

To Members of the Audit and Corporate Governance Committee

Cllr. Mike Shirley (Chairman)
Cllr. Mark Jackson (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 Park Room - Council Offices, Narborough on **MONDAY, 28 APRIL 2025** at **5.30 p.m.** for the transaction of the following business and your attendance is requested.

Yours faithfully



Gemma Dennis
Corporate Services Group Manager and 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 6 February 2025.

4. Grant Certification 2020/21 (Pages 9 - 18)

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

5. Annual Audit Report 2023/24 (Pages 19 - 42)

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

6. External Audit Planning Report 2024/25 (Pages 43 - 80)

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

7. Accounting Policies 2024/2025 (Pages 81 - 106)

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

8. 2025-26 Internal Audit Annual Audit Plan (Pages 107 - 116)

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

9. Annual Report of the Audit & Corporate Governance Committee 2024-25 (Pages 117 - 128)

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

10. Internal Audit Charter (Pages 129 - 142)

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

11. Internal Audit Progress Report 2024/25 Q4 (Pages 143 - 162)

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

12. Internal Audit Strategy (Pages 163 - 182)

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

13. Audit & Corporate Governance Committee Work Programme (Pages 183 - 186)

14. Risk Management Quarter 4 2024/25 (Pages 187 - 222)

To consider the report of the Council Tax Income & Debt Manager (enclosed).

15. Exclusion of Press & 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 2024/25 report contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

16. Risk Management Quarter 4 2024/25 - Appendix B (Pages 223 - 226)

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AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting held at the Council Offices, Narborough

THURSDAY, 6 FEBRUARY 2025

Present:-

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

Cllr. Alex DeWinter
Cllr. Richard Holdridge

Cllr. Dillan Shikotra
Cllr. Roger Stead

Helen King
(Independent Member)

Substitutes:-

Cllr. Susan Findlay (In place of Cllr. Lee Breckon JP)

Officers present:-

Sarah Pennelli	- Executive Director - S.151 Officer
Katie Hollis	- Finance Group Manager
Sarabjit Khangura	- Council Tax Income and Debt Manager
Kerry Beavis	- Shared Service Audit Manager
Nicole Cramp	- Democratic & Scrutiny Services Officer

Also in attendance:-

Cllr. Maggie Wright (Deputy Leader and Finance, People & Performance Portfolio Holder)
Chris Brown and Bethany Hincks (Azets)

Apologies:-

Cllr. Lee Breckon JP

193. DISCLOSURES OF INTEREST

No disclosures were received.

194. MINUTES

The minutes of the meeting held on 25 November 2024, as circulated, were approved and signed as a correct record.

195. INTERNAL AUDIT PROGRESS REPORT 2024/25 Q3

Considered – Report of the Shared Service Audit Manager.

DECISION

That the Internal Audit Progress Report 2024/25 Q3 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.

196. APPROVAL OF THE AUDITED ACCOUNTS 2023/24

Considered – Report of the Finance Group Manager.

DECISIONS

1. That the disclaimed opinion draft report of the External Auditors be accepted.
2. That delegated authority be granted to the Executive Director (Section 151) in consultation with the Chair of the Audit and Corporate Governance Committee to approve and sign off the Council's audited Financial Statement.

Reasons:

1. To bring to Members' attention the findings of our external auditors, Azets in relation to the audit of the 2023/24 accounts.
2. The Accounts and Audit Regulations 2015 require local authorities to have their 2023/24 accounts approved by a resolution of "a committee or by the members meeting as a whole", and no later than 28th February 2025

197. AUDIT & CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

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

DECISION

That the Audit & Corporate Governance Committee Work Programme be noted.

Reason:

It is appropriate that the Audit & Corporate Governance Committee set the Work Programme for the year.

198. RISK MANAGEMENT QUARTER 3 2024/25

Considered – Report of the Council Tax Income & Debt Manager, presented by the Finance Group Manager.

DECISION

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

Reason:

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

199. EXCLUSION OF PRESS & PUBLIC

Considered – A proposed resolution to exclude the public from the meeting.

DECISION

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 Q3 2024/25 report contains information relating to the financial or business affairs of any particular person (including the authority holding that information)

200. RISK MANAGEMENT QUARTER 3 2024/25 - APPENDIX B

Considered – Report of the Council Tax Income & Debt Manager, presented by the Finance Group Manager.

Members considered Appendix B of the Risk Management Quarter 3 2024/25 report in closed session. Members approved the Risk Management Report Quarter 3 2024/25 as set out at agenda item 6.

THE MEETING CONCLUDED AT 6.40 P.M.

Blaby District Council

Audit and Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report Grant Certification 2020/21
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report enables Members to be presented with the external auditors of the 2021/22 Accounts, Ernst & Young (EY) Grant Certification Report in relation to the completion of the 2021/22 audit.
- 1.2 To draw attention to the key messages from the auditors, included within the Auditor's Report.

2. Recommendation(s)

- 2.1 That the Grant Certification Report is approved.

3. Reason for Decision(s) Recommended

- 3.1 The Audit and Corporate Governance Committee should be made aware of the contents of any reports from the external auditors.

4. Matters to consider

4.1 Background

Alongside the annual audit of accounts, the auditors also undertake a review and carry out testing in relation the Council's Housing Benefit Subsidy Grant claim.

As members are aware since COVID-19, significant delays have been experienced across Local Authorities in the audits being undertaken and completed. The Council's 2021/22 Financial statement audit work was completed in November 2024, however at that stage the Housing Benefit Subsidy Grant claim audit was not complete.

The total value of the Housing Benefit Subsidy claim submitted to the Department for Works and Pensions (DWP) was £9,191,870. Testing carried out by EY uncovered a small number of low value errors and the form was subsequently amended to £9,191,535, a decrease of £335.00.

Further details are set out in EY's Grant Certification report at Appendix A.

5. Environmental impact

5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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

6.1 The final audit fee following the additional testing undertaken has been confirmed as £18,850.

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

7.1

Current Risk	Actions to reduce the risks
None	

8. Other options considered

8.1 None

9. Other significant issues

9.1 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.

10. Appendix

10.1 Appendix A – Grant Certification Report for the year ended 31st March 2022.

11. Background paper(s)

None.

12. Report author's contact details

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Housing Delivery Division
DWP Business Finance and Housing Delivery Directorate
Room B120D
Warbreck House
Blackpool
Lancashire, FY2 0UZ

24 March 2025

Ref: SMBC/HBEL/2022-23

Direct line: 07392 106 793

Email: HClark3@uk.ey.com

The Section 151 Officer of Blaby District Council

Independent Reporting Accountants' agreed-upon procedures report in connection with Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2022

Scope and purpose

We have performed the procedures below, which were agreed to by Blaby District Council (the "Engaging Party", "You" or "the Local Authority") and the DWP (together, the "Acknowledging Parties"), in relation to Form MPF720A ("Subject Matter") for which the procedures have been performed for the financial year ending 31 March 2022, and should not be used or relied upon for any other purpose.

This report is produced in accordance with the terms of our engagement letter with Blaby District Council dated 20/05/2023 and the Standardised Engagement Terms in Appendix 2 of Housing Benefit Assurance Process (HBAP) Module 1 for the financial year ending 31 March 2022 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Blaby District Council (the 'Local Authority') and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit subsidy on form MPF720A dated 28th April 2022.

This report should not be copied, referred to or disclosed, in whole (save as otherwise permitted by the Standardised Engagement Terms) or in part, without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and DWP, we acknowledge that the Local Authority and/or DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of the Local Authority and DWP as described in the DWP HBAP reporting framework instruction for the financial year ending 31 March 2022. The Local Authority is responsible for the Subject Matter on which the agreed-upon-procedures are performed. The sufficiency of these procedures is solely the responsibility of the Acknowledging Parties.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than Blaby District Council and DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the local authority and the Reporting Accountant

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements having regard to HBAP Modules 1 and 6 which highlight the terms under which DWP has agreed to engage with Reporting Accountants. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Blaby District Council and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this Report has been requested or for any other purpose.

As Section 151 Officer of the Local Authority, you have responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. You are also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the local authority and complete the attached form MPF720A in accordance with the relevant framework set out by DWP.

Our independence and quality control

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). We are not required to be independent for the purpose of this engagement; however, we complied with the independence requirements of the IESBA Code that apply to assurance engagements other than financial audit or review engagements. We are the independent auditor of the Local Authority and therefore we also complied with the independence requirements of the FRC's Revised Ethical Standard 2019 apply in context of the financial statement audit for the Authority only. For the avoidance of doubt, we are not required to be independent of DWP.

EY applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2021-22 from the section 151 officers verifiable email address and dated 26th April 2022 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of form MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements having regard to HBAP Modules 1 and 6. The purpose of the engagement is to perform the specific test requirements determined by DWP on the defined sample basis as set out in HBAP Modules 2, 5 and 6 of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 26th April 2022, and to report the results of those procedures to the Local Authority and the DWP.

We have performed the procedures as referenced below, which were agreed with Blaby District Council and DWP, on Form MPF720A:

Procedures as set out in:

- HBAP Module 6 - Step 2 - Initial testing – Module 3 workbook testing
- HBAP Module 2 - Upating checklist for the financial year ending March 2022
- HBAP Module 5 - Software diagnostic tool
- HBAP Module 6 - Step 3 - CAKE from prior year Module 3

The results of these procedures are set out below:

Summary of Initial Testing

In accordance with the HBAP modules, an initial sample of cases was completed for all general expenditure cells. We have completed the initial sample testing and the following outlines the results identified:

Cell 011: Non HRA Rent Rebate

No Claims were found to be in error.

Cell 094: Rent Allowance

No claims were found to be in error.

Modified Schemes

In 2019/20 & 2020/21 errors were identified and reported in the HBAP report relating to the incorrect calculation of war pension income. Testing of 100% of modified scheme cases in cell 214/225 was undertaken, which identified that all three cases were in error, resulting in an understatement of cell 214. We comment further in Appendix C

Completion of Modules

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

Completion of Module 2

Testing of the module 2 confirmed that all relevant parameters had been correctly updated.

Completion of Module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding HBAP report. Where appropriate the Local Authority has completed testing of the sub-populations for:

Non HRA Rent Rebates Cell 011 – incorrect rent assessment: Having completed testing this matter is closed

Summary paragraph

For the form MPF720A dated 26 April 2022 for the year ended 31 March 2022 we have completed the specific test requirements detailed in the DWP reporting framework instruction (HBAP) and have identified the results set out in Appendix A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute either an audit or a review made in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements (UK) or International Standards on Assurance Engagements, the objective of which would be the expression of assurance on the contents of the Local Authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures, or had we performed an audit or review of the Local Authority's claim for Housing Benefit subsidy on Form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

The Local Authority is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform, and we have not performed, any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

Furthermore, we undertake no responsibility to update this Report for events and circumstances occurring after the Report is issued.

Restrictions on the performance of the procedures

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

Firm of accountants: Ernst & Young LLP
Office: Birmingham

Contact details: Hayley Clark
HClark3@uk.ey.com
07392 106 793

Signature: *Hayley Clark*

Date: *24/03/2025*



Appendix A Exceptions/errors found

There are no errors to report.

Appendix B Observations

Cell 011: Incorrect assessment of eligible rent

Cell 011: Non HRA Rent Rebate total expenditure

Cell Total: £181,365

Cell Population: 96 cases

In previous years, we reported that the Local Authority had incorrectly assessed eligible rent. During our initial testing in 2021/22 we identified no errors of this nature.

However, given the nature of the population and the errors found in the previous year, additional testing of 100% of cases in cell 011 was undertaken to test the accuracy of the eligible rent.

The additional testing did not identify any errors.

This matter is therefore closed

Appendix C Amendments

Cell 214/225 Incorrect application of War Pension income

Cell 214/225: Modified Schemes total expenditure

Cell Total: £3,775

Cell Population: 4 cases

In 2019/20 and 2020/21 errors were identified and reported in the HBAP report relating to both the calculation of war pension income and its annual uprating.

Our initial testing of one case (Cell 214 Value £550.26) identified that the war pension income had been uprated from the incorrect date in 2021/22 resulting in an overstatement of Cell 214/225 by 26p and a corresponding understatement in Cells 094 & 102.

Whilst the above issues do not affect the benefit paid to the claimant, it can affect subsidy claimable due to different subsidy arrangements for affected cells.

As a result of the above issues the Authority tested the remaining two cases in Cell 214/225. This identified errors in both cases as follows:

- One case (Cell 214 value £2,518.54) where the amount included as war pension income was understated. This resulted in an understatement of Cell 214/225 by £1,340.33 and corresponding overstatement in Cell 094/102
- Two cases (cell 214 value £2,978.35) where the war pension income had been uprated from the incorrect date. In one case it resulted in an understatement of £0.13 in Cell 214/225 and corresponding overstatement in Cell 094/102, in the second case there was no impact;

Due to issues with the testing performed by the Authority we reperformed all above cases, therefore can rely on the results. As the whole subpopulation has been tested, an amendment to the claim could be made as follows:

Cell 094 reduces by £1,340

Cell 102 reduces by £1,340

Cells 214 & 225c increase by £1,340

The revised claim dated 14 March 2025 has been amended to reflect the above.

Appendix D Additional issues

Local Scheme Policy

Under testing of Modified schemes, we are required to confirm whether the Local Authority has in place a Local Scheme Policy approved by Full Council. The Local Authority was unable to provide this but supplied confirmation from its Section 151 Officer that it was its policy to disregard qualifying War Pensions when calculating housing benefits.

Blaby District Council

Audit and Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report Annual Audit Report 2023/24
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report enables the Council's external auditors, Azets to present the Annual Audit Report in relation to the completion of the 2023/24 audit of accounts.
- 1.2 To draw attention to the key messages from the auditors, included within the Auditor's Report.

2. Recommendation(s)

- 2.1 That the Annual Audit Report is acknowledged and approved.

3. Reason for Decision(s) Recommended

- 3.1 The Audit and Corporate Governance Committee should be made aware of the contents of any reports from the external auditors.

4. Matters to consider

4.1 Background

Azets draft Audit Completion Report for the 2023/24 Annual Accounts was presented to Audit and Corporate Governance Committee on 6th February 2025.

Delegated authority was given to allow the Executive Director (Section 151), in consultation with the Chair of Audit and Corporate Governance Committee, to make any minor amendments that may arise after the meeting on 6th February, and to approve and sign off the audited Financial Statement.

The 2023/24 Financial Statement was subsequently signed on 27th February 2025 and published on the Council's website.

The Auditor's Annual Report is attached at Appendix A. The report sets out the detailed findings arising from the audit of accounts. It also provides commentary on the adequacy of the Council's value for money arrangements as well as matters such as the Council's Financial sustainability and the Annual Governance Statement.

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

5.1 No direct costs arising from this report.

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

6.1

Current Risk	Actions to reduce the risks
The detailed risks are set out in the Annual Audit Report (Appendix A).	See Appendix A.

7. Other options considered

7.1 None

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 – Annual Audit Report 2023/24

10. Background paper(s)

None.

11. Report author's contact details

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Blaby District Council

Audited by 5 bbi U'F Ydcfh

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Year ended 31 March 2024

February 2025

 AZETS



We are required to satisfy ourselves under s20(1)(c) of the Local Audit and Accountability Act 2014 that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report to you if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements are operating effectively.

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Our 2023/24 audit approach and the detailed outcomes of our audit of the financial statements are communicated in the following reports:

- Our Independent Auditor's Report within the financial statements for the year ended 31 March 2024
- Our Audit Completion Report to Those Charged with Governance.

This report has been prepared in line with the Code of Audit Practice 2024 (the "Code") and supporting auditor guidance issued by the National Audit Office (NAO). This report is required to be published by the Council alongside the Statement of Accounts.

We have complied with the Code, International Standards on Auditing (UK) and guidance issued by the NAO in the completion of our work. The NAO guidance includes both the normal Auditor Guidance Notes (AGNs) and the new Local Audit Reset and Recovery Implementation Guidance Notes (LLARIGs) issued in line with Statutory Instrument (2024) No.907 which introduced statutory backstop dates for publishing English local government financial statements.

Key messages

The purpose of the Auditor's Annual Report is to bring together all the auditor's work over the year. This includes the audit work carried out on the Council's financial statements and the audit work we are required to carry out under the Code on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money (VFM) arrangements).

A core element of the report is our commentary on VFM arrangements, which aims to draw to the attention of the members of the Council and the wider public relevant issues, recommendations arising from the auditor's work and the auditor's view on whether previous recommendations have been implemented satisfactorily.

Area of work		Our responsibilities	Conclusions
Page 23 Financial statements		We were appointed as auditors to perform an audit of the financial statements of the Council in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements.	<ul style="list-style-type: none">The Council's 2020/21, 2021/22 and 2022/23 audits were concluded by the Council's previous auditors in December 2024. Disclaimers of opinion were issued on all three years resulting in a lack of assurance on the Council's opening balances at 1 April 2024. The lack of assurance over opening balance resulting from these disclaimers of opinion, together with the statutory backstop date for 2023/24 impacted on the audit procedures that we had planned to undertake to gain assurance on the Council's 2023/24 financial statements. There was insufficient time and resource available for us to gain sufficient assurance during the 2023/24 audit, including recovering missing assurance from earlier years, before the statutory backstop date.We therefore have issued a disclaimer of opinion on the Council's 2023/24 accounts.The responsibilities of the Council, the Audit and Corporate Governance Committee and the Responsible Finance Officer remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. The Audit and Corporate Governance Committee have an essential role in ensuring that they have assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.
		However, The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, impose a statutory backstop date of 28 February 2025 for the publication by the Council of their final Statement of Accounts for 2023/24. The Code specifies that (except in a few exceptional circumstances) auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with this statutory reporting deadline.	
		We have therefore considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support our audit opinion and fulfil all the objectives of all relevant ISAs (UK). These time constraints were further restricted by the earlier statutory backstop date of 13 December 2024 by which any financial statements for outstanding periods to 31 March 2023 were required to be published.	

Key messages

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Area of work	Our responsibilities	Conclusions
Value for money	<p>We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code requires us to report to you our commentary relating to proper arrangements.</p> <p>We assess the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.</p> <p>We are required to report our commentary under specified criteria: Financial sustainability, Governance and Improving economy, efficiency and effectiveness.</p>	<ul style="list-style-type: none"> We have not identified any significant weaknesses in the arrangements for securing at economy, efficiency and effectiveness in the use of resources at the Council. We have made “other” recommendations to support the Council's ongoing improvement.
Key recommendations	<p>The Code requires that where auditors identify significant weaknesses as part of their review of the Council's arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the Council. We consider these to be key, or essential, recommendations.</p>	<ul style="list-style-type: none"> We did not identify any key recommendations.

continued...

Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Section 24, Schedule 7(1)(1) of the Local Audit and Accountability Act 2014 the auditor of the Council must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	<ul style="list-style-type: none"> We did not identify any matters for which we considered a public interest report to be required.
Statutory recommendations	Under Section 24, Schedule 7(2) of the Local Audit and Accountability Act 2014 the auditor of a Council can make written recommendations to the Council which need to be considered by the Council and responded to publicly.	<ul style="list-style-type: none"> We did not identify any matters for which we considered statutory recommendations are required.
Application to the court	Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think than an item of account is contrary to law, they may apply to the court for a declaration to that effect.	<ul style="list-style-type: none"> We did not make an application to the court.
Advisory notice	Under Section 29, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if they think that the Council, or an officer of the Council, is about to make, or has made, a decision which involves or would involve the Council incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful.	<ul style="list-style-type: none"> We did not issue any advisory notices.
Judicial review	Under Section 31, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure to act by an authority, which it is reasonable to believe would have an effect on the accounts of that body.	<ul style="list-style-type: none"> We did not make an application for judicial review.

Financial statements

The Statement of Accounts and financial statements included therein are an important tool for the Council to show how it has used public money and how it can demonstrate its financial health.

We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)).

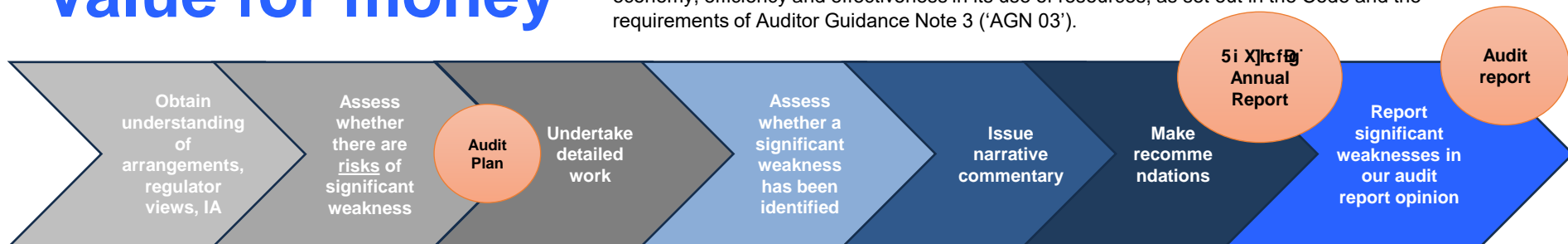
We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Area of work	Conclusions
Audit opinion on the financial statements	We issued a disclaimer of opinion on the Council's financial statements on 27 February 2025.
Whole of Government Accounts (WGA)	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions.</p> <p>The Council does not exceed the threshold for detailed testing however we are required to issue an assurance statement to the NAO (even if we have issued a disclaimer of opinion on the financial statements).</p> <p>We issued our assurance statement to the NAO on 27 February 2025.</p>
Preparation of the accounts	Under The Accounts and Audit Regulations 2015 the deadline for the production and approval of the draft financial statements was 31 May 2024. The Council prepared its draft accounts in line with this deadline.

The detailed findings from the audit procedures we completed on the Council's 2023/24 financial statements, including the significant risks we identified and the work we completed, are set out in our Audit Completion Report, reported to the Council's Audit and Corporate Governance Committee on 6 February 2025. Requests for the Audit Completion Report should be directed to the Council. The significant risks are also summarised in Appendix I of this report. We identified no significant weaknesses and made no key recommendations.

Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the Code and the requirements of Auditor Guidance Note 3 ('AGN 03').



Updated risk assessment

The predecessor auditor reported no significant weaknesses in 2022/23. Their report was concluded after we issued our audit plan in February 2024. This is summarised in the table below.

Criteria	Significant weaknesses reported in 2022/23	Key recommendations made by prior year auditor in 2022/23	Impact on 2023/24 risk assessment
Financial sustainability	No	No	No significant risks identified.
Governance	No	No	No significant risks identified.
Improving economy, efficiency and Effectiveness	No	No	No significant risks identified.

Value for money

The 2023/24 audit has not identified any significant weaknesses in arrangements to deliver value for money. Our detailed commentary is set out on the following pages.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	No	Yes
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	No	No

The Council's predecessor auditors produced their VFM commentary to cover the 2020/21, 2022/21 and 2022/23 financial years and reported this to the Audit and Corporate Governance Committee on 25 November 2024. Given the limited time between their report and the statutory back stop date of 28 February 2025, we have considered the commentary within their report to be relevant for the 2023/24 financial year and arrangements.

EY reported one "other" recommendation. This is included on page 19 and remains relevant for 2023/24.

Value for money

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management (including senior officers)
- Review of Council and committee reports and attendance at Audit and Corporate Governance Committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- Review of the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.

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Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The Code requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance, and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

Summary of findings

Based on the audit work performed, we have not identified any significant weaknesses in the Council's arrangements for achieving value for money and have therefore not raised any key recommendations. We have raised other recommendations for financial sustainability and governance for the Council to consider.

Financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Council plans to bridge its funding gaps and identifies achievable savings;
- how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

For reasons set out earlier in this report, only three months have passed since the Council's predecessor auditor reported their commentary on the Council's VFM arrangements. This commentary was reported and issued on 15 November 2024 and presented to the Audit and Corporate Governance Committee on 25 November 2024 and covered the period 1 April 2020 to 31 March 2023.

We have therefore used this November 2024 commentary as a starting point for our own work, to help ensure consistency in reporting between years and between auditors.

The November 2024 commentary identified one "other" recommendation which we have repeated given the insufficient time that management have had to consider this. We also recognise that this recommendation came part way through the 2024/25 financial year, while our work has focussed on arrangements in place during 2023/24.

As part of our VFM work we have completed the following:

- Held meetings with various senior stakeholders within the Council, including; S151 officer, Financial Services Group Manager, Audit & Corporate Governance Committee Chair and Corporate Services & Monitoring Officer.
- Reviewed minutes of key meetings including;
 - Council
 - Cabinet
 - Audit & Corporate Governance Committee
- Reviewed internal audit reports
- Reviewed the Risk Register
- Reviewed the Medium Term Financial Plan
- Reviewed capital programme and governance arrangements in place for monitoring of this.

Financial sustainability

The Council's Medium Term Financial Strategy (MTFS) is reviewed and updated on a yearly basis. The General Fund Budget for 2023/24 was taken to Cabinet in February 2023 for approval. The MTFS was then updated in February 2024, covering the six years from 2023/24 to 2028/29.

The Council uses Pixel Financial Management as advisors and have based their MTFS on a model provided by them.

The MTFS highlighted a surplus for 2023/24 of £318k. Actual results for 2023/24 gave a surplus of £1.7m. Reasons for the increased surplus were reported to Cabinet in the Financial Performance report for 2023/24 in June 2024 and the main reasons were attributable to vacant posts during the year, investment income performing better than budgeted due to rising interest rates, and recovery of overpaid housing benefit exceeding the budget. The report highlighted that, whilst this is positive, there is still a risk of future budget gaps in the MTFS.

The Council highlight in the MTFS the key risks to achieving the planned financial position. These include uncertainty over the continuance of the New Homes Bonus, Business Rates Retention Reform, and inflationary pressures. This was included as a risk on the Council's risk register as at March 2024 as a lack of certainty around future funding streams. This is also reported within the Narrative Report in the 2023/24 annual accounts.

Alongside the MTFS, the Council set out a paper which highlights the actions being taken to address the funding gaps, including identifying a number of transformational savings. The implementation of these are dependent on the Business Rate Baseline and Fair Funding.

As at 31 March 2024, the Council had un-earmarked General Fund Reserves of £6.564m. These reserves would be enough to cover the funding gap should no other action be taken up to the end of the 2026/27 financial year.

The Council are currently in the process of updating the MTFS for 2024/25 to 2029/30. The strategy is currently in draft form and reflects the recent provisional local government settlement and additional New Homes Bonus Grant which was announced in December 2024. There is still uncertainty around future funding as well as the impact of local government finance reform and devolution. These risks are identified and highlighted as part of the MTFS which was taken to Scrutiny Committee in January 2025.

Financial sustainability

Whilst we have not identified any significant weaknesses in arrangements to secure value for money through financial sustainability in 2023/24, we have made one “other” recommendation, as set out below. This is consistent with the prior year recommendation made in November 2024 and reflects the increasingly constrained financial environment within which the Council operates.

Other recommendations:

1. We recommend that the Council continues to review its financial position through timely updating and monitoring of the MTFS. This includes continuing to develop and implement plans to close future financial budget gaps identified in the MTFS.

Governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Risk management

The Council updated its Risk Management Strategy 2023 – 2026 during the 2023/24 financial year. This was approved by the Audit and Corporate Governance Committee in line with the previous Risk Management Strategy expiring on 31 March 2023.

A Corporate Risk Register was in place throughout 2023/24 and was reported quarterly to the Audit and Corporate Governance Committee.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee met four times in 2023/24 and has met three times so far in 2024/25. CIPFA guidance, titled “CIPFA’s Position Statement: Audit Committees in Local Authorities and Police 2022”, sets out that audit committees should meet at least four times a year, which the Council is compliant with. The guidance also states that to discharge responsibilities effectively, the committee should include regular attendees. The Council complies with this guidance, except for having regular attendance from the Chief Executive. Although practice in this area varies from council to council, we have made one “other” recommendation in relation to this for the Council to consider.

Internal Audit

The Council has an Independent Internal Audit function provided by a shared function with two other councils in Leicestershire. Internal Audit report into the Audit and Corporate Governance Committee regularly. The Internal Audit Annual Report 2023/24 concluded “reasonable assurance” on the overall control environment, demonstrating that there is a generally sound system of governance, risk management and control in place. This is the second highest level of assurance which can be given and is consistent with the level of assurance given in the prior year.

Governance

Two audit reports were issued with “limited assurance” during 2023/24. These were for “Capital Programme Management” and “Sundry Debtors”. The Council have included a statement summarising this within their 2023/24 Annual Governance Statement and disclosed that plans have been put in place to ensure these recommendations are addressed.

As reported at the most recent Audit and Corporate Governance Committee in January 2025, there were no outstanding “high” or “medium” recommendations being reported for 2023/24. We consider this level of timely completion of agreed audit actions to be good practice and something which the Council should look to continue to ensure that risks are being mitigated timeously.

Code of conduct

The Council have a Code of Conduct available for viewing online for Officers and Members. This also sets out the Council's policy on Gifts and Hospitality and their responsibilities within this area. The Council have an Anti-Fraud and Corruption Policy in place which is also available online and was last updated in line with the review policy in February 2024. The Council's constitution is available on the website and was last updated in July 2024.

Approval of budget

The 2023/24 budget was taken to the Scrutiny of the Administration's Budget Proposals Committee in January 2023, and then went to Cabinet for approval in February 2023. This included papers which set out the forecast assumptions and financial risks to the Medium Term Financial Strategy (MTFS).

The Council published the draft 2023/24 Statement of Accounts in line with the Audit and Accounts Regulations, by the deadline of 31 May 2024.

We have identified no significant weaknesses in the Council's governance arrangements. We have made one “other” recommendation below.

Other recommendations:

1. We recommend that consideration is made to the CIPFA guidance suggesting that the Chief Executive is one of the regular attendees at the Audit and Corporate Governance Committee.

Improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the Council evaluates service quality to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the Council commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how it assesses whether it is realising the expected benefits.

Financial performance

In 2023/24 the Council introduced a new performance management system, “I-Plan”. This looks at corporate and service priorities and Key Performance Indicators and is monitored quarterly by Senior Leadership Team.

Capital programme

Like the majority of local authorities, the Council had a material capital programme in 2023/24 which totalled £11.8m when reported to Cabinet in February 2024. This included £5.3m brought forward from 2022/23. At the end of 2023/24, the Council had underspent on the capital programme by £4.9m, which is 41% of the total capital budget. The report to Cabinet set out the reasons for this underspend and 90% of the underspend has been carried forward to 2024/25, as reported in the June 2024 Cabinet report.

Corporate Action plan 2023/24

The Corporate Action plan for 2023/24 was approved by Council in June 2023. In total, there were 23 objectives contained within the action plan for 2023/24.

This has now been superseded by the “Corporate Action Plan 2024/25” to more closely align to the “Blaby District Plan 2024-2028”. Both of these documents are available to view on the Council’s website.

As the 2023/24 plan covered some significant areas for development, the Council acknowledge that many actions are relatively long-term endeavours and therefore have been rolled forward into the 2024/25 plan.

Peer review

As previously reported in the Council’s value for money commentary, a Corporate Peer Challenge (CPC) review was performed in March 2022. This concluded that “Blaby District Council (DC) is a well-run local authority; it has a sound

Improving economy, efficiency and effectiveness

financial position, strong leadership, particularly through its Leader and Chief Executive, and committed staff". As a result of this, an action plan was put in place to address recommendations made for improvement. In December 2022 the Local Government Association (LGA) Peer Challenge team returned to the Council to assess progress and confirmed that "Blaby DC is clearly committed to addressing all the CPC's recommendations and has made excellent progress in doing so."

As at the time of writing this report, the Council has demonstrated further progress against these actions, which are monitored through the Corporate Plan. No further visit has taken place in 2023/24.

Partnership working

The Council works with a number of partners to deliver services. These include; Joint Community Safety Partnership, Blaby District Tourism Partnership, Lightbulb, The Housing Enablement Team, and The Leicestershire Building Control Partnership. A number of these partnerships are led by Blaby District Council and involve other councils within Leicestershire. A number of actions from these partnerships are included within the Council's Action Plan for 2024/25, including reviewing the role and governance of the Lightbulb service and delivering the Tourism Growth Plan.

We have identified no significant weaknesses in the Council's arrangements for improving economy, efficiency and effectiveness.

Key recommendations

These recommendations relate to significant weaknesses we have identified.

Criteria	Recommendation
Financial sustainability	We have not identified any key recommendations from our work in this area.
Governance	We have not identified any key recommendations from our work in this area.
Improving economy, efficiency and effectiveness	We have not identified any key recommendations from our work in this area.

Other recommendations

These recommendations relate to less significant deficiencies or opportunities for improvement we have identified from our value for money work.

Criteria	Recommendation	Observation and implication / impact	Management response
Financial sustainability	We recommend the Council continues planning and implementing actions to close future financial budget gaps identified in the Medium-Term Financial Strategy.	As set out on page 11.	The Council will continue to review annually the budget gaps identified in the Medium- Term Financial Strategy and put in place plans to address and close the budget gaps.
Governance	We recommend that consideration is made to the CIPFA guidance suggesting the Chief Executive should be a regular attendee at the Audit and Corporate Governance Committee.	As set out on page 13.	The Chief Executive will be invited to Audit and Corporate Governance Committee meetings going forward.

Follow up of prior recommendations

Criteria	Recommendation	Type	Date raised	Management response	Progress to date	Further action needed
Financial sustainability	We recommend that the Council continues planning to close future financial budget gaps identified in the Medium-Term Financial Strategy.	Other	November 2024	The Council will continue to review annually the budget gaps identified in the Medium-Term Financial Strategy and put in place plans to address and close the budget gaps.	The Council have reviewed and updated their Medium-Term Financial Strategy, and this along with the budget proposals was presented to Full Council on Tuesday 25th February 2025.	Yes
Governance	No recommendations were made in this area.					
Improving economy, efficiency and effectiveness	No recommendations were made in this area.					
Financial statement	No recommendations were made in this area.					

Appendix I: Financial statements audit risks

Significant risks

This section summarises the significant risk areas we identified for our financial statements audit. We set out our planned responses to each of these risks in our audit plan.

Significant risk	Fraud risk?	Level of judgement / estimation uncertainty	Work completed
Delays in completing prior year audits and disclaimers of opinion	No	N/A	Summarised on the next page.
Management override of controls	Yes	High	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant risks we identified.
Presumption of fraud in revenue recognition	Rebutted	Low	
Expenditure recognition	Rebutted	Low	
Valuation of land and buildings and investment property	No	High	As a result of the material and pervasive nature of missing assurance, and the statutory backstop date of 28 February 2025 for the 2023/24 audit, we issued a disclaimer of opinion on 27 February 2025.
Valuation of pension assets and liabilities (IAS19)	No	High	

Appendix I: Financial statements audit risks

Identified risk	Audit procedures completed	Outcome
<p>Prior year opinion on the financial statements</p> <p>In our audit plan we highlighted that we had not yet obtained a copy of the audit opinion from the Council's predecessor auditor for the 2020/21, 2021/22 and 2022/23 financial years. We therefore reported that:</p> <ul style="list-style-type: none"> There was a risk that issues not yet identified in these audit years could impact the current audit year; There was a further risk that the audit backstop of 13 December 2024 may prevent the prior year audits from being completed, resulting in prior year audit opinions being qualified by a 'limitation of scope' or disclaimed in full. <p>As a result, we reported the significant risk that:</p> <p>there may be limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others).</p> <ul style="list-style-type: none"> significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. 	<p>In response to this risk, we:</p> <ul style="list-style-type: none"> considered the findings and outcomes of the prior year audits and their impact on our 2023/24 audit; considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions received from the Council's predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and considered the impact of any changes in the CIPFA Code requirements for financial reporting in previous and current audit years. 	<p>The Council's accounts were disclaimed for 2020/21, 2021/22 and 2022/23. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24.</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. By this date we are required to issue our opinion on the financial statements.</p> <p>We have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).</p> <p>Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we therefore issued a disclaimer of opinion on 27 February 2025.</p>



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Blaby District Council

Audit and Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report External Audit Planning Report 2024/25
Report Author Finance Group Manager

1. What is this report about?

- 1.1 The report enables the Council's external auditors, Azets, to present Members with their annual Audit Planning Report for 2024/25.

2. Recommendation(s)

- 2.1 That Azets Audit Planning Report for 2024/25 is approved.
- 2.2 That the Committee grants delegated authority to the Executive Director (Section 151) in consultation with the Chair of the Audit and Corporate Governance Committee for any minor amendments to be made to the plan if required.

3. Reason for Decision(s) Recommended

- 3.1 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.

4. Matters to consider

4.1 Background

Azets have set out their proposals for the planned audit work in respect of the 2024/25 financial year in the document attached at Appendix A. The coverage of the Audit Planning Report includes the following key elements:

- Audit scope and general approach
- Building back assurance
- Anticipated audit reports by year
- Financial statements audit timeline
- Materiality
- Significant risks of material misstatements
- Value for money
- Audit team and logistics
- Independence, objectivity and other services provided
- Fees

Representatives from Azets will attend the meeting to present their report.

At the time of writing this report officers have not had sufficient time to review and respond to the Audit plan, therefore to enable this to be undertaken, it is requested for delegated authority to the Executive Director (Section 151) in consultation with the Chair of the Audit and Corporate Governance Committee for any minor amendments to be made and agreed if required.

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

- 5.1 The base fee for the audit has been set at £154,383 by Public Sector Audit Appointments (PSAA). In addition to this, there is a proposed fee for the Housing Benefit Assurance Process (HBAP) of £28,000.

Additional fees yet to be confirmed include work in relation to IFRS16 (leasing), the work required following the disclaimed audits in the prior years and the building back assurance work.

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

- ## 6.1

Current Risk	Actions to reduce the risks
Risks are incorporated within the Audit Plan at Appendix A	See Appendix A.

7. Other options considered

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

8. Other significant issues

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

9. Appendix

- ## 9.1 Appendix A – Blaby District Council Audit Plan 2024-25

10. Background paper(s)

None.

11. Report author's contact details

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Blaby District Council

External audit plan

Year ended 31 March 2025

April 2025

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Executive summary

Key points

This plan sets out our strategy for the external audit of Blaby District Council for 2024/25, including our approach to building back assurance following the disclaimed audit opinions issued in 2020/21, 2021/22, 2022/23 and 2023/24.

Our key areas of focus for the audit in 2024/25, in order of priority, are:

- To complete the 2024/25 external audit in line with the approach set out in this plan.
- To complete “build back” work, where possible*, on the following areas:
 - A risk assessment from the last clean opinion (2019/20) to date to inform our work.
 - Testing on transactions making up the property plant and equipment value in the accounts, including:
 - Additions testing for the years 2020/21, 2021/22 and 2022/23.
 - Completion of queries and accreting work from our additions testing for 2023/24 into our overall build back conclusions.
 - Disposals testing for the years 2020/21, 2021/22, 2022/23 and 2023/24.
 - Depreciation testing (where possible) for the years 2020/21, 2021/22, 2022/23 and 2023/24.

We will present regular written and oral reports to the Audit and Governance Committee throughout the year setting out progress on the current year audit and the build back work. There remains a level of uncertainty on the build back element, as a regulator-approved sector-wide approach is yet to be agreed. However, we are confident that the planned approach outlined above and described in this report represents the minimum work that will be required to start the build back process, and we are keen to progress this as soon as possible to limit further disclaimed audit opinions.

*Completion of the build back work is subject to the availability of the finance team at the Council as well as the capacity of the audit team. We will be prioritising our resource to complete the 2024/25 audit so as not to fall further behind.

Purpose and responsibilities

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Blaby District Council ('the Council') for the year ended 31 March 2025.

The core elements of our work include:

- An audit of the 2024/25 Statement of Accounts;
- Build back work to recover from previously disclaimed audits; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

Auditor responsibilities

We have been appointed to perform an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and International Standards on Auditing (ISAs) (UK). Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code').

We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

Purpose and responsibilities

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Auditor responsibilities (...continued)

The Act also requires us to consider any objection made to the accounts and give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council.

On completion of our audit work, we will issue an Audit Completion Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit of the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit and Corporate Governance Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Council responsibilities

The Council is responsible for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support the financial statements and related reports and disclosures; and
- Ensuring the proper financial stewardship of public funds and establishing effective arrangements for governance, propriety and regularity, including prevention and detection of fraud, reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Audit scope and general approach

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Page 50
- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
 - Review the design and implementation of key internal controls;
 - Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;

- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures which, in a normal year, are designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We are unlikely to be able to obtain sufficient assurance in 2024/25 to reach this conclusion due to the previously disclaimed audits.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud, and respective responsibilities for preventing and detecting fraud.

Audit scope and general approach

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

The basis for our assessment of materiality for the year is set out on page 17. Any identified errors greater than our clearly trivial amount of £36,800 will be recorded and discussed with you.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Specialised skill or knowledge required to complete the audit procedures

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset (from 2025/26 onwards); and

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC) of the following systems:

- eFinancials Live 5.5
- Active directory

Audit scope and general approach

Significant changes in the financial reporting framework

There has been one significant change in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the CIPFA Code). The new accounting standard IFRS 16 Leases has now been mandated for implementation from 1 April 2024 within the 2024/25 CIPFA Code.

The most significant impact of IFRS 16 is to bring operating leases on balance sheet as right-of-use assets.

Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council.

Going concern

Management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Going concern

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Audit scope and general approach

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.

During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties.

Please advise us of any changes as and when they arise.

Additional procedures for the NAO

The National Audit Office (the 'NAO') issues group audit instructions which set out additional audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the Whole of Government Accounts (WGA) request us to undertake specific audit procedures to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2024/25. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO has not yet confirmed which entities will be sampled components.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Building back assurance

Summary of why we will be issuing a disclaimer of opinion in 2024/25

Given the Council's disclaimed audit opinions for the financial years; 2020/21, 2021/22, 2022/23 and 2023/24, we are unable to obtain assurance over the following in 2024/25:

1. Opening balances in the financial statements (Balance Sheet) and
2. Reserves balances (which have come from the movements within the Statement of Comprehensive Income over the past four years)

This means that we are unable to provide a "clean" opinion to the Council, unless we perform sufficient build back work to become comfortable over these balances and movements. This is likely to take a number of years due to capacity constraints within our audit team and the Council's finance team.

As a result of the approach we adopted in 2023/24, we have developed an understanding of the Council's systems, processes, controls and arrangements for the preparation of the financial statements and have gathered information which will inform the process of rebuilding assurance in this and future years.

We have developed an end-to-end build-back recovery plan for disclaimed audits, as set out on the following pages.

Further background regarding disclaimed audits in the local government landscape is set out in Appendix I.

Building back assurance

Our overarching approach

Our approach to your audit from 2024/25 onwards comprises three distinct phases with the ultimate objective of returning to unmodified opinions in the future. These phases are summarised in the table below:

Phase	Planned work	Timing	Included in scale fee?
1	Undertake the normal 'in-year' audit. This will provide assurance over most closing balances and most in-year movements.	Annually	Yes
2	Undertake 'build-back' testing back to the last clean opinion for specified balance sheet items where full assurance over the closing balance cannot be obtained without opening assurance.	To be agreed with Council	No (this will incur additional cost)
3	Undertake work on prior-year disclaimed CIES entries and reserve movements back to the last clean opinion (subject to Sandbox discussions).	To be agreed with Council	No (this will incur additional cost)

One of the contributing factors to the existing backlog of opinions was insufficient capacity across audit suppliers and, in some cases, within council finance teams. These capacity constraints continue. It is therefore not possible to rebuild all assurance within a one-year period.

In terms of the work required under phases 2 and 3 – which could be considerable – we will discuss with management the appropriate timing for such work.

2024/25 planned work

For 2024/25 we anticipate there will be sufficient capacity to undertake:

- Phase 1 (2024/25 audit) and;
- Some elements of phase 2. We are anticipating these to be:
 - A risk assessment from the last clean opinion (2019/20) to date to inform our work.
 - Additions testing for the years 2020/21, 2021/22 and 2022/23.
 - Completion of queries and accreting work from our additions testing for 2023/24 into our overall build back conclusions.
 - Disposals testing for the years 2020/21, 2021/22, 2022/23 and 2023/24.
 - Depreciation testing (where possible) for the years 2020/21, 2021/22, 2022/23 and 2023/24.

The remainder of the indicative build back plan (phase 2 and phase 3) will fall into future years.

Building back assurance

Phase 1: the 'in-year' audit and accretion of evidence

In 2024/25 and future years, our 'in-year' audit work should enable us to reach one of the following conclusions for each balance sheet item of account:

Conclusion	Likely applicable balances
Assurance gained over the closing balance of the item of account (i.e. closing balance is not inherently tied to the opening position)	<ul style="list-style-type: none">• Other land and buildings valuation (due to full valuation under taken in 2024/25)• Investment properties• Investments• Debtors• Creditors• Cash and cash equivalents• Borrowing• Provisions
Assurance gained in-year but lack of opening assurance means the closing balance / full year balance on CIES cannot be fully assured and remains disclaimed	<ul style="list-style-type: none">• Property plant and equipment (depending on build back work)• Pension liabilities (IAS19)• Long term debtors• Long term creditors• Long term lease liabilities• All reserves

The items in the first category will be rolled forward and accreted into future years as part of the overarching indicative build-back strategy. It will take a minimum of three years for the items in this first category to be fully assured across three closing balances. At this point, no further build back should be required for these items of account.

The items in the second category will need further work to obtain full assurance, which form phases 2 and 3 of the overarching indicative build-back approach.

Building back assurance

Phase 2: build-back for specified balance sheet items where the closing position is inherently tied to the opening position

These closing balances can only be assured by undertaking work in the disclaimed years, back to the last clean opinion.

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We are not, at this stage, proposing to rebuild assurance for historic land and buildings and IAS19 pension valuations or CIES income and expenditure over the disclaimed years. This is considered further in Phase 3.

Obtaining full assurance over the pension liability valuation (IAS19) closing balance will not be possible until the completion of the next triennial valuation. This is because of missing assurance over the current position dating back to the previous triennial valuation. The next triennial valuation is due to be accounted for from 2025/26, and we will undertake work in respect of this in conjunction with the pension fund auditor during the 2025/26 audit.

Phase 3: build-back on prior year disclaimed CIES entries and reserve movements back to the last clean opinion

The approach to this is being discussed by all firms within the 'Sandbox'. Firms, including Azets, will only use this approach if it is endorsed by MHCLG.

If it is endorsed, we will employ the 'Sandbox' approach back to the last clean opinion to gain full assurance over prior years' CIES and reserves movements and, therefore, reserves closing balances. This may involve selective substantive testing of income and expenditure transactions within disclaimed years.

If the 'Sandbox' approach is not endorsed, we will need to undertake full CIES testing in previously disclaimed years. This will then enable us to undertake reserves testing for each disclaimed year, enabling us to rebuild the assurance over the reserves balances and provide assurance over the general fund, earmarked reserves and unusable reserves, as well as over the Council's Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP).

Build-back plan

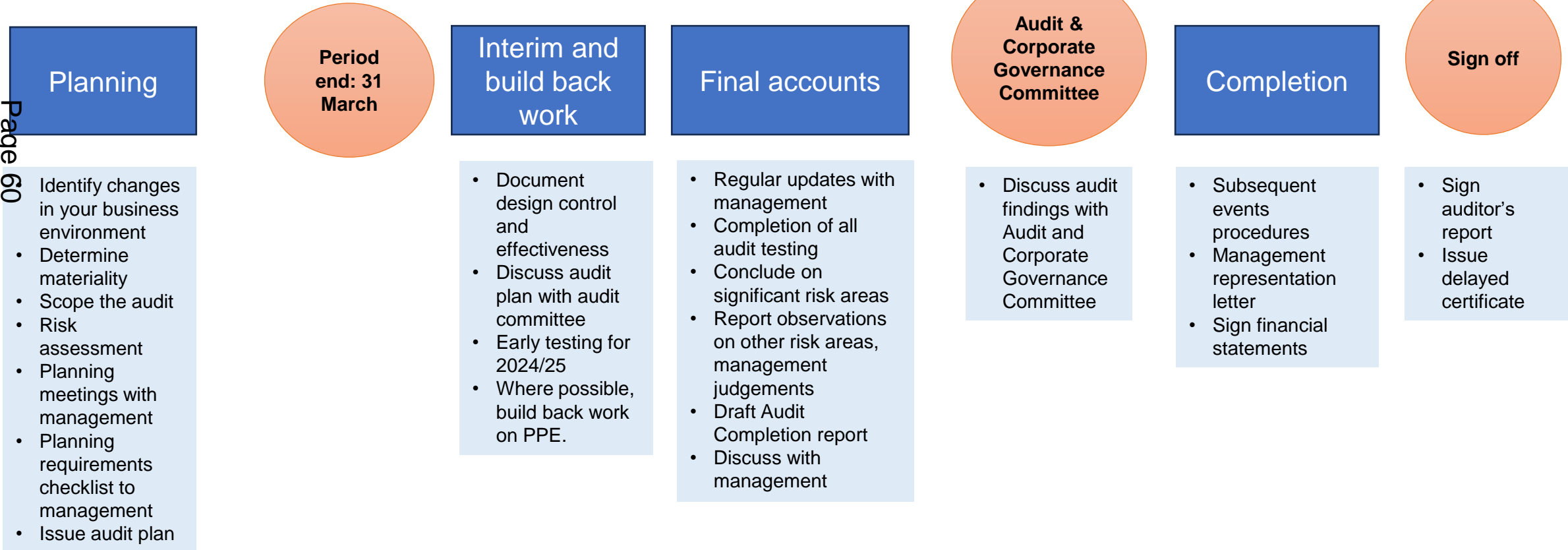
	Build back of specified closing balances				Recovery of closing balances	Recovery of reserves and CIES	
Item of account	Phase 1				Phase 2 (year and timing to be agreed with management)	Phase 3 (year and timing to be agreed with management)	Included in audit fee?
	2024/25	2025/26	2026/27	2027/28			
Income in-year <i>(fees and charges, taxation, grants, other income)</i>	Yes	Yes	Yes	Yes			Yes
Expenditure in-year <i>(payroll, operating expenditure, other expenditure)</i>	Yes	Yes	Yes	Yes			Yes
Other land and buildings valuation, council dwellings valuation	Yes	Yes	Yes	Yes			Yes
Closing balances not inherently tied to the opening balance <i>(includes Investment properties, investments, debtors, creditors, cash and cash equivalents, borrowing, provisions)</i>	Yes	Yes	Yes	Yes			Yes
Pension liabilities (IAS19) <i>(next triennial valuation in 2025/26)</i>	No	Yes	Yes	Yes			Yes
Reserves and reserves movements in-year <i>(general fund, earmarked reserves, unusable reserves, CFR, MRP, disclaimed year CIES movements)</i>	Yes	Yes	Yes	Yes			Yes
Cash flow statement in-year	Yes	Yes	Yes	Yes			Yes
Collection fund in-year	Yes	Yes	Yes	Yes			Yes
Cash flow statement and related notes full assurance	Yes	Yes	Yes	Yes			Yes
PPE closing balances <i>(recovery of additions, disposals, depreciation and other capital movements)</i>					Yes (planned in 2024/25)		No
Closing balances inherently tied to the opening balances where prior year recovery is required <i>(Long term debtors, long term creditors, long term lease liabilities)</i>					Yes (in future years)		No
Collection fund surplus					Yes (in future years)		No
Reserves and reserves movements full assurance <i>(general fund, earmarked reserves, unusable reserves, CFR, MRP, disclaimed year CIES movements)</i>						Yes (in future years)	No

Anticipated audit reports by year

Year	Assurance gained							Reserves	Anticipated audit report
	Closing balances	Comparator closing balances	Comparator opening balances	Pensions IAS19 closing balance	Pensions IAS19 comparator closing balance	Pensions IAS19 comparator opening balance	Closing balances inherently tied to the opening balance		
2024/25	✓	X	X	X	X	X	X	X	Disclaimer
2025/26	✓	✓	X	✓	X	X	X	X	Disclaimer
2026/27	✓	✓	✓	✓	✓	X	X	X	Disclaimer
2027/28 (phase 1 only)	✓	✓	✓	✓	✓	✓	X	X	Disclaimer
2027/28 * (phase 1 and 2 only)	✓	✓	✓	✓	✓	✓	✓	X	Disclaimer
2027/28 * (phase 1, 2 and 3)	✓	✓	✓	✓	✓	✓	✓	✓	Clean

* Phase 2 (recovery of assurance back to the last clean opinion) and Phase 3 (recovery of general fund and reserves assurance) may be undertaken earlier than 2027/28 should there be sufficient capacity within the audit team and finance team, and subject to agreement of cost for this additional work.

Financial statements audit timeline



Materiality

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report any uncorrected misstatements of lower value errors that we identify, other than those which are 'clearly trivial'.

Our assessment, at the planning stage, of materiality and the trivial reporting threshold was calculated as follows:

	Council £'000	Explanation
Overall materiality for the financial statements	737	Our initial assessment is based on approximately 1.75% of gross revenue expenditure as disclosed in the 2023/24 annual report and accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Council. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	442	60% of materiality Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial threshold	36.8	5% of overall materiality for the Council. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The risk below is considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p>Management override of controls</p> <p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities.</p> <p>Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none">• Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals;• Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals;• Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy;• Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and• Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p>Fraud in revenue recognition (rebutted)</p> <p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to:</p> <ul style="list-style-type: none">• Limited opportunity to manipulate revenue recognition;• Little incentive by management to manipulate revenue recognition; and• Lack of rationalisation of fraud within the entity due to the controls and processes in place. <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none">• Revenue recognition: Low	<p>Whilst we have rebutted the risk of fraud in income recognition, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none">• Documenting our understanding of the Council's systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements;• Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code;• Substantively testing material income streams using analytical procedures and sample testing of transactions recognised in the year; and• Perform substantive testing on income transactions at and around the year end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The table below summarises significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
<p>Fraud in expenditure recognition (rebutted)</p> <p>We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Council, and we are satisfied that this is not a significant risk for the reasons set out below:</p> <ul style="list-style-type: none"> • Limited opportunity to manipulate expenditure recognition; • Little incentive by management to manipulate expenditure recognition; and • Lack of rationalisation of fraud within the entity due to the controls and processes in place. <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Expenditure recognition: Low 	<p>Whilst we have rebutted the risk of fraud in expenditure recognition, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council's systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Evaluating the Council's accounting policies for recognition of expenditure and compliance with the CIPFA Code; • Substantively testing material expenditure streams and perform sample testing of transactions recognised in the year; and • Perform substantive testing on expenditure transactions at and around the year end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Valuation of land and buildings and investment property (key accounting estimate)</p> <p>Revaluation of land and buildings and investment property should be performed with sufficient regularity so that carrying amounts are not materially misstated.</p> <p>The Council's valuation programme ensures that land and buildings are formally revalued at least every five years, with desktop reviews taking place each year in between. For the year ending 31 March 2025, a full valuation will be taking place. Investment properties are measured at fair value and are also subject to full valuation at 31 March 2025.</p> <p>Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings and investment property as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Land and buildings and investment property (valuation): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of management's valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor's expert; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Valuation of the defined pension fund net liability/asset (key accounting estimate)</p> <p>An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant).ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Defined pension fund net liability/asset (valuation): High 	<p>In 2024/25, we will not carry out any work on this significant risk area due to the lack of prior year assurance available relating to the current triennial actuarial valuation. We will re-commence work on the pension fund in 2025/26 by which time the next triennial valuation will have been performed.</p> <p>From 2025/26, procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council’s share of the investment valuations in the audited pension fund accounts’; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Implementation of IFRS 16</p> <p>IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a significant risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Lease liabilities following implementation of IFRS 16 (completeness): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Perform a walkthrough of the council’s systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Review the council’s accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard; • Evaluating the competence, capabilities and objectivity of management’s IFRS 16 expert; • Understand the process the Council has gone through to ensure the completeness of the IFRS 16 disclosure, including inspecting the audit trail which documents the process the Council has undertaken to identify leases and contracts falling into scope of IFRS 16; and • Evaluate whether lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<div> <div> <div>Page:68</div> <div></div> </div> <div> <p>Prior year disclaimed opinions</p> <p>As a result of the backstop implemented on 28 February 2025, a disclaimer audit opinion was provided on the Council's 2023/24 financial statements. Disclaimed audit opinions have also been provided on the Council's accounts for the 2020/21, 2021/22 and 2022/23 years.</p> <p>As a result of prior year disclaimed audit opinion:</p> <ul style="list-style-type: none"> There is limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. <p>The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> Prior year opinion on the financial statements (financial statement level): Very High </div> </div>	<div> <p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> Considering the findings and outcomes of prior year audits and their impact on the 2024/25 audit; Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and 'unaudited' transactions and management judgements made in the previous years which continue into 2024/25; Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years; and Completing a risk assessment from the last clean opinion (2019/20) to date to inform build-back work. Commencing build-back work for PPE additions and disposals for 2020/21, 2021/22, 2022/23 and 2023/24. </div>

Other risks of material misstatement

Other identified risks

Other identified risks are those which, although not considered to be significant, will require specific consideration during the audit.

We have not identified any to report to you.

Other material balances and transactions

Under International Standards on Auditing, “irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure”. The other material balances and transaction streams will therefore be audited in line with the build back plan set out on page 14. However, the procedures will not be as extensive as those adopted for the risks separately identified above.

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Value for money

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.



When reporting on VFM arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

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

Value for Money

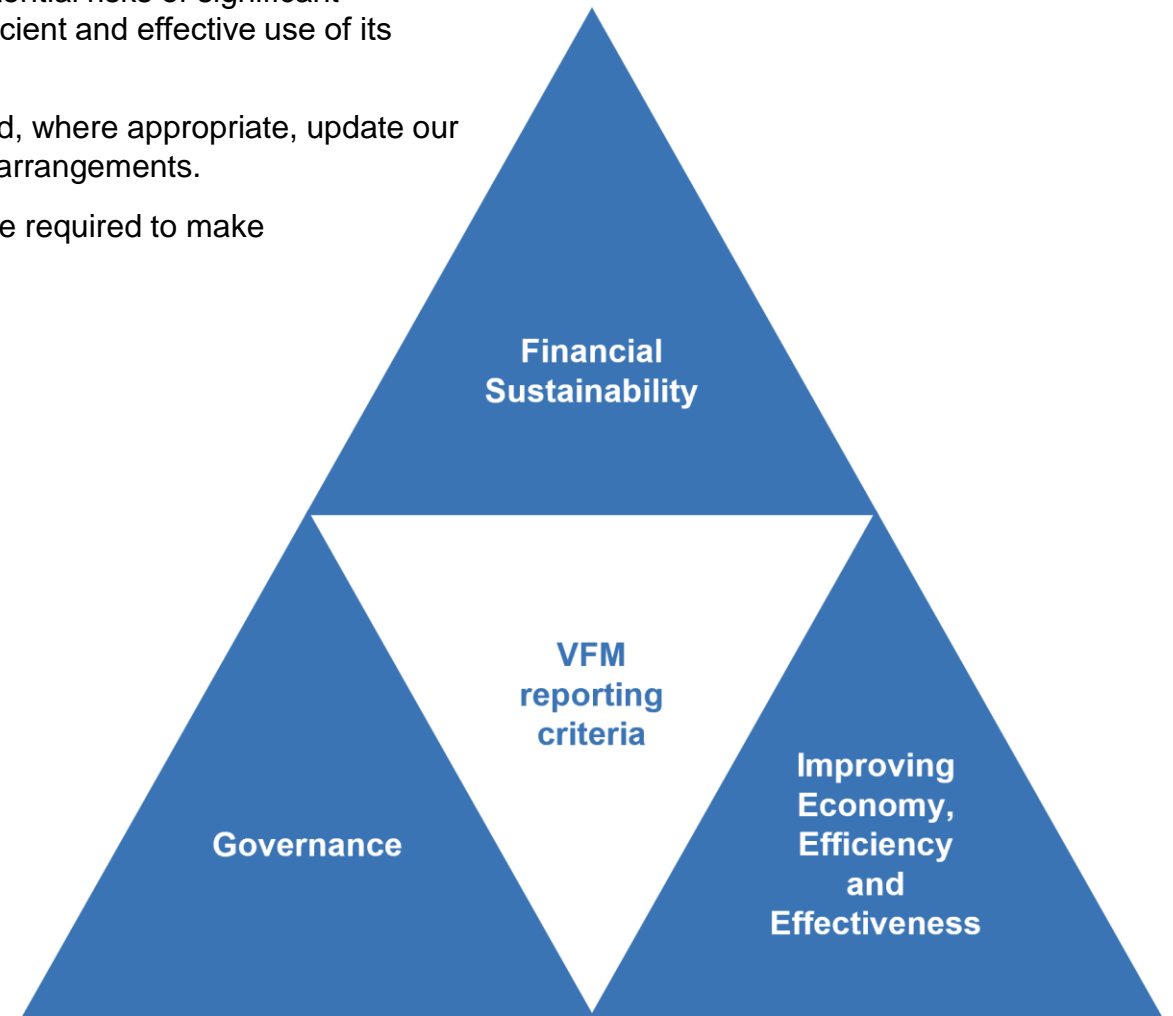
As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

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- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



Value for Money

Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses we have identified at the planning stage.

Criteria	Potential risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	None identified at planning.	No additional procedures required.
Governance	None identified at planning.	No additional procedures required.
Improving economy, efficiency and effectiveness	None identified at planning.	No additional procedures required.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Chris Brown	Chris.Brown@azets.co.uk
Engagement Manager	Bethany Hincks	Bethany.Hincks@azets.co.uk
In-charge auditor	Malintsa Mohapi	Malintsa.Mohapi@azets.co.uk

Timetable

Event	Date
Planning and risk assessment	w/c 17 March 2025
Reporting of plan to Audit and Corporate Governance Committee	28 April 2025
Interim audit	w/c 30 March 2025
Year end audit	w/c 15 September 2025
Publication of draft accounts deadline	30 June 2025
Draft Auditor's Annual Report	30 November 2025
Audit findings Report	9 February 2026
Final Auditor's Annual Report	9 February 2026
Target date of approval of accounts	9 February 2026
Accounts publication deadline	27 February 2026

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within **two** working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.

Independence, objectivity and other services provided

Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention.

Other services

We have detailed in the table below any other services provided to the Council, the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Provided to	Fee	Threats identified	Safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim (2024/25)	Council	£28,000* estimated	Self-interest	Self-interest: Given this is likely to be a recurring fee, a potential threat is present. However, the fee is not significant to Azets Audit Services or the Council. The fee is fixed and not contingent in nature. We therefore do not consider this as a threat to our independence.
			Self-review	Self-review: Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management.
			Management	Management: As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is set out below. This fee is estimated based on our understanding at this point in time and may be subject to change. The fee assumes that the Council's responsibilities and our expectations set out on pages 5 and 29 are met.

Audit fee	2024/25 £
Scale fee: base fee for the audit of the Council's financial statements (as set out in the fee scales issued by PSAA)	154,383
IFRS16: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee	TBC
Disclaimer work (note 1)	TBC
Build back work (note 2)	TBC
Total audit fee for Blaby District Council	TBC

Note 1: this includes the additional annual work required to consider the disclaimed audits from prior years, development of revised approach for the Council in response to the missing assurance, the production, agreement and reporting of additional interim progress reports to management and the Audit Committee, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.

Note 2: this includes all work for phases 2 and 3 which require building back assurance to the last clean opinion.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

Our policy is to raise fees to account at appropriate stages of the audit such as during the audit planning, the interim visit, the final audit and once the financial statements have been signed.

The approximate total fees charged to the Council for the provision of services in 2024/25 are as follows:

Audit fee	2024/25 £
Audit of the Council (as per table to the left)	TBC
Non-audit services Council (as per page 30)	28,000*
Total fees	TBC

* This fee is estimated based on our understanding at this point in time and may be subject to change.

Appendix I: Building back assurance

Statutory backstop dates and disclaimed audits

Statutory Instrument (2024) No. 907 - “*The Accounts and Audit (Amendment) Regulations 2024*”, imposed annual statutory backstop dates up to and including 2027/28 for the publication by the Council of its final Statement of Accounts. The Code of Audit Practice specifies that auditors are required to issue their auditor’s report before these dates, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline.

Statutory backstop dates

13 December 2024	Audits from 2015/16 to 2022/23
28 February 2025	2023/24 audit
• 27 February 2026	2024/25 audit
• 31 January 2027	2025/26 audit
• 30 November 2027	2026/27 audit
• 30 November 2028	2027/28 audit

The statutory backstops have resulted in the audits of the Council’s accounts being disclaimed for 2020/21, 2021/22, 2022/23 and 2023/24. The last clean opinion, where the closing balances were assured by the auditor, was 2019/20. The closing balances as at 31 March 2020 are therefore our required starting point for building back assurance.

Building back assurance

Government’s expectation is that auditors and councils build back assurance to enable, as soon as possible, the return to unmodified (clean) opinions. The recovery period has been designed to allow auditors to rebuild assurance for balances from disclaimed years over multiple audit cycles, reducing the risk of the backlog recurring. Because auditors will need to make prioritisation decisions to issue audit opinions ahead of the backstop dates, they may not be able to obtain sufficient evidence to support all balances nor all in-year and comparative expenditure, income, cash flow and reserves movements.

As a firm we have invested considerable resources in developing our overall response to the disclaimed periods of assurance, the impact this has on our audit responsibilities and what an indicative build-back plan may involve. Due to the complexities involved, our work has required substantially more input from senior members of the audit team than would normally be the case. PSAA has made clear that this additional work is over and above the annual scale fee.

Our planning takes into account the guidance contained in the [Local Audit Reset and Recovery Implementation Guidance](#) (LARRIG), numbers 1 to 5. LARRIGs are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG). LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England. The guidance in LARRIGs supports auditors in meeting their requirements under the Act and the [Code of Audit Practice](#) published by the NAO on behalf of the C&AG.

Building back assurance

Our planning also takes into account the guidance contained in the FRC's document [Local Audit Backlog Rebuilding Assurance](#). Alongside the backlog measures, the Government has announced its intention to 'overhaul the local audit system.'

The FRC's guidance states: *"Recovery from the backlog is a shared endeavour between auditors and local bodies. Accounts preparers have a vital part to play, providing good quality draft financial statements supported by comprehensive working papers and supporting evidence to auditors. The success of these proposals relies on both auditors and accounts preparers working closely together to agree jointly-owned delivery plans for each year's audit. Chartered Institute of Public Finance and Accountancy (CIPFA) are responsible for the production of guidance to support accounts preparers. Audit Committees should ensure that they are planning and able to play their full part in the process."*

Elements of building back assurance are subject to detailed discussion within a cross-firm working group, also attended by the FRC, known as 'the Sandbox'. We will ensure our build-back approach is fully compliant with auditing standards and, where it relies on the eventual outcome of Sandbox discussions, we will only utilise this approach where it has been endorsed by MHCLG.

As part of our work in 2023/24, we began assessing what work, carried out in 2023/24, can be used to inform the process of rebuilding assurance in future years. Where work was able to be undertaken in 2023/24, we intend to accrete this work into this and future audit periods to inform the future building back of assurance.

We will follow this same approach in 2024/25 and in future years. The build-back approach will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.

We have developed an indicative end-to-end build-back recovery plan for disclaimed audits, which is summarised on the next page.

Indicative assurance over build-back period

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	Build back of specified closing balances through in-year audit				Recovery of closing balances	Recovery of reserves and CIES
	Phase 1				Phase 2 (year and timing to be agreed with management)	Phase 3 (year and timing to be agreed with management)
	2024/25	2025/26	2026/27	2027/28		
Assurance gained over specific balance sheet closing balances which are not inherently tied to the opening balance, EXCEPT FOR pensions IAS19 balance (Phase 1a)	Yes	Yes	Yes	Yes		
Assurance gained over specific balance sheet closing balances which are not inherently tied to the opening balance, INCLUDING pensions IAS19 balance (Phase 1b)	No	Yes	Yes	Yes		
Assurance gained over comparator closing balance for specific balance sheet items not inherently tied to the opening balance (Phase 1c)	No	No	Yes	Yes		
Assurance gained over comparator opening balance for specific balance sheet items not inherently tied to the opening balance (Phase 1d)	No	No	No	Yes		
Assurance gained over balance sheet balances which are inherently tied to the opening balance – current year closing, prior year closing, prior year opening (Phase 2)					Yes	N/A
Assurance gained over general fund, earmarked reserves, unusable reserves, collection fund surplus (Phase 3)					N/A	Yes
Full assurance gained for each phase?	No	No	No	Yes	Yes	Yes
Is missing assurance pervasive?	Yes	Yes	Yes	Yes (phase 1 obtained only)	Yes (phase 1 and 2 obtained only)	No (provided also have full phase 1 and 2)
Anticipated opinion	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Disclaimer	Clean
Additional fee – disclaimer	Yes	Yes	Yes	Yes	Yes	No
Additional fee – build back					Yes	Yes



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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report **Accounting Policies 2024/25**
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 2024/25.

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 2024/25 (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 2024/25

The 2024/25 Code of Practice introduces the following new accounting standards from 1st April 2024:

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

These new standards, excluding IFRS 16 Leases, 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 had previously been deferred, is now mandatory from 1st April 2024. The Code allowed for early adoption of the standard from 2022/23, however the Council did not elect to implement the new requirements earlier than required.

The standard only relates to leases where Blaby is a 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 applied.

To support the change required by the new standard, the Council created a new Lease Policy in June 2024, attached at Appendix B.

4.4 Significant Issues

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

5. Environmental impact

- 5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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

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

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

7.1

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.

8. Other options considered

8.1 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.

9. Appendix

9.1 Appendix A – Accounting Policies 2024/25

9.2 Appendix B – Lease Policy

10. Background paper(s)

10.1 None.

11. Report author's contact details

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Katie.Hollis@blaby.gov.uk 0116 272 7739

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1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end 31 March 2025. 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 2024/25, 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.

The Council updated its Medium Term Financial Strategy in February 2025 as part of the 2025/26 budget setting process. The MTFS sets out the financial forecast for the period through to 2029/30. As has been seen in recent years, a one year Government funding settlement was received and included in the forecast. A balanced budget was set for 2025/26, which includes a contribution from Earmarked reserves to support the budget and an estimated contribution to General Fund Balances.

There is uncertainty over how changes to Business Rates Retention and the Funding and Local Government Reform will impact the Councils Financial Position, however assumptions that the Business Rates Baseline will be rebased from 1st April have been built into the MTFS. It is expected that this will lead to the loss of any growth in business rates that have accumulated since 2013/14.

The Local Government Reform is due to take place on 1st April 2028, at this point the new entity will be safe and legal. It is too early in the process to understand the impact the Local Government

Reform (LGR) will have on the Councils financial position. Once further information is available the MTFS will be revised to reflect this. It is anticipated that additional costs will be incurred relating to the development of the proposals and costs associated with delivering Local Government reform, potentially an additional contribution from reserves will be required.

Although the Council will not exist as Blaby District Council, the statutory services provided by the Council will continue under the new entity.

Therefore, the Council believes that, based on the information above, the going concern basis of accounting is appropriate for a period of at least 12 months from the date of the approval of the financial statements.

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
- unlisted 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

The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial Measurement

On transition the authority has applied the practical expedient for identifying leases. At 1st April 2024 decisions about whether existing contracts contained leases were not revisited except for nil consideration leases.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the interest rate implicit within the lease or the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee

- The exercise price under a purchase option that the authority is reasonably certain to exercise
- Lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- Assets held under non-commercial leases
- Leases where rent reviews do not necessarily reflect market conditions
- Leases with terms of more than five years that do not have any provision for rent reviews
- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- The authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- There is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- For low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges 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 adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Authority as Lessor

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. All other leases are classified as operating leases

Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 out of the General Fund balance to the deferred capital receipts reserve (England and Wales) 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 (England and Wales).

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 adjustment 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

Blaby District Council **Policy**

Lease Policy

Original Publish Date	[00/00/00]	Review Frequency	Every 3 Years	Current Version Publish Date	[00/00/00]
Approved By*	Cabinet	Approval Date*	[00/00/00]	Version Number	[001]
Author Job Title	Finance Group Manager	Service Area	Finance Services	Document Register Reference	Input by iPlan Team

*Approved by and 'approval date' are in relation to the most recent version.

Review History			
Version*	Reviewed By (Job Title)	Review Completion Date	Brief Description of Changes (add 'no changes required' if applicable)
001	Finance Group Manager		New policy.

*Version number remains the same if no significant changes are made upon review.

Document Definition / Approval & Review

Defining the document type and how it is approved and reviewed

Blaby District Council policies **‘outline a set of rules or principles that govern how the council (or services within the council) will operate’**.

Key published documents are approved for publication in line with the approval matrix illustrated in the [Key Published Document Procedure](#).

Unless agreed by exception, key published documents must be reviewed at least **every 3 years** from the date of approval.

Significant updates/changes must also seek reapproval in line with the approval matrix.

Scope

To what and to whom this policy applies

This policy applies to all assets that are held by Blaby District Council under lease agreements.

This includes, but is not limited to the following categories:

Vehicles, equipment, property, land, technology, plant, furniture, fixtures and fittings, leisure equipment.

It also covers embedded leases that may be contained within managed service contracts.

Terms & Definitions

Definition of any acronyms, jargon, or terms that might have multiple meanings.

Term	Definition
IFRS16	An International Financial Reporting Standard that governs the accounting treatment of lease transactions.
IRR	Internal Rate of Return. A measure of the profitability of potential investments.
NPV	Net Present Value. The current value of future cash inflows and outflows in today’s terms.

Section 1 Introduction – The purpose and reason for the policy.

The purpose of this policy is to ensure that the Council only enters into a lease agreement after having first considered all alternative procurement options, and with the full knowledge that it offers the best value for money.

Under IFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time. A contract can be (or may contain) a lease only if the underlying asset is 'identified'. Having the right to control the use of an identified asset means having the right to direct, and obtain all the economic benefits from, the use of that asset. These rights must be in place for a period of time and/or a specified amount of use.

IFRS16 prescribes that there are two types of leases; non-residual based, and residual based.

- **Non-residual based:** there is no assumed residual value, repayments cover all the principal with interest, there are no return conditions and there is an entitlement to any sales proceeds.
- **Residual based:** there is an assumed residual value, repayments are the principle with interest (excluding the residual value amount), there are return conditions and there is no entitlement to sales proceeds.

The accounting treatment of leases is determined by the identification of an asset within the contract, the value of the asset and the length of the use. Finance Services must be consulted at the earliest possible stage when lease agreements are being actively considered by any Services.

Section 2 – The Leasing Decision

The decision to lease should not be taken in isolation; it should involve a cost benefit appraisal of the other potential options open to the Council. Prior approval should be obtained from the Executive Director (Section 151), Executive Director (Communities), or Executive Director (Place), as appropriate, before entering into any property or non-property lease agreement.

The lead officer responsible for the lease should contact their nominated Business Accountant for advice and request that the leasing option is evaluated against outright purchase and the use of prudential borrowing to ascertain which provides the best value to the Council.

A legal view should be sought in respect of the proposed terms and conditions included in the potential lease agreement as hidden or ambiguous clauses (for example, a requirement to take out a certain insurance policy) can result in additional costs to the Council. The Executive Director (Communities) or Solicitor & Deputy Monitoring Officer should be contacted for advice on this matter.

The following are specific matters that must be considered prior to entering into a lease arrangement:

- **Financing:** With leases a third-party entity, separate from the lessor, may be responsible for the financing of the lease agreement. Officers need to be aware of this so that any financing costs are built into the overall appraisal.
- **Insurance:** All leased assets should be insured against theft, loss or damage and it is often much cheaper for the Council (through the Insurance Officer, Finance Services) to obtain cover themselves rather than to take up a policy offered by the lessor. Such considerations will need to be examined as part of the cost-benefit analysis undertaken by Finance Services, which should consider cost against the level of cover required. (Some lessors require lessees to insure the leased assets in joint names).
- **Setting Off of Payments:** A lease may allow the lessor to set off any payments due to the Council in respect of separate goods/contracts with the same lessor. This is not permitted, and this type of agreement must not be accepted.
- **Early Settlement:** Terminating a leasing agreement before its expiry date can result in a range of financial penalties against the Council. Before a lease is terminated prematurely, an estimate of the costs involved should be obtained from the lessor. These costs should be compared to the costs of maintaining the lease for the remainder of the lease agreement to ensure the termination of the lease is cost effective. This should then be discussed with Finance Services before a final decision is agreed with the lessor.

- **Duration of the Lease and Termination Provisions:** Often there is a requirement to give notice rather than the lease terminating automatically on a specified date at the end of an initially agreed period. Care should be taken to ensure that a lease is terminated at the end of the primary leasing period.
- **Secondary Rentals:** Secondary rentals occur after the initial fixed primary period when a reduced rental may apply if the lessee wishes to continue to utilise the asset. While this may bring obvious benefits it should be noted that increased costs might arise from continuing to use equipment that is obsolete and in continuing need of repair. In some contracts, the secondary rental period continues automatically if the lessee fails to give the correct notice to end the lease agreement to the lessor.
- **The End of the Lease Period:** This would include any requirements for the condition of the equipment/goods at the end of the lease and whether any claim will be made against the Council if the equipment/goods do not meet the required standard. If there is a requirement to purchase the asset at the end of the lease term, the purchase price will be negotiated with the lessor by Finance Services on the Council's behalf.
- **Retention of an asset at the end of the lease period:** At the end of the lease period the Council may wish to retain the asset. This may be possible and if so the value of the asset should be identified before the purchase is agreed. In some cases, the residual value of the asset will be agreed when the contract is being put in place. Prior to the agreement to purchase any leased asset Finance Services should be contacted to discuss any financial implications resulting from the purchase of the assets.
- **Specialist Leasing Companies:** If a specialist lease advising company was used to arrange the lease, they should be contacted to negotiate the residual costs of the assets.

Section 3 – The Procurement Process

Officers are reminded that the procedures laid down in the contract procedure rules must be followed in all cases of the leasing of assets. These can be found in Part 11 of the Council's Constitution on iBlaby.

If officers wish to consider, as part of the procurement, leasing as a viable option they must ensure that tenders/quotations specifically request suppliers to provide the leasing options available, including but not limited to:

- rental payment and payment dates,
- rental review dates,
- break options,
- indexation details
- dismantling costs,
- capital cost/fair value of asset,
- residual value,
- interest rate implicit in the lease,
- initial payments.

For all non-property contracts being considered for leasing where the "right of use" asset is estimated to have a purchase price of over £10,000 an appraisal should take place through Finance Services to evaluate whether leasing offers the best value for money.

Finance Services will appraise and evaluate the lease by calculating the Net Present Value (NPV). All payments and income have a "time value of money". This means that payments and income made in the future are worth less than if they were paid today because of inflation and other economic impacts. Net present value is a formula used to calculate the current value, in today's money, of all future cashflows.

The cost of the lease will be compared against the NPV of all the future borrowing costs to determine whether leasing or borrowing is the most cost-effective option.

Section 4 – Financial Information and Record Keeping

Accounting rules require certain information to be disclosed in the notes to the annual Statement of Accounts in respect of leased assets. To enable these obligations to be met a database, containing the following information, will be maintained by Finance Services:

- Contract reference number.
- Full details of the lessor.
- Asset type leased and description of the asset including asset number or unique identification details.
- Start and end date of the lease.
- The minimum term and the full lease term (the minimum term + any extension periods).
- The rental payment amounts, with payment profile and payment dates.
- Rent review dates, break options, indexation details of payments.
- Maintenance costs, dismantling costs, and residual values.
- Capital cost/fair value of the asset.
- The interest rate implicit in the lease (IRR).
- Any initial payments.
- Payment reference number from the Financial Management System.
- Location of the asset and evidence of an annual inspection.

Officers are required to provide Finance Services with the above details once a lease has been completed. Officers are reminded that they must comply with the Financial Regulations when leasing assets, particularly in respect of Orders for Work, Goods and Services and the Payment of Accounts. The original lease document should be retained and must be available for inspection at all times. A copy should be forwarded to Finance Services so that it can be stored in the central database.

All non-property leasing contracts with a value of £10,000 or over should be in writing and in a form approved by the Executive Director (Section 151), Executive Director (Communities), or Executive Director (Place) on behalf of the Council. All property leasing contracts should be in writing and in a form approved by one of the Directors.

On receipt of an invoice in respect of lease payments responsible officers should cross check this to the schedule of expected payments any discrepancies should be queried with the lessor immediately.

Section 5 – Equalities Impact Assessment

Not applicable.

Section 6 – Carbon Neutral / Net Zero Benefits

Not applicable.

Section 7 – Exceptions (if applicable)

Not applicable.

Appendices

None.

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report 2025-26 Internal Audit Annual Audit Plan
Report Author Shared Service Audit Manager

1. What is this report about?

- 1.1 The report outlines the proposed 2025/26 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 2025/26 Internal Audit Annual Audit Plan be approved.

3. Reason for Decision(s) Recommended

- 3.1 To comply with the Global Internal Audit Standards and the CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector.

4. Matters to consider

4.1 Background

The Global Internal Audit Standards in the UK Public Sector 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 – 2025/26 Internal Audit Annual Audit Plan

10. Background paper(s)

[Global Internal Audit Standards](#)
[CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector](#)

11. Report author's contact details

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INTERNAL AUDIT SHARED SERVICE

Blaby District Council

2025/26 Internal Audit Annual Plan

1. INTRODUCTION

- 1.1 The Global Internal Audit Standards in the UK Public Sector require the Chief Audit Executive (the Audit Manager for this Council) to create an internal audit plan that supports the achievement of the organisation's objectives. This document sets out the background and the approach to producing the annual plan, with the 2025/26 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 details the:
- Purpose of Internal Auditing.
 - Commitment to adhering to the Global Internal Audit Standards.
 - Mandate, including scope and types of services to be provided, and the Board's responsibilities and expectations regarding management's support of the internal audit function.
- 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 2025/26. 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 Global Internal Audit Standards in the UK Public Sector.

- 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 Global Internal Audit Standards in the UK Public Sector state that

"The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:

- *The impact of any resource limitations on internal audit coverage.*
- *The rationale for not including an assurance engagement in a high-risk area or activity in the plan.*
- *Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.*
- *Limitations on scope or restrictions on access to information."*

The Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2025/26. 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 2025/26 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). An IT audit contractor will carry out the IT audit. Table 1 shows a calculation of the available audit days for 2025/26, this does not include the days for the IT auditor.

Table 1: Resources Available

Available Days	310
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit/ Audit related meetings	49
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	9
Available Audit Days	252

3.3. Internal Audit Annual Plan 2025/26

- 3.3.1 The proposed 2025/26 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: 2025/26 Annual Audit Plan

Risk Based Audit Work 2025/26 (see Appendix A)	207
Completion of 2024/25 Outstanding Audits	8
Follow up reviews	7
Advisory – Ad hoc	6
NFI, Fraud	6
Global Internal Audit Standards in the UK Public Sector	9
Stock takes/Strong Room Records	2
Contingency	7
Total Audit Days	252

- 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.

2025/26 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	STRATEGIC THEMES	RISK REGISTER (WHERE APPLICABLE)	CORPORATE SIGNIFICANCE	PLANNED AUDIT DAYS
ICT & TRANSFORMATION						
IT Key Controls	Audit	TBC	5	R017, R018	High	10
Subtotal						10
NEIGHBOURHOOD SERVICES & ASSETS						
Food Waste Project	Advisory	As required	1		High	3
Subtotal						3
ENVIRONMENTAL HEALTH, HOUSING & COMMUNITY SERVICES						
Disabled Facilities Grant Determinations	Grant	Q2	1		Medium	3
Green Strategy	Audit	Q2	2	R021	Medium	10
Home Support Grant	Audit	Q3	1	R130	Medium	5
Licensing (Street Trading)	Audit	Q4	2,4	R008	Medium	1
Subtotal						19
CORPORATE SERVICES & MONITORING OFFICER						
Data Protection	Audit	Q3	All	R008	High	15
Subtotal						15
FINANCE						
Key Financial Systems	Audit	Q3/Q4	All	R008, R160,	High	49
Insurance	Audit	Q2	All	R004	Medium	8
Benefits Subsidy	Advisory	As required	1,5	R004	Medium	5
Subtotal						62
ASSETS & MAJOR PROJECTS						
Community Development	Audit	Q3	1,3		Medium	12
UKSPF	Audit	Q1	3		Medium	8

						Subtotal	20
PLANNING & STRATEGIC GROWTH							
Planning (2 audits)	Audit	Q2 & Q4	2,3	R002	High	30	
						Subtotal	30
CROSS CUTTING							
Culture	Audit	Q1/2	All	R022	High	15	
Fleet Management and Grey Fleet	Audit	Q2	4,5	R011	High	10	
Devolution/ LGR	Advisory	As required	All	R165	High	4	
Procurement and Contract Management	Audit	Q1	All	R008	High	15	
Devolution and LGR Support	Advisory	As required	All		Medium	4	
						Subtotal	48
						Total	207

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

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting	28 April 2025
Title of Report	Annual Report of the Audit & Corporate Governance
Report Author	Committee 2024-25 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*.

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 2024-25.

10. Background paper(s)

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

11. Report author's contact details

Cllr Mike Shirley Chair of Audit & Governance Committee

Kerry Beavis Shared Service Audit Manager
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AUDIT & CORPORATE GOVERNANCE COMMITTEE
ANNUAL REPORT
2024/25

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FOREWORD

As Chair of the Audit and Corporate Governance Committee, it is my duty to commend the 2024/25 Audit Committee Annual Report.

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 2024/25. As we embark on the next phase for the Committee, we recognise that we are in a period 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.

Effective audit committees build strong relationships, so we intend to collaborate with management, external auditors, and other stakeholders.

I would like to note our thanks to Nick Brown, Group Manager for Finance, who retired in June 2024, for all of his hard work, support and dedication to Blaby District Council and in particular to the audit committee. I would also like to welcome Katie Hollis to the post of Group Manager for Finance and thank her for the smooth transition, especially during the transfer of external audit responsibilities from Ernst & Young to Azets.

I would like to thank both the officers' and the independent member for their support in providing the committee, as a whole and as individuals, the confidence to challenge officers on the reports presented to ensure clarity and understanding.

I would also like to compliment the finance section on the production of the accounts, considering the challenges that have been faced over the previous few years.

Cllr Mike Shirley

Chair, Audit and Corporate Governance Committee

April 2025

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 of 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) Received and approved the outstanding accounts for 2020/21, 2021/22, 2022/23 from the outgoing external auditors, Ernst & Young.
- b) Received and approved the accounts for 2023/24 from the incoming external auditors, Azets.
- c) The backstop dates for all of the above accounts were met through the hard work and determination of the finance section.
- d) Received risk register updates at each of its meetings.
- e) Training received for Committee Members.
- f) Received and approved the Internal Audit Plan for 2024/25.

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 audited Statement of Accounts for 2020/21, 2021/22 and 2022/23 prepared by the external auditors, Ernst & Young.
- c) Received and approved the Statement of Accounts for 2023/24 prepared by the external auditors, Azets.
- d) The annual audit report 2023-24 from the external auditors will be presented to the audit committee in April 2025, along with the Audit Plan for 2024-25.
- e) Received updates on a regular basis on the build back and backstop dates in relation to the audit assurance of the statement of accounts.

3.2 INTERNAL AUDIT

- a) Continued to oversee the internal audit arrangements for the Council.
- b) Received and approved the Internal Audit Annual Report for 2023/24. 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 2024/25. 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 2024/25 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.

- b) Received quarterly 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.

3.4 CORPORATE GOVERNANCE

- a) Ensured the work plan for the year ahead, covered all relevant areas during the year.
- b) Reviewed the Annual Governance Statement prior to it being considered by Cabinet in July.

3.5 FINANCE

Reviewed and approved the proposed Accounting Policies to be used in the preparation of the 2023/24 Statement of Accounts.

4. LOOKING FORWARD

- a) The Committee has approved the work programme for the 2025/26 financial year, setting out the receipt of regular update reports and annual assurance reports.
- b) The Committee will continue to closely monitor the publishing of the Council's Statement of Accounts.
- c) The Committee will receive updates on how assurance will be built back following the disclaimed statements of accounts in previous years, due to the audit delays
- d) Continued training and development of Members in line with the CIPFA Position Statement.
- e) Begin the recruitment of a second independent person to the Committee following the update of the skills and knowledge audit for committee members.
- f) Continue to review the functions of the Committee in line with the CIPFA Position Statement.
- g) Ensure that as a committee will meet the requirements of the Global Internal Audit Standards in readiness for the external assessment towards the end of the year.

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.

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report Internal Audit Charter
Report Author Shared Service Audit Manager

1. What is this report about?

- 1.1 The report contains the updated Internal Audit Charter that the Audit Committee to review and approve.

2. Recommendation(s)

The Committee is asked to approve the Internal Audit Charter

3. Reason for Decision(s) Recommended

- 3.1 One of the core functions of the Committee, as defined within its terms of reference, is to approve the Internal Audit Charter which includes the internal audit mandate and the scope and types of internal audit services (an essential condition of the Global Internal Audit Standards).

4. Matters to consider

4.1 Background

In accordance with the Global Internal Audit Standards (GIAS), the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter. For local government bodies, this is complemented by the CIPFA Application Note and Code of Practice for the Governance of Internal Audit in UK Local Government (the Code). Whilst the Council's Internal Audit Service has always had a Charter (approved on an annual by the Audit and Corporate Governance Committee), the introduction and requirements of the GIAS has presented an opportunity to review and reshape its contents, and remind and engage with senior management on the internal audit mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications.

4.2 Relevant Consultations

The Senior Leadership Team have been consulted at their SLT meeting on 18 March 2025

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 – Internal Audit Charter

10. Background paper(s)

[Global Internal Audit Standards](#)

[CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector](#)

[CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government](#)

11. Report author's contact details

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Blaby District Council

Internal Audit Charter

Original Publish Date	May 2020	Review Frequency	Annual	Current Version Publish Date	
Approved By*	Choose an item.	Approval Date*		Version Number	004
Author Job Title	Audit Manager	Service Area	Audit	Document Register Reference	A 972

*Approved by and 'approval date' are in relation to the most recent version.

Review History			
Version*	Reviewed By (Job Title)	Review Completion Date	Brief Description of Changes (add 'no changes required' if applicable)
1	Audit Manager	May 2020	Aligned Charter for all authorities.
2	Audit Manager	Sept 2021	Reference to Seven Principles of Public Life added. Section 13 changed from Consulting and Advisory work to Nature of Services, assurance definition added (13.1) and the purpose of our work explained (13.2). 9.4 added to confirm approach to work for organisations outside of the shared service.
3	Audit Manager	Sept 2022	Change of audit committee name.
3	Audit Manager	Sept 2023	No changes required.
4	Audit Manager	March 2025	Updated to Charter to align with the new Global Internal Audit Standards and the CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector.

Document Definition / Approval & Review

Defining the document type and how it is approved and reviewed

The Internal Audit Charter will be reviewed on an annual basis and presented to the Audit and Corporate Governance Committee for approval.

Scope

To what and to whom this procedure applies

This document outlines the purpose, authority, and responsibility of the internal audit function.

Terms & Definitions

Definition of any acronyms, jargon, or terms that might have multiple meanings.

Term	Definition
GIAS	Global Internal Audit Standards

Sections

Section 1 Introduction

- 1.1 The Accounts and Audit Regulations 2015 place a statutory duty on the Council to undertake an internal audit of the effectiveness of its risk management, control, and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account Public Sector Internal Audit Standards, now replaced by the Global Internal Audit Standards, or guidance.
- 1.2 The Global Internal Audit Standards in the Public Sector (GIAS) requires the Chief Audit Executive to develop and maintain an Internal Audit Charter. The Internal Audit Charter must set out the internal audit function's
 - Purpose;
 - Commitment to adhere to the Global Internal Audit Standards;
 - Mandate, including the scope and types of services to be provided, and the organisation's responsibilities and expectations regarding management's support of the internal audit function: and
 - Organisational position and reporting relationships.

The Chief Audit Executive is required to periodically review the Charter and present it to Senior Management and the 'Board' for approval. Final approval of the Charter resides with the 'Board'.

- 1.3 The Charter establishes the Internal Audit activity's position within the Council, including the nature of the Chief Audit Executive's functional reporting relationship with the Board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Section 2 – Definitions

- 2.1 In line with the GIAS:

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

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

The Board – Highest-level body charged with governance, such as:

- A board of directors.
- An audit committee.
- A board of governors or trustees.
- A group of elected officials or political appointees.
- Another body that has authority over the relevant governance functions.

At this Council this shall mean the Audit and Corporate Governance Committee.

Senior Management – The highest level of executive management of an organisation that is ultimately accountable to the Board for executing the organisation's strategic decisions, typically a group of persons that includes the chief executive officer or head of the organisation.

At this Council this shall mean the Senior Leadership Team.

Chief Audit Executive –The leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with Global Internal Audit Standards in the Public Sector. The specific job title and/or responsibilities may vary across organisations.

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

Section 3 – Purpose of Internal Audit

- 3.1 The purpose of the internal audit function is to strengthen Blaby District Council's ability to create, protect, and sustain value by providing the Audit and Governance committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances Blaby District Council's:

- Successful achievement of objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Global Internal Audit Standards in the Public Sector which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the audit committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Section 4 – Commitment to Adherence to the Global Internal Audit Standards in the UK Public Sector

- 4.1 The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report annually to the Audit and Governance Committee and senior management regarding the internal audit function's conformance with the Global Internal Audit Standards in the Public Sector, which will be assessed through a quality assurance and improvement programme.

Section 5 – Mandate

- 5.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, this Charter and the Council's Constitution.
- 5.2 The Accounts and Audit Regulations 2015 place a statutory duty on the Council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account Global Internal Auditing Standards and guidance.
- 5.3 Internal Audit staff have the authority to:

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

- 5.4 The Chief Audit Executive shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.
- 5.5 All employees and members are requested to assist the Internal Audit activity in fulfilling its roles and responsibilities.
- 5.6 The Internal Audit activity will govern itself by adherence to the Global Internal Audit Standards in the UK Public Sector. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.
- 5.7 The service, and individual staff, will be governed by the Code of Ethics of the relevant professional bodies of which they are a member in addition to the Core Principles for the Professional Practice of Internal Auditing and the Code of Ethics from the International Professional Practices Framework. The Core Principles are:
1. Demonstrates integrity.
 2. Demonstrates competence and due professional care.
 3. Is objective and free from undue influence (independent).
 4. Aligns with the strategies, objectives and risks of the organisation.
 5. Is appropriately positioned and adequately resourced.
 6. Demonstrates quality and continuous improvement.
 7. Communicates effectively.
 8. Provides risk-based assurance.
 9. Is insightful, proactive, and future-focused.
 10. Promotes organisational improvement.
- 5.8 Internal Auditors who work in the public sector must also have regard to the Committee on Standards in Public Life's Seven Principles of Public Life, information on which can be found at www.public-standards.gov.uk.

Section 6 – Independence, Organisational Position, and Reporting Relationships

- 6.1 The Chief Audit Executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)
- 6.2 Day to day management of the Internal Audit team will be performed by the Chief Audit Executive. The Chief Audit Executive reports to the Board for organisational purposes but will report significant audit findings and audit progress directly to the Section 151 Officer. The Chief Audit Executive will keep the Section 151 Officer, and the Board informed of progress and developments on a regular basis.

- 6.3 The Internal Audit team is employed by North West Leicestershire District Council and sits within the Resources Service, reporting to the Director of Resources (S151). The performance of Internal Audit is also monitored by the Strategic Director who is the contract manager.
- 6.4 The Chief Audit Executive has free and unfettered access to the Chief Executive, Section 151 Officer, Monitoring Officer and Chair of the Audit Committee. The Chief Audit Executive will communicate and interact directly with the Board, including in and between Board meetings as appropriate.
- 6.5 The Chief Audit Executive will confirm to the Board, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Chief Audit Executive will disclose to the board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

Section 7 – Changes to the Mandate and Charter

- 7.1 Circumstances may justify a follow-up discussion between the Chief Audit Executive, Board, and Senior Management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:
- A significant change in the Global Internal Audit Standards.
 - A significant acquisition or reorganisation within the organisation.
 - Significant changes in the Chief Audit Executive, Board, and/or Senior Management.
 - Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
 - New laws or regulations that may affect the nature and/or scope of internal audit services.

Section 8 – Board Oversight

- 8.1 To establish, maintain and ensure that Blaby District Council's internal audit function has sufficient authority to fulfil its duties, the Board will:
- Discuss with the Chief Audit Executive and Senior Management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
 - Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the Board, including in private meetings without Senior Management present, if necessary.
 - Discuss with the Chief Audit Executive and Senior Management other topics that should be included in this Charter.
 - Participate in discussions with the Chief Audit Executive and Senior Management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
 - Approve the internal audit function's Charter, which includes the internal audit mandate and the scope and types of internal audit services.
 - Annually review this Charter with the Chief Audit Executive to consider changes affecting the organisation, such as the employment of a new Chief Audit

Executive or changes in the type, severity, and interdependencies of risks to the organisation; and approve the Charter.

- Approve the risk-based internal audit plan.
- Receive communications from the Chief Audit Executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement programme has been established and review the results annually.
- Make appropriate inquiries of Senior Management and the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

While the intent of the Global Internal Audit Standards is for the Board to have budgetary, expenditure, and hiring authority over the Internal Audit Service, this is not the reality in the public sector. The following points aim to partially address the requirements of the Global Internal Audit Standards.

- Provide input to the Internal Audit function's human resources administration and budgets.
- Review the Internal Audit function's expenditure.
- Provide input to Senior Management on the appointment and removal of the Chief Audit Executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Review and provide input to Senior Management on the Chief Audit Executive's performance.

Section 9 – Chief Audit Executive Roles and Responsibilities

9.1 Ethics and Professionalism

The Chief Audit Executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards in the Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

9.2 Objectivity

The Chief Audit Executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Chief Audit Executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Blaby District Council.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Blaby District Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Chief Audit Executive, Board, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

9.3 Managing the Internal Audit Function

The Chief Audit Executive will be professionally qualified (CIMA, CCAB or equivalent) and have wide Internal Audit and management experience, reflecting the responsibilities that arise from the need to liaise with Members, Senior Management and other professionals, both internally and externally.

The Chief Audit Executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Board and Senior Management. Discuss the plan with the Board and Senior Management and submit the plan to the Board for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Board and Senior Management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Blaby District Council's business, risks, operations, programmes, systems, and controls.
- Communicate with the Board and Senior Management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Board and Senior Management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Blaby District Council and communicate to the Board and Senior Management as appropriate.
- Consider emerging trends and successful practices in internal auditing.

- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Shared Partnership's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Board and Senior Management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to Senior Management and if necessary escalated to the Board.

9.4 **Communication with the Board and Senior Management**

The Chief Audit Executive will report periodically to the Board and Senior Management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards in the Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Board.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Blaby District Council's risk appetite.

9.5 **Quality Assurance and Improvement Programme**

The Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function.

The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing.

Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Chief Audit Executive will communicate with the Board and Senior Management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Blaby District Council; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Section 10 – Scope and Types of Internal Audit Services

- 10.1 The scope of internal audit services covers the entire breadth of the organisation, including all of Blaby District Council's activities, assets, and personnel.

The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board and management on the adequacy and effectiveness of governance, risk management, and control processes for [name of organisation].

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal Audit work will usually include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risk associated with areas under review and making proposals for improving the management of risks;
- appraising the effectiveness and reliability of the risk management framework and recommending improvements where necessary;
- assisting management and members to identify risks and controls with regard to the objectives of the Council and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations and programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and
- reviewing the operations of the Council in support of the Council's Anti-Fraud and Corruption policy.

Section 11 – Role of Internal Audit in Fraud-Related Work

- 11.1 The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with Senior Management. An annual programme of internal audits is designed to assist this process by highlighting areas where controls are inadequate or are not operating.
- 11.2 All fraud investigations will be conducted in accordance with the Council's Constitution, Anti-Fraud and Corruption Policy and the Confidential Reporting (Whistleblowing) Policy.

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

Section 12 – Records Retention

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

Section 13 – Review

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

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Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report Internal Audit Progress Report 2024/25 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 2024/25 and to highlight incidences of any significant control failings or weaknesses that have been identified between 1 January 2025 and 31 March 2025 (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 Corporate Governance 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 Corporate Governance Committee approved the 2024/25 audit plan on 22 April 2024. This is the fourth progress report for 2024/25.

4.2 Progress Report

The Internal Audit Progress Report for the period from 1 January 2025 and 31 March 2025 (Q4) is attached at Appendix 1.

4.3 Relevant Consultations

The report was presented to the Senior Leadership Team on 18 March 2025.

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 2024/25 Q4.

10. Background paper(s)

Public Sector Internal Audit Standards.

11. Report author's contact details

Kerry Beavis
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INTERNAL AUDIT SHARED SERVICE

Blaby District Council

Internal Audit Progress Report 2024/25 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 2024/25 Internal Audit Plan up to 31 March 2025.

2 Internal Audit Plan Update

- 2.1 The 2024/25 audit plan is included at Appendix A for information and shows the audits in progress.

Since the last update report seven final reports have been issued. The executive summaries for the reports are included at Appendix B.

3 Internal Audit Recommendations

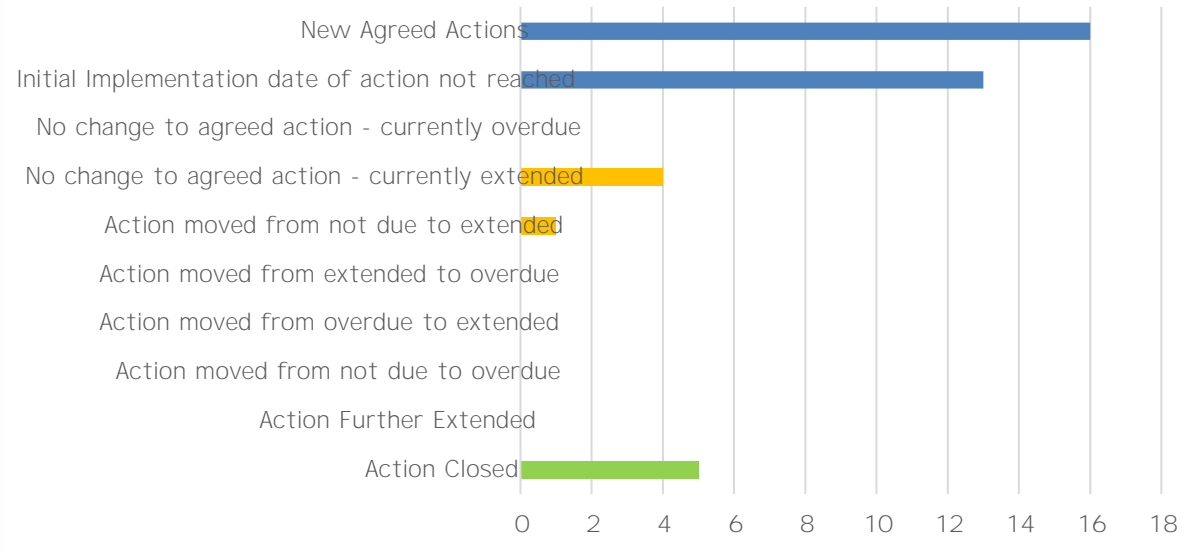
- 3.1 Internal Audit monitor and follow up all critical, high and medium priority recommendations. Further details of extended recommendations are detailed in Appendix C for information.

Year	Not Due		Extended		Overdue	
	High	Medium	High	Medium	High	Medium
22/23	-	-	3	1	-	-
23/24	-	-	-	-	-	-
24/25	2	11	-	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.

Action Movement During Quarter 4

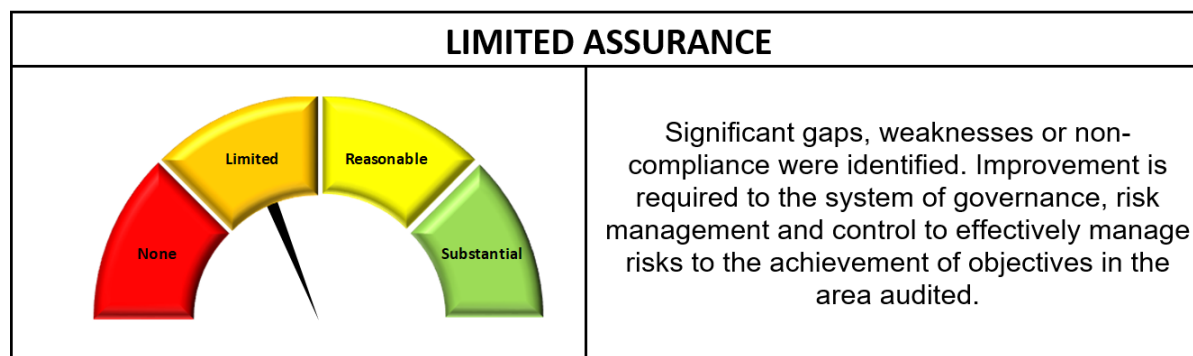


2024/25 AUDIT PLAN PROGRESS

Audit Area	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations				Comments
						C	H	M	L	
HR	Audit	8	11	Completed	Limited	-	2	6	2	
IT Asset Management	Advisory	5		As required						
IT Implementation Support	Advisory	4		As required						
Customer Complaints	Audit	8	0.5	In progress						
Parks & Open Spaces	Audit	10	8	Completed	Reasonable	-	-	3	-	
Disabled Facilities Grant Determinations	Grant	3	3	Completed	N/A					
Building Control	Audit	10	10	Completed	Reasonable	-	-	4	-	
Lightbulb	Advisory	3		As required						
Licensing	Audit	8	3	In progress						
Temporary Accommodation	Audit	10	5	In progress						
Safeguarding Process	Audit	5	2.5	In progress						There has been a change of focus in this area, and it has been agreed the audit will now become advisory to support the work in progress.
Implementation of Elections Act	Audit	3	3	Completed	Substantial	-	-	-	-	
Service Planning & Performance	Audit	8	15	Review						
Benefits	Audit	5	2.5	Completed	Reasonable	-	-	1	-	
Council Tax	Audit	8	9.5	Draft	Reasonable					This will be finalised by the end March
NNDR	Audit	3	2.5	Completed	Reasonable	-	-	1	-	
Creditors	Audit	4	5	Completed	Reasonable	-	-	1	-	
Debtors	Audit	4	3	Completed	Reasonable	-	-	-	-	
Main Accounting	Audit	4	7	Completed	Reasonable	-	-	3	-	

Payroll	Audit	4	1	In progress						
Treasury Management	Audit	9	1	In progress						
Property Services Compliance	Audit	15	14	Draft	Reasonable					
Planning	Audit	15		Q4						Carried forward to 2025/26
Culture	Audit	8		Q2/3						Carried forward to 2025/26
Garden Waste Collection	Audit	5	1.5	Completed	Reasonable	-	-	-	-	Addition to the plan
Benefits Subsidy	Advisory		5							Addition to the plan

HR



Key Findings

Areas of positive assurance identified during the audit:

- A Policy and Procedure Action Plan is in place to review and update the existing key documents.
- Automatic notifications are issued to key services as part of the starter and leaver processes.

The main areas identified for improvement are:

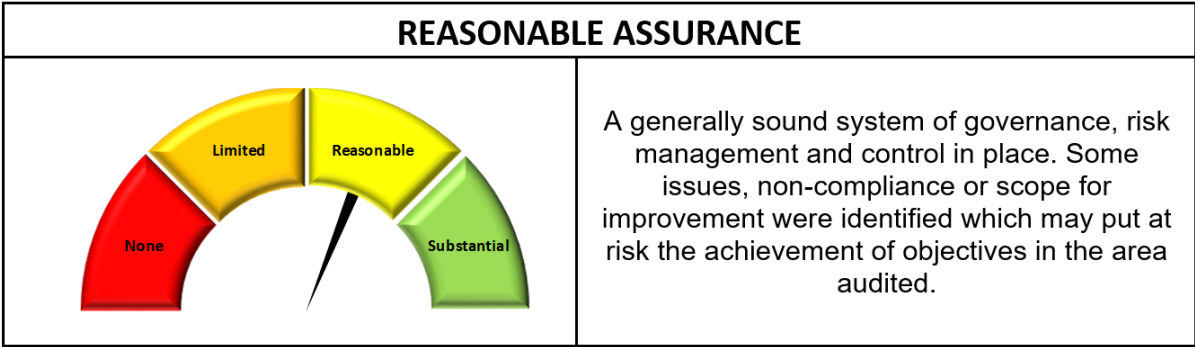
- Pre-employment checks.
- The management of long term sickness absence.
- The policy and procedures relating to market supplements.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Officers are reminded of the correct procedure and additional training is delivered if required.	Medium	<p>Managers have been reminded at the Service Managers meeting on 7 Nov 2024.</p> <p>HR will refer applications back to the relevant recruiting manager if gaps have been identified.</p> <p>DBS guidance does not support copying the certificate. However, the proposed revised process will keep a record on iTrent of the DBS reference number and the outcome, purpose of the check and the dates that it is valid for.</p> <p>This will allow it to be managed by the manager of those staff members.</p> <p>HR have engaged with the system provider to get the consultant days to implement this ability in iTrent.</p>	<p>N/A</p> <p>HR Advisor</p>	<p>Implemented</p> <p>April 2025</p>
2. A document naming and retention procedure for HR employee records is agreed, documented and communicated to all relevant staff in order to provide a clear and consistent audit trail.	Low	Agreed, work is in hand to ensure there are no duplicate copies and documents will be referenced consistently going forward.	HR Services Manager	June 2025
3. The automatic notification process is reviewed to eliminate duplication and ensure that notifications are sent to a generic departmental email address for each relevant service.	Medium	The process will be reviewed following ICT moving in house	HR Services Manager	September 2025

<p>4. Manager notifications are redirected to an alternative officer in the event of absence.</p>	<p>Medium</p>	<p>There is a documented process in place (within the iTrent guide). HR advisors have reminded managers at their regular meetings of this capability in the system.</p> <p>There isn't agreement that manager notifications should be redirected as a matter of course.</p> <p>Leaver notifications come in advance of the event and managers make the necessary arrangements should they be absent.</p> <p>Likewise where officers wish to hand in their notice which isn't done electronically they either notify HR or another senior person in their own manager's absence.</p>	<p>HR Services Manager/ HR Advisors</p>	<p>Implemented</p>
<p>5. Sickness absence is managed in accordance with a robust and detailed documented process to ensure consistency, with action being taken within the agreed timescales, and any deviation from the procedure fully documented and relevantly approved.</p>	<p>High</p>	<p>The two cases highlighted were known to management and the decision taken to extend the interval between stages of the procedure.</p> <p>The Sickness Absence and Reporting documents are currently being reviewed and updated.</p> <p>Following the approval of the documents managers will be advised of the updated process.</p>	<p>HR Services Manager</p>	<p>April 2025</p>

6. Exception reports are run periodically to identify absences which have not been approved and recorded in accordance with procedure.	Medium	Exception reports will be run quarterly, starting April 2025, and any queries will be referred to the relevant Service Manager.	HR Services Manager	April 2025
7. The request and approval process for Union work absences is agreed, documented and made available to all relevant staff.	Medium	Internal guidance will be developed and will follow enactments from the Employment Rights Bill (Oct 2024).	HR Services Manager	October 2025
8. The procedure is updated to reflect the current organisational structure and consideration is given to including details of the approval process required to extend an honorarium which was originally approved for less than twelve months.	Low	Agreed. The existing procedure will be revised as part of the policy/procedure action plan work	HR Services Manager	August 2025
9. A formal policy on the use of market supplements should be implemented. The policy should be supported by a detailed procedure in respect of the full process for market supplements and further awards.	High	Key elements currently required by the CE and Directors to consider Market Supplements i.e. evidence of recruitment difficulties and examples of market salaries will be considered to be developed into a process. This will be considered by SLT and updated as appropriate.	HR Services Manager/ Group Manager ICT and Transformation	October 2025
10. Review dates are monitored via the HR/Payroll system.	Medium	This will be reviewed in conjunction with Finance.	HR Services Manager	October 2025

PARKS AND OPEN SPACES



Key Findings

Areas of positive assurance identified during the audit:

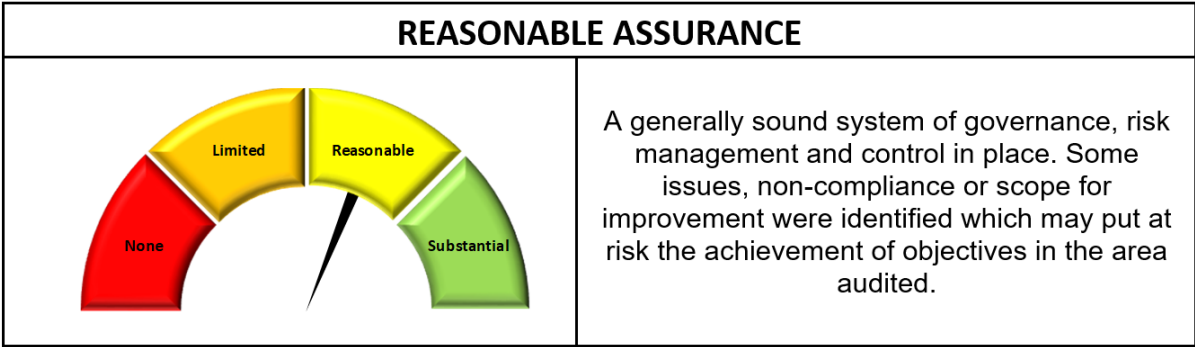
- The Parks and Open Spaces strategy is up to date and has been formally approved and published as required.
- Inventories of plant and equipment are maintained.
- Assets and pesticides are stored securely.
- Performance is effectively managed, monitored and reported.
- Health and safety risks are adequately managed.

The main area identified for improvement is:

- The civil contingency arrangements

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. An interim solution to increase resilience in the short term is put in place pending a full review of the working hours, roles and responsibilities within the team.	Medium	Due to long term absence only one person has been on call over the last 18 months. An additional person has been seconded as an interim measure.	Parks and Open Spaces Manager	Complete.
2. The temporary arrangements are monitored to determine if additional resources are required to provide adequate resilience and comply with the Working Time Regulations.	Medium	The temporary measure will be reviewed periodically over the next 12 months.	Parks and Open Spaces Manager	In progress. The final review will be completed in December 2025
3. Payments in respect of standby and call out responsibilities are in accordance with the corporate policy.	Medium	To be completed as part of the review process.	Parks and Open Spaces Manager in conjunction with the HR Service Manager	December 2025

BENEFITS



Key Findings

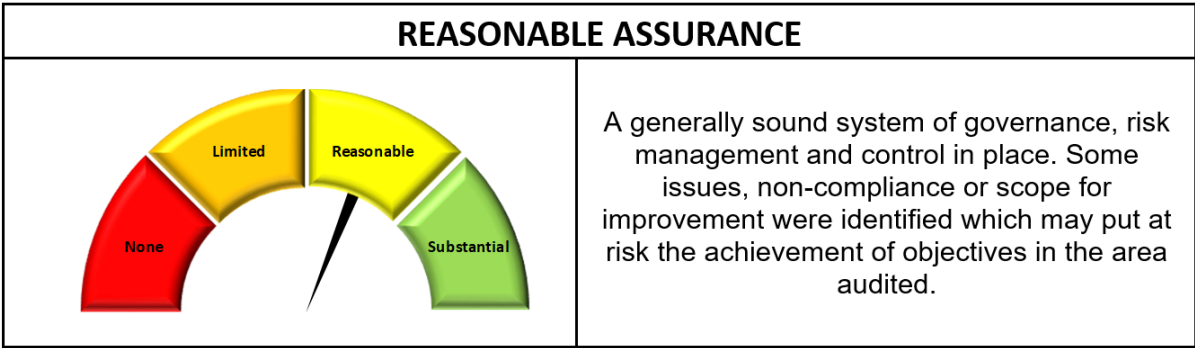
Areas of positive assurance identified during the audit:

- Procedures are in place, up to date and accessible to all relevant staff.
- System parameters were updated for 2024/25 as expected.
- Monitoring checks have been completed as required for new starters.
- System access is appropriately managed.

The main area identified for improvement is:

- The supervisory monitoring process

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. Consideration is given to reviewing the monitoring process to ensure that it is relevant, proportionate and effective throughout the Council Tax and Benefits service.	Medium	Agreed.	Council Tax and Benefits Service Manager	June 2025



Key Findings

Areas of positive assurance identified during the audit:

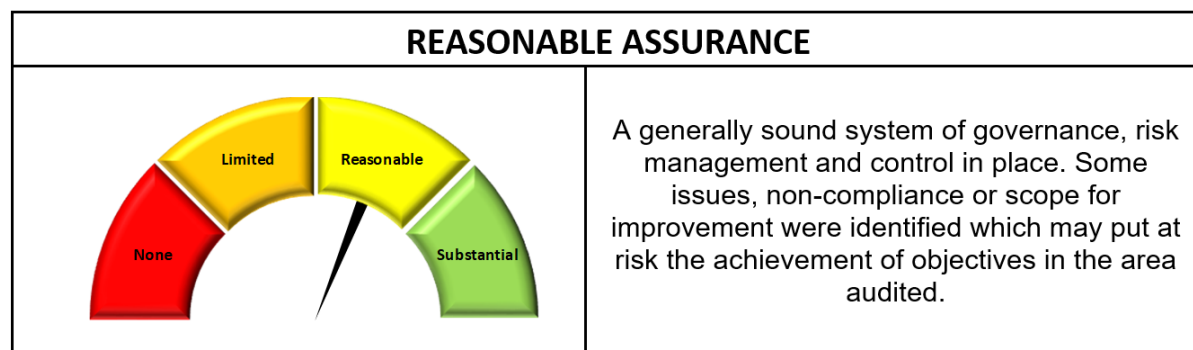
- Procedures are in place, up to date and accessible to all staff.
- The system parameters were updated for 2024/25 in accordance with legislation.
- The NNDR system is regularly reconciled to Valuation Office reports, its feeder systems and the general ledger.
- The suspense account is regularly reviewed and cleared.
- System access is appropriately managed.

The main area identified for improvement is:

- Supervisory monitoring

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
Monitoring checks are completed and recorded in accordance with procedures.	Medium	<p>Agreed. The monitoring records will be regularly checked by the Senior Team Leader to ensure compliance going forward.</p> <p>The issue was due to the additional workload involved in the recent implementation of two new systems.</p>	Council Tax and Benefits Service Manager	Immediate and ongoing.

MAIN ACCOUNTING



Key Findings

Areas of positive assurance identified during the audit:

- Written procedure guides are comprehensive, relevant and accessible to staff.
- The budget setting and approval process is completed adequately.
- Opening balances are brought forward correctly.

The main areas identified for improvement are:

- Completion of control account reconciliations.
- The recording and monitoring of virement transactions.

Recommendation	Priority	Response/Agreed Action	Officer Responsible	Implementation Date
1. All outstanding cash receipting reconciliations are completed and a process put in place to ensure they are undertaken promptly.	Medium	Agreed – Officers are working to bring the backlog up to date.	Accountancy Services Manager	April 2025
2. Virements are appropriately approved and monitored.	Medium	A quarterly report of all virements will be produced and reviewed to ensure overall movements are appropriately authorised.	Financial Services Group Manager	July 2025
3. Older transactions on the sundry suspense account are reviewed and cleared where possible.	Medium	Agreed – A review of the sundry suspense account to identify transactions for write off is scheduled for January 2025.	Financial Services Group Manager	February 2025

EXTENDED RECOMMENDATIONS

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	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	An action plan has been developed that details dates of when all HR policies, procedures and guidance are to be reviewed and updated. Audit will monitor the action plan and, if there is slippage, this will be reported to Audit and Corporate Governance Committee.	April 2025
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	Internal audit update – quarterly review of tracker carried out in October and progress is satisfactory. January 2025 – quarterly review of tracker carried out and progress appears satisfactory. A final full review will be carried out in April 2025	
2022/23	Policy Management	8. Policies and procedures are updated on a regular basis and correspond to the relevant published documents.	High	Agreed. This will be incorporated into the process and timetable to be developed as part of recommendation no. 2	Human Resources Strategic Manager	Jul-23	Aug-23 No response received		Sept-23 As above for recommendation no.2 (inextricably linked)	Mar-24		
2022/23	Policy Management	7. The Equality and Human Rights Policy should be reviewed, updated and published and arrangements made to review and update at appropriate intervals going forward.	Medium	Agreed.	Transformation Group Manager and HR Services Manager	Jun-23	28.06.23: Work in progress - expected to be completed during Jul-23.	Aug-23	Sept 23 – The organisation now has a new EDI lead. Further work is required prior to updating the policy. This will be included with the work outlined for Policy Management recommendation no. 2.	Mar-24		
2024/25	Main Accounting	3. Older transactions on the sundry suspense account are reviewed and cleared where possible.	Medium	Agreed – A review of the sundry suspense account to identify transactions for write off is scheduled for January 2025.	Financial Services Group Manager	Feb-25	Mar-25: Progress has been made and the number of transactions has greatly reduced however another control account needs to be set up.	Apr-25				

Appendix D

2024/25 INTERNAL AUDIT PERFORMANCE

Performance Measure	Position as at 31.03.2025	Comments
Achievement of the Internal Audit Plan	69%	
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 six returns for 2024/25
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 28 April 2025
Title of Report Internal Audit Strategy
Report Author Shared Service Audit Manager

1. What is this report about?

- 1.1 The report outlines a Strategy for the Internal Audit Service, detailing its purpose, mission, and vision. It underscores the Service's role in providing independent assurance, supporting the Council's priorities. The Strategy considers the organisational alignment of the Internal Audit Service, evaluates strengths, weaknesses, opportunities, and threats, and identifies the critical success factors, along with the initiatives, required to achieve them.

2. Recommendation(s)

The Committee is asked to approve the Internal Audit Strategy 2025/26 – 2027/28.

3. Reason for Decision(s) Recommended

It is a requirement of the Global Internal Audit Standards for the Chief Audit Executive to develop and implement a strategy for the internal audit function that supports the strategic priorities and success of the organisation and aligns with the expectations of the board, senior management, and other key stakeholders.

Within its terms of reference, the Audit Committee has a clear role in relation to oversight of the Council's Internal Audit service.

4. Matters to consider

4.1 Background

Principle 9 (Plan Strategically) of the GIAS states that “The Chief Audit Executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success”.

The mandate specifies the authority, role, and responsibilities of the internal audit function and is documented in the Internal Audit Charter. The mandate specifies the authority, role, and responsibilities of the internal audit function and is documented in the Internal Audit Charter. The mandate empowers the Internal Audit Service to provide both the Senior Leadership Team and

Audit and Corporate Governance Committee with objective assurance, advice, insight, and foresight.

Under Principle 9 of the GIAS, Standard 9.2. (Internal Audit Strategy) states that “The Chief Audit Executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation and aligns with the expectations of the board (the Audit and Corporate Governance Committee), senior management (SLT), and other stakeholders”.

“An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate, including opportunities for internal auditors to develop their competencies, integrating technology for enhanced efficiency and effectiveness, and implementing initiatives to improve the internal audit function as a whole.

“The Chief Audit Executive must review the internal audit strategy with the board and senior management periodically”.

To comply with GIAS in the UK Public Sector an Internal Audit Strategy has been developed and will be submitted to the Audit and Corporate Governance Committee (**Appendix 1**).

Defining the Purpose, Mission and Vision

Standard 9.2 - The Chief Audit Executive must develop a strategy including a vision, strategic objectives, and supporting initiatives for the internal audit function.

Defining the purpose, mission and vision are crucial elements of the Internal Audit Strategy, as they define the long-term aspirations, core functions, and underlying reason for the internal audit function's existence.

The Purpose of the Internal Audit Service, as set out in the Internal Audit Charter, is “to strengthen Blaby District Council’s ability to create, protect, and sustain value by providing the Audit and Corporate Governance Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight, that meets rigorous professional standards”.

Our Mission is “to protect and enhance organisational value through risk-based assurance and advice, supported by evidence”.

Our Vision is “To be a trusted advisor and promoter for continuous improvement, helping the Council optimise efficiency, achieve goals and priorities, and stay resilient in the evolving public sector.

Organisational Alignment and Governance of internal Audit

Standard 9.1 – Understanding Governance, Risk Management, and Control Processes

It is important to gain a thorough understanding of the Council's purpose, objectives, plans and key performance indicators. By aligning internal audit work with the Council's direction and priorities, the Internal Audit Service can effectively support its success.

The governance of the Internal Audit Service, as outlined in the Internal Audit Charter (which includes the mandate), aligns with the requirements of the GIAS, the CIPFA Application Note (a framework for internal audit practice in the UK public sector, when combined with the GIAS), and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (which complements the GIAS from the perspective of the Audit Manager). The charter details the independence, organisational position, reporting relationships (with the Senior Leadership Team and the Audit and Corporate Governance Committee), and the role and responsibilities of the Audit Manager, all of which comply with these guidelines (in so far as permitted by the public sector).

To help understand governance risk management and control processes, the Audit Service:

- a) keeps abreast of the organisational context/landscape (e.g. local and national developments).
- b) regularly reviews the Council's corporate and strategic risks.
- c) keeps up to date with internal audit standards and guidance.

Stakeholder Engagement

Standard 11.1 – Building Relationships and Communicating with Stakeholders

The Internal Audit Service has various stakeholders. The main internal stakeholders are the Senior Leadership Team and the Audit and Corporate Governance Committee. The Strategic Director (S151 Officer) (part of SLT) has the responsibility, through S151 and statutory duties, to ensure there is an adequate and effective system of internal audit. Other internal stakeholders are senior management and other providers of assurance, as well as the Internal Audit Team itself.

External stakeholders are mainly the Professional Bodies (CIPFA and IIA), External Auditor (Azets), and Government Bodies who require the Internal Audit Service to carry out specific pieces of work, predominately grant returns.

Appendix A of the Strategy sets out an analysis of Stakeholder Expectations and the frequency of communication with the Internal Audit Service.

Internal Audit Maturity Analysis

Standard 12.1 – Internal Quality Assessment

In order to identify the key internal and external environments that are important to achieve the strategy, the Internal Audit Service conducted an analysis of strengths, weaknesses, opportunities, and threats (SWOT) against the mission and critical success factors. SWOT analysis grouped information into two main categories: Internal factors which include the strengths and weaknesses, and external factors which include opportunities and threats. Appendix B of the Strategy includes the output of the analysis. Further analysis of the maturity levels will be carried out during the year. This will ensure that the Internal Audit Service can plan to improve its capabilities, impact, and alignment with the Council's objectives and priorities, thereby increasing its value to the Council.

Skills, Competencies, and Capabilities

Standard 10.2 – Human Resources Management

An annual assessment of skills will be undertaken to ensure that any development needs are identified to ensure the Internal Audit Service has a well rounded balance of knowledge, skills and attributes.

Primary Objectives and Critical Success Factors

The primary strategic objectives of the Internal Audit Service (detailed in full in the strategy) are:

- Independent Assurance
- Risk Management
- Compliance
- Operational Efficiency
- Strategic Support
- Continuous Improvement

These objectives align with the Service's purpose, mission, and vision to help achieve the Council's goals.

Critical success factors (CSFs) are specific elements or activities that are essential for the Internal Audit Service to achieve its purpose, mission, vision, and the primary strategic objectives of the Internal Audit Service.

The key CSFs (detailed in the strategy) are identified as:

- Management Support
- Independence and Objectivity
- Resources/ Skilled and Competent Staff
- Effective Communication and Collaboration

- Risk-based approach
- Continuous Improvement
- Alignment with Organisational Goals

Compliance with the GIAS in the UK Public Sector will significantly contribute to achieving the primary strategic objectives and critical success factors. An initial self-assessment of the Internal Audit Service against the GIAS in the UK Public Sector demonstrates a high level of compliance, with a few areas identified for improvement before an external assessment due December 2025.

Initiatives to support the achievement of the Critical Success Factors

Considering the operational framework of the Internal Audit Service within the Council, the evaluation against the GIAS in the UK Public Sector, and the insights derived from the aforementioned steps, **three key areas** have been identified for improvement to better achieve the Service's Critical Success Factors (CSFs). These areas are specifically highlighted under the weaknesses, opportunities, and threats in the SWOT analysis.

Management Support

Management support is crucial for the Internal Audit Service to be effective and impactful within the Council. When management actively endorses and supports internal audit activities, it sends a clear message about the importance of governance, risk management, and internal controls. This support helps to ensure that the findings and recommendations of internal audits are taken seriously and acted upon. It also fosters a culture of accountability and continuous improvement, where employees understand the value of internal audits and are more likely to cooperate and implement suggested changes. Furthermore, management backing provides the Internal Audit Service with the necessary resources and authority to perform their duties effectively, ultimately leading to enhanced performance and achievement of strategic objectives.

Resources / Skilled and Competent Staff

Whilst minimum audit coverage is not stipulated, the Audit Manager, when assessing whether the available resources are adequate, must consider whether enough audit work can be undertaken to derive an annual year-end opinion on the overall adequacy of the Council's governance, risk and internal control environment.

Although the resources are below average compared to similar authorities, the current structure of the Internal Audit Service is considered sufficient to achieve strategic objectives and provide an annual opinion (taking into account current demand from external sources). Therefore, it is important to maintain the current structure, as any reduction could affect the ability to meet these objectives.

Continuous Improvement

In today's rapidly evolving business environment, it is essential for the Internal Audit Service to become more data-savvy and embrace innovations

like Copilot. Leveraging data analytics and advanced technologies enables auditors to analyse vast amounts of information quickly and accurately, uncovering insights that might be missed through traditional methods. Tools like Copilot can enhance audit processes by automating routine tasks, providing real-time data analysis, and offering predictive insights, which allows auditors to focus on more strategic activities. This not only improves the efficiency and effectiveness of audits but also helps in identifying emerging risks and opportunities, thereby adding greater value to the Council. Embracing these innovations ensures that Internal Audit Service will remain relevant, proactive, and capable of supporting the Council's objectives. Appendix C of the Strategy provides the actions and initiatives to support the achievement of these key areas, including a timeline for completion.

Performance Metrics

Standard 12.2 Performance Measurement states that “The chief audit executive must develop objectives to evaluate the internal audit function's performance. The chief audit executive must consider the input and expectations of the board and senior management when developing the performance objectives.

The chief audit executive must develop a performance measurement methodology to assess progress toward achieving the function's objectives and to promote the continuous improvement of the internal audit function.

When assessing the internal audit function's performance, the chief audit executive must solicit feedback from the board and senior management as appropriate.”

A set of key performance indicators (KPIs) for 2025/26 has been established to evaluate the performance of the Internal Audit Service. These indicators measure the operational efficiency of the Service, considering factors such as management support, staff skills and competencies, resource availability, and ongoing improvement initiatives. The KPIs, are detailed in Appendix D of the Strategy.

4.2 Relevant Consultations

The Senior Leadership Team have been consulted at their SLT meeting on 18 March 2025.

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 – Internal Audit Strategy 2025/26 – 2027/28

10. Background paper(s)

[Global Internal Audit Standards](#)

[CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector](#)

[CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government](#)

11. Report author's contact details

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Internal Audit Strategy 2025/26 – 2027/28

Original Publish Date	[00/00/0000]	Review Frequency	Annual	Current Version Publish Date	[00/00/0000]
Approved By	Choose an item.	Approval Date	[00/00/0000]	Version Number	001
Author Job Title	Audit Manager	Service Area	Internal Audit	Document Register Reference	A1620

Review History			
Version*	Reviewed By (Job Title)	Review Completion Date	Brief Description of Changes (add 'no changes required' if applicable)

*Version number remains the same if no significant changes are made upon review.

Document Definition / Approval & Review

Defining the document type and how it is approved and reviewed

The Internal Audit Strategy is approved by the Audit and Corporate Governance Committee.

The Strategy will be reviewed annually to enable the Audit and Corporate Governance Committee oversight of the progress against the Critical Success Factors detailed within the Strategy.

Terms & Definitions

Definition of any acronyms, jargon, or terms that might have multiple meanings.

Term	Definition
SWOT	Strengths, Weaknesses, Opportunities and Threats
CSF	Critical Success Factor
GIAS	Global Internal Audit Standards
CIPFA	Chartered Institute of Public Finance and Accountancy
IIA	Institute of Internal Audit

1. Internal Audit Vision

To be a trusted advisor and promoter for continuous improvement, helping the Council optimise efficiency, achieve goals and priorities, and stay resilient in the evolving public sector.

2. Internal Audit Mission

To protect and enhance organisational value through risk-based assurance and advice, supported by evidence.

3. Strategic Objectives and Critical Success Factors

The primary strategic objectives of the Internal Audit Service are:

- **Independent Assurance:** Providing independent assurance that the Council's risk management, governance, and internal control processes are operating effectively.
- **Risk Management:** Identifying and assessing risks to the Council and ensuring that appropriate measures are in place to mitigate these risks.
- **Compliance:** Ensuring that the Council complies with relevant laws, regulations, and internal policies.
- **Operational Efficiency:** Evaluating the efficiency and effectiveness of operations and recommending improvements to enhance performance.
- **Strategic Support:** Offering insights and recommendations that support the Council's priorities and help achieve long-term goals.
- **Continuous Improvement:** Promoting a culture of continuous improvement by identifying opportunities for process enhancements and innovation.

Critical success factors (CSFs) are specific elements or activities that are essential for the Internal Audit Service to achieve its purpose, mission, vision, and the primary strategic objectives of the Internal Audit Service. The key CSFs are identified as:

- **Management Support:** Strong backing from senior management ensures that the internal audit function has the necessary resources, authority, and visibility to perform its duties effectively.
- **Independence and Objectivity:** Maintaining independence from the areas being audited and ensuring objectivity in reporting findings are crucial for the credibility and reliability of the Internal Audit Service.
- **Resources/Skilled and Competent Staff:** Having a team of well-trained, knowledgeable, and skilled auditors is essential for conducting thorough and effective audits.
- **Effective Communication and Collaboration:** Clear and consistent communication with stakeholders, including CLT and the Audit Committee, helps in understanding expectations and ensuring that audit findings are acted upon. Collaborating with professional bodies

and other public sector internal audit bodies is key to ensuring that the Internal Audit Service stays attuned to internal audit practice.

- **Risk-Based Approach:** Focusing on areas of highest risk to the Council ensures that audit resources are used efficiently and that the most critical issues are addressed.
- **Continuous Improvement:** Regularly updating audit methodologies and practices to incorporate new technologies and respond to changing risks helps maintain the relevance and effectiveness of the Internal Audit Service.
- **Alignment with Organisational Goals:** Ensuring that the internal audit activities are aligned with the objectives and priorities of the Council helps in providing valuable insights and recommendations that support overall aims.

4. Supporting Initiatives

Considering the operational framework of the Internal Audit Service within the Council, the evaluation against the GIAS in the UK Public Sector, and the insights derived from the aforementioned steps, three key areas have been identified for improvement to better achieve the Service's Critical Success Factors (CSFs). These areas are specifically highlighted under the weaknesses, opportunities, and threats in the SWOT analysis.

5. Stakeholder Engagement

The Internal Audit Service has various stakeholders. The main internal stakeholders are the Strategic Leadership Team and the Audit and Corporate Governance Committee. The Corporate Director (S151) (part of the Strategic Leadership Team) has the responsibility, through S151 and statutory duties, to ensure there is an adequate and effective system of internal audit. Other internal stakeholders are senior management and other providers of assurance, as well as the Internal Audit Team itself.

External stakeholders are mainly the Professional Bodies (CIPFA and IIA), External Auditor (Azets), and Government Bodies who require the Internal Audit Service to carry out specific pieces of work, predominately grant returns.

ANALYSIS OF STAKEHOLDER EXPECTATIONS

Appendix A

	Stakeholder	Influence	Interest	Internal Audit Action	Frequency of Communication	Stakeholder Expectations
External Stakeholders	External Auditor	Medium	Medium	Keep Satisfied	As required	<ul style="list-style-type: none"> Provide support and co-ordination.
	Government Bodies	Medium	Medium	Keep Satisfied	As required	<ul style="list-style-type: none"> Delivery of audit work to meet grant determinations/ other specifications.
	Professional Bodies	High	Low	Keep Satisfied	As required	<ul style="list-style-type: none"> Compliance with GIAS in the UK Public Sector.
	The Public	Low	Low	Monitor	As required	<ul style="list-style-type: none"> Transparency of outcomes in Internal Audit.
Internal Stakeholders	Audit and Corporate Governance Committee	High	High	Manage Closely	TBA following review	<ul style="list-style-type: none"> Compliance with GIAS in the UK Public Sector. Help in achieving the A&G Committee responsibilities as stated in their Terms of Reference. Delivery of audit work to help inform an overall opinion on the governance, risk, and control environment. High quality, informative summarised reporting of key issues.
	Strategic Leadership Team	High	High	Manage Closely	Monthly	<ul style="list-style-type: none"> Helping the A&G Committee to achieve their duties as stated in their Terms of Reference. Compliance with GIAS in the UK Public Sector Ongoing update on the results of the Internal Audit work, status of management action plan implementations. Briefing on key issues identified
	Corporate Director (S151)	High	High	Manage Closely	Monthly	<ul style="list-style-type: none"> Help in achieving S151 responsibilities & statutory duties Ensuring “an adequate and effective system of internal audit”
	Senior Management	Medium	High	Keep Informed	As required	<ul style="list-style-type: none"> Business acumen Value added services.
	Providers of Assurance	Medium	Medium	Keep Informed	Various	<ul style="list-style-type: none"> Sharing knowledge, advice, and updates on the internal control environment.
	Internal Audit Team	High	High	Monitor Closely	Daily	<ul style="list-style-type: none"> Keeping the Internal Audit Team motivated. Providing ongoing training and career development.

Stakeholder Expectations Analysis

Influence is the level of power or authority a stakeholder has over the internal audit function's strategic direction, resources, and decision-making.

- **High influence:** The stakeholder has significant power to impact the internal audit function's strategy, resources, and key decisions.
- **Medium influence:** The stakeholder has moderate power to influence the internal audit function's direction and decisions.
- **Low influence:** The stakeholder has minimal power to affect the internal audit function's strategy and decision-making.

Interest is the level of interest a stakeholder has in the internal audit function's activities and outcomes.

- **High interest:** The stakeholder is actively involved and highly concerned about the internal audit function's performance and results.
- **Medium interest:** The stakeholder has a moderate level of interest in the internal audit function's activities and outcomes.
- **Low interest:** The stakeholder has minimal interest in the internal audit function's day-to-day operations and results.

Internal Audit Action

- **Manage Closely:** High interest and high influence stakeholders require close collaboration, regular communication (e.g., monthly), and active involvement in the internal audit function's strategic planning and decision-making processes.
- **Keep Satisfied:** High influence but low interest stakeholders should be kept satisfied with the internal audit function's performance and outcomes. Provide them with regular updates and address their concerns promptly.
- **Keep Informed:** High interest but low influence stakeholders should be kept informed about the internal audit function's activities, and achievements. Provide them with timely and relevant information to maintain their engagement and support.
- **Monitor:** Low interest and low influence stakeholders require minimal engagement. Monitor their interest and influence levels and provide them with general information as needed.

Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis 2025/26**Strengths**

Audit expertise and public sector knowledge
Independence
Innovative planning process provides flexibility
Seeking efficiencies
Reading the current climate / getting the balance right
Sharing best practice (collaboration)
GIAS in the UK Public Sector compliance helps create efficiencies

Weaknesses

Profile/ misconception of role
Being kept informed of organisational developments/ issues
Access to services
Resource and budget constraints
Access to data
Competence in effective use of data analytical tools/ artificial intelligence

Opportunities

Digital transformation
Enhanced collaboration
GIAS in the UK Public Sector awareness to Strategic Leadership Team and Audit and Corporate Governance Committee
Skills gap analysis identifies areas for training and development
Devolution/ Local Government Reorganisation

Threats

Current public sector and local landscape could make auditing more difficult
Demand on Internal Audit Service impacts on ability to undertake enough audit coverage to provide a meaningful year-end opinion/ non-compliance with GIAS in the UK Public Sector
Reactive fraud demand impacts on internal audit resource
Budget constraints
Less action taken as a result of audit findings (greater risk tolerance)

Initiatives to support the achievement of the Critical Success Factors.

Critical Success Factor Area: Management Support			
CSF 1: Strong backing from senior management ensures that the internal audit function has the necessary resources, authority, and visibility to perform its duties effectively.			
The Internal Audit Service aims to secure support from senior management and the Audit Committee to facilitate its efficient and effective operation.			
Initiatives <ul style="list-style-type: none"> Internal Audit Manager to provide Strategic Leadership Team with an overview of the GIAS in the UK Public Sector, in particular Domain 3 and the underpinning documentation for 2025/26 (i.e. Charter / Mandate / Strategy). Time Frame: July 2025 Internal Audit Manager to provide relevant training to the Audit & Corporate Governance Committee, as identified in the skills and knowledge questionnaires. Time Frame: March 2026 Internal Audit Manager to present annual Internal Audit Report and Opinion to the Strategic Leadership Team in advance of reporting to the Audit Committee. Time Frame: July 2025 Optimise working together with other risk and control monitoring functions. Time Frame: March 2026 External Quality Assessment against the requirements of the GIAS in the UK Public Sector to include Senior Management and Audit Committee members. Time Frame: October 2025 	SWOT Mapping	Strengths <ul style="list-style-type: none"> Independence 	Weaknesses <ul style="list-style-type: none"> Access to data and services
		Opportunities <ul style="list-style-type: none"> GIAS in the UK Public Sector awareness to Strategic Leadership Team and Audit and Corporate Governance Committee 	Threats <p>Current public sector and local landscape could make auditing more difficult</p> <p>Less action taken as a result of audit findings (greater risk tolerance)</p> <p>Resource and budget constraints</p>

Critical Success Factor Area: Resources/ Skilled and Competent Staff

CSF2: Having a team of well-trained, knowledgeable, and skilled auditors is essential for conduction thorough and effective audits

The Internal Audit Service aims to ensure that its auditors are thoroughly trained, knowledgeable, and proficient, thereby maintaining a robust and comprehensive skills-mix within the Service.

<p>Initiatives</p> <ul style="list-style-type: none"> Internal Audit manager to report annually to the Audit and Corporate Governance Committee on Internal Audit resource levels and any implications. Time Frame: September 2025 Internal Audit staff to complete an annual assessment of skills (via Audit Skills Matrix). Internal Audit Manager to assess skills and determine training and development needs. Time Frame: September 2025 (initial self-assessment) November 2025 (review/ ensure skills mix exists/ identify team/ individual training and development needs to feed into PDR process). Basic data analytics training for Internal Audit staff Time Frame: March 2026 	<p>SWOT Mapping</p>	<p>Strengths</p> <ul style="list-style-type: none"> Expertise and knowledge Planning process provides flexibility GIAS in the UK Public Sector compliance helps create efficiencies 	<p>Weaknesses</p> <ul style="list-style-type: none"> Resource Constraints ICT auditing skills gap
		<p>Opportunities</p> <ul style="list-style-type: none"> Skills gap analysis has identified areas for training and development 	<p>Threats</p> <ul style="list-style-type: none"> Ability to provide a meaningful opinion as demand on services increases Reactive fraud demand impacts on internal audit resource Budget constraints

Critical Success Factor Area: Continuous Improvement			
CSF 3: Regularly updating audit methodologies and practices to incorporate new technologies and respond to changing risks helps maintain the relevance and effectiveness of the Internal Audit Service.			
The Internal Audit Service seeks to grow understanding and development of related technologies to improve the efficiency and effectiveness of the Service.			
Initiatives <ul style="list-style-type: none"> Invest time in utilising Copilot/ analytics tools Time Frame: March 2026 Consider data requirements and availability in the audit planning stage Time Frame: April 2025 Begin to incorporate analytics into fieldwork and testing. Time Frame: December 2025 Enhance root cause analysis Time Frame: March 2026 Support innovation within the Internal Audit Service to continuously improve Time Frame: March 2028 	SWOT Mapping	Strengths <ul style="list-style-type: none"> Innovative and seeking efficiencies 	Weaknesses <ul style="list-style-type: none"> Competence in effective use of data analytical tools/ AI
		Opportunities <ul style="list-style-type: none"> Digital transformation Enhanced collaboration Devolution/ LGR 	Threats <ul style="list-style-type: none"> Budget constraints

Performance Objectives

Objective	Measurement
Compliance with Global Internal Audit Standards in the UK Public Sector	For 2025/26, measurement will be achieved via internal processes (see separate indicator), and full assessment by external independent assessor.
Quality assurance reviews confirm that adequate competencies are in place to comply with the Internal Audit Standards.	Completion of planned QAIP audits and all actions arising are implemented.
Customers / clients are satisfied with the Internal Audit experience.	Achieve minimum 95% customer satisfaction with audit from customer surveys.
To ensure audit coverage is sufficient / covers the key control areas, to enable the Audit Manager to provide a year-end opinion on the governance, risk and control environment.	There is enough supporting evidence to enable the Audit Manager to provide a year-end opinion (via direct internal audit work and / or via other assurance providers).
To provide an efficient and compliant audit service	Fieldwork is completed within two months of the start date.
	Management Debriefs are scheduled within 2 weeks of field work being completed.
	*Management Responses are received within 2 weeks of the debrief meeting.
	Draft audit reports are issued within 1 week of receipt of full management responses
	Final audit reports are issued within 1 week of draft audit reports.
Agreed actions are completed and result in the desired outcomes.	*, **100% of high priority and 90% of medium priority agreed actions are subsequently signed off as implemented within the agreed time scale.
To implement Critical Success Factor actions, as outlined in the Internal Audit Strategy.	Completion of Critical Success Factor action plan.

**This measure is not exclusively a reflection on the Internal Audit Service's performance.*

***Whilst Internal Audit will track the implementation of agreed actions, management is responsible for completing the actions and ensuring that desired outcomes are achieved.*

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Audit & Corporate Governance Committee Work Programme

Issue	Report Author
30 July 2024	
Quarterly internal audit 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	Interim Finance Group Manager
Unaudited Statement of Accounts 2023/24	Interim Finance Group Manager
9 October 2024	
Quarterly internal audit update	Shared Service Audit Manager
Audit Charter review	Shared Service Audit Manager
Risk Management Q2 2024/25	Interim Finance Group Manager
EXTRAORDINARY MEETING - 25 November 2024	
Local Audit Backlog – Rebuilding Assurance - Azets	Finance Group Manager
Completion Report Financial Years 2020/21, 2021/22 and 2022/23 – Ernst & Young	Finance Group Manager

Issue	Report Author
6 February 2025	
Quarterly internal audit update	Shared Service Audit Manager
Approval of 2023/24 Accounts (Azets)	Finance Group Manager
Risk Management Q3 2024/25	Council Tax Income & Debt Manager
28 April 2025	
Grant Certification 2020/21	
Annual Audit Report 2023/24	
External Annual Audit Planning Report 2024/2025	
Accounting Policies 2024/25	Finance Group Manager
Internal Audit Annual Audit Plan	
Audit & Corporate Governance Committee Annual Report 2024/25	Shared Service Audit Manager
Internal Audit Charter	
Internal Audit Progress Report 2024/2025 Q4	
Internal Audit Strategy	
Risk Management Q4 2024/25	Council Tax Income & Debt Manager

Issue	Report Author
28 July 2025	
Unaudited Statement of Accounts 2024/25	Finance Group Manager
Risk Management Q1 2025/26	Council Tax Income & Debt Manager
Quarterly internal audit update	Shared Service Audit Manager
Annual Internal Audit Report	Shared Service Audit Manager
6th October 2025	
Risk Management Q2 2025/26	Council Tax Income & Debt Manager
Quarterly internal audit update	Shared Service Audit Manager

Blaby District Council

Audit & Corporate Governance Committee

Date of Meeting 28 April 2025
Title of Report Risk Management Quarter 4 2024/25
Report Author Council Tax Income & Debt 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 2025.

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 31st March 2025 to review and update the Corporate Risk Register, ensuring that it properly reflects the current corporate risks and that actions are in place to mitigate those risks. A copy of the Corporate Risk Register is included at Appendix A, and this sets out each risk, an assessment of the degree of risk to the Council, and any control measures that are in place to mitigate the likelihood and impact of the risk occurring.

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

All Corporate Risks – Uncontrolled Rating Summary			
Red	Amber	Green	Total
15	10	0	25

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

All Corporate Risks – Controlled Rating Summary			
Red	Amber	Green	Total
6	7	12	25

Since the last quarterly report to Audit and Corporate Governance Committee on 6th February 2025, 2 risks have been removed from the register (as they have been moved to Service Level Risks) and 3 have been moved to a new Risk Register (LGR – Local Government Reorganisation) which means that there are now 25 corporate risks recognised.

Overall, 15 high risks to the Council's business have been identified before any form of mitigation has been put in place. However, once control measures are considered, 9 of these are reduced to medium or low risk.

The latest review undertaken by the Corporate Risk Group has led to 2 risks scores being increased and 4 risks scores being decreased (one of these risks is detailed on Appendix B - IT Corporate Risks (exempt appendix)).

Increased risks:

R019 - Cost of living crisis leading to increased demand for services.

This risk has been increased due to the increase in Homelessness cases being seen across Blaby District and on a national scale. Work continues to develop affordable housing options across housing sites in Blaby. Through the emerging local plan and existing planning applications, affordable schemes are being promoted.

R131 – Partners lose confidence in the Leicestershire Building Control Partnership delivery model.

This risk has been increased. Internal controls to reduce this risk include, quarterly board meetings being held, and regular contact with the Partners by the Building Control Partnership Manager to ensure the Partners are kept informed and updated.

Reduced risks:

R020 – Huncote Leisure Centre and surrounding site – risk of elevated levels of methane from landfill site.

This risk rating has been reduced in view of the additional controls in place that are making it manageable. A 5-year contract has recently been entered into which provides a 24-hour callout for service and maintenance of the equipment at the site. An equipment replacement plan is included within the Council's 5 year Capital Programme. The system within the building has also been streamlined, and the County Council equipment has been removed, this means that there is one system continually monitoring and only one company to contact if there are concerns or issues. Monthly monitoring continues at the site and readings continue to be submitted to the contractor for review.

R132 – Partners Do Not Reach Agreement on the Future Lightbulb Delivery Model and Business Case.

This risk has been reduced following a 1 year agreement now in place.

R158 – The Council is unable to meet its 5-year land supply target.

This risk has been reviewed and revised in line with the uncontrolled risk score. Internal controls to reduce this risk include re-establishing land supply through the new local plan and ensuring all Planning Committee members have received training.

4.3 Local Government Reorganisation (LGR) & Devolution Risk Register

At the last Corporate Risk Group meeting, the group agreed on the establishment of a specific risk register in relation to Local Government Reform and Devolution risks. The register is now fully incorporated into the Council's risk management procedures and is also subject to review by the Corporate Risk Group on a quarterly basis.

During the last review on 31st March 2025, there were 3 risks identified on the Corporate Risk Register to be moved to the LGR/ Devolution Risk Register.

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

All LGR Risks – Uncontrolled Rating Summary			
Red	Amber	Green	Total
2	1	0	3

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

All LGR Risks – Controlled Rating Summary			
Red	Amber	Green	Total
0	3	0	3

The following 3 risks have been moved to the LGR/Devolution Risk Register:

Risk Description		Uncontrolled Risk Rating	Controlled Risk Rating
R005: Failure to recruit and retain the right people for the right jobs	Risk Likelihood	Very Likely (4)	Likely (3)
	Risk Impact	Major (4)	Major (4)
	Status	16	12
Control Measures	<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 		
R022: Officer and Member emotional wellbeing is impacted by ongoing service demand and financial pressures	Risk Likelihood	Very Likely (4)	Likely (3)
	Risk Impact	Major (4)	Major (4)
	Status	16	12
Control Measures	<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 for employees and Members • Continuous review with teams and individuals • Being flexible with working policies 		

	<ul style="list-style-type: none"> • Member Induction Programme • Improvement in signposting • Wellness action plans in place 		
R165: Business as Usual is negatively impacted due to the focus on Devolution	Risk Likelihood	Very Likely (4)	Very Likely (4)
	Risk Impact	Medium (3)	Medium (3)
	Status	12	12
Control Measures	<ul style="list-style-type: none"> • Staff are being kept informed and engaged • A £50,000 budget has been established for supporting the proposal stage • Consideration of the Corporate Plan/Projects and Priorities to enable capacity 		

4.4 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.

4.5 Significant Issues

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

5. Environmental impact

5.1 In preparing this report, the author has considered issues related to Climate Local and there are no areas of concern.

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

- 6.1 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

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

7.1

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.

8. Other options considered

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

9. Appendix

- 9.1 Appendix A – Corporate Risk Register (excluding IT risks)
- 9.2 Appendix B – IT Corporate Risks (exempt appendix)
- 9.3 Appendix C – Local Government Reorganisation (LGR) Register

10. Background paper(s)

Risk Management Strategy 2023 – 2026.

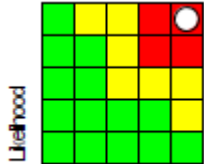
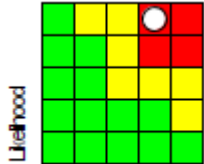
11. Report author's contact details

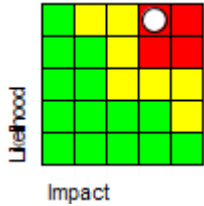
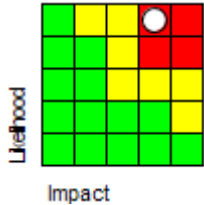
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Sarabjit.Khangura@blaby.gov.uk 0116 272 7646

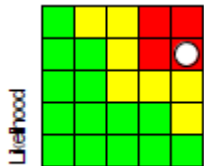
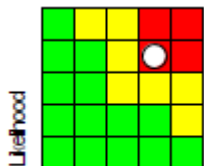
Appendix A - Overview of Corporate Level Risks (excluding IT risks)

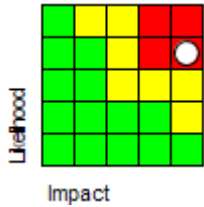
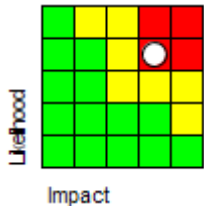
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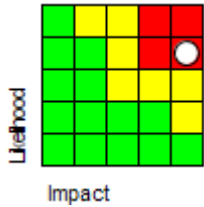
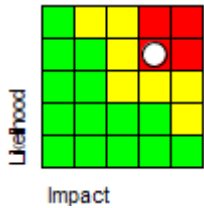
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Risk Code & Title	R013 Failure to provide affordable housing and supporting infrastructure in the district in line with identified need.	Uncontrolled Risk Score		25
Risks Category	Political	Current Controlled Risk Score		20
Internal Controls	<ul style="list-style-type: 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	<p>Work continues to develop affordable housing options across housing sites in Blaby. Through the emerging local plan and existing planning applications, affordable schemes are being promoted.</p> <p>The Council is also seeking ways to use its own assets to promote affordable housing development.</p>	
		Latest Note Date	04 Apr 2025	

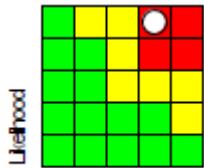
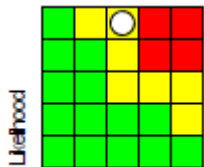
Risk Code & Title	R071 Failure to provide appropriate temporary accommodation for homeless households	Uncontrolled Risk Score	 <p>The risk matrix shows a 5x5 grid with columns labeled 'Likelihood' and 'Impact'. The grid is color-coded: green for low risk, yellow for medium risk, and red for high risk. A white dot is located in the top-right corner (High Likelihood, High Impact).</p>	20
Risks Category		Current Controlled Risk Score	 <p>The risk matrix shows a 5x5 grid with columns labeled 'Likelihood' and 'Impact'. The grid is color-coded: green for low risk, yellow for medium risk, and red for high risk. A white dot is located in the top-right corner (High Likelihood, High Impact).</p>	20
Internal Controls	Continue to source alternative provision of temporary accommodation in the District.	Latest Note	The uncontrolled risk has been reviewed and increased, the controlled risk remains the same.	
		Latest Note Date	07 Apr 2025	

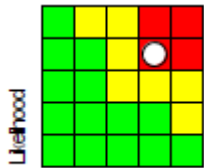
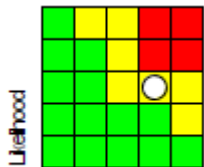
Risk Code & Title	R007 Impact on financial position as a result of lack of certainty around future funding streams (i.e. Business Rates, Fair Funding, New Homes Bonus and Council Tax Equalisation), and cost of living crisis.	Uncontrolled Risk Score		20
Risks Category	Financial	Current Controlled Risk 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 to risk rating. Waiting for consultation in summer time.	
		Latest Note Date	07 Apr 2025	

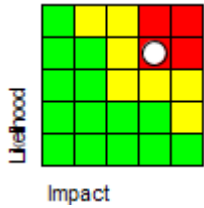
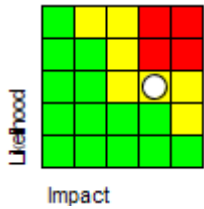
Risk Code & Title	R017 Failure of ICT systems leaves us unable to deliver services.	Uncontrolled Risk Score		20
Risks Category	Technological / Reputational	Current Controlled Risk Score		16
Internal Controls	<ul style="list-style-type: none"> • Adoption of standards around service desk management (LICTP) • Additional measures implemented in response to Capita cyber attack (LICTP) • Managed internet access (Blaby) • File storage resilience (Blaby) • Broadband lines audit (Blaby) • Cyber security - network and ICT security upgrades in progress (LICTP) • Data Centre - servers and storage upgrades/migration in progress (LICTP) 	Latest Note	No change to risk rating. Recent phishing attacks. Changes to password security. LICT policy - permission to access emails for Members.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R018 ICT security breaches and non-compliance with Government security standards.	Uncontrolled Risk Score		20
Risks Category	Technological / Reputational	Current Controlled Risk Score		16
Internal Controls	Perimeter Security, Systems and data is backed up, Annual IT Health checks, Cyber Essentials and PSN accreditation, Security Working Group, policies in place to support and advise staff, ICT monthly articles and newsletters aimed at increasing staff cyber awareness, Encryption detection software, Antivirus software, Mail Filtering, Sophos Unified Threat Manager, Intrusion detection software.	Latest Note	No change to risk rating.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R158 The Council is unable to meet its 5 year land supply target	Uncontrolled Risk Score		16
Risks Category	Reputational / Financial	Current Controlled Risk Score		16
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	This risk has been reviewed and has been revised in line with the uncontrolled risk score.	
		Latest Note Date	14 Apr 2025	

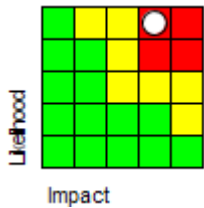
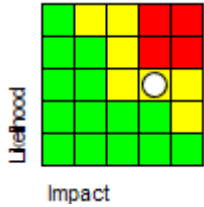
Risk Code & Title	R019 Cost of living crisis leading to increased demand for services.	Uncontrolled Risk Score		20
Risks Category	Financial / Social	Current Controlled Risk Score		15
Internal Controls	<ul style="list-style-type: none"> • CAB service * Earmarked reserve in place to support cases of serious hardship. • Communication with food banks to be able to provide support • Supporting residents in times of crisis 	Latest Note	This risk has been increased. Homelessness arising - see risk R013. Monitor national issues for local impact.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R012 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		12
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 	Latest Note	No change to risk rating.	
		Latest Note Date	07 Apr 2025	

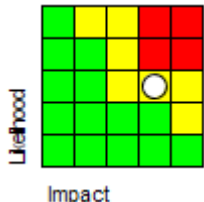
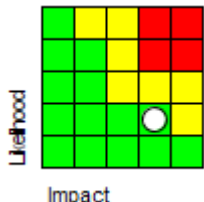
Risk Code & Title	R014 Structural, legislative and budgetary changes in other Public Sector organisations (e.g. DWP, Health, NHS, Police, Leicestershire CC) impacting on our financial position & delivery of service.	Uncontrolled Risk Score		16
Risks Category	Financial / Social	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Maintain awareness & respond to implications of emerging changes in public sector delivery organisations 	Latest Note	No change to this risk rating. Title changed adding in NHS. Monitoring national cuts to the NHS.	
		Latest Note Date	07 Apr 2025	

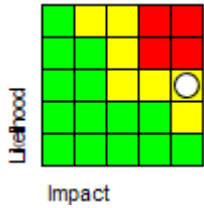
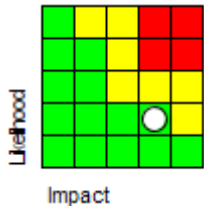
Risk Code & Title	R021 The Council's ambition to meet the 2030 net zero carbon reduction target is not met due to a detrimental impact on our Financial position.	Uncontrolled Risk Score		12
Risks Category	Environmental / Financial / Reputational	Current Controlled Risk Score		12
Internal Controls	<ul 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	This risk has not changed. Title amended.	
		Latest Note Date	14 Apr 2025	

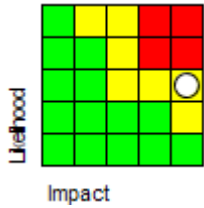
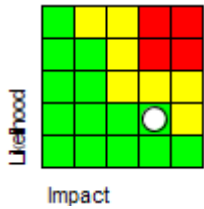
Risk Code & Title	R131 Partners lose confidence in the Leicestershire Building Control Partnership delivery model.	Uncontrolled Risk Score		20
Risks Category	Contractual / Financial / Partnership / Political / Reputational	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> Quarterly Board Meetings Regular contact between meetings with Partners by the Building Control Partnership Manager 	Latest Note	This risk has been increased. Internal controls reviewed and updated.	
		Latest Note Date	07 Apr 2025	

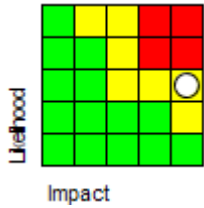
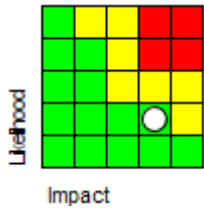
Risk Code & Title	R138 Unsuccessful Transition from LICTP Partnership to In House ICT Provision	Uncontrolled Risk Score		20
Risks Category	Contractual / Partnership	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • A staged project plan is being followed which brings systems onboard over a period of time rather than in one instance • Proof of Concept testing is progressing - this illustrates that Blaby infrastructure can support the systems that are planned to be transferred. • Both internal and external system specialists have been engaged with/employed to assist with the transfer of individual systems E.g. such as NEC/Uniform 	Latest Note	This risk has been reduced due to the internal controls in place and the title has been amended to include the word Unsuccessful.	
		Latest Note Date	03 Apr 2025	

Risk Code & Title	R157 The Council is unable to deliver a new Local Plan	Uncontrolled Risk Score	 Likelihood Impact	16
Risks Category	Reputational	Current Controlled Risk Score	 Likelihood Impact	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	The development of the Local Plan continues however influences outside the control of BDC, such as transport evidence, are delaying the pace of production. Work is being undertaken to explore routes to fill evidence gaps.	
		Latest Note Date	04 Apr 2025	

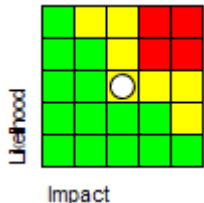
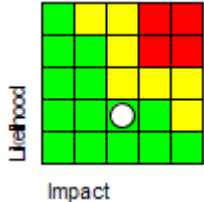
Risk Code & Title	R002 Blaby District Plan is not deliverable within available resources. If we do not deliver the corporate objectives the quality of life of residents and those who work in the district will not be improved.	Uncontrolled Risk Score		12
Risks Category	Political	Current Controlled Risk 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 risk rating. Council meeting in April - up to date version of action plan.	
		Latest Note Date	07 Apr 2025	

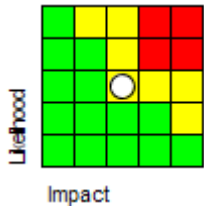
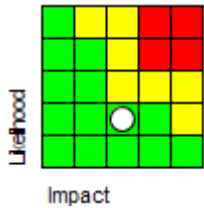
Risk Code & Title	R003 Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults may place people in danger	Uncontrolled Risk Score		15
Risks Category	Competitive / Reputational / Social	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: 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 risk rating. There is an increase in the number of safeguarding officers. A review for training to be rolled out for staff.	
		Latest Note Date	07 Apr 2025	

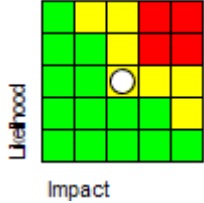
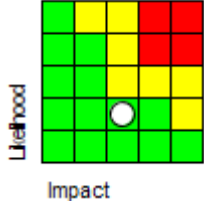
Risk Code & Title	R004 Failure to ensure adherence to internal control arrangements would leave the council open to fraud, affecting reputation and breaches of the council's procedures, policies and legal responsibilities.	Uncontrolled Risk Score		15
Risks Category	Fraud / Legal	Current Controlled Risk 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 risk rating.	
		Latest Note Date	07 Apr 2025	

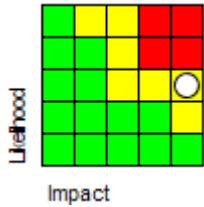
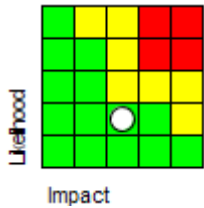
Risk Code & Title	R006 Lack of effective Emergency Planning and Business Continuity arrangements	Uncontrolled Risk Score		15
Risks Category	Professional	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: none"> • All key EP & BC documents on Resilience Direct • Internal EP & 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 rating. Training is outstanding for more Service Manager's to manage rest centres and also for more staff as volunteers for rest centres.	
		Latest Note Date	07 Apr 2025	

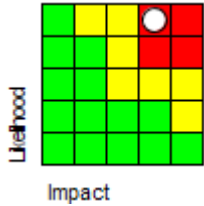
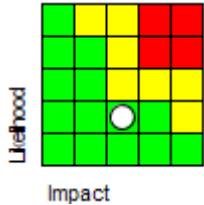
Risk Code & Title	R011 Failure to identify, record, monitor and report health and safety risks.	Uncontrolled Risk Score		16
Risks Category	Physical	Current Controlled Risk Score		8
Internal Controls	<ul style="list-style-type: none"> • Effective Health & Safety Committee • Effective Health & Safety procedures • Service blueprints Dedicated Health & Safety Officer 	Latest Note	No change to risk rating.	
		Latest Note Date	07 Apr 2025	

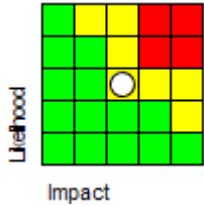
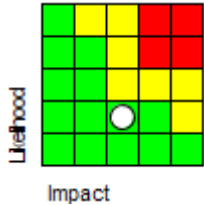
Risk Code & Title	R001 Engagement of elected members negatively impacting on decision making process	Uncontrolled Risk Score		9
Risks Category	Political	Current Controlled Risk Score		6
Internal Controls	<ul style="list-style-type: none"> • Cabinet & Leader awareness and development • Code of conduct • 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	No change to risk rating.	
		Latest Note Date	07 Apr 2025	

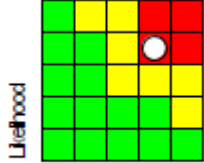
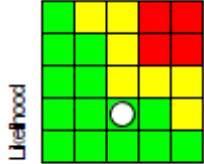
Risk Code & Title	R008 Failure to comply with legislation, resulting in us not meeting our statutory obligations The organisation promotes and demonstrates the principles and values of good governance	Uncontrolled Risk Score		9
Risks Category	Legal	Current Controlled Risk Score		6
Internal Controls	<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	The uncontrolled risk has been reviewed and increased, the controlled risk remains the same. Best value framework assessment underway. Statutory officers meet monthly to review our processes. Revised golden triangle training.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R009 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 risk rating. Training is being re-arranged and provided by the Welland Procurement Unit for the Senior Leadership Team.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R020 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		6
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. • A 24 hour service and maintenance contract which provides immediate response to concerns • The children's centre has officially moved onto the Council's kit so there is only one in the building 	Latest Note	This risk has been reduced due to the internal controls in place.	
		Latest Note Date	13 Apr 2025	

Risk Code & Title	R126 Impact of Industrial Action on Services & Residents	Uncontrolled Risk Score		20
Risks Category	Environmental / Financial / Reputational	Current Controlled Risk Score		6
Internal Controls	Alternative workforce where possible; mental health support in place; arbitration measures; regular communication to staff, members, and residents; SLT presence at depot.	Latest Note	No change to risk rating.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R130 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	No change to risk rating.	
		Latest Note Date	07 Apr 2025	

Risk Code & Title	R132 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		6
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	This risk has been reduced due to a 1 year agreement now in place.	
		Latest Note Date	07 Apr 2025	

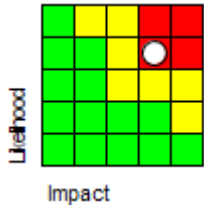
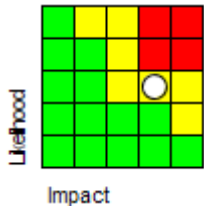
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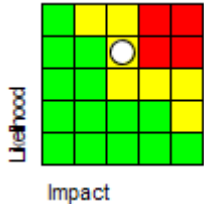
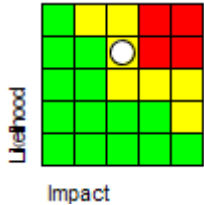
Appendix C - Overview of Local Government Reorganisation (LGR) & Devolution Risks

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Risk Code & Title	R005 Failure to recruit and retain the right people for the right jobs	Uncontrolled Risk Score		16
Risks Category	Professional	Current Controlled Risk Score		12
Internal Controls	<ul style="list-style-type: none"> • Learning and development provision, including skills and training needs analysis • Supporting Employee Performance policies and practices • Workforce planning including succession planning and use of market supplements where applicable. 	Latest Note	No change to risk rating. Impact of Local Government re-organisation LGR. Continue to monitor the situation. This risk has been moved to new LGR Risk Register.	
		Latest Note Date	11 Apr 2025	

Risk Code & Title	R022 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 for employees and Members • 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 risk rating. Employee helpline is also available for Members too. This risk has been moved to new LGR Risk Register.	
		Latest Note Date	11 Apr 2025	

Risk Code & Title	R165 Business as Usual is Negatively Impacted Due to the Focus on Devolution	Uncontrolled Risk Score		12
Risks Category	Political / Professional / Reputational	Current Controlled Risk Score		12
Internal Controls	Staff are being kept informed and engaged. A £50,000 budget has been established for supporting the proposal stage. Consideration of the Corporate Plan/Projects and Priorities to enable capacity.	Latest Note	No change to risk rating. This risk has been moved to new LGR Risk Register.	
		Latest Note Date	11 Apr 2025	

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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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