

DATE: 2 February 2024
MY REF: Audit & Corporate Governance Committee
YOUR REF:
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To Members of the Audit and Corporate Governance Committee

Cllr. Mark Jackson (Chairman)
Cllr. Mike Shirley (Vice-Chairman)

Cllr. Lee Breckon JP
Cllr. Alex DeWinter

Cllr. Richard Holdridge
Cllr. Dillan Shikotra

Cllr. Roger Stead

Dear Councillor,

A meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** will be held in the Council Chamber - Council Offices, Narborough on **MONDAY, 12 FEBRUARY 2024** 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 10 October 2023 (enclosed)

4. CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 - Update (Pages 7 - 16)

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

5. Internal Audit Progress Report 2023/24 Q3 (Pages 17 - 48)

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

6. Risk Management Q3 2023/24 (Pages 49 - 78)

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

7. External Audit Plan 2023/24 (Azets) (Pages 79 - 80)

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

8. Audit & Corporate Governance Committee Work Programme (Pages 81 - 84)

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting held at the Council Offices, Narborough

TUESDAY, 10 OCTOBER 2023

Present:-

Cllr. Mark Jackson (Chairman)
Cllr. Mike Shirley (Vice-Chairman)

Cllr. Lee Breckon JP

Cllr. Richard Holdridge

Cllr. Dillan Shikotra

Officers present:-

Sarah Pennelli	- Executive Director - S.151 Officer
Nick Brown	- Finance Group Manager
Katie Hollis	- Accountancy Services Manager
Kerry Beavis	- Shared Service Audit Manager
Rose Carrier	- Shared Service Auditor
Nicole Cramp	- Democratic & Scrutiny Services Officer
Isaac Thomas	- Democracy Support Officer

Also in attendance as observers:-

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

Apologies:-

Cllr. Roger Stead

121. DISCLOSURES OF INTEREST

No disclosures were received.

122. MINUTES

The minutes of the meeting held on 13 July 2023, as circulated, were approved as a correct record.

123. APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT & CORPORATE GOVERNANCE COMMITTEE

Considered – Report of the Executive Director (Section 151 Officer).

Cllr. Mark Jackson thanked the interview panel for their preparation and time taken to conduct the interviews.

DECISION

That members of the Audit and Corporate Governance Committee recommend to Council that Helen King is appointed as an Independent Member to the Audit and Corporate Governance Committee.

Reason:

It is best practice for an Independent Member to be appointed to the Audit and Corporate Governance Committee. The recruitment process was designed to ensure that the successful candidate held the required skills to be appointed.

124. RISK MANAGEMENT Q2 2023/24

Considered – Report of the Finance Group Manager.

The Finance Group Manager provided an update on the new Audit Scale Fee. The Audit Scale Fee has increased to £139,897.

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.

125. UPDATE ON PROGRESS TOWARDS AUDIT OF COUNCIL'S ANNUAL ACCOUNTS

Considered – Report of the Finance Group Manager.

The Finance Group Manager provided an update on the increased costs for the Audit Scale Fee. The Fee has increased to £139,897 which is within the estimated budget we allowed for being £175,000.

DECISION

That the Audit and Corporate Governance Committee note the impact of local audit delays; the report of Ernst & Young and also note the scale of future audit fees.

Reason:

To ensure that the Audit and Corporate Governance Committee is appraised of the latest position regarding the audit of the Council's Statement of Accounts.

126. INTERNAL AUDIT PROGRESS REPORT Q2 2023/24

Considered – Report of the Shared Service Audit Manager.

DECISION

That the Internal Audit progress report 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 6.27 P.M.

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting	12 February 2024
Title of Report	CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 - Update
Report Author	Shared Service Audit Manager

1. What is this report about?

- 1.1 To update members on meeting of the working group for the review and implementation of CIPFA's Position Statement: Audit Committees in Local Authorities, as agreed at Audit Committee on 17 April 2023.

2. Recommendation(s)

That the audit and corporate governance committee

1. Notes the report
2. Agrees the Training Programme

3. Reason for Decision(s) Recommended

- 3.1 To ensure that the committee meets its statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal control.

4. Matters to consider

4.1 Background

In May 2022, the Chartered Institute of Public Finance & Accountancy (CIPFA) published a revised and updated edition of the document *Position Statement: Audit Committees in Local Authorities and Police 2022*. In addition to the statement CIPFA also released guidance documentation in October 2022 – *Audit committees: practical guidance for local authorities and police*.

A report was presented to Audit & Corporate Governance Committee on 17 April 2023 proposing the initial steps to the implementation of the position statement.

4.1 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. There may be associated training costs for members.

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 – CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 - Update.

10. Background paper(s)

Position Statement: Audit Committees in Local Authorities and Police 2022 (appendix A)

Audit committees: practical guidance for local authorities and police (to be circulated)

11. Report author's contact details

Kerry Beavis	Audit Manager
Kerry.beavis@blaby.gov.uk	Report author's telephone

**CIPFA's POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL
AUTHORITIES AND POLICE 2022**

1. INTRODUCTION

- 1.1 At its meeting on 17 April 2023, the Audit & Corporate Governance Committee considered the Chartered Institute of Public Finance & Accountancy (CIPFA) updated Position Statement: Audit Committees in Local Authorities and Police 2022, see appendix A for the statement.
- 1.2 The Committee were advised that the Guidance continued to include a strong focus on the factors that supported improvement in the working of audit committees. This included the knowledge and skills that Audit & Governance Committee members require and an emphasis on where the Audit & Governance Committee can add value. It also provided practical support in evaluating the existing Committee and planning any improvements identified.

2. WORKING GROUP

- 2.1 A working group meeting was held 4 October 2023 to primarily discuss the training options for the members of the Audit & Corporate Governance Committee. It was agreed by the working group that bite sized training carried out throughout the year, in advance of audit committee meetings, would be a preferable option, with an annual training event that would cover topics such as good governance and external audit, see appendix B for details of the proposed training plan.



CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

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CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
 - oversee its independence, objectivity, performance and conformance to professional standards
 - support effective arrangements for internal audit
 - promote the effective use of internal audit within the assurance framework.
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management

or control, and monitor management action in response to the issues raised by external audit.

- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
 - promoting apolitical open discussion
 - managing meetings to cover all business and encouraging a candid approach from all participants
 - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner., the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

- The appointment of co-opted independent members on the committee should

Unbiased attitudes – treating auditors consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

APPENDIX B

TRAINING PROGRAMME

Date	Topic	Responsible Officer	Dates
Feb	Internal Audit Progress Report Annual Report of the Audit Committee	Audit Manager	5 Feb 2024
March/ April	Accounting Policies Annual Audit Plan	Financial Services Group Manager Audit Manager	TBC
June/ July	Governance - Annual training	External Trainer/ Various	TBC
July	Annual Governance Statement Annual Audit Opinion	Strategic Director (s151) Audit Manager	TBC
September	Accounts	Financial Services Group Manager	TBC
October	Risk Management Fraud awareness	Financial Services Group Manager	TBC

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 12 February 2024
Title of Report Internal Audit Progress Report 2023/24 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 2023/24 and to highlight incidences of any significant control failings or weaknesses that have been identified between 1 October 2023 and 31 December 2023 (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 Corporate Governance 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 2023/24 audit plan on 17 April 2023. This is the third progress report for 2023/24.

4.2 Progress Report

The Internal Audit Progress Report for the period from 1 October 2023 and 31 December 2023 (Q3) is attached at Appendix 1.

4.3 Relevant Consultations

The report was circulated to the Senior Leadership Team on 19 December 2023.

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 2023/24 Q3.

10. Background paper(s)

[Public Sector Internal Audit Standards.](#)

11. Report author's contact details

Kerry Beavis	Audit Manager
Kerry.beavis@blaby.gov.uk	Report author's telephone



INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2023/24 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 2023/24 Internal Audit Plan up to 31 December 2023.

2 Internal Audit Plan Update

- 2.1 The 2023/24 audit plan is included at Appendix A for information and shows the audits in progress. Since the last update report four final reports and one draft report has been issued.

The executive summaries for the final reports are included at Appendix B

- 2.2 The audits due to take place in Q4 are:

- Key financial systems audits
- Asset Management
- Building Control
- Sport & Physical Activity

3 Internal Audit Recommendations

- 3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. Further details of extended recommendations are detailed in Appendix C for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
20/21	-	-	-	-	-	-
21/22	-	-	2	-	-	-
22/23	-	-	9	2	-	-
23/24	-	-	-	2	-	-

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.

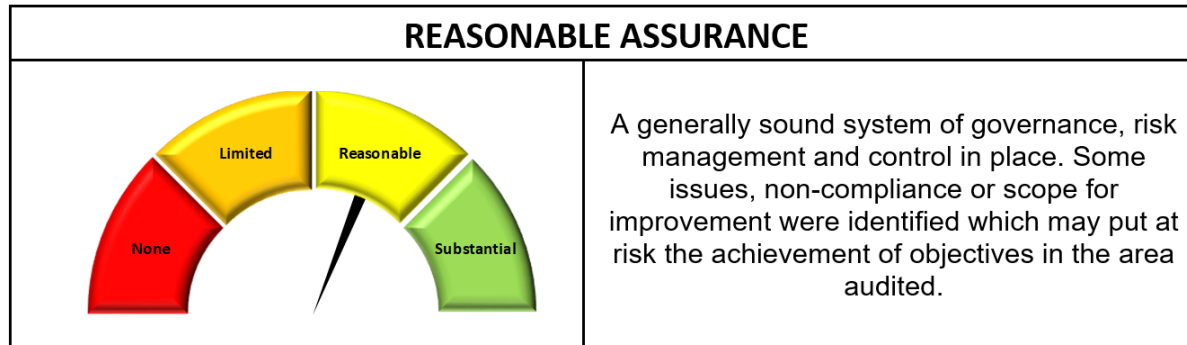
Appendix A

2023/24 AUDIT PLAN PROGRESS TO 31 DECEMBER 2023

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
Workforce Planning	Advisory	4		As required						
ITrent	Advisory	2		As required						
Asset Management	Audit	10		Q4						
Parks & Open Spaces	Audit	10		Postponed						Postponed to 24/25 due to delay in finalising the strategy.
Disabled Facilities Grant Determinations	Grant	4	3	Completed	Not applicable					
Building Control	Audit	10		Q4						
Sport & Physical Activity	Audit	7		Q4						
Lightbulb	Advisory	5		Q3						
Community Triggers	Audit	10	5	Completed	Reasonable	-	1	2	3	
Temporary Accommodation	Audit	10	2	Postponed						Postponed until later in the year.
Budget Monitoring & Reporting	Audit	8	6	Completed	Reasonable	-	-	4	-	
Key Financial Systems										
Benefits	Audit -- Full	9	10	Completed	Substantial	-	-	-	-	
NNDR	Audit – Key Controls	3	2	Completed	Substantial	-	-	-	-	
Council Tax	Audit – Key Controls	3	3	In progress						
Income Collection	Audit – Key Controls	3	1	In progress						
Creditors	Audit – Key Controls	3								
Debtors	Audit – Full	9								
Main Accounting	Audit – Key Controls	3	3.5	In progress						
Payroll	Audit – Full	9	9.5	In progress						

Treasury Management	Audit – Key Controls	3	4	Completed	Substantial	-	-	-	-	
IT Asset Management	Audit	8	1	Postponed						
Transformation projects	Advisory	5		As required						
Corporate Project Management	Audit	10		Engagement Planning						
Service Planning including Performance Management	Audit	10	14	Completed						Memo issued and changed to advisory time due to the changes in the corporate strategy
Democratic Services	Audit	10		Engagement Planning						
UKSPF	Audit	8		Q3						
Capital Programme Management	Audit	10	7	Draft						
Grant assurance work	Assurance		1	In progress						

Budget Monitoring & Reporting



Key Findings

Areas of positive assurance identified during the audit:

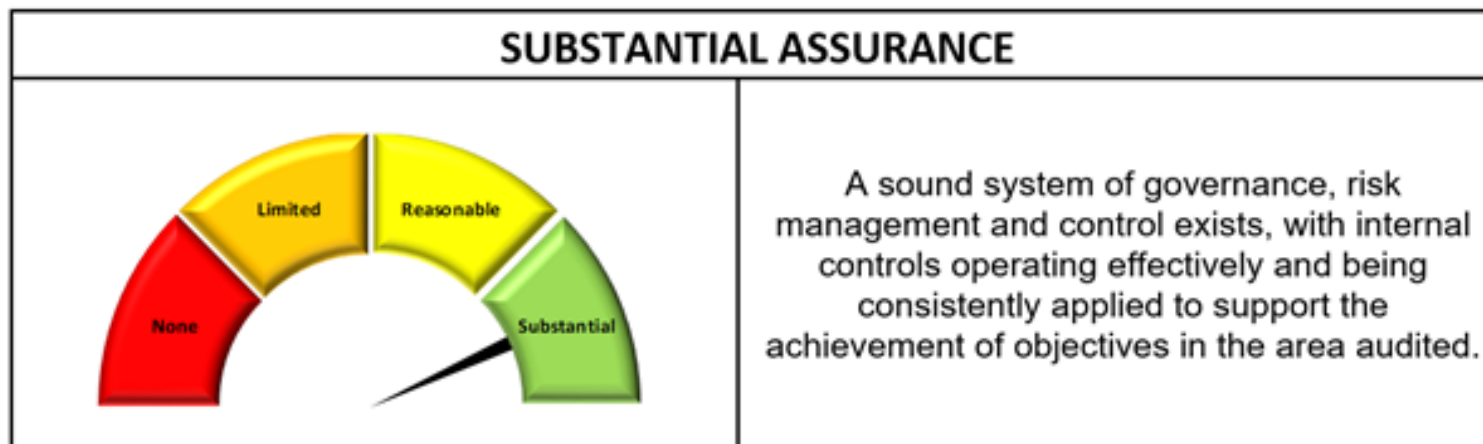
- Key procedures are available to all relevant staff.
- Budget monitoring information is reported to members on a regular basis.
- Managers have continual access to budget information through the Collaborative Planning system.
- Significant variances had been highlighted and explanatory notes added for all five of the budgets checked.

The main areas identified for improvement are:

- The review and development of existing procedures to improve consistency and provide all budget managers with adequate tools, training and support.
- The regular review and closure of outstanding commitments.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Procedures are reviewed and updated to clarify the roles and responsibilities of both budget managers and Finance staff and ensure that officers are provided with adequate tools, training and support to effectively manage and monitor their budgets. This should include regular budget monitoring meetings.	Medium	Agreed, discussions have already taken place with the Finance Team on this issue. Regular budget monitoring meetings already take place and are usually held monthly subject to the complexity of the budget.	Accountancy Services Manager	30.11.23
2. Consideration is given to offering annual refresher training to relevant officers.	Medium	Agreed. To be considered alongside the previous recommendation.	Accountancy Services Manager	30.11.23
3. The Collaborative Planning system submission and approval process for individual budget periods is clarified and communicated to all relevant staff.	Medium	Agreed.	Accountancy Services Manager	30.11.23
4. All relevant staff are reminded of the requirement to review outstanding commitments on a regular basis and managers are provided with appropriate support to facilitate this if required.	Medium	Agreed. This should be happening as part of budget monitoring meetings.	Accountancy Services Manager	31.10.23

Benefits

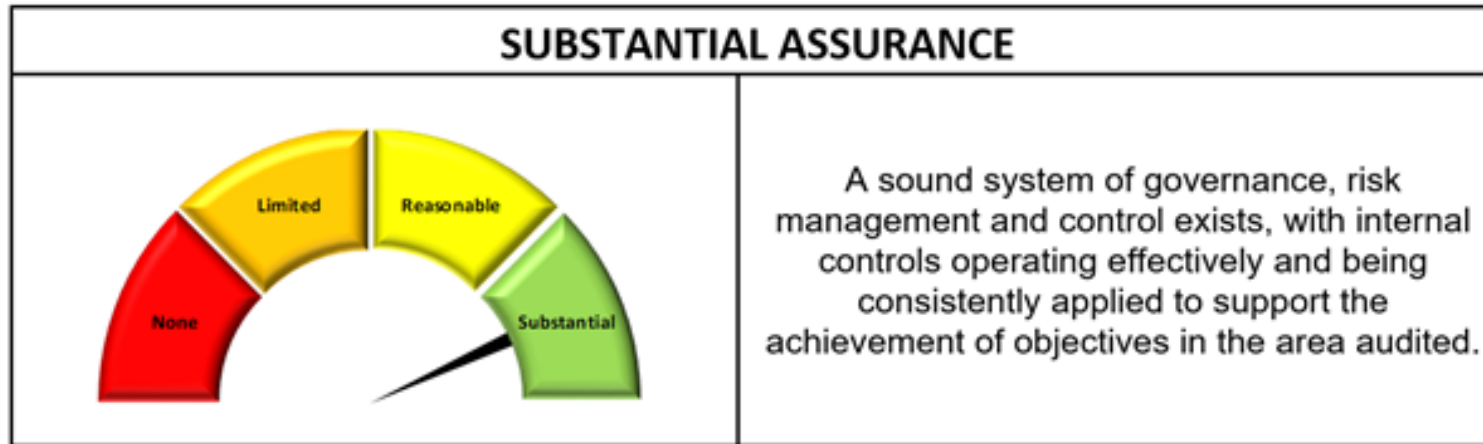


Key Findings

Areas of positive assurance identified during the audit:

- Key procedure notes are up to date and accessible to all relevant staff.
- System parameters were updated for 2023/24 as expected.
- All new claims checked had been verified prior to payment.
- Control account reconciliations are up to date.
- Discretionary payments are administered in accordance with procedures.
- System access is appropriately managed.
- Performance information is adequately recorded, monitored and reported.

Treasury Management (Key Controls)

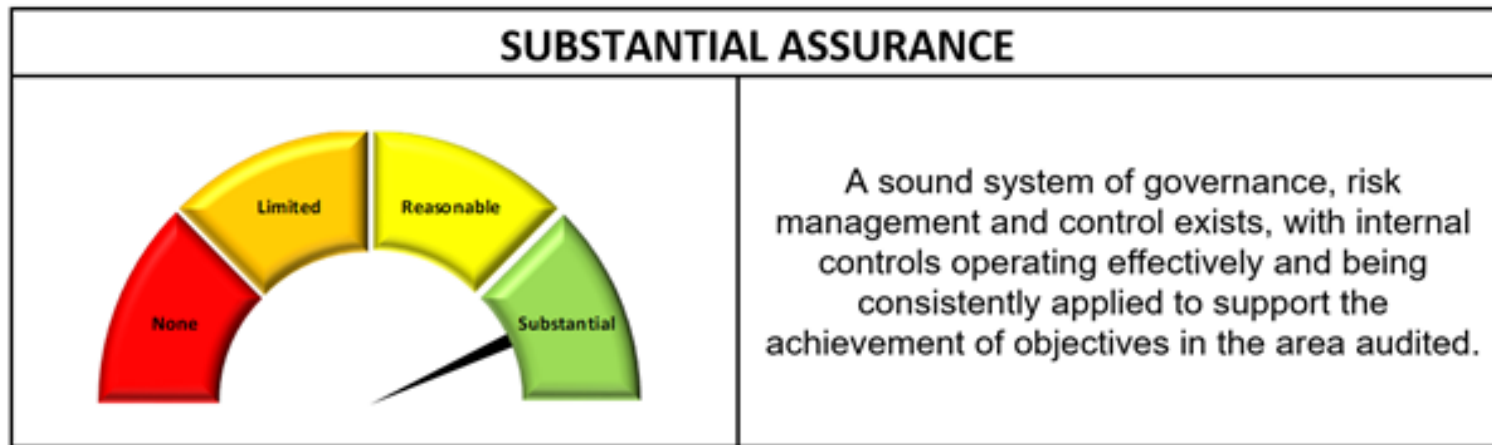


Key Findings

Areas of positive assurance identified during the audit:

- Policies and procedures are in place, up to date and accessible to staff.
- All five investments reviewed had been authorised and processed in accordance with procedures.
- Reconciliations have been completed and authorised as expected.
- Access to the banking system is adequately controlled.

NNDR (Key Controls)



Key Findings

Areas of positive assurance identified during the audit:

- Policies and procedures are up to date and accessible to staff.
- The system parameters were updated for 2023/24 in accordance with legislation.
- The NNDR system is regularly reconciled to Valuation Office records.
- The suspense account is regularly monitored and transfers are actioned promptly.
- Reconciliations in respect of cash and refund transactions have been completed as required.
- System access is appropriately managed.

RECOMMENDATIONS TRACKER – EXTENDED RECOMMENDATIONS AS AT 31 DECEMBER 2023

[illegible]

									the process can be monitored using the workflow system. May-23: Confirmed that some officers have now fully updated their records, but others still have work to do. Further extension agreed.		module to ensure the scoring matrix is accurately uploaded. Nov-23: Work is continuing and approx. 70% of the risk assessments are complete but there are issues with the revised assessments for 3 specific processes so further work is required.	Feb-24
2022/23	Business Continuity	4. Business continuity arrangements for critical services are tested periodically and the details and outcome of each exercise together with any lessons learned are recorded in full.	High	Agreed.	Neighbourhood Services and Assets Group Manager	June-23 (for a programme to be in place)	July-23 No response received.	Aug-23	Sept 23: The BC plans have been reviewed and communicated with service managers. All plans have been tested e.g. loss of ICT in a live environment and on an ongoing basis, these are yet to be recorded. The Resilience Partnership are in the progress of recruiting to a dedicated business Continuity Officer to be in post by end of Q3 where further reviews of the current BCP's will take place in Q4.	Mar-24		
2022/23	Policy Management	2. HR policies reflecting current legislation, corporate values and industry best practice should be produced for all key employment areas. These should be supported by relevant procedure documents	High	Agreed. A process and timetable to produce the key documents will be in place within six months.	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sep-23 All HR policies have been imported to iPlan. A timeline for reviewing/producing (including prioritisation) the HR policies for all key employment areas with supporting procedure documents will now be agreed.	Mar-24		
2022/23	Policy Management	3. A review of all HR documentation is carried out and, where appropriate, these are updated to reflect the purpose of the document, i.e. strategies are in place which are supported by policies which in turn are implemented using procedures, with consideration being given to the definitions within the Report Writing Toolkit.	High	Agreed. This will form part of the action detailed in recommendation no. 2.	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sep-23 As above for recommendation no.2 (inextricably linked)	Mar-24		
2022/23	Policy Management	8. Policies and procedures are updated on a regular basis and correspond to the relevant published documents.	High	Agreed. This will be incorporated into the process and timetable to be developed as part of recommendation no. 2	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sep-23 As above for recommendation no.2 (inextricably linked)	Mar-24		

2022/23	Policy Management	9. A process is introduced that requires officers to accept relevant policies throughout the authority on a regular basis.	High	HR have concerns regarding this process as some staff may refuse to sign up to policies. An alternative could be to publicise / remind staff of policies on a regular basis and following any review / change.	Human Resources Strategic Manager	Jun-23	No response received.		Sept-23 As above for recommendation no.2 (inextricably linked)	Mar-24		
2021/22	S106 Agreements	1. The existing SPD should be reviewed and updated to ensure that contributions sought are in accordance with current legislation, guidance, local policies and construction costs.	High	Agreed.	Development Strategy Manager	May-22 (review to be completed) Oct-22 (revised SPD to be adopted)	09.06.22: The DSM advised IA that the timescale has slipped due to reduced capacity within the team. The revised timetable is: • Internal consultation with Planning & Legal starting this week and running for 3-4 weeks. • Report to September Council with 6-week external consultation to follow • Adoption at January Council at earliest	30.09.22 (report to Council) 31.01.23 (SPD to be adopted)	Oct-22: Report did not go to Sep-22 Council. Timetable has slipped due to vacancies within the team and additional workload due to several new Neighbourhood Plans, the timing of which is outside of the Council's control. Jan-23: A workshop is scheduled to discuss the SPD internally but it is expected that they will not be consulting ahead of the local elections so it will be June-23 at the earliest. Sept -23: The draft SPD has been reviewed in light of significant planning reform announcements and the emerging new Local Plan. It will be taken to Council for consideration in November 23.	Jul-23 Dec-23	Nov-23 The SPD has been reviewed and updated. It will be taken to Council in January 2024.	Feb-24
2022/23	Policy Management	7. The Equality and Human Rights Policy should be reviewed, updated and published and arrangements made to review and update at appropriate intervals going forward.	Medium	Agreed.	Transformation Group Manager and HR Services Manager	Jun-23	28.06.23: Work in progress - expected to be completed during Jul-23.	Aug-23	Sept 23 – The organisation now has a new EDI lead. Further work is required prior to updating the policy. This will be included with the work outlined for Policy Management recommendation no. 2.	Mar-24		
2022/23	Environmental Permits	12. Performance should be formally monitored and recorded.	High	Agreed.	Environmental Services Manager	Jan-23	Feb 23 Action is still in progress, officers are undertaking a number of joint inspections to train some of the newer team members and are checking on quality and consistency of inspections at the same time.	May-23	Jun 23: Procedure has been issued to the team and a number of joint visits have taken place to ensure consistency across the team. Extend until end of July to allow for risk assessment information to be included.	Jul-23	Aug 23: The team are undertaking more joint inspections to allow redistribution of the processes due to sickness and team members leaving. After these inspections they are risk rating together to check consistency. Nov 23: Awaiting evidence to support the performance work that is ongoing.	

2022/23	Environmental Permits	2. The ongoing development of the IDOX module should include the facility to record the annual subsistence charge and invoicing details.	Medium	Agreed.	Senior Technical Officer and Performance and Systems Officer	Dec-22	Jan.23: The team are continuing to work with the Uniform team on configuration of the system.	Mar-23	Mar.23: Following the training the Team Assistant is working on a full IDOX procedure manual for the EPR process. May 23: Advised that the annual subsistence charges could not be correctly imported onto the system. Further extension agreed.	May-23	Jun 23: Still working with uniform team to finalise risk assessment to ensure end score is correct. Aug 23: The fees added to the uniform code list and are now being added to each process, taking longer than expected. Nov 23: Approx. 70% of the cases have been updated to reflect the fees but further work is required to complete the remaining cases. This will require additional input from the Systems officers.	Jul-23 Feb-24.
2022/23	Contaminated Land	2. A proactive inspection programme is developed to support the Contaminated Land Strategy.	High	Agreed	Environmental Services Manager	Dec-23	Nov 23: Currently no contaminated Land Officer in post therefore extension requested.	Mar-24				
2023/24	Budget Monitoring and Reporting	2. Consideration is given to offering annual refresher training to relevant officers.	Medium	Agreed. To be considered alongside the previous recommendation.	Accountancy Services Manager	30.11.23	Dec-23 Advised that further work is required regarding the CP system and training for officers. A meeting is planned for Jan-24 to discuss the CP system/ challenges, as the supplier will need to make those changes.	Jan-24				
2023/24	Budget Monitoring and Reporting	3. The Collaborative Planning system submission and approval process for individual budget periods is clarified and communicated to all relevant staff.	Medium	Agreed.	Accountancy Services Manager	30.11.23	Dec-23 As per recommendation 2 above.	Jan-24				

2023/24 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.12.2023	Comments
Achievement of the Internal Audit Plan	45%	
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 five returns for 2023/24
Compliance with Public Sector Internal Audit Standards	Conforms	External inspection carried November 2020 which confirmed that we conform to the Public Sector Internal Audit Standards.



INTERNAL AUDIT CHARTER

Blaby District Council

Version Control

Author	Date	Action
Lisa Marron Audit Manager	May 2020	Aligned Charter for all authorities.
Lisa Marron Audit Manager	September 2021	Reference to Seven Principles of Public Life added. Section 13 changed from Consulting and Advisory work to Nature of Services, assurance definition added (13.1) and the purpose of our work explained (13.2). 9.4 added to confirm approach to work for organisations outside of the shared service.
Kerry Beavis Audit Manager	September 2022	Change of audit committee name.
Kerry Beavis Audit Manager	September 2023	No changes required

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1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 place a statutory duty on the Council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance.
- 1.2 The Public Sector Internal Audit Standards (PSIAS), Attribute Standard 1000, require that the purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter (hereafter referred to as the Charter), consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The chief audit executive is required to periodically review the Charter and present it to senior management and the 'board' for approval. Final approval of the Charter resides with the 'board'.
- 1.3 The Charter establishes the Internal Audit activity's position within the Council, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

2 Definitions

- 2.1 In line with the PSIAS:

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

- 2.2 For the purpose of this charter the following definitions shall apply:

The Board – the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

At this Council this shall mean the Audit and Standards Committee.

Senior Management – those responsible for leadership and direction of the Council.

At this Council this shall mean the Senior Leadership Team.

Chief Audit Executive –the person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIAS. The Chief Audit Executive or others reporting to the Chief Audit Executive will have appropriate professional certifications and qualifications.

At this Council the Chief Audit Executive is the (Shared Service) Audit Manager.

3 Mission and Purpose of Internal Audit

3.1 In line with the PSIAS the mission of Internal Audit is:

“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

3.2 The purpose of Internal Audit is to review, appraise and report on the adequacy of risk management, control and governance processes across the Council.

4 Professionalism

4.1 The Internal Audit activity will govern itself by adherence to the PSIAS. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

4.2 The service, and individual staff, will be governed by the Code of Ethics of the relevant professional bodies of which they are a member in addition to the Core Principles for the Professional Practice of Internal Auditing and the Code of Ethics from the International Professional Practices Framework. The Core Principles are:

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).

4. Aligns with the strategies, objectives and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

- 4.3 Internal Auditors who work in the public sector must also have regard to the Committee on Standards in Public Life's Seven Principles of Public Life, information on which can be found at www.public-standards.gov.uk.

5 Scope of Internal Audit

- 5.1 There are no restrictions placed upon the scope of Internal Audit's work. Internal Audit work will usually include, but is not restricted to:
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
 - evaluating and appraising the risk associated with areas under review and making proposals for improving the management of risks;
 - appraising the effectiveness and reliability of the risk management framework and recommending improvements where necessary;
 - assisting management and members to identify risks and controls with regard to the objectives of the Council and its services;
 - reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the Council is in compliance;
 - reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
 - appraising the economy, efficiency and effectiveness with which resources are employed;
 - reviewing operations and programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and
 - reviewing the operations of the Council in support of the Council's Anti-Fraud and Corruption policy.

6 Authority of Internal Audit

6.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, this Charter and the Council's Constitution. Internal Audit staff have the authority to:

- enter any Council owned or occupied premises or land at all reasonable times (subject to any legal restrictions outside the Council's control);
- have access at all times to the Council's records, documents and correspondence;
- require and receive such explanations from any employee or member of the Council as he or she deems necessary concerning any matter under examination; and
- require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.

6.2 The Audit Manager shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.

6.3 All employees and members are requested to assist the Internal Audit activity in fulfilling its roles and responsibilities.

7 Responsibility of Internal Audit

7.1 The Chief Audit Executive will be responsible for maintaining an adequate and effective internal audit function. The Internal Audit function will operate in accordance with the Public Sector Internal Audit Standards.

7.2 Internal Audit will have the responsibility to review, appraise and report as necessary on:

- the adequacy and effectiveness and application of internal controls, governance and risk management processes and systems;
- the extent of compliance with financial regulations and standing orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
- the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

8 Reporting Lines

- 8.1 Day to day management of the Internal Audit team will be performed by the Chief Audit Executive. The Chief Audit Executive reports to the Board for organisational purposes but will report significant audit findings and audit progress directly to the Section 151 Officer. The Chief Audit Executive will keep the Section 151 Officer and the Board informed of progress and developments on a regular basis.
- 8.2 The Internal Audit team is employed by North West Leicestershire District Council and sits within the Legal and Commercial Services Team reporting to the Head of Legal and Support Services. The performance of Internal Audit is also monitored by the Strategic Director who is the contract manager.
- 8.3 The Chief Audit Executive has free and unfettered access to the Chief Executive, Section 151 Officer, Monitoring Officer and Chair of the Audit and Corporate Governance Committee. The Chief Audit Executive will communicate and interact directly with the Board, including in and between Board meetings as appropriate.

9 Independence and Objectivity

- 9.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice. Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that Internal Auditors do not subordinate their judgement on audit matters to others.
- 9.2 To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the Internal Audit activity:
- retains no executive or operational responsibilities;
 - operates in a framework that allows unrestricted access to senior management and the Board;
 - reports in their own name;
 - rotates responsibilities for audit assignments (where possible) within the Internal Audit team;
 - completes individual declarations confirming compliance with rules on independence and conflicts of interest; and
 - has a planning process which recognises and addresses potential conflicts of interest through Internal Audit staff not undertaking an audit for at least two years in areas where they have had previous operational roles.

- 9.3 If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to senior management and the Board. The nature of the disclosure will depend upon the impairment.
- 9.4 There may be times when Internal Audit are asked to provide audit services for other organisations outside of the shared service. The nature of this work will be formally set out and agreed in advance and, in line with the shared service inter-authority agreement, all partners will be consulted to ensure there are no conflicts of interest or objections to the work.

10 Accountability

- 10.1 The Chief Audit Executive shall be accountable to the Board and the S151 Officer for:
- providing, at least annually, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control;
 - reporting significant issues related to the processes for controlling the activities of the Council and its affiliates, including recommendations and status of implementation of improvements;
 - periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit's function's resources; and
 - co-ordination with other significant assurance functions.

11 Internal Audit Resources

- 11.1 The Chief Audit Executive will be professionally qualified (CIMA, CCAB or equivalent) and have wide Internal Audit and management experience, reflecting the responsibilities that arise from the need to liaise with Members, senior management and other professionals, both internally and externally.
- 11.2 The Strategic Director (Section 151 Officer) will provide the Chief Audit Executive with the appropriate resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion.
- 11.3 The Chief Audit Executive will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit plan.

- 11.4 The annual plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Audit Executive can propose an increase in audit resource or reduction in the coverage if insufficient resources are available.

12 Management Responsibilities

- 12.1 An Internal Audit service can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Board and Senior Management are mandating management to co-operate with Internal Audit in the delivery of the service by:

- agreeing audit engagement plans no later than the agreed deadline, to include agreements on duration, scope, reporting and response;
- sponsoring each audit at senior management level;
- providing Internal Audit with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay;
- responding to the draft internal report, including provision of management responses to recommendations, within the timescale requested by the audit team;
- implementing agreed management actions in accordance with the agreed timescales; and
- updating Internal Audit with progress made on management actions, informing Internal Audit of proposed changes and developments in processes and systems, newly identified significant risks and cases of a criminal nature.

- 12.2 Whilst the annual Internal Audit report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from Internal Audit will be agreed with the Board at the beginning of the year and presented in the annual Internal Audit plan (and subsequent agreed amendments). As such, the annual Internal Audit opinion does not replace responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.

13 Nature of Services

- 13.1 The Public Sector Internal Audit Standards define assurance as

“An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the organisation. Examples may include financial, performance, compliance, system security and due diligence engagements.”

- 13.2 In general the main purpose our work will be to provide assurance services to report to the shared service Councils and their Audit Committees. There may be times when our assurance is required by others for example it may be relied upon by partners of the shared service Councils or by Central Government for grant certification work. In all cases this will be clearly set out through engagement plans or grant declarations as appropriate.
- 13.3 The Public Sector Internal Audit Standards allow that Internal Audit may sometimes be more usefully focussed towards providing advice rather than assurance of core controls. Where appropriate, Internal Audit will act in a consultancy/advisory capacity by providing guidance and advice for strengthening the control environment, providing:
- the objectives of the consulting/advisory engagement address governance, risk management and control processes to the extent agreed upon with the Council;
 - the scope of the consulting/advisory engagement has been clearly defined;
 - Internal Audit is considered to have the rights skills, experience and available resource;
 - management understand that the work being undertaken is not Internal Audit work; and
 - Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.
- 13.4 When performing consultancy/advisory services, the auditor must maintain objectivity and not take on a management responsibility. The Chief Audit Executive is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal Audit will assume on any particular advisory assignment will be agreed with the sponsor, will be documented within the assignment plan, and reported to the Board.

14 Role of Internal Audit in Fraud-Related Work

- 14.1 The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with senior management. An annual programme of

internal audits is designed to assist this process by highlighting areas where controls are inadequate or are not operating.

- 14.2 All fraud investigations will be conducted in accordance with the Council's Constitution, Anti-Fraud and Corruption Policy and the Confidential Reporting (Whistleblowing) Policy.
- 14.3 All cases of suspected fraud and/or irregularity should also be reported to the Chief Audit Executive, with the exception of benefit fraud which should be reported to the Department of Work and Pensions. This is to ensure that appropriate action is taken and to enable the Chief Audit Executive to fully answer External Audit queries relating to the International Standard on Auditing (ISA) 240 "The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements".

15 Relationships

- 15.1 The Chief Audit Executive and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.
- **Relationships with Management**
The Chief Audit Executive and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with during the audit planning process. Timing of audit engagements will be in conjunction with management.
 - **Relationships with External Audit**
Internal Audit have an established working relationship with the current external auditors which includes periodic meetings and plans and reports are shared.
 - **Relationships with Regulators and Inspectors**
The Chief Audit Executive and Internal Audit staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Chief Audit Executive will establish a dialogue with representatives of the appropriate inspection agencies.
 - **Relationships with Elected Members**
The Chief Audit Executive will establish a working relationship with members, in particular members of the Audit and Standards Committee. The Chief Audit Executive has the opportunity to meet with the Chair of the Audit and Standards Committee if required.

16 Quality Assurance

- 16.1 The Public Sector Internal Audit Standards require that the audit function is subject to a quality assurance and improvement programme that must include both internal and external assessments. The results are included in the Internal Audit Annual Report.

16.2 Internal Assessments

All Internal Audit engagements are subjected to a thorough internal peer review of quality, to ensure that its work meets the standards expected from the Internal Audit staff. For example, the internal file quality reviews cover the following:

- the work is planned and undertaken in accordance with risks associated with areas under review;
- sampling is undertaken in accordance with the agreed methodology; and
- the conclusions are fully supported by detailed work.

- 16.3 Internal Audit performance is also monitored in the following ways:

- quarterly progress reports to the Board and senior management team;
- customer satisfaction surveys following each audit;
- monthly meetings with the S151 Officer; and
- monthly meetings with the Strategic Director.

16.3 External Assessments

An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Audit Executive will discuss options for the assessment with senior management including the S151 Officer and the Board.

17 Records Retention

- 17.1 Audit engagement records will be retained for six years. This is in line with Local Government Association guidance.

18 Review

- 18.1 The Internal Audit Charter will be reviewed annually by the Chief Audit Executive and presented to Senior Management and the Board for approval if any significant changes are identified.

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 12 February 2024
Title of Report Risk Management Quarter 3 2023/24
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report provides Audit and Corporate Governance Committee with an update in relation to the Council's Corporate Risk Register up to 31st December 2023.

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 is contained within the Risk Management Strategy which was presented to this Committee in July 2023.

4.2 Corporate Risk Register

The Corporate Risk Register captures the most significant current risks that have a potential impact on the Council's strategic aims and objectives. Updates on the latest corporate risks are presented to Audit and Corporate Governance Committee every quarter.

Corporate Risks are monitored by the Corporate Risk Group which comprises the Chief Executive, the Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The Corporate Risk Group met on 13th December 2023 to review and update the Corporate Risk Register, ensuring that it properly reflects the current corporate risks and that actions are in place to mitigate those risks. A copy of the Corporate Risk Register is included at Appendix A, and this sets out each risk, an assessment of the degree of risk to the Council, and any control measures that are in place to mitigate the likelihood and impact of the risk occurring.

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
15	10	1	26

The corporate risks, once control measures have been put in place, i.e., controlled risks, are as follows:

All Corporate Risks – Controlled Rating Summary			
Red	Amber	Green	Total
6	10	10	26

Since the last quarterly report to Audit and Corporate Governance Committee on 10th October 2023, 1 risk has been added to the register, which means that there are now 26 corporate risks recognised.

The following risk has been added to the Corporate Risk Register:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R138: LICTP Partnership	Risk Likelihood	Almost Certain (5)	Almost Certain (5)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	20	20
Control Measures	<ul style="list-style-type: none"> Maintain good working relationship with partners Options appraisal being undertaken to explore the future direction of the ICT service. 		

Following the Council meeting on October 25th 2023 an options appraisal is being carried out to assess the future direction of the Council's ICT service. Risks associated with the ICT service will be updated more fully following the outcome of the appraisal and resulting decisions made.

Overall, 15 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, 9 of these are reduced to medium or low risk.

The latest review undertaken by the Corporate Risk Group has led to 1 risk score being increased and 1 risk score being decreased.

Increased risk:

R021 – the Council's ambition to meet the 2030 net zero carbon reduction target has a detrimental impact on our financial position. Increased from low to medium to reflect the additional cost attributable to moving our fleet from Hydrogenated Vegetable Oil (HVO) to electric.

Reduced risk:

R126 – impact of industrial action on services and residents. Reduced from a medium risk to a low risk since we have now passed the deadline in December 2023 before which further industrial action arising from the July ballot could be called.

4.3 Service and Project Risk Registers

Service risks are those which are more related to operational and service delivery matters. They 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. Group Managers 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.

Project risks are managed through the Council's project management framework, with risk registers maintained for corporate projects and high-profile service projects. These are monitored through individual project teams and by the Senior Leadership Team sitting as Programme Board.

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

- 5.1 There are no direct financial implications arising from this report. However, financial implications may arise because of inadequate risk management, but with robust procedures in place they are minimised or removed.

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/Group Managers.

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 2023 – 2026.

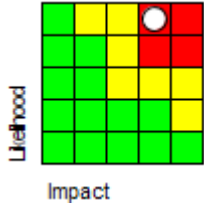
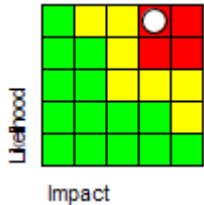
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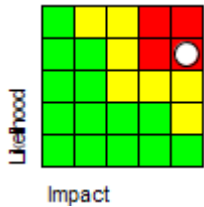
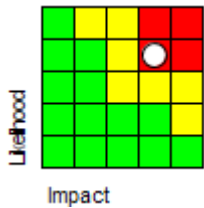
Nick Brown Finance Group Manager
Nick.Brown@blaby.gov.uk 0116 272 7625

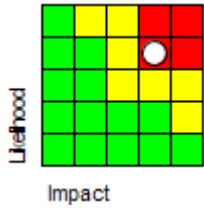
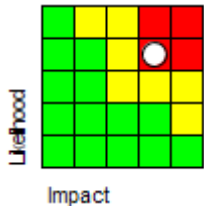
Overview of Corporate Level Risks

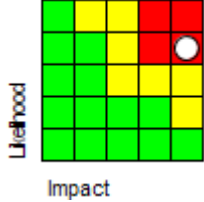
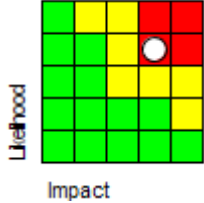
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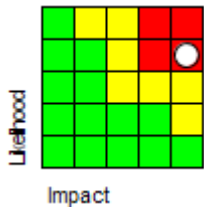
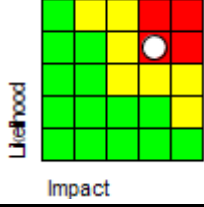
Appendix A

Risk Title	LICTP Partnership	Uncontrolled Risk Score		20
Risks Category	Contractual / Partnership	Current Controlled Risk Score		20
Internal Controls		Latest Note	There are a number of concerns linked to the options appraisal related to the future direction of the ICT service. We are assessing the options available to us and understanding the risks of all options.	
		Latest Note Date	09 Jan 2024	

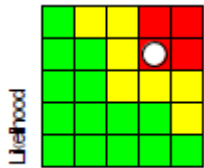
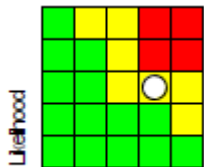
Risk Title	Impact on financial position as a result of lack of certainty around future funding streams (i.e. Business Rates, Fair Funding, New Homes Bonus and Council Tax Equalisation), and cost of living crisis.	Uncontrolled Risk Score		20
Risks Category	Financial	Current Controlled Risk Score		16
Internal Controls	<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. 	Latest Note	No change; changes to local government funding deferred by a further year to 2026/27 but uncertainty still remains.	
		Latest Note Date	09 Jan 2024	

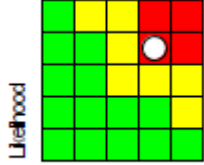
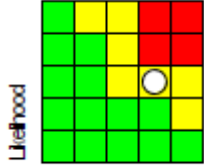
Risk Title	Closure, downsizing of premises or relocation of a major district employer which may cause significant unemployment, retraining requirements and a potential loss of Business Rates	Uncontrolled Risk Score		16
Risks Category	Financial	Current Controlled Risk Score		16
Internal Controls	<ul style="list-style-type: 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 	Latest Note	No change - limited opportunity to mitigate.	
		Latest Note Date	09 Jan 2024	

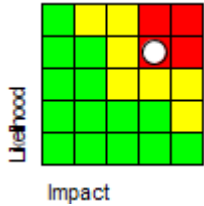
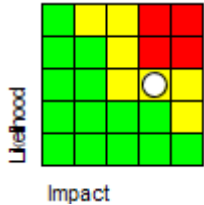
Risk Title	Failure of ICT systems leaves us unable to deliver services.	Uncontrolled Risk Score		20
Risks Category	Technological / Reputational	Current Controlled Risk Score		16
Internal Controls	<ul style="list-style-type: none"> • Adoption of standards around service desk management (LICTP) • Additional measures implemented in response to Capita cyber attack (LICTP) • Managed internet access (Blaby) • File storage resilience (Blaby) • Broadband lines audit (Blaby) • Cyber security - network and ICT security upgrades in progress (LICTP) • Data Centre - servers and storage upgrades/migration in progress (LICTP) 	Latest Note	No change to RAG rating but concerns over the impact on service response arising from Blaby's potential decision to leave the partnership.	
		Latest Note Date	09 Jan 2024	

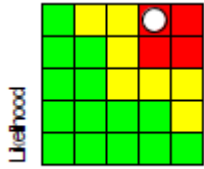
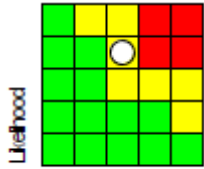
Risk Title	ICT security breaches and non-compliance with Government security standards.	Uncontrolled Risk Score		20
Risks Category	Technological / Reputational	Current Controlled Risk Score		16
Internal Controls	Perimeter Security, Systems and data is backed up, Annual IT Health checks, Cyber Essentials 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.	Latest Note	No change. We are still unable to obtain insurance cover for cyber threats but this position is kept under review with our broker. The threat of cyber attack remains high across the public sector, although no known instances arising recently which affect Blaby.	
		Latest Note Date	06 Sep 2023	

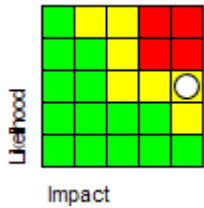
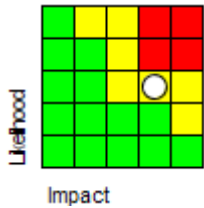
Risk Title	The Leicestershire Building Control Partnership doesn't generate sufficient income to maintain or improve Blaby's financial position.	Uncontrolled Risk Score	 Likelihood Impact	20
Risks Category	Contractual / Financial / Partnership / Political / Reputational	Current Controlled Risk Score	 Likelihood Impact	16
Internal Controls		Latest Note	No change, income remains considerably below profile.	
		Latest Note Date	09 Jan 2024	

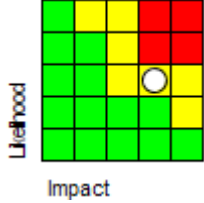
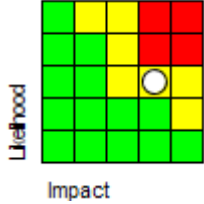
Risk Title	Failure to recruit and retain the right people for the right jobs	Uncontrolled Risk Score		16
Risks Category	Professional	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Learning and development provision, including skills and training needs analysis • Supporting Employee Performance policies and practices • Workforce planning including succession planning and use of market supplements where applicable. 	Latest Note	Generally an improving picture although some areas, including Council Tax and Benefits, are still struggling to recruit with necessary experience.	
		Latest Note Date	09 Jan 2024	

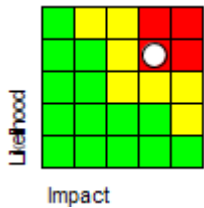
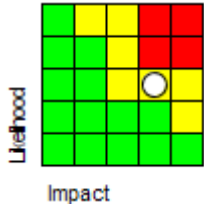
Risk Title	Failure to provide affordable housing and supporting infrastructure in the district in line with identified need.	Uncontrolled Risk Score		16
Risks Category	Political	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Agreement on countywide housing distribution • 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 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

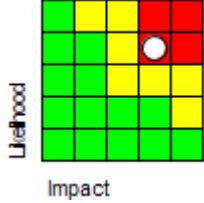
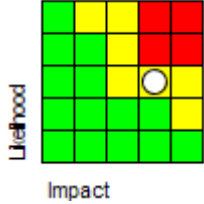
Risk Title	Structural, legislative and budgetary changes in other Public Sector organisations (e.g. DWP, Health, Police, Leicestershire CC).	Uncontrolled Risk Score		16
Risks Category	Financial / Social	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Maintain awareness & respond to implications of emerging changes in public sector delivery organisations 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

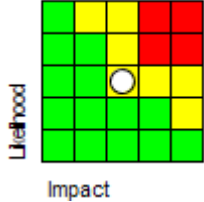
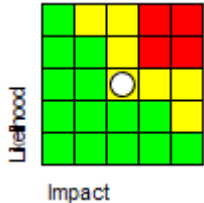
Risk Title	Cost of living crisis leading to increased demand for services.	Uncontrolled Risk Score		20
Risks Category	Financial / Social	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • CAB service * Earmarked reserve in place to support cases of serious hardship. • Communication with food banks to be able to provide support • Supporting residents in times of crisis • Grant funding available from government as part of Energy Bill Support Scheme (additional funding and alternative fuels) 	Latest Note	No change - pressure on some services is still being felt.	
		Latest Note Date	09 Jan 2024	

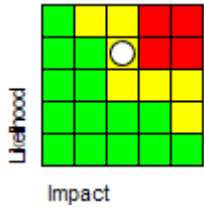
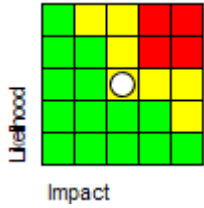
Risk Title	Huncote Leisure Centre and surrounding site - risk of elevated levels of methane from landfill site.	Uncontrolled Risk Score		15
Risks Category	Financial / Reputational / Health & Safety	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Additional monitoring and venting wells installed. • Regular communication with partners on site. • Trenches installed around perimeter of building, including a pump and pipework to drain water away to land at rear of site. • A further active ventilation stack to be installed to draw gas away from building. 	Latest Note	No change to risk but further mitigations now in place, in the form of trenching around the outside perimeter of the building and an additional active ventilation stack.	
		Latest Note Date	09 Jan 2024	

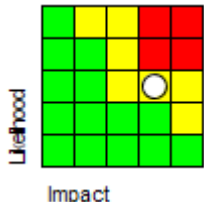
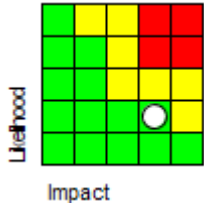
Risk Title	The Council's ambition to meet the 2030 net zero carbon reduction target has a detrimental impact on our financial position..	Uncontrolled Risk Score		12
Risks Category	Environmental / Financial / Reputational	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • 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. 	Latest Note	Increased to reflect the additional cost attributable to moving our fleet from HVO to electric.	
		Latest Note Date	09 Jan 2024	

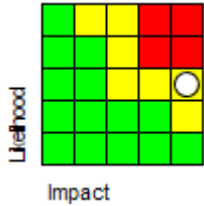
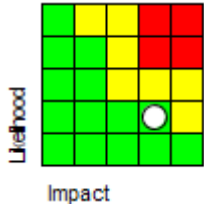
Risk Title	Officer and Member welfare is impacted by ongoing service demand and financial pressures	Uncontrolled Risk Score		16
Risks Category	Physical	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Policies and procedures being revised and reviewed together with guidance documents for staff and managers • Employee helpline in place • Continuous review with teams and individuals • Being flexible with working policies. • Member Induction Programme. • Improvement in signposting. • Wellness action plans in place. 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

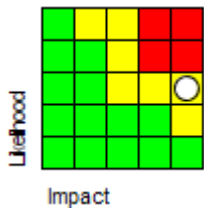
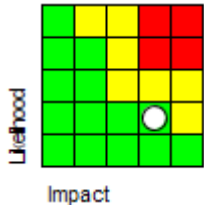
Risk Title	District Partners Do Not Accept The Increased Financial Cost Arising From New Lightbulb Contract	Uncontrolled Risk Score		16
Risks Category	Contractual / Financial / Partnership / Political / Reputational	Current Controlled Risk Score		12
Internal Controls	Regular board meetings in place; recognition of partners' financial position; regular monitoring of budget; meetings held with partners as part of the contract planning process; inclusion on Internal Audit Plan.	Latest Note	Left unchanged. Report to Cabinet Executive on 15th January 2024 includes a proposal to investigate the pros and cons of setting up a Home Improvement Agency.	
		Latest Note Date	09 Jan 2024	

Risk Title	Engagement of elected members negatively impacting on decision making process	Uncontrolled Risk Score		9
Risks Category	Political	Current Controlled Risk Score		9
Internal Controls	<ul style="list-style-type: none"> • Cabinet & Leader awareness and development • Code of conduct • Member development strategy/ supporting roles & responsibilities • Recruitment/member succession • Audit & Corporate Governance Committee • Training/Cabinet development • Induction Programme for new members 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

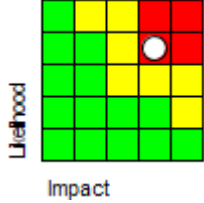
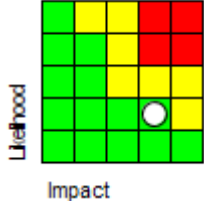
Risk Title	That the Council is unable to deliver a new local plan and cannot identify 5 years worth of housing land required by National Policy, which could make relevant local policies out of date when determining planning applications.	Uncontrolled Risk Score		12
Risks Category	Social	Current Controlled Risk Score		9
Internal Controls	<ul style="list-style-type: none"> • To identify additional sites for residential development through the new Local Plan. • To release appropriate sites for residential development through the Development Management process. • To progress the new Local Plan as quickly as possible and in accordance with the LDS. 	Latest Note	No change to existing rating.	
		Latest Note Date	06 Sep 2023	

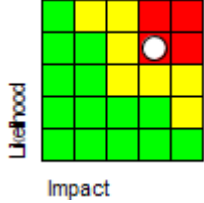
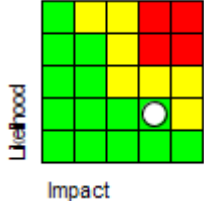
Risk Title	Blaby District Plan is not deliverable within available resources. If we do not deliver the corporate objectives the quality of life of residents and those who work in the district will not be improved.	Uncontrolled Risk Score		12
Risks Category	Political	Current Controlled Risk Score		8
Internal Controls	<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 	Latest Note	No change, to be reviewed following outcome of budget setting.	
		Latest Note Date	09 Jan 2024	

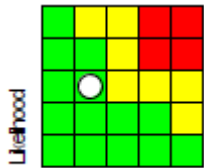
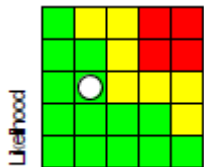
Risk Title	Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults may place people in danger	Uncontrolled Risk Score		15
Risks Category	Competitive / Reputational / Social	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: 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 	Latest Note	No change, County reporting an improving picture.	
		Latest Note Date	09 Jan 2024	

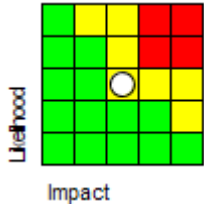
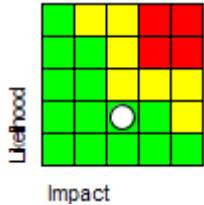
Risk Title	Failure to ensure adherence to internal control arrangements would leave the council open to fraud, affecting reputation and breaches of the council's procedures, policies and legal responsibilities.	Uncontrolled Risk Score		15
Risks Category	Fraud / Legal	Current Controlled Risk Score		8
Internal Controls	<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 • Use of NAFN bulletins to maintain awareness of latest threats • Policies and procedures ensure segregation of duties 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

Risk Title	Lack of effective Emergency Planning and Business Continuity arrangements	Uncontrolled Risk Score		15
Risks Category	Professional	Current Controlled Risk Score		8
Internal Controls	<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 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

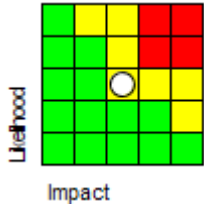
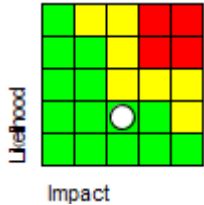
Risk Title	Failure to identify, record, monitor and report health and safety risks.	Uncontrolled Risk Score		16
Risks Category	Physical	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: none"> • Effective Health & Safety Committee • Effective Health & Safety procedures • Service blueprints 	Latest Note	No change, good health and safety assessment received for depot.	
		Latest Note Date	09 Jan 2024	

Risk Title	Failure to provide appropriate temporary accommodation for homeless households	Uncontrolled Risk Score		16
Risks Category		Current Controlled Risk Score		8
Internal Controls	Continue to source alternative provision of temporary accommodation in the District.	Latest Note	No change yet. External funding in place to enable purchase of 16 properties to alleviate reliance on bed and breakfast accommodation.	
		Latest Note Date	09 Jan 2024	

Risk Title	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	Uncontrolled Risk Score		6
Risks Category	Legal	Current Controlled Risk Score		6
Internal Controls	<ul style="list-style-type: none"> • Constitution regularly reviewed and kept up to date • Annual Governance Statement • Independent Member Committees • Skilled workforce • Training/CPD 	Latest Note	Slight increase in risk due to loss of experienced staff and competing demands potentially leading to governance processes not being followed.	
		Latest Note Date	06 Sep 2023	

Risk Title	Contracts may fail to deliver intended outcomes if not managed effectively, and improvements/efficiencies may not be delivered.	Uncontrolled Risk Score		9
Risks Category	Contractual / Partnership	Current Controlled Risk Score		6
Internal Controls	<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. 	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

Risk Title	Impact of Industrial Action on Services & Residents	Uncontrolled Risk Score		20
Risks Category	Environmental / Financial / Reputational	Current Controlled Risk Score		6
Internal Controls	Alternative workforce where possible; mental health support in place; arbitration measures; regular communication to staff, members, and residents; SLT presence at depot.	Latest Note	We have now gone beyond the deadline in December 2023, before which further industrial action could be called.	
		Latest Note Date	09 Jan 2024	

Risk Title	Operating Cost of Hospital Enablement Team Contract Becomes Unsustainable	Uncontrolled Risk Score		9
Risks Category	Contractual / Financial / Partnership / Political / Reputational	Current Controlled Risk Score		6
Internal Controls	Regular board meetings in place; recognition of partners' financial position; regular budget monitoring; 100% external funding in place.	Latest Note	No change.	
		Latest Note Date	09 Jan 2024	

Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 12 February 2024
Title of Report External Audit Plan 2023/24
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report enables the Council's external auditors, Azets, to present Members with their annual Audit Planning Report for 2023/24.

2. Recommendation(s)

2.1 To follow

2.2

2.3

3. Reason for Decision(s) Recommended

3.1 To follow.

4. Matters to consider

4.1 Background

To follow

4.2 Proposal(s)

To follow

4.3 Relevant Consultations

To follow

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

- 5.1 None directly arising from this report.

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

6.1

Current Risk	Actions to reduce the risks
To follow	

7. Other options considered

7.1 None. It is considered good practice to make the Audit and Standards Committee aware of the External Audit Plan.

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 – To follow

10. Background paper(s)

None.

11. Report author's contact details

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Nick.Brown@blaby.gov.uk	0116 272 7625

Audit & Corporate Governance Committee Work Programme

Issue	Report Author
12 February 2024	
Quarterly update, CIPFA Position Statement update	Shared Service Audit Manager
Risk Management Q3 2023/24	Finance Group Manager
External Audit Plan 2023/24 (Azets)	Finance Group Manager
22 April 2024	
Quarterly update, Annual audit plan, Audit Committee compliance with CIPFA Position Statement	Shared Service Audit Manager
Risk Management Q4 2023/24	Finance Group Manager
Accounting Policies 2023/24	Finance Group Manager
Approval of 2021/22 Accounts (EY – Outside Chance)	Finance Group Manager
31 July 2024	
Quarterly update, Annual Internal Audit Report, CIPFA Position Statement update including training needs assessment.	Shared Service Audit Manager
Risk Management Q1 2024/25	Finance Group Manager
Unaudited Statement of Accounts 2023/24	Finance Group Manager

Issue	Report Author
9 October 2024	
Quarterly update, Audit Charter review.	Shared Service Audit Manager
Risk Management Q2 2024/25	Finance Group Manager
Approval of 2022/23 Accounts (EY – Tentative)	Finance Group Manager
Grant Certification 2022/23 (EY Tentative)	Finance Group Manager
Approval of 2023/24 Accounts (Azets)	Finance Group Manager

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