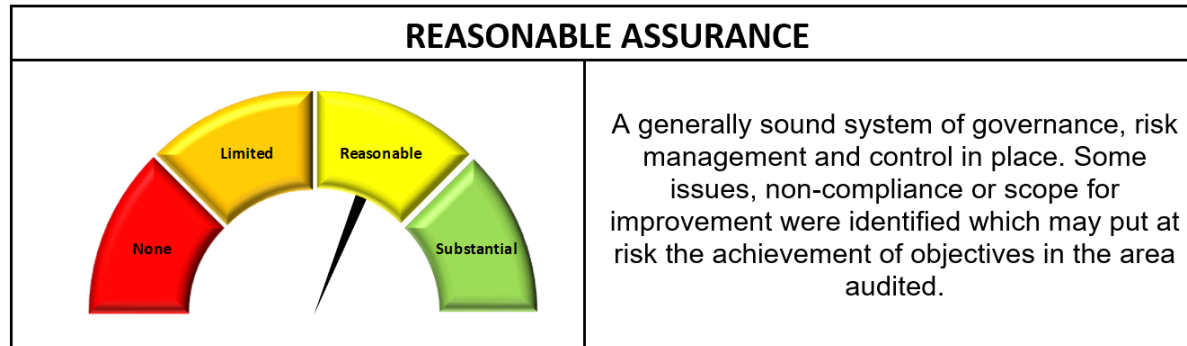
- Adequate controls exist for the authorisation of payments.
- Additional verification checks are completed to ensure that changes to supplier bank details are valid.
- Access to the system is adequately controlled.

The main areas identified for improvement are:

- Compliance with the procedure relating to purchase orders
- Review and closure of outstanding commitments

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The out of date version of the user guide is removed from iBlaby.	Low	Agreed.	Interim Accountancy Services Manager	31.12.22
2. A reminder of the correct procedure is issued to all relevant staff.	Medium	Agreed.	Interim Accountancy Services Manager	31.12.22
3. All outstanding commitments are reviewed and closed if no longer required.	Medium	Agreed.	Interim Accountancy Services Manager	31.03.23

DEBTORS



Key Findings

Areas of positive assurance identified during the audit:

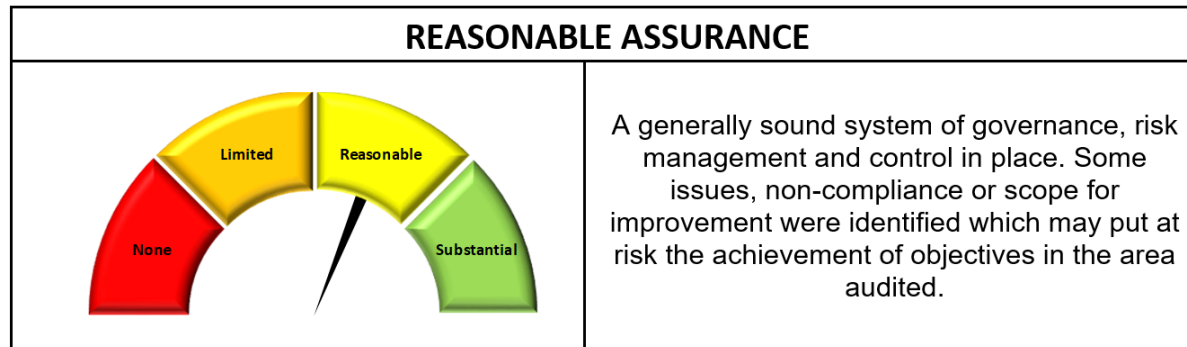
- Policies and procedures are in place, up to date and accessible to all relevant staff.
- The suspense account is regularly reviewed and cleared.
- Invoices have been raised promptly and coded correctly.
- Access to the system is adequately controlled.

The sole area identified for improvement is:

The formal monitoring and reporting of aged debt.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Aged debt is formally monitored and reported appropriately to senior managers and members.	Medium	<p>Agreed.</p> <p>The reporting of aged debt and write-offs is included in the Financial Management Code Action Plan, which was presented to Cabinet last financial year.</p>	Finance Group Manager	01.04.23

PAYROLL



1.1 Key Findings

Areas of positive assurance identified during the audit:

- Testing is carried out to ensure that system upgrades and changes to tax codes etc. have been updated correctly.
- The establishment is regularly reviewed by managers to confirm accuracy.

The main areas identified for improvement are:

- Control account reconciliations
- The payroll checking and review process
- A process to periodically check system access levels

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. The outstanding control account reconciliations are brought up to date as soon as possible and going forward arrangements are in place to ensure all are completed and reviewed promptly.	High	Agreed. The reconciliations up to and including November 2022 have now been completed.	Interim Accountancy Services Manager	31.12.22 and ongoing
2. The spot checking process is reviewed and documented to ensure that it is adequate, consistent and available to all relevant staff.	Medium	Agreed.	Interim Accountancy Services Manager	31.12.22
3. Absence cover arrangements are put in place to ensure that the draft payroll run is always independently reviewed prior to payment.	High	Agreed. Payroll to be reviewed and spot checked by the Accountancy Services Manager if the Accountancy Services Team Leader is unavailable. This will be done from December onwards.	Interim Accountancy Services Manager	Completed.
4. A review of system access accounts is carried out and all accounts no longer required are disabled.	Medium	Agreed. Review of access accounts to payroll system has been carried out and all unnecessary generic accounts and out of date accounts have been removed.	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)

5. System provider accounts are suspended when not in use.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
6. All generic user accounts are reviewed and reassigned to individual named officers if still required.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
7. Any “super user” requirements are made into a role specific and added to relevant individual accounts.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
8. There is a periodic review of the audit log to ensure that the generic super user account is not accessed.	Medium	A/A	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.12.22 (and ongoing where applicable)
9. The list of current system users is checked periodically by the system administrators in both Finance and HR to ensure that it is up to date and relevant.	Medium	Agreed.	System Administrators - overseen by Interim Accountancy Services Manager / HR Services Manager	31.01.23 and ongoing.

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31st DECEMBER 2022

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Extension Date	Second Follow up comments	Extension Date	Update Jan 23	Extension Date
2020/21	Safeguarding	12. The current DBS Process and Guidance Document (2018) should be reviewed and updated to reflect the latest national Guidance for Employers (updated in February 2020) and annually thereafter.	Medium	Agreed.	HR Services Manager	31.12.21	Nov 21 - Will schedule annual review and update as necessary in January of each year.	Jan-22	Jan 22: Undertaking review and review started Jan 2022. Mar 22 - Draft almost finished of DBS process and guidance. Feedback obtained from HR. Next steps feedback from Safeguarding Lead and Audit as agreed.	Mar-22	Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document, which will now ensure compliance with national guidance as of Jan 23.	Feb 23
2020/21	Safeguarding	13. Consideration should be given to incorporating the internal guidance into a formally approved policy.	Medium	Agreed.	Leisure and Regulatory Services Group Manager in conjunction with Strategic HR Manager	31.12.21	Nov 21 - The HRSM provided the following update: Will consider along with update in January 2022.	Jan-22	Jan 22: As per recommendation 12 March 22 - as above	Mar-22	Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document.	Feb 23
2020/21	Safeguarding	14. A periodic recheck process for officers in posts requiring an enhanced DBS check should be introduced and managed via the HR/Payroll system.	Medium	Agreed.	Leisure and Regulatory Services Group Manager in conjunction with HR Services Manager	31.12.21	Nov 21 - The HRSM provided the following update: Will review requirements in line with updated guidance in January 2022 and implement as required. DBS records are not currently held in iTrent. Review if this would be a sensible approach/possible along with update noted above.	Jan-22	Jan 22: As per recommendation 12 March 22 - as above	Mar-22	Consultation undertaken with Safeguarding, Audit, SLT and TUs on document. Feedback collected and currently being included into final document. (3 yearly recheck and use of DBS update service agreed)	Feb 23
2020/21	Safeguarding	16. The process for obtaining and checking references should be strengthened in accordance with the Guidance for Safer Recruitment produced by the Leicester, Leicestershire and Rutland Safeguarding Children Partnership Board and the Council's Recruitment Procedure should be updated to reflect this.	Medium	Agreed.	Leisure and Regulatory Services Group Manager in conjunction with HR Services Manager	31.12.21	Nov 21 - The HRSM provided the following update: Will update along with action 12 above.	Jan-22	Jan 22: As per recommendation 12 March 22 - as above	Mar-22	Following DBS Policy finalising practice re safer recruitment will be implemented.	

2020/21	Safeguarding	17. Consideration should be given to adding DBS requirements to the relevant position within the HR/Payroll system to ensure that all posts that require a DBS check have been identified and that requirements for mandatory DBS checks are not overlooked.	Medium	Agreed.	HR Services Manager	31.12.21	Nov 21 - The HRSM provided the following update: Will review January 2022 along with policy updates.	Jan-22	March 22: iTrent procurement underway. Will review ability to record in iTrent when procurement and any related changes confirmed.	Mar-22	iTrent procurement being finalised. No implementation dates available yet.	
2020/21	HR and Payroll	1. The Recruitment Policy and procedure notes should be reviewed and updated in order to provide for applicants that have previously worked for the Council through an agency or those with non-traditional work histories.	Medium	Agreed.	Strategic HR Manager and HR Services Manager	30.09.21	08.11.21 - HR provided the following update: Reviewed approach to references in the depot where agency/non-traditional work histories have been more prevalent. Trialled a different reference process (noted in email). Review efficacy and where relevant update corporate policy by end January 2022.	Jan-22	Jan 22: To be allocated within HR team to review actions in depot and update policy if relevant. Timeframe and person undertaking work to be updated at next month's review. March 22: Update from HR - Allocated within HR team. Timeframe tbc.	Feb-22	To form part of the policy work that is a priority for the incoming HR Transformation Manager.	
2021/22	Hospital Housing Enablement	1. A formal procurement process should be completed for the clean and clear service in order to comply with the contract procedure rules and legislation.	High	Agreed.	Housing Enablement Team Leader	30.11.21	07.12.21: Due to recent issues of low staffing numbers within the team it was agreed with the Group Manager that the action for the procurement should be pushed back until the new year.	28.02.22	March 22: The formal procurement process is ongoing and is a shared procurement framework between HET, Lightbulb and the Safespaces Project. The Lightbulb Service Manager is leading on this and working with Welland. An exemption form to cover HET for the interim period whilst this process is ongoing will be submitted shortly.	31.05.22	An exemption agreement has been put in place with current provider while a full procurement exercise is undertaken with a view to having a new contract in place from April 2023.	

2022/23 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.12.2022	Comments
Achievement of the Internal Audit Plan	60%	
Quarterly Progress Reports to Management Team and Audit and Standards Committee	On track	
Follow up testing completed in month agreed in final report	On track	
Annual Opinion Report	Achieved	
100% Customer Satisfaction with the Internal Audit Service	100%	Based on four returns for 2022/23.
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried November 2020 which confirmed that the council conform to the Public Sector Internal Audit Standards.

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