

DATE: 12 April 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
Helen King (Independent Member)

Dear Councillor,

A meeting of the **AUDIT AND CORPORATE GOVERNANCE COMMITTEE** will be held in the Council Chamber - Council Offices, Narborough on **MONDAY, 22 APRIL 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 5 - 8)

To approve and sign the minutes of the meeting held on 12 February 2024.

4. Accounting Policies 2023/24 (Pages 9 - 28)

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

5. Internal Audit Progress Report 2023/24 Q4 (Pages 29 - 54)

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

6. Annual Audit Plan (Pages 55 - 62)

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

7. Annual Report of the Audit & Corporate Governance Committee (Pages 63 - 74)

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

8. Audit & Corporate Governance Committee Work Programme (Pages 75 - 78)

9. Exclusion of Press and Public

To consider passing the following resolution:

“That under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item on the grounds that the item involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the said Act.

Exemption Category: 3

Reason for Exemption: Appendix B of the Risk Management Q4 2023/24 report contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Public Interest Test: The public interest test has been considered and, in all the circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.”

10. Risk Management Q4 2023/24 (Pages 79 - 112)

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

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AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting held at the Council Offices, Narborough

MONDAY, 12 FEBRUARY 2024

Present:-

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

Helen King
Cllr. Lee Breckon JP
Cllr. Richard Holdridge

Cllr. Richard Holdridge
Cllr. Dillan Shikotra
Cllr. Roger Stead

Helen King (Independent
Member)

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
Bethany Hinks	- Azets External Auditor
Chris Brown	- Azets External Auditor
Nicole Cramp	- Democratic & Scrutiny Services Officer

Also in attendance as observers:-

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

226. DISCLOSURES OF INTEREST

No disclosures were received.

227. MINUTES

The minutes of the meeting held on 10 October 2023, as circulated, were approved as a correct record.

228. CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022 - UPDATE

Considered- Report of the Shared Service Audit Manager.

DECISIONS

1. That the report be noted.
2. That the Training Programme be agreed.

Reason:

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

229. INTERNAL AUDIT PROGRESS REPORT 2023/24 Q3

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.

230. RISK MANAGEMENT Q3 2023/24

Considered – Report of the Finance Group Manager.

The Finance Group Manager provided an update on the corporate risk register. A total of 15 high risks, 10 medium and 1 low risk creating a total of 26 risks.

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.

231. EXTERNAL AUDIT PLAN 2023/24 (AZETS)

Considered – Report of the Finance Group Manager.

DECISION

That Azets' Audit Planning Report for 2023/24 be noted and approved.

Reason:

The Audit Planning Report sets out the proposed audit approach and the scope of the work to be carried out by Azets, and their fees for undertaking that work.

232. AUDIT & CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

Members accepted the items on the Audit & Corporate Governance Committee Work Programme.

THE MEETING CONCLUDED AT 6.39 P.M.

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 22 April 2024
Title of Report **Accounting Policies 2023/24**
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report sets out the proposed accounting policies that will be followed by the Council in the preparation of its annual Statement of Accounts for 2023/24.

2. Recommendation(s)

- 2.1 It is recommended that the accounting policies set out in Appendix A are approved.

3. Reason for Decision(s) Recommended

- 3.1 The Council should select appropriate accounting policies to be applied in the preparation and presentation of its annual Statement of Accounts.
- 3.2 It is considered good practice for the Audit and Corporate Governance Committee to review and comment upon the proposed accounting policies to be used in the preparation of the Council's annual accounts.

4. Matters to consider

4.1 Background

The Accounts and Audit (England) Regulations 2015 require the Council to prepare an annual Statement of Accounts in accordance with proper accounting practices. This means that our accounts should comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and various International Financial Reporting Standards (IFRS).

The Code defines accounting policies as “the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements”.

Accounting policies represent one of the key notes that support the Financial Statements. It is important that the Council selects appropriate policies for all material transactions and balances. Examples of these include revenue

recognition, non-current assets, and retirement benefits. It is also important that those policies, once developed, are applied in practice.

Policies do not need to be disclosed in respect of immaterial transactions or balances, or where they are not applicable to the Council. They are reviewed and updated annually to reflect changes to the Code, accounting standards, or statutory guidance.

4.2 Changes in Accounting Policies in 2023/24

The 2023/24 Code of Practice introduces the following new accounting standards from 1st April 2023:

- Definition of Accounting Estimates (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).

These new standards are expected to have little or no impact on the content or substance of the Council's accounts.

4.3 IFRS 16 – Accounting for Leases

The adoption of IFRS 16, which will require the inclusion of all material leases on the balance sheet, was deferred until 1st April 2024 although the Code allowed for early adoption of the standard in either 2022/23 or 2023/24. Blaby has elected not to implement the new requirements in 2023/24 but will prepare a statement to identify the expected impact on the 2024/25 accounts.

This standard only relates to leases where Blaby is the lessee, i.e., where it is acquiring an asset by way of the lease. It does not apply where Blaby is leasing assets to third parties. As a result, only a small number of leases have been identified where IFRS16 applies.

It is worth noting that IFRS16 does include arrangements whereby an asset is acquired through a contract, known as embedded leases. Work is ongoing to identify whether Blaby is party to any embedded leases. It is thought possible that some may be contained within the ICT contract, and any such assets identified will need to be brought onto the balance sheet in 2024/25.

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

- 5.1 There are no direct financial implications arising from this report, but IFRS16 will bring about changes in the way that we account for leases.

6.1

Current Risk	Actions to reduce the risks
That the accounting policies might not reflect changes to the Code or accounting standards.	Annual review of the existing accounting policies to ensure compliance with the latest Code.
That the accounting policies may not reflect materiality.	The annual review seeks to ensure that policies are in place for all material transactions and balances, and that policies are not included where the transactions and balances related to those policies are not material.

7. Other options considered

7.1 Not to present the accounting policies to Audit and Corporate Governance Committee. However, it is considered good practice to give Members early sight of the policies on which the financial statements will be based. The external auditors will also require evidence that the policies have been considered and approved by those charged with governance.

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 – Accounting Policies 2023/24

10. Background paper(s)

None.

11. Report author's contact details

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

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i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS).

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

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

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the common needs of most users.
- The objective of showing the results of stewardship and accountability of elected members and management of the resources entrusted to them.
- The underlying assumption of going concern.

Going Concern Basis:

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. Therefore, it would not be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

During the Covid-19 pandemic there was a great deal of uncertainty over the Council's financial position due to added expenditure pressures and reductions to key income streams. Whilst the pandemic is now over, there is still a residual impact on income levels and service pressures are exacerbated by the cost-of-living crisis.

The Council updated its Medium-Term Financial Strategy (MTFS) in February 2024 as part of the 2024/25 budget setting process. The MTFS set out the financial forecast for the period through to 2028/29. A balanced budget was set for 2024/25, however the support from balances increased in comparison to 2023/24 due to inflationary pressures, increasing demand for services, and the ongoing reduction of income post- pandemic. There are increasingly significant budget shortfalls forecast from 2025/26 onwards with these pressures expected to continue. There is also considerable uncertainty over the future nature and level of central government funding for local authorities, including the risk of changes to business rates which could result in a significant loss in retained business rate income from 2026/27. To counteract the forecast budget shortfalls, the

Council has begun work on a range of measures designed to transform service delivery and generate budget savings.

In mitigation, the Council's balances and reserves are robust and this helps to underpin the assessment of going concern. Furthermore, the Council's cash flow forecast demonstrates that cash balances will remain in a positive position for a minimum of 12 months from the approval of these accounts, meaning that the going concern basis of accounting will continue to apply for the foreseeable future.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when, or as, the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31 March but the invoice relating to the goods or services is paid after 31 March. Similarly, income is accrued where it is due before 31 March, but an invoice has not been raised or payment has not been received. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue, in financing and investment income and expenditure, for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

In September 2022, the Council approved a change in its MRP Policy, effective from 1st April 2022.

- For supported capital expenditure incurred before 1st April 2008, the Council will apply the Asset Life Method using an annuity calculation over 50 years.
- For unsupported borrowing undertaken after 1st April 2008, MRP will be charged on an annuity basis over the weighted average life of the assets in question.

vi. Council Tax and Business Rates

The Council, as a billing authority, acts as agent in the collection of council tax and business rates (or non-domestic rates/NDR) on behalf of the major preceptors and government. The Council is principal in terms of collecting council tax and business rates for itself. Billing authorities are required by statute to maintain a separate account, known as the Collection Fund, for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework, billing authorities, major preceptors, and central government (for NNDR) share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the General Fund. As a result, the difference between the income included in the CIES and the amount credited to the General Fund under regulation is credited to the Collection Fund Adjustment Account and included as a reconciling amount in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired, due to a likelihood arising from a past event that payment might not be received, the balance is written down and a charge made to

the Taxation and Non-Specific Grant Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii. Employee Benefits

Benefits Payable During Employment – short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, car loans) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account, so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits – termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accrual's basis to the appropriate service or, where applicable, to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post-Employment Benefits – employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

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

- The liabilities of the Leicestershire pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and so on, and estimates of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.
- The assets of the pension fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property - market value

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

Service cost comprising:

- current service cost – the increase in liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
- past service cost – the increase in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability, that is net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Local Government Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

viii. Events After the Reporting Period

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

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

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

ix. Financial Instruments

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

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

Financial Assets

Financial assets are classified on a “classification and measurement” approach that reflects the business model for holding the financial assets, and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are, therefore, measured at amortised cost. The only exception to this would be financial assets whose contractual payments are not solely payment of principal and interest, that is where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding

principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

Where material, the Council recognises expected credit losses on its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12 month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurements of Financial Assets

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

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

x. Government Grants and Contributions

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

- The authority will comply with the conditions attached to the payments, and

- The grants or contributions will be received.

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

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

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

xi. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture. The Council's only heritage asset is the Ice House situated in the grounds of Bouskell Park, Blaby, a grade 2 listed building. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example, where an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xvi below.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have any physical substance but are controlled by the Council because of past events (for example, software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. They are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is also applied to gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. The Council recognises “substantially all” as being at least 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the period in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant, or equipment – applied to write down the lease liability, and
- A finance charge – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

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

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Authority as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is, netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustments Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

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

xv. Overheads and Support Services

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

xvi. Property, Plant and Equipment

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

Recognition – expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (that is, repairs and maintenance) is charged as an expense when it is incurred.

Measurement – assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (that is, it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

Where impairment losses are identified, they are accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture, and equipment – straight-line allocation over the useful life of the asset, based on the historic cost of that asset.
- Infrastructure – straight-line allocation over 1 to 15 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable

based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale – when it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had the not been classified as held for sale), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is, netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions – Provisions are made where an event has taken place on or before the Balance Sheet date:

- That gives the Council a present obligation.
- That probably requires settlement by a transfer of economic benefits or service potential.
- Where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists on the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example, from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

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

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

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xviii. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xix. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xx. Value Added Tax (VAT)

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

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 22 April 2024
Title of Report Internal Audit Progress Report 2023/24 Q4
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 January 2024 and 31 March 2024 (Q4).

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 fourth progress report for 2023/24.

4.2 Progress Report

The Internal Audit Progress Report for the period from 1 January 2024 and 31 March 2024 (Q4) is attached at Appendix 1.

4.3 Relevant Consultations

The report was presented to the Senior Leadership Team on 26 March 2024.

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 Q4.

10. Background paper(s)

[Public Sector Internal Audit Standards.](#)

11. Report author's contact details

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



INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2023/24 Q4

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 March 2024.

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 nine final reports and one draft report have been issued.

The executive summaries for the reports are included at Appendix B

3 Internal Audit Recommendations

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

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
21/22	-	-	1	-	-	-
22/23	-	-	1	-	5	1
23/24	3	5	5	1	4	1

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.

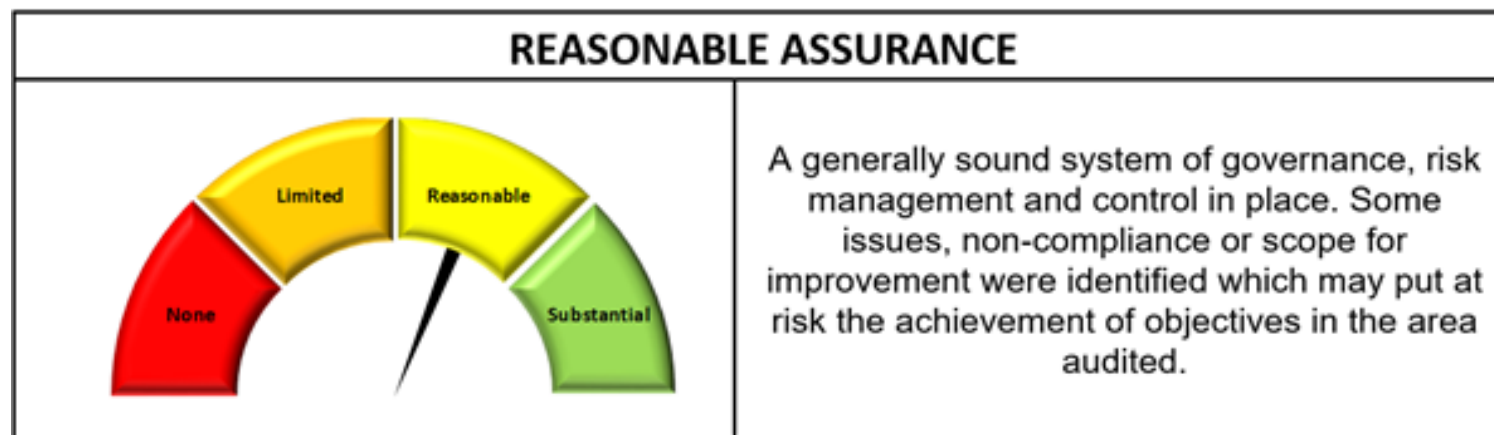
Appendix A

2023/24 AUDIT PLAN PROGRESS TO 31 MARCH 2024

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		Cancelled						Postponed to 2024/25 due to changes in staffing
Parks & Open Spaces	Audit	10		Postponed						Postponed to 2024/25 due to delay in finalising the strategy.
Disabled Facilities Grant Determinations	Grant	4	3	Completed	Not applicable					
Building Control	Audit	10		Postponed						Postponed to 2024/25 due to staffing
Sport & Physical Activity	Audit	7	1	In progress						
Lightbulb	Advisory	5		Q3						
Community Triggers	Audit	10	5	Completed	Reasonable	-	1	2	3	
Temporary Accommodation	Audit	10	2	Postponed						Postponed until 2024/25 due to changes in the provision
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	3.5	Completed	Reasonable	-	2	1	-	
Income Collection	Audit – Key Controls	3	2	Completed	Reasonable	-	1	-	-	

Creditors	Audit – Key Controls	3	5	Completed	Reasonable	-	1	1	-	
Debtors	Audit – Full	9	4	Draft						
Main Accounting	Audit – Key Controls	3	5	Completed	Reasonable	-	3	-	-	
Payroll	Audit – Full	9	10	Completed	Reasonable	-	3	-	-	
Treasury Management	Audit – Key Controls	3	4	Completed	Substantial	-	-	-	-	
IT Asset Management	Audit	8	1	Cancelled						Due to the changes in the provision of IT
Transformation projects	Advisory	5		As required						
Corporate Project Management	Audit	10	7.5	Completed	Reasonable	-	3	3	1	
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	4.5	Completed	Reasonable	-	1	2	-	
UKSPF	Audit	8	3.5	Completed	Reasonable	-	1	-	-	
Capital Programme Management	Audit	10	8	Completed	Limited	-	3	2	-	
Grant assurance work	Assurance		2	In progress						

Council Tax (Key Controls)



Key Findings

Areas of positive assurance identified during the audit:

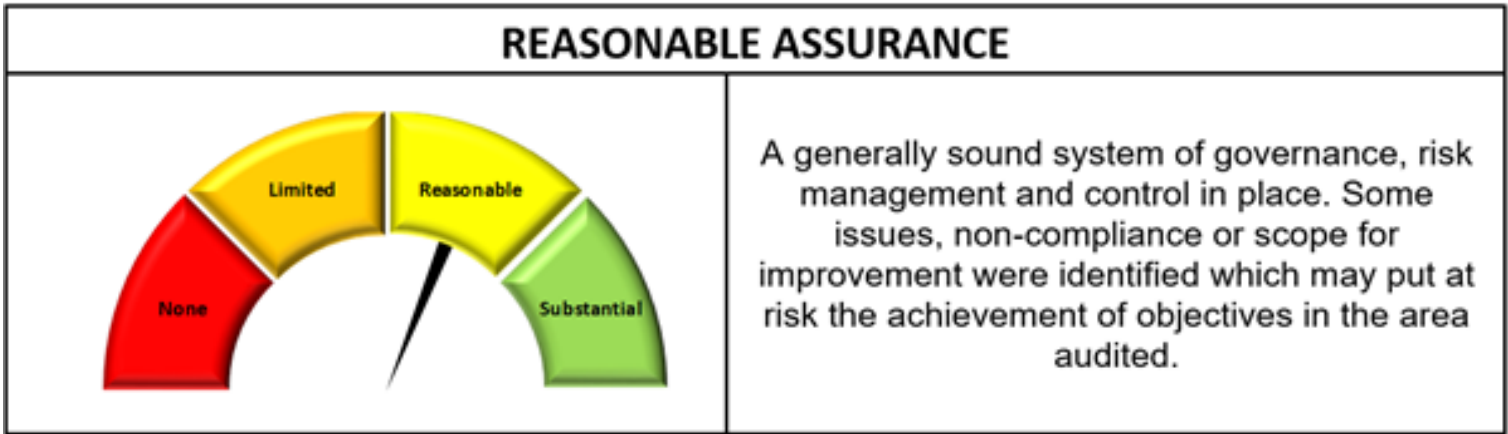
- System parameters had been updated as required to reflect the 2023/24 charges.
- The Council Tax system is regularly reconciled to Valuation Office records.
- Reconciliations in respect of cash and refund transactions have been completed as required.
- System access is appropriately managed.

The main area identified for improvement is:

- The arrangements relating to the suspense account.

Recommendations	Priority	Response/Agreed Action	Officers Responsible	Implementation Date
1. The corporate process relating to unidentified income is reviewed in full to ensure that items are effectively monitored, reviewed and cleared.	High	Agreed. A plan is in place to review the process and open a new suspense account for other unidentified payments.	Accountancy Services Manager and Council Tax and Benefits Deputy Service Manager	31.03.24
2. Arrangements relating to historic transactions are clarified and documented procedures are produced and communicated to all relevant staff.	Medium	Agreed.	Accountancy Services Manager and Council Tax and Benefits Deputy Service Manager	31.03.24
3. Council Tax suspense items are proactively reviewed on a weekly basis.	High	Agreed.	Council Tax and Benefits Deputy Service Manager	Immediate and ongoing.

Income Collection (Key Controls)



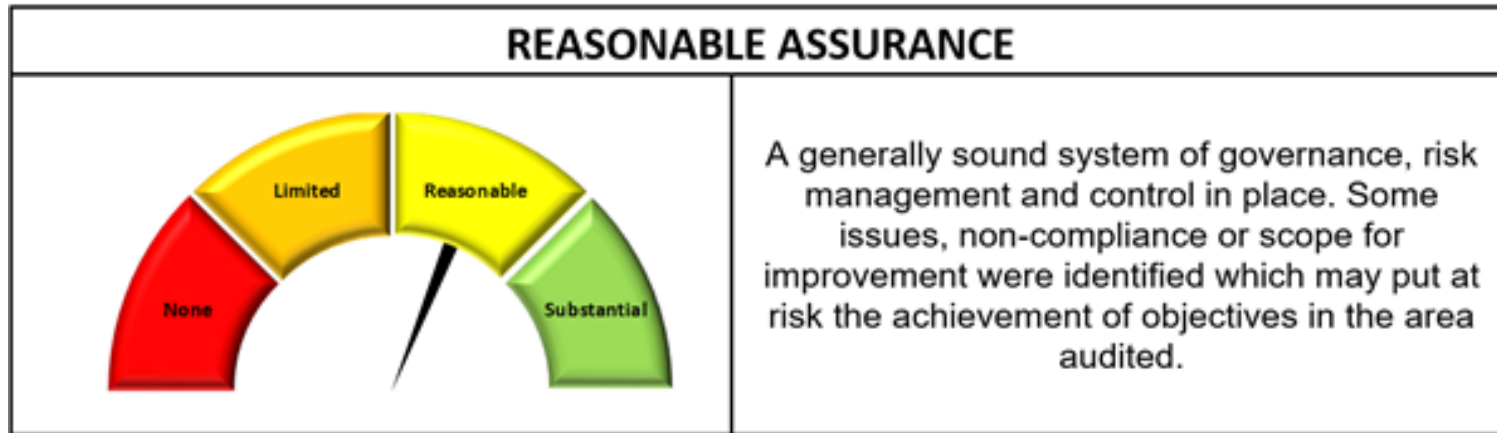
Key Findings

The main areas identified for improvement are:

- Control account reconciliations.
- The arrangements relating to the suspense account.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
The outstanding control account reconciliations are brought up to date as soon as possible and going forward arrangements are in place to ensure all are completed and reviewed promptly.	High	Agreed	Accountancy Services Manager	31.03.24

Main Accounting (Key Controls)



Key Findings

Areas of positive assurance identified during the audit:

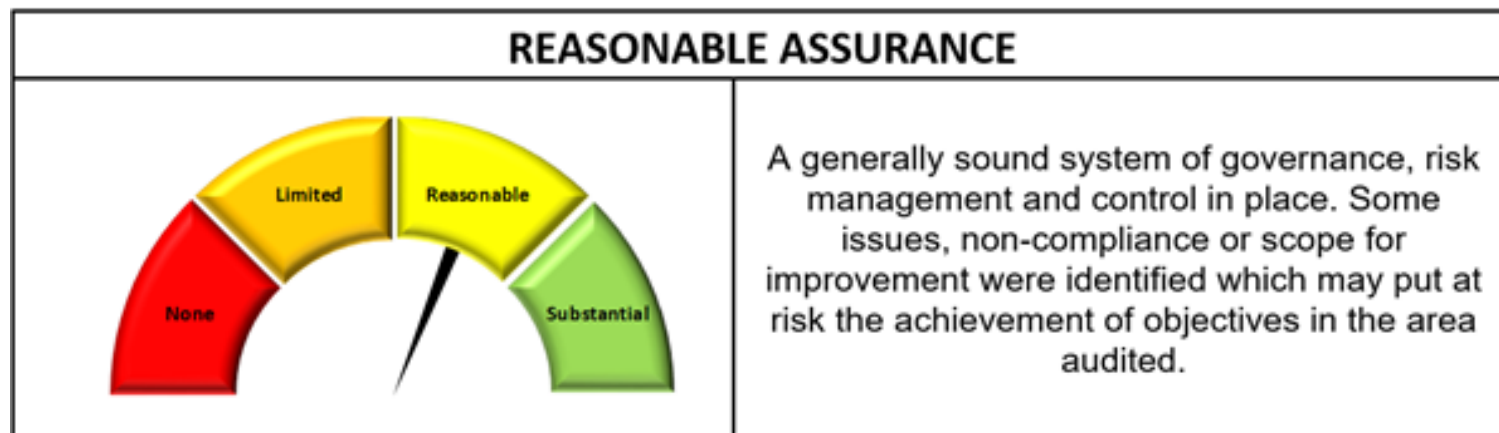
- Policies and procedures are available to all relevant staff.
- The accounting system is updated promptly to reflect the approved and revised budgets.
- All opening balances checked had been brought forward correctly.

The main area identified for improvement is:

- Control account reconciliations

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Target completion dates are agreed for all control account reconciliations due.	High	Agreed.	Accountancy Services Manager	31.03.24
2. Compliance is monitored using a central record on which the completion and review date of each reconciliation is recorded by the responsible officer.	High	Agreed.	Accountancy Services Manager	31.03.24
3. The sundry suspense account reconciliations are brought up to date and the outstanding items are investigated and resolved.	High	Agreed.	Accountancy Services Manager	31.03.24

Payroll



Key Findings

Areas of positive assurance identified during the audit:

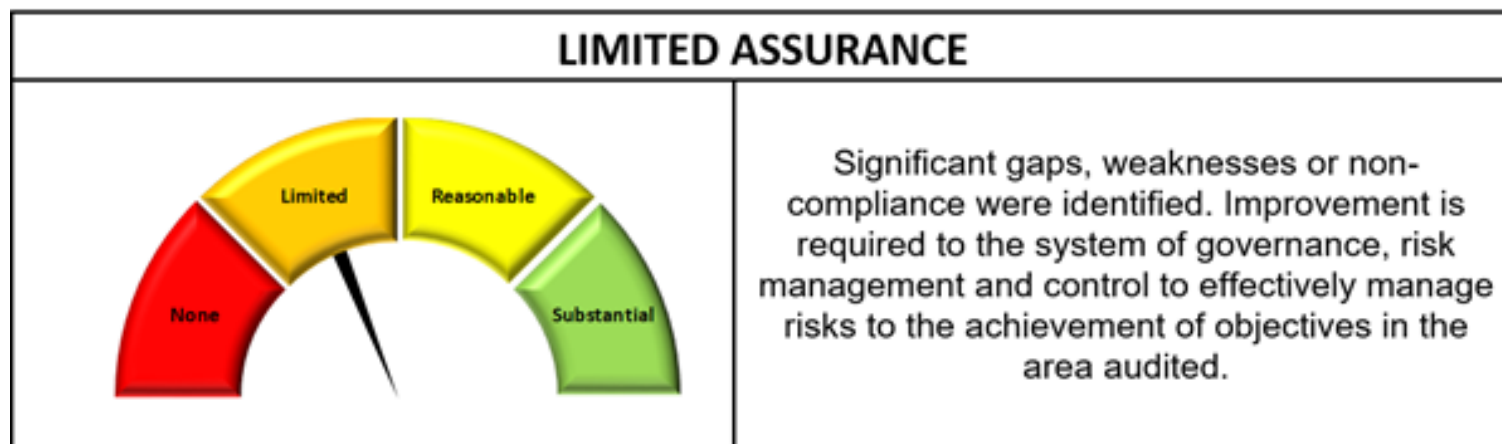
- Procedure notes are in place and accessible to all relevant staff.
- Starters, leavers and amendments to employee data are processed and authorised in accordance with procedures.
- Additional payments checked are calculated, authorised and paid correctly.
- The monthly payroll is independently reviewed prior to authorisation and payment.
- System access is adequately controlled.

The main areas identified for improvement are:

- Sickness absence recording
- Control account reconciliations
- Periodic review of the establishment

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. All relevant staff are reminded of the sickness absence recording procedure and the requirement to end the absence period promptly as part of the return to work process.	High	Agreed.	HR Services Manager	31.01.24
2. The outstanding control account reconciliations are brought up to date as soon as possible and going forward arrangements are in place to ensure all are completed and reviewed promptly.	High	Agreed.	Accountancy Services Manager	31.03.24
3. Managers are required to check and confirm an establishment list at least annually to confirm accuracy and reduce the risk of fraud and error.	High	Agreed.	HR Services Manager	31.03.24

Capital Programme Management



Key Findings

Areas of positive assurance identified during the audit:

- The Council's Capital Strategy and five year Capital Programme were approved by members as required.
- Significant changes to the capital programme are reported to members on a quarterly basis.

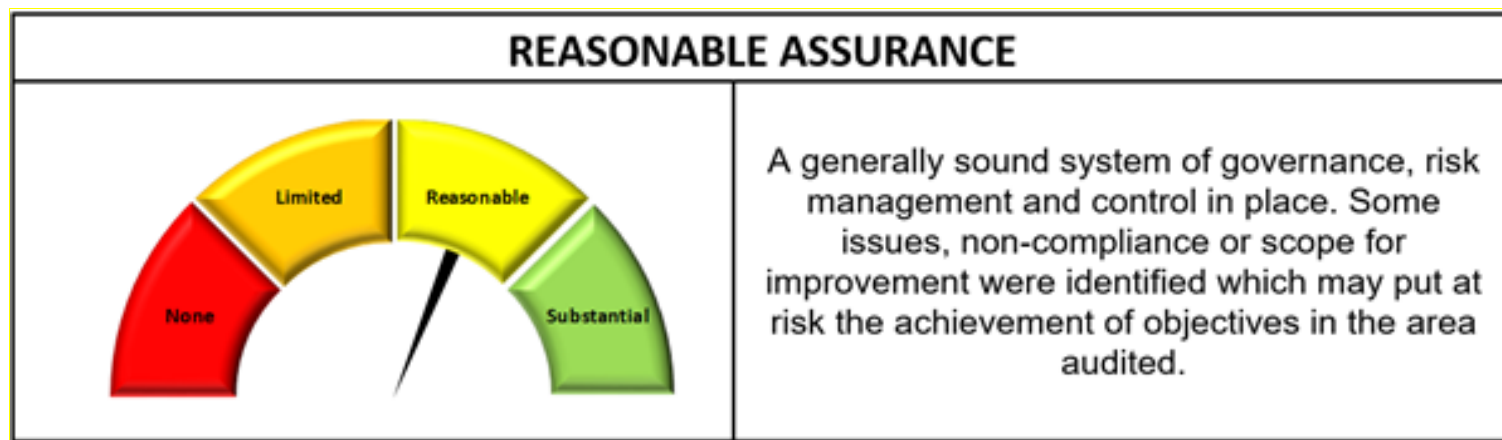
The main area identified for improvement is:

- The governance arrangements for the appraisal and approval of individual schemes and the overall monitoring and review of the capital programme.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Governance arrangements relating to the appraisal and approval of individual capital schemes and the ongoing monitoring and review of the capital programme are reviewed, updated, documented and formally approved.	High	To be reviewed as part of the annual refresh of the Capital Strategy.	Finance Group Manager	31 st January 2024
2. Detailed internal procedures are produced and made available to all relevant staff.	High	This flows from the Capital Strategy. Separate procedure notes and guidance to be produced and published on iBlaby.	Finance Group Manager	31 st March 2024
3. The appraisal and decision making process for individual capital schemes is reviewed and documented to ensure that it is consistent, robust and decisions are formally recorded.	High	Annual capital bidding round is appraised by SLT. All considerations and recommendations for inclusion in the Capital Programme to be clearly minuted. In year bidding process to be covered in the Capital Strategy and supporting procedure notes.	Finance Group Manager	31 st October 2023 31 st January 2024
4. Capital expenditure is formally monitored and reported to senior managers on a monthly basis to ensure that significant variances are highlighted and addressed.	High	Not agreed. Formal monitoring is by way of Collaborative Planning, the same as for revenue, although on a quarterly basis. Project officers are required to update their budgets and progress for inclusion within the quarterly reports to Cabinet. Significant variances are already identified and addressed through the existing process.	N/a.	N/a.

5. The capital monitoring and reporting process is expanded to include an overall report on all completed schemes with a lessons learned review to assist with future projects.	Medium	To be considered as part of Capital Strategy.	Finance Group Manager	31 st January 2024
6. Accurate budget profiling is introduced for capital programme items to ensure they are appropriately monitored and reported.	Medium	Budget profiling is subject to many variables and will differ from scheme to scheme, so accurate profiling is challenging. An indicative profile can be put in place at the start of the financial year based on estimates included in bid forms.	Senior Business Accountant	31 st March 2024

Democratic Services



Key Findings

Areas of positive assurance identified during the audit:

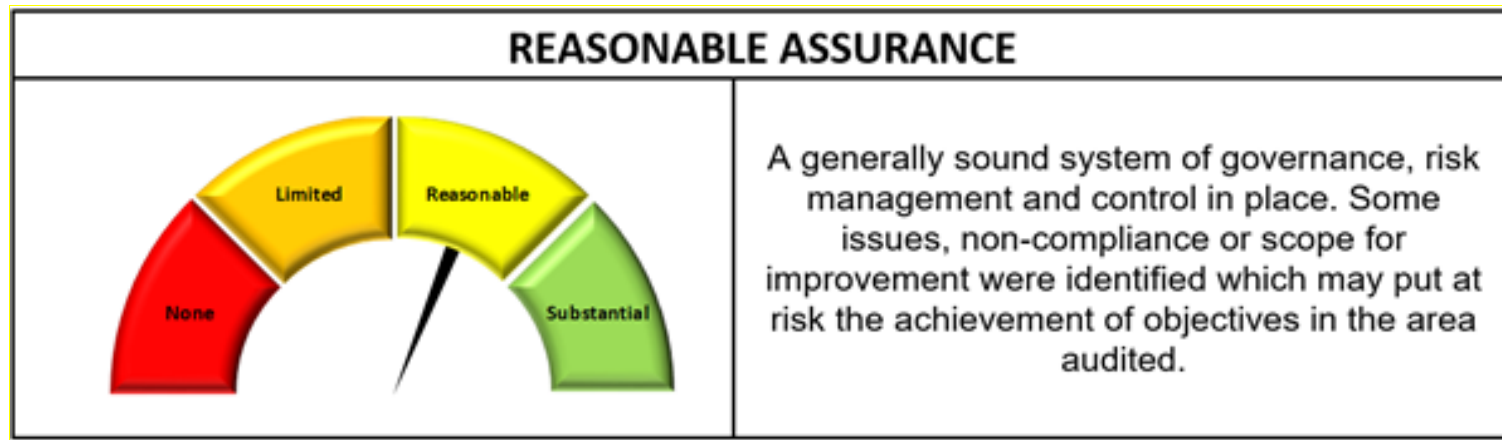
- Key policies and procedures are in place, up to date and available to all relevant staff.
- Planning training has been completed by all relevant members in accordance with the Planning Code of Good Practice.
- The Member Development Strategy and Programme was approved as required and is periodically reviewed.
- Member feedback is sought and acted upon where required.

The main areas identified for improvement are:

- The completion and monitoring of mandatory training.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Completion rates for the mandatory training modules continue to be referred to the relevant Leader and reported to the Member Development Steering Group on a regular basis.	High	Agreed	Senior Democratic Services and Scrutiny Officer	31.03.24 and ongoing
2. Consideration is given to alternative methods of delivery for GDPR and Safeguarding training going forward e.g. adding them to a mandatory face-to-face event to improve compliance.	Medium	Agreed	Senior Democratic Services and Scrutiny Officer	31.05.24
3. A revised version of each mandatory iLearn module is provided for every new induction cycle in order to effectively monitor compliance.	Medium	Agreed	Senior Democratic Services and Scrutiny Officer (in conjunction with HR)	30.06.24

Corporate Project Management



Key Findings

Areas of positive assurance identified during the audit:

- A high level project management framework is in place.
- Key decisions and changes to the original project plan are appropriately authorised and documented.

The main areas identified for improvement are:

- Internal procedures and accessibility of key documents.
- The process for sharing and implementing lessons learned.

Recommendations	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Detailed internal procedures are produced in conjunction with officers.	High	Agreed. A simple procedure document to accompany the Projects Handbook will be produced and uploaded to the Transformation Communications site.	Projects Service Manager	30.04.24
2. Project resources, documents and training materials are publicised and made available to all staff via a Projects topic on iBlaby.	High	The project resources are available through the Transformation Comms site on SharePoint and this has been shared with all staff through a post on iBlaby.	Projects Service Manager	Completed. The "Transformation" link on iBlaby now links directly to the Comms site.
3. Arrangements are put in place to measure the effectiveness of the project management process.	Medium	Agreed.	Projects Service Manager	31.07.24
4. Feedback is sought from project managers as part of the closedown process.	Medium	Agreed.	Projects Service Manager	31.07.24
5. The expected closure and deactivation process for projects at all levels, including responsibility for the removal of completed items from the SLT dashboard where applicable, should be clarified, documented and communicated to all relevant staff.	Medium	Agreed. A simple procedure document to guide staff through the project closure process and capture the responsibilities for both the Project Management Office and Project Managers will be produced.	Projects Service Manager	30.04.24
6. Lessons learned and improvements identified are implemented and shared with relevant staff to improve the process going forward.	High	Agreed.	Projects Service Manager	31.07.24

Creditors (Key Controls)



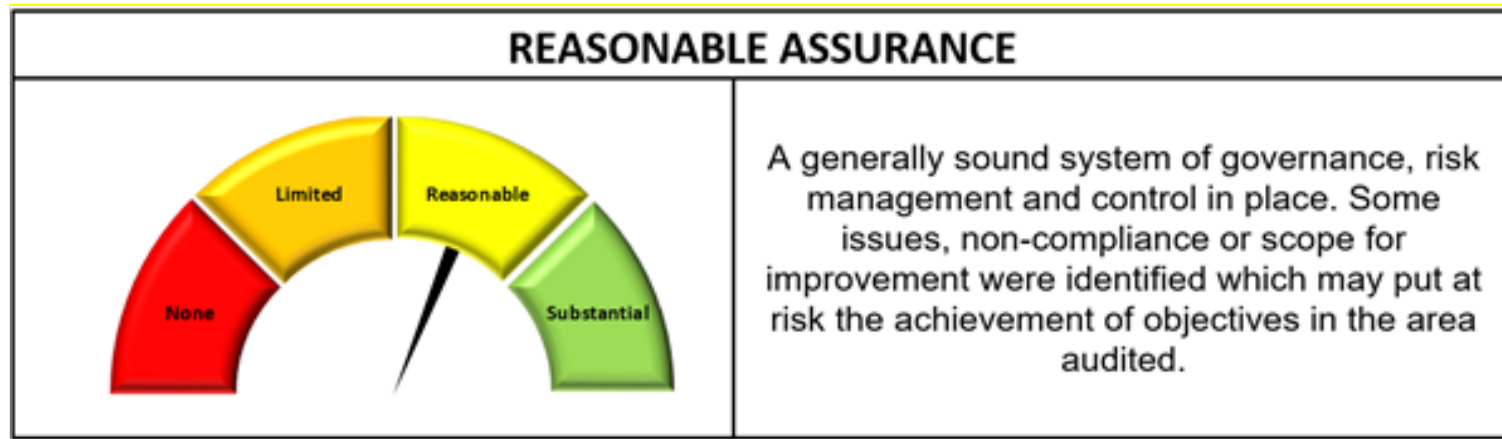
Key Findings

Areas of positive assurance identified during the audit:

- Procedures are in place, up to date and accessible to staff.
- Adequate controls exist for the authorisation of payments.
- Access to the banking and finance systems is adequately controlled.

The main areas identified for improvement are:

- The requirements for commercial cardholders.
- The review process for control account reconciliations.



1.1 Key Findings

Areas of positive assurance identified during the audit:

- The expenditure to date is in accordance with the funding conditions and the Council's financial procedures.

The main areas identified for improvement are:

- The financial information reported to the Department for Levelling Up, Housing and Communities (DLUHC)

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
A consistent methodology regarding the expenditure to date is agreed and a full reconciliation is completed in conjunction with Finance officers prior to the submission of the 2023/24 end of year return.	High	Agreed.	Planning Enforcement Manager	31.05.24

RECOMMENDATIONS TRACKER – OVERDUE RECOMMENDATIONS AS AT 31 MARCH 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further Ext Date
2022/23	Policy Management	5. The Democratic Services Report Writing Toolkit should be reviewed and updated, and training provided to staff if required to ensure compliance.	High	Agreed The Toolkit will be updated.	Senior Democratic Services & Scrutiny Officer	May-23	June 23: The SDSSO provided the following update: the Toolkit has not yet been updated due to staff sickness and post-Election workload. She will come back to me with a revised implementation date after speaking to the CSGM and the SESO. Jul 23: Revised timeline not yet agreed - it will depend on staffing levels within the team. Extended to Sep-23.	Sep-23	Oct-23: The Member Development Strategy has had to take precedence over this work. The aim is to have the toolkit updated by the new year at the latest as the team now have capacity to begin this work.	Dec-23	No updates received	
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	No updates received	
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		Sept-23 As above for recommendation no.2 (inextricably linked)	Mar-24	No updates received	
2022/23	Policy Management	8. Policies and procedures are updated on a regular basis and correspond to the relevantly 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		Sept-23 As above for recommendation no.2 (inextricably linked)	Mar-24	No updates received	
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	No updates received	

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	No updates received	
2023/24	Council Tax (Key Controls)	1. The corporate process relating to unidentified income is reviewed in full to ensure that items are effectively monitored, reviewed and cleared.	High	Agreed. A plan is in place to review the process and open a new suspense account for other unidentified payments.	Accountancy Services Manager and Council Tax and Benefits Deputy Service Manager	31.03.24	Apr-24: Awaiting evidence to confirm implementation					
2023/24	Council Tax (Key Controls)	2. Arrangements relating to historic transactions are clarified and documented procedures are produced and communicated to all relevant staff.	Medium	Agreed.	Accountancy Services Manager and Council Tax and Benefits Deputy Service Manager	31.03.24	Apr-24: Awaiting evidence to confirm implementation					
2023/24	Main Accounting (Key Controls)	1. Target completion dates are agreed for all control account reconciliations due.	High	Agreed.	Accountancy Services Manager	31.03.24	Apr-24: Awaiting evidence to confirm implementation					
2023/24	Main Accounting (Key Controls)	2. Compliance is monitored using a central record on which the completion and review date of each reconciliation is recorded by the responsible officer.	High	Agreed.	Accountancy Services Manager	31.03.24	Apr-24: Awaiting evidence to confirm implementation					
2023/24	Payroll	3. Managers are required to check and confirm an establishment list at least annually to confirm accuracy and reduce the risk of fraud and error.	High	Agreed.	HR Services Manager	31.03.24	Apr-24: Awaiting evidence to confirm implementation					

EXTENDED RECOMMENDATIONS AS AT 31 MARCH 2024

Audit Year	Audit	Recommendation	Priority	Response/ Agreed Action	Responsible Officer	Due Date	1st Follow up comments	Ext Date	Second Follow up comments	Ext Date	Further Management update	Further Ext Date
2021/22	Hospital Housing Enablement	1. A formal procurement process should be completed for the clean and clear service in order to comply with the contract procedure rules and legislation.	High	Agreed.	Housing Enablement Team Leader	Nov-21	07.12.21: Due to recent issues of low staffing numbers within the team it was agreed with the Group Manager that the action for the procurement should be delayed until the new year.	Feb-22	March 22: The formal procurement process is ongoing and is a shared procurement framework between HET, Lightbulb and the Safespaces Project. The HET Service Team Leader is leading on this and working with Welland. An exemption form to cover HET for the interim period whilst this process is ongoing will be submitted shortly.	May-22	An exemption agreement has been put in place with current provider while a full procurement exercise is undertaken with a view to having a new contract in place from April 2023. March 23 - It is planned to start work on the procurement exercise from April 2023, the HET Service Manager will be leading on this and will need to secure input from colleagues working on safespaces to do this. July 23 – It is expected that the contract will be in place by April 2024. Nov 23 – A procurement timetable is now in place with the contract expected to be awarded March 24 and started Apr 24. Mar 24 – No suitable bids therefore further procurement exercise required.	April-23 Sept-23 April-24 Oct 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	Mar 24 - A suitably qualified business continuity officer role has been recruited by the Resilience Partnership. It is expected the Business Continuity plans will be tested by the new officer during Q1.	June 24

Appendix D

2023/24 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.03.2024	Comments
Achievement of the Internal Audit Plan	94%	
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.

Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 22 April 2024
Title of Report 2024-25 Internal Audit Annual Audit Plan
Report Author Shared Service Audit Manager

1. What is this report about?

- 1.1 The report outlines the proposed 2024/25 Internal Audit Annual Audit Plan for the Audit Committee to review and approve.

2. Recommendation(s)

- 2.1 That the Audit Committee notes this report and comments as appropriate.
2.2 That the 2024/25 Internal Audit Annual Audit Plan be approved.

3. Reason for Decision(s) Recommended

- 3.1 To comply with the Public Sector Internal Audit Standards.

4. Matters to consider

4.1 Background

The Public Sector Internal Audit Standards require the authority's Audit Committee to review and approve the annual audit plan and resource requirements.

4.2 Relevant Consultations

All members of the Senior Leadership Team have been consulted with.

4.3 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 – 2024/25 Internal Audit Annual Audit Plan

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

2024/25 Internal Audit Annual Plan

1. INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards require the Chief Audit Executive (the Audit Manager for this Council) to develop a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. This document sets out the background and the approach to producing the annual plan, with the 2024/25 annual plan attached at Appendix A.

2. BACKGROUND

- 2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.
- 2.2. Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems are designed and working, with consulting or advisory activities available to help to improve those systems and processes where necessary. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- 2.3. The Internal Audit Charter sets out the purpose, authority and responsibilities of Internal Audit. The Charter:
- establishes Internal Audit's position within the organisation;
 - authorises access to records, personnel and physical properties relevant to the performance of engagements; and
 - defines the scope of Internal Audit activities.
- 2.4 The Three Lines of Defence Model (below) is a valuable framework that explains Internal Audit's role in providing assurance that the management arrangements over governance, risk and internal control are adequate and effective.



Source: Chartered Institute of Internal Auditors

3. INTERNAL AUDIT PLAN

3.1. Overall Strategy

- 3.1.1 The key aim of the service is to provide an independent, objective assurance and advisory function which is designed to add value and improve the Council's operations. This supports Blaby District Council in the achievement of its priorities and helps services to provide good value for money, as it brings a systematic disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.
- 3.1.2 The Audit Manager has produced a risk-based annual audit plan for 2024/25. This is informed by a risk assessment which is based on a combination of:
- consulting with key stakeholders including senior management;
 - reviewing the strategic risk register and committee minutes;
 - reviewing reports from external agencies (for example external audit) and legislative updates;
 - factors such as changes in staffing, systems and processes; and
 - the Audit Manager's professional judgement.

This approach enables the finite resources of the team to be focussed on areas where it can add value and conforms to the Public Sector Internal Audit Standards.

- 3.1.3 The outcomes from each audit engagement undertaken as part of the annual audit plan underpin the Audit Manager's annual opinion on the Council's internal control environment. This opinion feeds into the Council's Annual Governance Statement.

- 3.1.4 It should be noted that the Public Sector Internal Audit Standards state that

"The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls."

The Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2024/25. In practice this may mean that audits are added to or removed from the plan, with details included in the quarterly progress reports.

3.2. Resources Available

- 3.2.1 The Audit Team who will deliver the 2024/25 annual audit plan at Blaby District Council consists of the Audit Manager (0.2 FTE), an Internal Auditor (0.8 FTE), an Internal Audit Assistant (0.14 FTE) and an Internal Audit Apprentice (0.33 FTE). Table 1 shows a calculation of the available audit days for 2024/25.

Table 1: Resources Available

Available Days	264
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit/ Audit related meetings	46
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	8
Available Audit Days	210

3.3. Internal Audit Annual Plan 2024/25

- 3.3.1 The proposed 2024/25 Annual Audit Plan is shown in Table 2 below and the detailed plan is shown in Appendix A. The Plan will be subject to ongoing review to ensure that it remains aligned with the Council's objectives and the risks identified by management and the audit team. Any changes will be reported to the Senior Leadership Team and the Audit and Corporate Governance Committee.

Table 2: 2024/25 Annual Audit Plan

Risk Based Audit Work 2024/25 (see Appendix A)	168
Completion of 2023/24 Outstanding Audits	8
Follow up reviews	5
Advisory – Ad hoc	6
NFI, Fraud	6
Public Sector Internal Audit Standards	7
Stock takes/Strong Room Records	2
Contingency	8
Total Audit Days	210

- 3.3.2 The timings shown within the Internal Audit Annual Plan are estimates based on time taken on previous similar audits and a high-level consideration of the scope and existing arrangements. As part of the set-up process for each audit engagement the scope of the audit will be agreed in detail and a more accurate budget for audit days will be set. A contingency has been included in the plan to allow for variances in planned audit days against actual and for ad-hoc or fraud investigations that may arise during the year. The quarterly progress reports to Audit and Corporate Governance Committee will include a comparison of planned to actual days for each audit undertaken.

3.4 Limitations

- 3.4.1 The matters raised in the audit reports will only be those which come to our attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or all the improvements that may be required. Whilst every care will be taken to ensure that the information contained in audit reports is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained therein. Our work does not provide absolute assurance that material errors, losses or fraud do not exist.

2024/25 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	STRATEGIC THEMES	PLANNED AUDIT DAYS
ICT & TRANSFORMATION				
HR - specific area to be agreed	Audit	Q1/2	5	8
IT Asset Management	Advisory	As required	5	5
IT Implementation Support	Advisory	As required	5	4
Customer Satisfaction	Audit	Q4	All	8
			Subtotal	25
NEIGHBOURHOOD SERVICES & ASSETS				
Parks & Open Spaces	Audit	Q3		10
			Subtotal	10
ENVIRONMENTAL HEALTH, HOUSING & COMMUNITY SERVICES				
Disabled Facilities Grant Determinations	Grant	Q2	1	3
Building Control	Audit	Q1	2,3	10
Lightbulb	Advisory	As required	1	3
Licensing	Audit	Q2	2,4	8
Temporary Accommodation	Audit	Q3	1	10
Safeguarding Process	Audit	Q2	1	5
			Subtotal	39
CORPORATE SERVICES & MONITORING OFFICER				
Implementation of Elections Act	Audit	Q2	All	3
Service Planning & Performance	Audit	Q2/3	All	8
			Subtotal	11

FINANCE				
Key Financial Systems	Audit	Q3/Q4	All	45
			Subtotal	45
ASSETS & MAJOR PROJECTS				
Property Services Compliance	Audit	Q3	All	15
			Subtotal	15
PLANNING & STRATEGIC GROWTH				
Planning	Audit	Q4	2,3	15
			Subtotal	15
CROSS CUTTING				
Culture	Audit	Q2/3	5	8
			Subtotal	8
			Total	168

The following audits will be added to the plan if time allows

- Data Protection
- Green Strategy
- Asset Management
- Insurance

Key – Strategic Themes 2024-2028

1. Enabling our communities and supporting our vulnerable residents
2. Enhancing and maintaining our natural and built environments
3. Growing and supporting our economy
4. Keeping you safe and healthy
5. Ambitious and well-managed Council, valuing our people

Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting	22 April 2024
Title of Report	Annual Report of the Audit & Corporate Governance
Report Author	Committee 2023-24 Shared Service Audit Manager

1. What is this report about?

- 1.1 The report is to detail how the committee has complied with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022.

2. Recommendation(s)

- 2.1 To agree the content on the report in advance of it being presented to Council.
- 2.2 The report is presented at Council to be noted.

3. Reason for Decision(s) Recommended

- 3.1 To ensure compliance with the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022

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.

4.3 Relevant Consultations

Not applicable

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 – Annual Report of the Audit & Corporate Governance Committee 2023-24.

10. Background paper(s)

[CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022](#)

11. Report author's contact details

Cllr Mark Jackson	Chair of Audit & Governance Committee
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Kerry Beavis	Audit Manager
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**AUDIT & CORPORATE GOVERNANCE COMMITTEE
ANNUAL REPORT
2023/24**

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FOREWORD

As Chair of the Audit and Corporate Governance Committee, I am pleased to present this Annual Report which sets out the role of the Committee and summarises the work and achievements we have undertaken as a committee during the financial year 2023/24. Following the Council elections in May 2023, the Committee membership was reviewed. As we embark on the next phase for the Committee, we recognise that we are in a phase of continuous learning and development. We are eager to learn and explore the intricacies of financial reporting, internal controls, risk management and external audit functions.

It is my duty to commend the 2023/24 Audit Committee Annual Report.

The Committee is made up of several new members, following the elections in May 2023, and I am grateful to officers for providing appropriate training during the last 12 months.

A working group of Committee members has been established and is an important element of the Committee as we aim to grow and enhance our effectiveness continually.

Effective audit committees build strong relationships, so we intend to collaborate with management, external auditors, and other stakeholders. There have been delays to the publication of our Statement of Accounts which is a national problem, and the issues are well already known and widely in the public domain.

Cllr Mark Jackson

Chair, Audit and Corporate Governance Committee

April 2024

1. INTRODUCTION

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. The CIPFA (Chartered Institute of Public Finance and Accountancy) Position Statement also states that *“Audit Committees are a key component of an authority’s governance framework. Their function is to provide an independent and high-level resource to support good governance strong public financial management.”*

The Blaby District Council (BDC) Audit and Corporate Governance (ACG) Committee is properly constituted and as such is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice the Committee can report its observations and concerns directly to the Council.

A local authority has a duty to ensure that it is fulfilling its responsibilities for adequate and effective internal control, risk management and governance, as well as the economy, efficiency, and effectiveness of its activities. The Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements and advising the Council on the adequacy and effectiveness of those arrangements.

This role is reflected in the Committee’s Functions, as detailed in the Council’s Constitution. During May 2022 CIPFA published its update Position Statement on Audit Committees in Local Authorities and Police, this was supported by guidance, published in October 2022, ‘Audit Committees – Practical guidance for Local Authorities and Police’, an update from 2018.

2. HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the Committee. The main outcomes and improvements include:

- a) Focused on the CIPFA Position Statement to enhance the work of the Committee.
- b) Received risk register updates at each of its meetings.
- c) Training received for Committee Members.
- d) Received and approved the Internal Audit Plan for 2023/24.
- e) Received and approved the External Audit Plan from new auditors Azets for 2023/24.

3. SUMMARY OF WORK UNDERTAKEN

3.1 EXTERNAL AUDIT

- a) Received two updates in respect of local audit delays and the expected outcomes arising from the Redmond Review. These reports set out the latest position regarding the backlog of outstanding audits for 2020/21 through to 2022/23, and the proposed introduction of *backstop* dates for their completion and publication.
- b) Received and approved the unaudited Statement of Accounts for 2022/23, which had been completed and published by the statutory date of 31 May 2023.
- c) Received and approved the External Audit Plan for 2023/24, which was presented by the Council's new auditors, Azets. The plan set the scope of work to be undertaken by Azets, risks of misstatement, value for money arrangements, fee levels, and materiality.

3.2 INTERNAL AUDIT

- a) Continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter which outlines the terms of reference of the department and is aligned to the Public Sector Internal Audit Standards.
- b) Received and approved the Internal Audit Annual Report for 2022/23. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council.
- c) Received and approved the Internal Audit Plan for 2023/24. The plan ensures that internal audit resources are prioritised towards those systems and areas which, are considered to be of high risk, or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Internal Audit Manager to give her opinion at the end of the year but is flexible to ensure it remains relevant throughout the year.
- d) Monitored the delivery of the Internal Audit Plan for 2023/24 through regular update reports presented by the Audit Manager.
- e) Received and considered the results of internal audit work performed in respect of each Directorate.
- f) Monitored the progress made by management during the period to address identified control weaknesses (recommendations).

- g) Monitored the performance of the Internal Audit team through the regular update reports.

3.3 RISK MANAGEMENT

- a) Continued to oversee the Council's risk management arrangements and approved an updated Risk Management Strategy for recommendation to Cabinet Executive.
- b) Received corporate risk updates.
- c) Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Corporate Risk Register three times during the year.

3.4 CORPORATE GOVERNANCE

- a) Considered the CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 and received regular updates.
- b) Introduced a work plan for the year ahead, ensuring that all relevant areas are covered during the year.

3.5 FINANCE

- a) Reviewed and approved the proposed Accounting Policies to be used in the preparation of the 2022/23 Statement of Accounts.

3.6 OTHER

- a) Approved the appointment of an independent person to the Audit & Corporate Governance Committee.

4. TRAINING & DEVELOPMENT

- a) There were several new Committee Members following the elections in May.
- b) Members have completed a self-assessment against CIPFA Guidance for Local Authority Audit Committees. This will be used to inform an ongoing training programme for Members.
- c) Members have received training in respect of Internal Audit, Risk, Statement of Accounts, Annual Audit Plan and the completion of the Audit and Corporate Governance Committee Annual Report.

- d) A programme of training for Committee members has been produced for all Audit and Governance Committee Members.

5. LOOKING FORWARD

- a) The Committee has approved the work programme for the 2024/25 financial year setting out the receipt of regular update reports and annual assurance reports.
- b) The Committee will continue to closely monitor the delays to publishing the Council's Statement of Accounts and the Government's proposals for addressing the backlogs across the sector. Consultation has recently been concluded and the outcome, including any potential backstop dates for publication of the outstanding years' accounts, is awaited.
- c) Continued training and development of Members in line with the CIPFA Position Statement.
- d) Continue to review the functions of the Committee in line with the CIPFA Position Statement.

6. FUNCTIONS OF THE AUDIT & CORPORATE GOVERNANCE COMMITTEE

1. Governance, Risk and Control

- To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- To consider the Council's Annual Governance Statement and to recommend its adoption to Cabinet Executive.
- To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- To maintain an overview of the Whistleblowing Policy and Procedure (Raising Concerns).
- To maintain an overview of the Council's Constitution in respect of contract regulations and financial regulations.
- To monitor the effective development and operation of risk management in the Council.
- To monitor progress in addressing risk-related issues reported to the Committee.
- To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- To monitor the Anti-fraud & Corruption Policy, and the counter-fraud strategy, actions, and resources.

2. Internal Audit

- To approve the Internal Audit Charter.
- To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements and to consider quarterly and other reports in relation to the same. These will include:
 - a. Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b. Regular reports on the results of the Quality Assurance and Improvement Programme
 - c. Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement
- To consider summaries of specific Internal Audit reports as appropriate.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.

- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To receive an independent report from the Head of Internal Audit on matters of a serious nature which cannot be dealt with via normal procedures.
- To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

3. External Audit

- To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- To consider specific reports as agreed with the external auditor.
- To comment on the scope and depth of external audit work and to ensure it gives value for money.
- To commission work from internal and external audit.
- To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- To consider the external auditor's Annual Audit and Inspection letter, any other external audit and investigation reports, subsequent action plans and monitoring arrangements, relevant reports, and any reports relating to issues of governance falling within the remit of this Committee to ensure that the Council has responded appropriately, and that the Committee are satisfied with the internal control framework.

4. Financial Reporting

- To review & approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

5. Accountability Arrangements

- To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

- That Members of the Audit Committee complete annually CIPFA's Self-Assessment of Good Practice and the Knowledge and Skills Framework, to inform future development of the Committee.

Audit & Corporate Governance Committee Work Programme

Issue	Report Author
22 April 2024	
Internal Audit Progress Report - Quarterly Update	Shared Service Audit Manager
Annual Audit Plan	Shared Service Audit Manager
Risk Management Q4 2023/24	Finance Group Manager
Accounting Policies 2023/24	Finance Group Manager
Annual Audit & Corporate Governance Committee Report	Shared Service Audit Manager & Chairman of the Audit & Corporate Governance Committee
31 July 2024	
Quarterly update	Shared Service Audit Manager
CIPFA Position Statement update including training needs assessment	Shared Service Audit Manager
Annual Internal Audit Report	Shared Service Audit Manager
Risk Management Q1 2024/25	Finance Group Manager
Unaudited Statement of Accounts 2023/24	Finance Group Manager
9 October 2024	
Quarterly update, Audit Charter review.	Shared Service Audit Manager
Audit Charter review	Shared Service Audit Manager

Issue	Report Author
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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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 22 April 2024
Title of Report Risk Management Quarter 4 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 March 2024.

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. It is important that members are aware of the corporate risks and their potential impact on Council business, and that they review the control measures in place to mitigate risks.

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 18th March 2024 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
17	9	1	27

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
5	12	10	27

Since the last quarterly report, risk number R015, which relates to the inability to deliver a new local plan and identify a five-year land supply, has been separated into two distinct risks:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R157: The Council is unable to deliver a new Local Plan	Risk Likelihood	Very Likely (4)	Likely (3)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	16	12
Control Measures	<ul style="list-style-type: none"> Identify additional sites for residential development. Release appropriate sites for residential development through the development management process. Progress the local plan in accordance with the Local Development Scheme. Member training plan in place. Resource in place to ensure delivery. 		

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R158: The Council is unable to meet its 5-year land supply target	Risk Likelihood	Very Likely (4)	Likely (3)
	Risk Impact	Major Impact (4)	Major Impact (4)
	Status	16	12
Control Measures	<ul style="list-style-type: none"> Re-establish land supply through new local plan. Ensure that Planning Committee are sufficiently well-trained to be able to approve favourable housing applications. 		

Other than this change, there have been no additions or removals to/from the Corporate Risk Register.

Overall, 17 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, 12 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 2 risk scores being decreased.

Increased risk:

R126 – impact of industrial action on services and residents. Increased from low to medium to reflect the fact that Trade Union activity has been more noticeable in recent weeks in advance of the new financial year and ensuing pay discussions.

Reduced risks:

R001 – Engagement of elected members negatively impacting on decision making process. Reduced from a medium risk to a low risk following the introduction of a new, cross-party whips group meeting.

R131 – Partners lose confidence in the Leicestershire Building Control Partnership delivery model. The current threat to the viability of the partnership has reduced. However, whilst the financial situation doesn't pose an immediate threat, there are concerns over recruitment and retention in relation to maintaining an appropriately skilled workforce. This is exacerbated by the increased training requirements being placed upon qualified building surveyors.

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 (excluding IT risks)
- 9.2 Appendix B – IT Corporate Risks – EXEMPT

10. Background paper(s)

Risk Management Strategy 2023 – 2026.

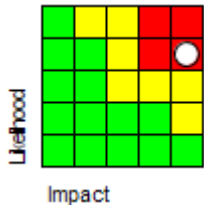
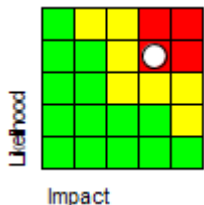
11. Report author's contact details

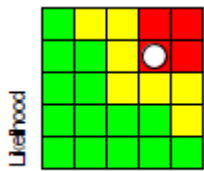
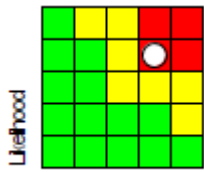
Nick Brown	Finance Group Manager
Nick.Brown@blaby.gov.uk	0116 272 7625

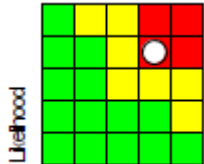
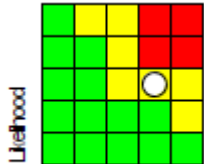
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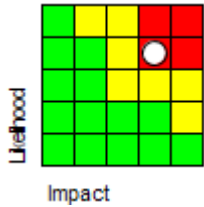
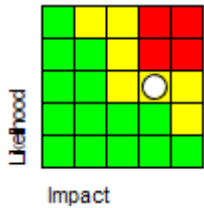
Overview of Corporate Level Risks

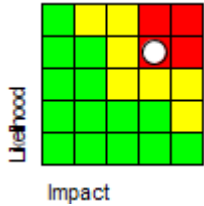
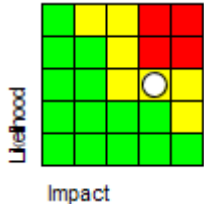
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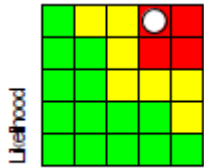
Risk Title	Impact on financial position as a result of lack of certainty around future funding streams (i.e. Business Rates, Fair Funding, New Homes Bonus and Council Tax Equalisation), and cost of living crisis.	Uncontrolled Risk Score		20
Risks Category	Financial	Current Controlled Risk Score		16
Internal 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 at this point. Same risk remains in terms of future funding of Local Government. Added to this is the impact of the introduction of food waste and the general lack of funding to support the initiative. We have been notified of our capital element and it is insufficient to cover expected costs, e.g., government is not providing funding for electric vehicles. Still awaiting the revenue allocation.	
		Latest Note Date	18 Mar 2024	

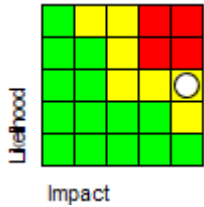
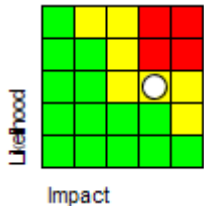
Risk Title	Closure, downsizing of premises or relocation of a major district employer which may cause significant unemployment, retraining requirements and a potential loss of Business Rates	Uncontrolled Risk Score		16
Risks Category	Financial	Current Controlled Risk Score		16
Internal Controls	<ul style="list-style-type: 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	Blaby has limited influence over this type of outcome, but by developing our business intelligence and relationships with major employers we can be better prepared.	
		Latest Note Date	18 Mar 2024	

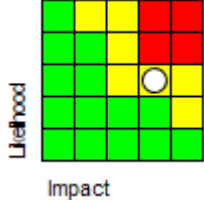
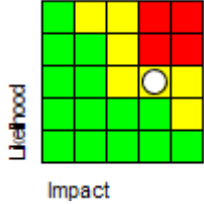
Risk Title	Failure to recruit and retain the right people for the right jobs	Uncontrolled Risk Score	 Likelihood Impact	16
Risks Category	Professional	Current Controlled Risk Score	 Likelihood Impact	12
Internal Controls	<ul style="list-style-type: none"> • Learning and development provision, including 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 in terms of numbers of applications being seen. There are still some pockets of the organisation that are finding recruitment and retention difficult, including Council Tax & Benefits, Income & Collections, IT, Vehicle Fitters.	
		Latest Note Date	18 Mar 2024	

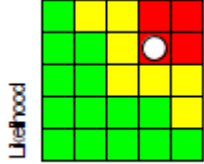
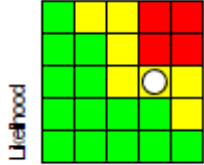
Risk Title	Failure to provide affordable housing and supporting infrastructure in the district in line with identified need.	Uncontrolled Risk Score		16
Risks Category	Political	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Agreement on countywide housing distribution • 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	We have seen an increase in the number of affordable houses coming on stream in recent months. This has meant that a higher than usual number of affordable properties have become available at the same time. This is unlikely to continue beyond the end of the delivery of specific schemes.	
		Latest Note Date	09 Apr 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	• Maintain awareness & respond to implications of emerging changes in public sector delivery organisations	Latest Note	No change to existing rating.	
		Latest Note Date	18 Mar 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 to current risk.	
		Latest Note Date	18 Mar 2024	

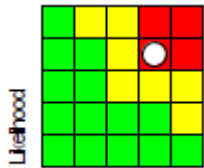
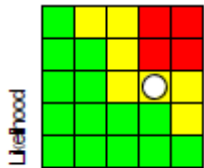
Risk Title	Huncote Leisure Centre and surrounding site - risk of elevated levels of methane from landfill site.	Uncontrolled Risk Score		15
Risks Category	Financial / Reputational / Health & Safety	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Additional monitoring 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	Methane levels are showing an improving picture, although these can be affected by changes in the weather. Gas well balancing has continued on-site and the site is generally considered to be under control, but monitoring remains in place.	
		Latest Note Date	20 Mar 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	No change to current risk, but DLUHC are not prepared to fund electric vehicles as part of the implementation of food waste. This represents a further impact on our cost base.	
		Latest Note Date	18 Mar 2024	

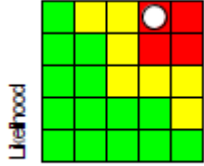
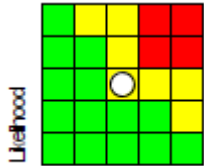
Risk Title	Officer and Member emotional wellbeing is impacted by ongoing service demand and financial pressures	Uncontrolled Risk Score		16
Risks Category	Physical	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Policies and procedures being revised and reviewed 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 to current rating; service pressures remain high in most areas.	
		Latest Note Date	20 Mar 2024	

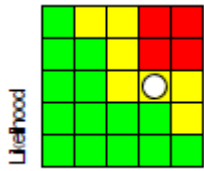
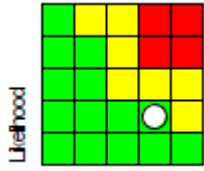
Risk Title	Partners lose confidence in the Leicestershire Building Control Partnership delivery model.	Uncontrolled Risk Score		20
Risks Category	Contractual / Financial / Partnership / Political / Reputational	Current Controlled Risk Score		12
Internal Controls		Latest Note	The current threat to the viability of the partnership has reduced. Whilst the financial situation doesn't pose an immediate threat, there are concerns over recruitment and retention in relation to maintaining an appropriately skilled workforce. This is exacerbated by the increased training requirements being placed upon qualified building surveyors.	
		Latest Note Date	20 Mar 2024	

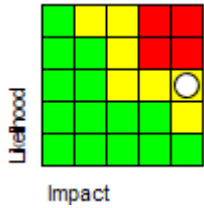
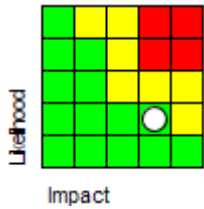
Risk Title	District Partners Do Not Reach Agreement on the Future Lightbulb Delivery Model and Business Case	Uncontrolled Risk Score		16
Risks Category	Contractual / Financial / Partnership / Political / Reputational	Current Controlled Risk Score		12
Internal Controls	Regular board meetings in place; 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	On 15th January 2024, Cabinet Executive agreed to a one-year extension of the current operating model, and to a review of the model which will include considerations such as a Home Improvement Agency type set-up, and the potential inclusion of minor adaptations currently undertaken by Leicestershire County Council. There remains a risk that partners will not reach a consensus agreement over the future operating model and that may lead to the dissolution of Lightbulb.	
		Latest Note Date	20 Mar 2024	

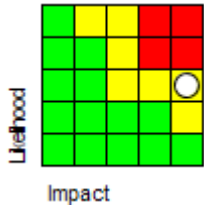
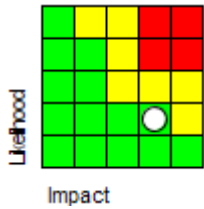
Risk Title	The Council is unable to deliver a new Local Plan	Uncontrolled Risk Score		16
Risks Category	Reputational	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • identify additional sites for residential development • release appropriate sites for residential development through the development management process • progress the local plan in accordance with the Local Development Scheme • member training plan in place • resource in place to ensure delivery 	Latest Note	<p>The following are risks to the delivery of the new local plan:</p> <ul style="list-style-type: none"> • the new target for land supply is double that of the existing • the possibility that Members will not approve the recommended sites for inclusion • challenge from residents etc • potential changes arising from a change in government • duty to co-operate 	
		Latest Note Date	09 Apr 2024	

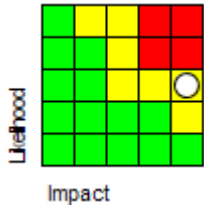
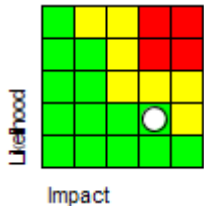
Risk Title	The Council is unable to meet its 5 year land supply target	Uncontrolled Risk Score		16
Risks Category	Reputational / Financial	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • re-establish land supply through new local plan • ensure that Planning Committee are sufficiently well-trained to be able to approve favourable housing applications 	Latest Note	<p>Land supply target can be re-established in two ways:</p> <ul style="list-style-type: none"> • by identifying the requisite sites through a new local plan, or • by granting speculative planning applications <p>The first of these is the preferred route but the latest target for Blaby is double the current target, and even if sites can be identified there is a risk of challenge by residents.</p>	
		Latest Note Date	09 Apr 2024	

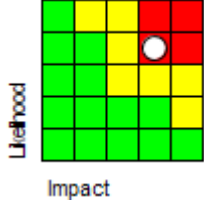
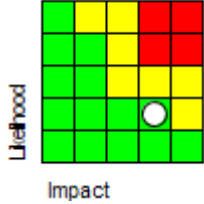
Risk Title	Impact of Industrial Action on Services & Residents	Uncontrolled Risk Score		20
Risks Category	Environmental / Financial / Reputational	Current Controlled Risk Score		9
Internal Controls	Alternative workforce where possible; mental health support in place; arbitration measures; regular communication to staff, members, and residents; SLT presence at depot.	Latest Note	Trade Union activity beginning to increase again in advance of the new financial year and ensuing pay discussions.	
		Latest Note Date	20 Mar 2024	

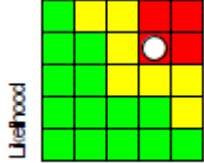
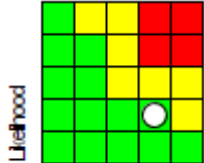
Risk Title	Blaby District Plan is not deliverable within available resources. If we do not deliver the corporate objectives the quality of life of residents and those who work in the district will not be improved.	Uncontrolled Risk Score		12
Risks Category	Political	Current Controlled Risk Score		8
Internal 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 current rating.	
		Latest Note Date	18 Mar 2024	

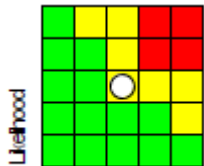
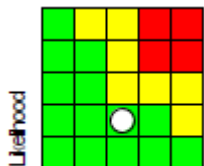
Risk Title	Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults may place people in danger	Uncontrolled Risk Score		15
Risks Category	Competitive / Reputational / Social	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: 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 to current rating.	
		Latest Note Date	18 Mar 2024	

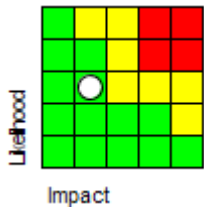
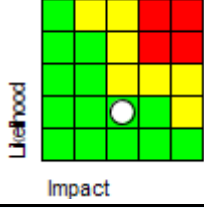
Risk Title	Failure to ensure adherence to internal control arrangements would leave the council open to fraud, affecting reputation and breaches of the council's procedures, policies and legal responsibilities.	Uncontrolled Risk Score		15
Risks Category	Fraud / Legal	Current Controlled Risk Score		8
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 to current rating.	
		Latest Note Date	18 Mar 2024	

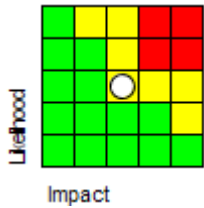
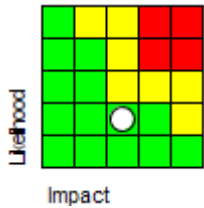
Risk Title	Lack of effective Emergency Planning and Business Continuity arrangements	Uncontrolled Risk Score		15
Risks Category	Professional	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: none"> • All key EP & BC documents on Resilience Direct • Internal EP & BC working 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 to risk but see also R018 in relation to cyber risk, given recent issues experienced by Leicester City Council. Blaby does have a business continuity plan in place.	
		Latest Note Date	18 Mar 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 to rating required.	
		Latest Note Date	18 Mar 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. Demand still high in spite of acquisition of 14 additional properties.	
		Latest Note Date	18 Mar 2024	

Risk Title	Engagement of elected members negatively impacting on decision making process	Uncontrolled Risk Score		9
Risks Category	Political	Current Controlled Risk Score		6
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 • New, cross-party Whips Group in place. 	Latest Note	First meeting of party whips has been held and appears to be having a positive impact.	
		Latest Note Date	18 Mar 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. • Awareness and contract management training delivered to staff involved with procurement. • Development of working relationship with Welland Procurement. 	Latest Note	No change to rating.	
		Latest Note Date	18 Mar 2024	

Risk Title	Delivery of the Hospital Enablement Team Model 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	There is a risk of the main funders losing confidence in the existing delivery model and seeking to implement alternative arrangements.	
		Latest Note Date	20 Mar 2024	

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Exempt

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