

Meeting	AUDIT AND GOVERNANCE COMMITTEE
Time/Day/Date	6.30 pm on Wednesday, 21 March 2018
Location	Council Chamber, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

All persons present are reminded that the meeting may be recorded and by attending this meeting you are giving your consent to being filmed and your image being used. You are kindly requested to make it known to the Chairman if you intend to film or record this meeting.

The Monitoring Officer would like to remind members that when they are considering whether the following items are exempt information under the relevant paragraph under part 1 of Schedule 12A of the Local Government Act 1972 they must have regard to the public interest test. This means that members must consider, for each item, whether the public interest in maintaining the exemption from disclosure outweighs the public interest in making the item available to the public.

AGENDA

Item	Pages
1. APOLOGIES FOR ABSENCE	
2. DECLARATION OF INTERESTS	
Under the Code of Conduct members are reminded that in declaring disclosable interests you should make clear the nature of that interest and whether it is pecuniary or non-pecuniary.	
3. MINUTES	
To confirm and sign the minutes of the meeting held on 6 December 2017	3 - 6
4. EXTERNAL AUDIT PLAN 2017/18	
Report of the Head of Finance	7 - 34
5. GRANTS AND CLAIMS 2016/17 ANNUAL REPORT	
Report of the Head of Finance	35 - 44

6.	INTERNAL AUDIT PROGRESS REPORT	
	Report of the Interim Audit Manager	45 - 60
7.	2018/19 INTERNAL AUDIT ANNUAL AUDIT PLAN	
	Report of the Interim Audit Manager	61 - 68
8.	TREASURY MANAGEMENT ACTIVITY REPORT - APRIL TO FEBRUARY 2018	
	Report of the Head of Finance	69 - 76
9.	CORPORATE RISK UPDATE	
	Report of the Strategic Director of Housing and Customer Services	77 - 106
10.	PROGRESS UPDATE IN RESPECT OF IMPROVEMENTS IDENTIFIED THROUGH THE ANNUAL REVIEW OF GOVERNANCE 2016/17	
	Report of the Head of Finance	107 - 110
11.	STANDARDS AND ETHICS - QUARTER 3 REPORT	
	Report of the Head of Legal and Commercial Services	111 - 124
12.	DRAFT MEMBER CONDUCT ANNUAL REPORT 2017/18	
	Report of the Head of Legal and Commercial Services	125 - 132
13.	COMMITTEE WORK PLAN	
	To note the Committee's work plan	133 - 134

Circulation:

Councillor R Ashman
Councillor J Cotterill (Chairman)
Councillor F Fenning
Councillor D Harrison (Deputy Chairman)
Councillor G Hout
Councillor G Jones
Councillor S McKendrick
Councillor P Purver
Councillor A C Saffell
Councillor S Sheahan

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 6 DECEMBER 2017

Present: Councillor J Cotterill (Chairman)

Councillors R Ashman, F Fenning, D Harrison, S McKendrick and S Sheahan

Officers: Ms T Ashe, Harris, Mr I Nelson, Mr J Newton, Ms A Onwuchekwa, Mrs R Wallace and Miss E Warhurst

External Audit: Mr T Crawley

20. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors G Hoult and P Purver.

21. DECLARATION OF INTERESTS

There were no declarations of interest.

22. MINUTES

Consideration was given to the minutes of the meeting held on 27 September 2017.

By affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 27 September 2017 be approved as a correct record and signed by the Chairman.

23. ANNUAL AUDIT LETTER 2016/17

The Financial Planning Team Manager presented the report to Members highlighting the summary of the audit work undertaken for the 2016/17 year and the annual audit fee of £51,869, which was slightly higher than planned. It was noted that the additional costs totalling £1,347 were incurred as a result of inadequate supporting working papers and errors identified in the Expenditure and Funding Analysis statement and revaluation of Property Plant and Equipment. Work was currently underway to ensure that these issues were rectified and not repeated in future audits.

By affirmation of the meeting it was

RESOLVED THAT:

The 2016/17 Annual Audit Letter be noted.

24. INTERNAL AUDIT PROGRESS REPORT - OCTOBER 2017

The Interim Head of Transformation introduced the report and informed Members that a temporary Audit Manager had been successfully appointed to cover maternity leave and would commence in the new year.

The Auditor presented the progress report attached at appendix 1. She explained that three final reports had been issued since the last update report, two were at the drafting stage and two were in progress, she referred to the executive summaries at appendix B.

It was reported that work had not identified any significant control weaknesses to draw attention to at this point in time.

At the request of a Member at the previous meeting, the Planning Policy Team Manager gave an update on the unspent Section 106 money. He reported that an initial review of existing unspent Section 106 agreements had been undertaken and the results showed that there were 11 agreements in that position, six related to healthcare, one related to community safety and four were in respect of recreation/open space. Members were informed that officers now met regularly with a representative from the Clinical Commissioning Group and they were aware of the unspent funds. In terms of the other unspent monies, the respective organisations had been contacted to ascertain if any progress had been made and in some cases it appeared that some of the monies had been spent. He concluded that processes and procedures were being developed to ensure that the situation could be avoided in the future.

Councillor S McKendrick commented that the unspent funds by health authorities had been occurring for some time and she was aware that there had been issues in contacting a representative, she asked if the situation had improved. The Head of Planning and Regeneration reported that there was now a representative that had been in place for some time and he felt progress was being made as there had been commitment to spend some of the money. He added that due to this commitment, he was now in a position to begin discussion with the developers.

In response to a question from Councillor R Ashman, the Planning Policy Team Manager explained that of the two Section 106 agreements relating to recreation/open space, one fell under a Parish Council and the other fell under the District Council as it was in the Coalville Special Expenses area.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

25. TREASURY MANAGEMENT ACTIVITY REPORT - APRIL TO OCTOBER 2017

The Financial Planning Team Manager presented the report to Members, drawing attention to the authority's borrowing, debt rescheduling and investments. Members were also informed that the presentational format of the report was under review and that any comments would be welcomed.

Councillor F R D Fenning found it difficult to suggest a format that would make the information more understandable as it was a complicated subject.

By affirmation of the meeting it was

RESOLVED THAT:

- a) The report be approved.
- b) The review of the presentational format of the report be noted

26. PROGRESS MADE IN RESPECT OF IMPROVEMENT IDENTIFIED THROUGH THE REVIEW OF THE ANNUAL GOVERNANCE STATEMENT

The Financial Planning Team Manager presented the report to Members. She explained that as a result of the review, a total of 17 improvement areas were identified where it was

recognised that the governance arrangements could be strengthened. Members were informed that out of the 17 improvements two had been completed, eight were underway and the remaining seven were to be included within team business plans for 2018/19. The Financial Planning Team Manager referred Members to the full details of the improvements at appendix 1 of the report.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

27. CORPORATE RISK UPDATE

The Financial Planning Team Manager presented the report to Members, detailing the current proposals for the Corporate Risk Register moving forward. It was proposed that an updated register be produced that clearly stated the specific risks with the causes and impacts more fully described, along with the accountable owners and the timescales for completing the mitigating actions. Members were informed that a newly formatted register and an updated Risk Management Strategy would be presented to the next meeting for approval.

In response to a question from Councillor S Sheahan, the Financial Planning Team Manager explained that she would be looking at how the identified risks would be mitigated and it would be given rating score too. Councillor S Sheahan wanted to understand more about what was generating the risk as well as mitigating actions put in place and asked for such details to be included. The Financial Planning Team Manager took the comments on board.

Councillor S McKendrick was particularly interested in more information in cases where the residual risk has changed and what the results were regarding the impact of the risk. Councillor S Sheahan added that information on whether the risk goes up and down over time would also be useful information.

Councillor D Harrison believed that the Committee had considered a report previously on the safeguarding risk due to the concerns of Members. The Financial Planning Team Manager was unaware of the report but agreed to look into it further and circulate any information found to all Members of the Committee.

By affirmation of the meeting

RESOLVED THAT:

- a) The Quarter 2 Corporate Risk Update be noted.
- b) The updated approach to risk management be approved.

28. STANDARDS AND ETHICS – QUARTER 2 REPORT 2017/18

The Head of Legal and Support Services presented the report to Members.

By affirmation of the meeting

RESOLVED THAT:

The report be noted.

29. AUDIT AND GOVERNANCE COMMITTEE MEMBER TRAINING

The Financial Planning Team Manager presented the report to Members, adding that shadowing officers was something that could also be arranged for Members if required. She concluded that she would begin the process by contacting Members by email to obtain what kind of training was required before making further arrangements.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

30. COMMITTEE WORK PLAN

RESOLVED THAT:

The report be noted.

Councillor F R D Fenning asked if external audit could be requested to look into the staffing issues regarding the leisure service now that the decision had been formally taken to progress with the new leisure centre, resulting in staff being transferred to an external service provider. He raised concerns regarding how the decision would impact on emergency planning and business continuity. The Chairman did not believe that it was a matter for the Audit and Governance Committee as reports would be considered by the Policy Development Group throughout the project.

The External Auditor informed Members that anyone within the District could request a matter be looked into by external audit, assessments would then be made as to whether it fell within their responsibility.

Councillor S Sheahan entered the meeting at 6.42pm.

Councillor D Harrison entered the meeting at 6.45pm.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.01 pm

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – 21 MARCH 2018**

Title of report	EXTERNAL AUDIT PLAN 2017/18
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Director of Housing and Customer Services 01530 454819 glyn.jones@nwleicestershire.gov.uk</p> <p>Head of Finance and Section 151 Officer 01530 454707 tracy.ashe@nwleicestershire.gov.uk</p>
Purpose of report	To approve the External Audit Plan for 2017/18
Council Priorities	Value for Money
Implications:	
Financial/Staff	As detailed in the attached report.
Link to relevant CAT	None
Risk Management	The External Audit is an essential part of the Council's arrangements for compliance with laws and regulations, as well as maintaining good Value for Money.
Equalities Impact Screening	Not applicable
Human Rights	No direct implications.
Transformational Government	No direct implications.
Consultees	None
Background papers	None
Recommendations	THAT THE COMMITTEE NOTE THE EXTERNAL AUDIT PLAN FOR 2017/18

1.0 BACKGROUND

- 1.1 Our External Auditor, KPMG have provided the Audit Plan for the forthcoming audit of the Council's accounts, as attached and presented for approval by this Committee (Appendix A).
- 1.2 The Audit Plan focuses around two key objectives: the financial statements – providing an opinion on the accounts, including the Annual Governance Statement and narrative report; and use of resources – a conclusion on the arrangements in place for securing economy, efficiency and effectiveness. Audit focus around specific financial statement and value for money risks are detailed within the Audit Plan.
- 1.3 The fees for undertaking the 2017/18 audit work (as detailed in the audit plan) is £50,522, compared to the fee for 2016/17 of £51,869.
- 1.4 Representatives of the Council's External Auditors, KPMG will attend the meeting to answer the Committee's questions.



External Audit Plan 2017/18

**North West
Leicestershire District
Council**

March 2018

Summary for Audit and Governance Committee

Financial statements

There are no significant changes to the Code of Practice on Local Authority Accounting (“the Code”) in 2017/18, which provides stability in terms of the accounting standards the Authority need to comply with. Despite this, the deadline for the production and signing of the financial statements has been significantly advanced in comparison to year ended 31 March 2017. We recognise that the Authority has advanced its own accounts production timetable in prior years so as to align with the new deadlines. As a result, we do not feel that this represents a significant risk, although it is still important that the authority manages its closedown process to meet the earlier deadline.

In order to meet the revised deadlines it will be essential that the draft financial statements and all prepared by client documentation is available in line with agreed timetables. Where this is not achieved there is a significant likelihood that the audit report will not be issued by 31 July 2018.

Materiality

Materiality for planning purposes has been set at **£900,000**.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ and this has been set at **£45,000**

Significant risks

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

- **Valuation of Property, Plant and Equipment (PPE)** – The Authority operates a cyclical revaluation approach which sees all land and buildings physically revalued every five years, with interim desktop revaluation completed between each physical revaluation. The Code requires that all land and buildings be held at fair value. In addition the Authority has had a number of amendments in this area of the financial statements in the previous four years. We will consider the way in which the Authority ensures that assets not subject to in-year revaluation are not materially misstated. We will also review the instructions and source of the information provided to, and used by, the valuer to inform the Authority’s PPE valuation and undertake appropriate testing to ensure both its completeness and accuracy; and
- **Pension Liabilities** – The valuation of the Authority’s pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We will review the processes in place to ensure accuracy of data provided to the Actuary and consider the assumptions used in determining the valuation.

Summary for Audit and Governance Committee (cont.)

Financial Statements (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of additional audit focus have been identified as:

- **Faster Close** – As set out above, the timetable for the production of the financial statements has been significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). We will work with the Authority in advance of our audit to understand the steps being taken to meet these deadlines and the impact on our work; and
- **Provision for Business Rate appeals** – The level of unsettled business rates appeals has not significantly reduced nationally and there is the continuing risk that the amount set aside by the Authority as a provision may not be adequate. We will review the basis of the 2017/18 provision and assess its reasonableness.

See pages 4 to 11 for more details

Value for Money Arrangements work

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risk to date:

Medium Term Financial Planning – The Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector. For 2017/18, the Authority has a balanced budget, but the Medium Term Financial Strategy (MTFS) 2018-2023 identifies funding gap on the general fund of £5.3m between 2019/20 and 2022/23. The Authority is planning to introduce a value-driven target (Self-Sufficiency target) based on 6.25% of the value of New Homes Bonus currently used to provide core services each year from 2019/20 – 2022/23. However, the on-going reliance on New Homes Bonus for core activity is itself a concern, and we note that there is no proposed increase in Council Tax. We will review the arrangements the Authority has in place to ensure financial resilience.

See pages 12 to 16 for more details

Logistics

Our team is:

- Tony Crawley – Director
- Sundeep Gill – Audit Manager
- Samuel Hawkins – Assistant Manager

More details are in **Appendix 2**.

Our work will be completed in four phases from October to July and our key deliverables are this Audit Plan and a Report to Those Charged With Governance as outlined on **page 19**.

Our fee for the 2017/18 audit is £50,522 (£51,869 2016/17) see **page 18**. This fee are in line with the scale fees published by PSAA.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Introduction

Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2017/18 sent to the Acting Section 151 Officer in April 2017, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

Our audit has two key objectives, requiring us to audit/review and report on your:

- 01 | Financial statements :**
Providing an opinion on your accounts. We also review the Annual Governance Statement and Narrative Report and report by exception on these; and
- 02 | Use of resources:**
Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary. Any change to our identified risks will be reporting to the Audit and Governance Committee.

Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a six stage process which is identified below. Pages 12 - 16 provide more detail on the activities that this includes. This report concentrates on explaining the VFM approach for 2017/18 and the findings of our VFM risk assessment.



Financial statements audit planning

Financial Statements Audit Planning

Our planning work takes place during October 2017 to January 2018. This involves the following key aspects:

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of management's use of experts; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Auditing standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

01

Management override of controls

Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

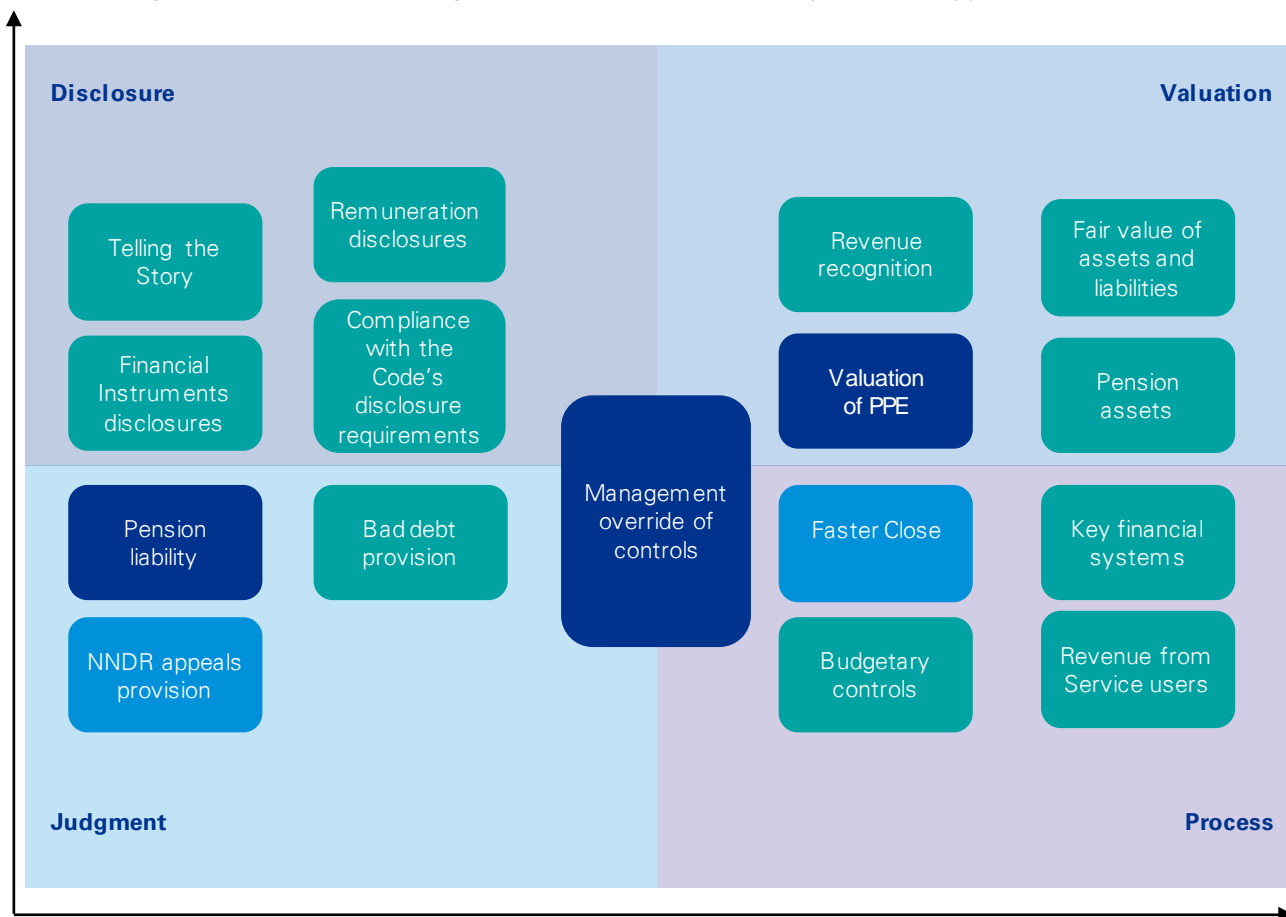
02

Fraudulent revenue recognition

We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

Financial statements audit planning (cont.)

The diagram below identifies significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ■ Significant risk ■ Other area of audit focus ■ Example other areas considered by our approach

Financial statements audit planning (cont.)

Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk:

Valuation of PPE

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a cyclical revaluation approach, which sees all land and buildings physically revalued every five years, with interim desktop revaluation completed between each physical revaluation. As a result of this, however, individual assets may not be physically revalued for four years. This creates a risk that the carrying value of those assets not physically revalued in the interim years differs materially from the actual year end fair value.

Due to the level of amendments required in this area of the financial statements in the previous four years, this creates a further risk that the asset values stated in the financial statements may not be accurate.

Approach:

We will consider the instructions and source of the information provided to, and used by, the valuer to inform the Authority's PPE valuation and undertake appropriate testing to ensure both its completeness and accuracy. We will confirm the appropriateness of any amendments made by management to the information received and incorporated into the financial statements.

We will review the approach that the Authority has adopted to assess the risk that assets not subject to valuation are materially misstated and consider the robustness of that approach. We will also assess the risk of the valuation changing materially during the year.

In addition, we will consider movement in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values have moved materially over that time.

In relation to those assets which have been revalued during the year we will assess the valuer's qualifications, objectivity and independence to carry out such valuations and review the methodology used (including testing the underlying data and assumptions).

Financial statements audit planning (cont.)

Significant Audit Risks (cont.)

Risk:	<p>Pension Liabilities</p> <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of the Leicestershire Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
Approach:	<p>As part of our work we will review the controls that the Authority has in place over the information sent directly to the scheme actuary. We will also liaise with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls operated by the Pension Fund. This will include consideration of the process and controls with respect to the assumptions used in the valuation. We will also evaluate the competency, objectivity and independence of Hymans Robertson, the scheme actuary.</p> <p>We will review the appropriateness of the key assumptions included within the valuation, compare them to expected ranges, and consider the need to make use of a KPMG Actuary.</p> <p>We will review the methodology applied in the valuation by Hymans Robertson, the scheme actuary.</p> <p>In addition, we will review the overall Actuarial valuation and consider the disclosure implications in the financial statements.</p>

Financial statements audit planning (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue:

Faster Close

In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.

In order to meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries and subsidiaries) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;
- Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;
- Ensuring that the Audit and Governance Committee meeting schedule has been updated to permit signing in July; and
- Applying a shorter paper deadline to the July meeting of the Audit and Governance Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report.

In the event that the above areas are not effectively managed there is a risk that the audit will not be completed by the 31 July deadline.

There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return. This is however not a matter of concern and is not seen as a breach of deadlines.

Approach:

We will continue to liaise with officers in preparation for our audit in order to understand the steps that the Authority is taking in order to ensure it meets the revised deadlines. We will also look to advance audit work into the interim visit in order to streamline the year end audit work.

Where there is greater reliance upon accounting estimates we will consider the assumptions used and challenge the robustness of those estimates.

Financial statements audit planning (cont.)

Other areas of audit focus (cont.)

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Area:	Provision for Business Rate appeals The level of business rates appeals has not significantly reduced nationally and the Valuation Office Agency (VOA) has revalued the rateable value of business properties on 1 April 2017 to reflect change in the property market. There is a continuing risk that the amounts set aside as provisions may not be reasonable. The Authority's provision is expected to be material (2016/17: £3,420,000).
Approach:	We will review the basis of the 2017/18 provision and assess its reasonableness by comparing to previous year's provisions and against government guidance.

Financial statements audit planning (cont.)

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £900,000, which equates to 1.5 percent of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

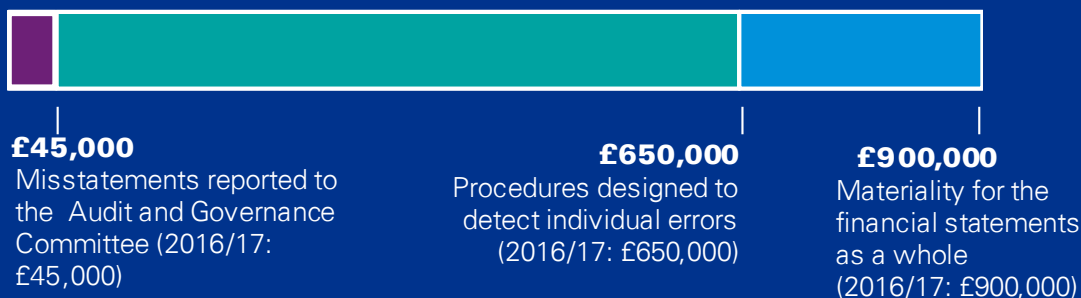
Authority Prior Year Gross Expenditure: £59 Million

Materiality

£900,000

1.5% of Expenditure

(2016/17: £900,000
1.5%)



Financial statements audit planning (cont.)

Reporting to the Audit and Governance Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £45,000.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

We will report:



Non-trivial corrected audit misstatements



Non-trivial uncorrected audit misstatements



Errors and omissions in disclosure (Corrected and uncorrected)

Value for money arrangements work

VFM audit approach

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The VFM approach is fundamentally unchanged from that adopted in 2016/17 and the process is shown in the diagram below. The diagram overleaf shows the details of the sub-criteria for our VFM work.



Value for money arrangements work (cont.)

Value for Money sub-criteria

Informed decision making

Proper arrangements:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance.
- Understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management.
- Reliable and timely financial reporting that supports the delivery of strategic priorities.
- Managing risks effectively and maintaining a sound system of internal control.

Sustainable resource deployment

Proper arrangements:

- Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions.
- Managing and utilising assets to support the delivery of strategic priorities.
- Planning, organising and developing the workforce effectively to deliver strategic priorities.

Working with partners and third parties

Proper arrangements:

- Working with third parties effectively to deliver strategic priorities.
- Commissioning services effectively to support the delivery of strategic priorities.
- Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for money arrangements work (cont.)

VFM audit stage



VFM audit risk assessment

Audit approach

We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- Information from the Public Sector Auditor Appointments Limited VFM profile tool;
- Evidence gained from previous audit work, including the response to that work; and
- The work of other inspectorates and review agencies.



Linkages with financial statements and other audit work

Audit approach

There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.



Identification of significant risks

Audit approach

The Code identifies a matter as significant '*if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.*'

If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Authority, inspectorates and other review agencies; and
- Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Value for money arrangements work (cont.)

VFM audit stage



Assessment of work by other review agencies, and Delivery of local risk based work

Audit approach

Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.

We will also consider the evidence obtained by way of our financial statements audit work and other work already undertaken.

If evidence from other inspectorates, agencies and bodies is not available and our other audit work is not sufficient, we will need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:

- Additional meetings with senior managers across the Authority;
- Review of specific related minutes and internal reports;
- Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.



Concluding on VFM arrangements

Audit approach

At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



Reporting

Audit approach

On the following page, we report the results of our initial risk assessment.

We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.

Value for money arrangements work (cont.)

Significant VFM Risks

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

Risk:	Medium Term Financial Planning <p>The Authority continues to face similar financial pressures and uncertainties to those experienced by others in the local government sector, such as the future of business rate distribution. For 2017/18, the Authority has a balanced budget, but the Medium Term Financial Strategy (MTFS) 2018-2023 identifies funding gap on the general fund of £5.3m between 2019/20 and 2022/23 as a result of increasing cost pressures and reduction in Revenue Support Grant, and from 2020/21 due to a significant forecast reduction in retained business rate income. The Authority is planning to introduce a value-driven target (Self-Sufficiency target) based on 6.25% of the value of New Homes Bonus currently used to provide core services each year from 2019/20 – 2022/23. These targets, added to the predicted deficits, increase the savings targets to £6.8m. However, the on-going reliance on New Homes Bonus for core activity is itself a concern, and we note that there is no proposed increase in Council Tax. The Authority needs to have effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan.</p>
Approach:	<p>As part of our risk based work, we will review the arrangements the Authority has in place to ensure financial resilience, specifically that the Medium Term Financial Strategy has duly taken into consideration the latest available information on factors such as funding reductions, business rate reform, fair funding, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors.</p> <p>We will review the arrangements the Authority has in place to identify and introduce a Self-Sufficiency target and savings plans.</p> <p>We will review the arrangements the Authority has in place to delivery services through partnerships.</p>
VFM Sub-criterion:	<p>This risk is related to the following Value For Money sub-criteria:</p> <ul style="list-style-type: none">— Informed decision making;— Sustainable resource deployment; and— Working with partners and third parties

Other matters

Whole of government accounts (WGA)

We are required to issue an assurance statement to the National Audit Office confirming the income, expenditure, asset and liabilities of the Authority. Deadlines for completion of this for 2017/18 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.



Other matters

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit and Governance Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2017/18 sent to the Acting Section 151 Officer in April 2017 first set out our fees for the 2017/18 audit. This letter also set out our assumptions. We have not considered it necessary to seek approval for any changes to the agreed fees at this stage.

Should there be a need to charge additional audit fees then this will be agreed with the Head of Finance and Section 151 Officer and PSAA. If such a variation is agreed, we will report that to you in due course.

The planned audit fee for 2017/18 is £50,522, compared to the fee for 2016/17 of £51,869.

Appendix 1:

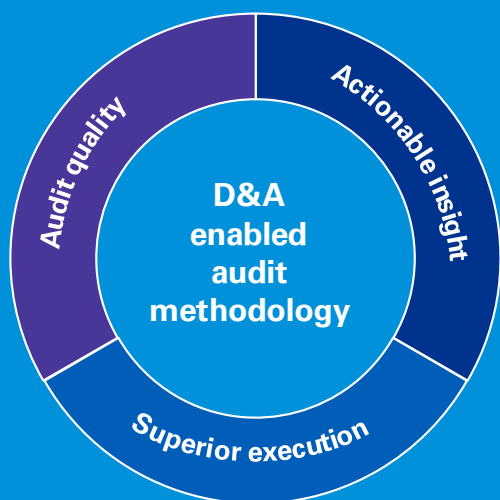
Key elements of our financial statements audit approach

Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as journals.



Communication

Continuous communication involving regular meetings between Audit and Governance Committee, Senior Management and audit team.



Appendix 1:

Key elements of our financial statements audit approach (cont.)

Audit workflow

Planning

- Determining our materiality level;
- Risk assessment;
- Identification of significant risks;
- Consideration of potential fraud risks;
- Identification of key account balances in the financial statements and related assertions, estimates and disclosures;
- Consideration of managements use or experts; and
- Issuing this audit plan to communicate our audit strategy.

Control evaluation

- Understand accounting and reporting activities;
- Evaluate design and implementation of selected controls;
- Test operating effectiveness of selected controls; and
- Assess control risk and risk of the accounts being misstated.

Substantive testing

- Plan substantive procedures;
- Perform substantive procedures; and
- Consider if audit evidence is sufficient and appropriate.

Completion

- Perform completion procedures;
- Perform overall evaluation;
- Form an audit opinion; and
- Audit and Governance Committee reporting.

Appendix 2:

Audit team

Your audit team has been drawn from our specialist public sector assurance department. Our audit team were all part of the North West Leicestershire District Council audit last year.



Tony Crawley

Director

T: 0116 256 6067

E: tony.crawley@kpmg.co.uk

'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion. I will be the main point of contact for the Audit and Governance Committee, Chief Executive and Head of Finance and Section 151 Officer.'



Sundeep Gill

Manager

T: 07798 572337

E: sundeep.gill@kpmg.co.uk

'I provide quality assurance for the audit work and specifically any technical accounting and risk areas. I will work closely with Tony Crawley to ensure we add value. I will liaise with the Head of Finance and Section 151 Officer and senior managers.'



Sam Hawkins

Assistant Manager

T: 07468 768781

E: Samuel.hawkins@kpmg.co.uk

'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'

Appendix 3:

Independence and objectivity requirements

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Ltd's ('PSAA's') Terms of Appointment relating to independence and the requirements of the FRC Ethical Standard and General Guidance Supporting Local Audit (Auditor General Guidance 1 – AGN01) issued by the National Audit Office ('NAO').

This Appendix is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Appendix 3:

Independence and objectivity requirements (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the authority and its affiliates for professional services provided by us during the reporting period.

We confirm that the non-audit service was approved by the Acting Section 151 Officer.

Facts and matters related to the provision of non-audit service and the safeguards put in place that bear upon our independence and objectivity, are set out in the following table.

Description of scope of services	Potential threats to auditor independence and associated safeguards in place	Value of Services Delivered in the year ended 31 March 2018
<p>Pooling of Housing Capital Receipts claim 2016/17 (performed in 2017/18)</p>	<p>Self-interest: This engagement is entirely separate from the audit through a separate contract. In addition, the statutory audit scale fee was set independently to KPMG by the PSAA. Therefore, the proposed engagement will have no perceived or actual impact on the audit team and the audit team resources that will be deployed to perform a robust and thorough audit.</p> <p>Self-review: The nature of this work is auditing this grant claim. The Pooling of Capital Receipt claim has no impact on the main audit, and was completed after the 2016/17 audit was completed. Therefore this does not impact on our opinion and we do not consider that the outcome of this work threatens to our role as external auditors. Consequently we consider we have appropriately managed this threat.</p> <p>Management threat: This work will be audit work only – all decisions will be made by the Authority.</p> <p>Familiarity: This threat is limited given the scale, nature and timing of the work.</p> <p>Advocacy: We will not act as advocates for the Authority in any aspect of this work. We will draw on our experience in such roles to provide the Authority with a range of approaches but the scope of this work falls well short of any advocacy role.</p> <p>Intimidation: not applicable.</p>	<p>£3,500</p>

No approval is required from PSAA for the non-audit service above as it is below the relevant threshold. In addition, we monitor our fees to ensure that we comply with the 70% non-audit fee cap set by the NAO.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Governance Committee.

Appendix 3:

Independence and objectivity requirements (cont.)

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit and Governance Committee of the authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

KPMG LLP

KPMG LLP



kpmg.com/uk



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

© 2018 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – 21 MARCH 2018**

Title of report	ANNUAL REPORT ON GRANTS AND CLAIMS 2016/17
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Director of Housing and Customer Services 01530 454819 glyn.jones@nwleicestershire.gov.uk</p> <p>Head of Finance and Section 151 Officer 01530 454707 tracy.ashe@nwleicestershire.gov.uk</p>
Purpose of report	To note the Annual Report on grants and claims 2016/17
Council Priorities	Value for Money
Implications:	
Financial/Staff	As per the attached report.
Link to relevant CAT	None
Risk Management	The External Audit is an essential part of the Council's arrangements for compliance with laws and regulations, as well as maintaining good Value for Money.
Equalities Impact Screening	Not applicable
Human Rights	No direct implications.
Transformational Government	No direct implications.
Consultees	None
Background papers	None
Recommendations	THE AUDIT & GOVERNANCE COMMITTEE IS ASKED TO NOTE THE ANNUAL REPORT ON GRANTS AND CLAIMS 2016/17

1.0 BACKGROUND

- 1.1 Alongside the annual audit of accounts, our auditors also undertake a review and carry out testing in relation to the council's Housing Benefit Subsidy Grant claim and Pooling of Housing Capital Receipts.
- 1.2 This work is now complete and the annual report attached (Appendix 1) summarises the findings and recommendations of the Audits.
- 1.3 The value of adjusted subsidy following the audit of Housing Benefit Subsidy Grant was £82 out of a total claim of £18.2m. However, due to a recurring issue regarding incorrect claimant data included in the benefit entitlement calculations, a qualification letter was issued and a recommendation issued with a priority rating of "2", meaning that the issue has an important effect on our arrangements for managing grants and returns or complying with scheme requirements. The Revenues and Benefits Partnership, who are responsible for this area of work on behalf of NWLDC, have committed to developing and executing an action plan to address this matter. The S151 Officer will monitor the progress against this plan closely.
- 1.4 The fees for the audit work on Housing Benefit Subsidy claim for 2016/17 totalled £15,184, compared to £9,128 for the 2015/16 year. The increased fees are as a result of the additional testing required in following up errors in previous years.
- 1.5 An unqualified audit opinion with no amendments required was given in respect of the Pooling of Housing Capital Receipts.
- 1.6 The fee the audit or Pooling of Housing Capital Receipts return for 2016/17 was £3,500 compared to £3,000 for 2015/16, with the increase being as a result of additional work carried out due to higher level of right to buy sales in the 2016/17 year.



Annual Report on grants and returns 2016/17

37

North West Leicestershire District Council

February 2018



APPENDIX 1

Contents

The contacts at KPMG in connection with this report are:

Tony Crawley
Director

KPMG LLP (UK)
Tel: 07966 184819
tony.crawley@kpmg.co.uk

Sundeep Gill
Manager

KPMG LLP (UK)
Tel: 07798 572337
sundeep.gill@kpmg.co.uk

Laura Bedford
Assistant Manager

KPMG LLP (UK)
Tel: 07920 502249
laura.bedford@kpmg.co.uk

	Page
Headlines	3
Summary of certification work outcomes	4
Fees	5
Recommendations	6

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tony Crawley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, in relation to the certification of the Housing Benefit Subsidy grant claim, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

Headlines

Introduction and background

This report summarises the results of work we have carried out on the Authority's 2016/17 grant claims and returns.

This includes the work we have completed under the Public Sector Audit Appointment (PSAA) certification arrangements, as well as the work we have completed on other grants/returns under separate engagement terms. The work completed in 2016/17 is:

- Under the PSAA arrangements we certified one claim – the Authority's 2016/17 Housing Benefit Subsidy claim. This had a value of £18.2million.
- Under separate assurance engagements we certified the Pooling of Housing Capital Receipts return with the value of £2.8 million.

Certification and assurance results (Pages 3-4)

Our certification work on Housing Subsidy Benefit claim included:

- agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- confirming that the subsidy claim had been prepared using the correct benefits system version; and
- completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

As set out below, our certification work on Housing Subsidy Benefit claim resulted in a small amendment of £327 and was subject to a qualification letter.

The claim was amended to correct one error in respect of a non-war widow pension case that was misclassified as a Modified Scheme case. Following 100% testing of

Rent Allowance Modified Scheme cases, undertaken by your officers, an amendment to the claim of £327 was made. This increased the subsidy claimed by the Authority by £82.

A qualification letter was required, due to a number of issues, as set out below:

- Rent Allowance - inclusion of incorrect earnings in the benefit entitlement calculations; and
- Rent Allowance - inclusion of incorrect self employed earnings in the benefit entitlement calculations;

Our work on the other grant assurance engagement resulted in the Pooling of Housing Capital Receipts Assurance Report. No adjustments were required.

Recommendation (Page 6)

We have made one recommendation to the Authority to improve its claims completion process, which is included in Appendix 1.

In our 2014/15 and 2015/16 Certification Annual Reports we raised one recommendation relating to the improvement of the claim completion process. It remains outstanding at January 2018 and has been included in our 2016/17 recommendation.

There are no other outstanding recommendations from previous year's work on grants and returns.

Fees (Page 5)

Our fee for certifying the Authority's 2016/17 Housing Benefit Subsidy grant was £15,184, which is in line with the indicative fee set by PSAA.

Our fee for the other 'assurance' engagement was subject to agreement directly with the Authority and was £3,500.

Summary of reporting outcomes




Overall, we carried out work on two grants and returns:

- One was unqualified with no amendment; and
- One required a qualification to our audit certificate and some minor amendment to the final figures.

Detailed comments are provided overleaf.

Detailed below is a summary of the reporting outcomes from our work on the Authority’s 2016/17 grants and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate or assurance report.

A qualification means that issues were identified concerning the Authority’s compliance with a scheme’s requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Authority to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified	Significant adjustment	Minor adjustment	Unqualified
Public Sector Audit Appointments regime					
— Housing Benefit Subsidy					
Other grant/return engagements					
— Capital Receipts Pooling return					
		1	0	1	1

Fees

Our fees for the Housing Benefit Subsidy claim are set by Public Sector Audit Appointments.

Our fee for other assurance engagement on return is agreed directly with the Authority.

The overall fees we charged for carrying out all our work on grants/returns in 2015/16 was £18,684.

Public Sector Audit Appointments certification arrangements

Public Sector Audit Appointments set an indicative fee for our work on the Authority's Housing Benefit Subsidy claim in 2016/17 of £15,184. Our actual fee was the same as the indicative fee, and this compares to the 2015/16 fee for this claim of £9,128. Our 2016/17 fee is higher due to the additional testing completed as a result of the need to follow up the errors discovered in previous years.

Grants subject to other engagements

The fee for our assurance work on Pooling of Housing Capital Receipts return is agreed directly with the Authority. Our fee for 2016/17 was £3,500, which is more than those in 2015/16 (£3,000). The reason for the increase is due to the additional work carried out in 2016/17 due to level of right to buy property sales.

Breakdown of fees for grants and returns work

Breakdown of fee by grant/return		
	2016/17 (£)	2015/16 (£)
Housing Benefit Subsidy claim	£15,184	£9,128
Pooling of Housing Capital Receipts return	£3,500	£3,000
Total fee	£18,684	£12,128

Recommendations

We have given each recommendation a risk rating and agreed what action management will need to take.

Priority rating for recommendations		
<p>1 Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>2 Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date
Housing Benefit					
<p>Incorrect claimant data</p> <p>The inclusion of incorrect claimant data included in the benefit entitlement calculations. This is a recurring issue from previous two years.</p>	<p>This leads to errors in the Housing Benefit Subsidy that is claimed by the Authority, which can be clawed back by Department for Work and Pensions.</p>	<p>Review and improve the process for the inclusion of claimant data in the benefit entitlement calculations to reduce the level of errors being repeated in subsequent years.</p>	<p>2</p>	<p>We have following the recent audit discussed this internally and currently preparing an action plan covering earnings which is one of our 'error' areas that has continued for the last couple of years.</p> <p>This will cover:</p> <ul style="list-style-type: none"> - Review 'Real Time Information' procedures; - Undertake training needs analysis; - Effective date refresher training to include the understanding of a 'material change'; - Further internal audit checks undertaken; and - Benefit Officers to be shown audit workbooks so they understand the impact of errors made. <p>The action plan will be monitored by S151 Officer.</p>	<p>Responsible Officer: Benefits Operational Manager</p> <p>Due Date: 30 June 2018</p>



kpmg.com/uk



© 2018 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 21 MARCH 2018

Title of report	INTERNAL AUDIT PROGRESS REPORT – FEBRUARY 2018
Contacts	<p>Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Head of Legal & Commercial Services/Monitoring Officer 01530 454762 Elizabeth.Warhurst@nwleicestershire.gov.uk</p> <p>Interim Audit Manager 01530 454728 Sharon.Harrison-Bowler@nwleicestershire.gov.uk</p>
Purpose of report	To inform the Committee of progress against the Internal Audit plan for 2017/18 and to highlight any incidences of significant control failings or weaknesses that have been identified.
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None.
Link to relevant CAT	None.
Risk Management	The Internal Audit planning process using a risk assessment based methodology.
Equalities Impact Assessment	Not Applicable.
Human Rights	None.
Transformational Government	Not Applicable
Consultees	None.
Background papers	Public Sector Internal Audit Standards 2017/18 Internal Audit Annual Audit Plan
Recommendations	MEMBERS NOTE THE CONTENTS OF THE REPORT

1.0 INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards require the authority's Audit Committee to approve the audit plan and monitor progress against it. The Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2017/18 Audit Plan on 22 March 2017. The Committee receives progress reports quarterly.

2.0 TERMS OF REFERENCE

- 2.1 Section 3 of Part 3 of the Constitution sets out the Terms of Reference of the Audit and Governance Committee, as detailed below:

'To act as the Authority's Audit Committee, to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to be responsible for the financial reporting process.'

- 2.2 Particular statements in the Terms of Reference that refer to Internal Audit include:
 - d) Approve (but not direct) Internal Audit's strategy and plans and monitor performance
 - e) Review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary
 - f) Receive the annual report of Internal Audit'.

3.0 PROGRESS REPORT

- 3.1 The Internal Audit Progress Report for the period 01 November 2017 to 28th February 2018 is attached at Appendix 1.



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report February 2018

1. Introduction

- 1.1 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 the progress against the 2017/18 Internal Audit Plan up to 28 February 2018 and inform the Audit and Governance Committee of any significant control failings that have been identified through Internal Audit work.

2. Purpose of Internal Audit

- 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 and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

3. Authority of Internal Audit

- 3.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, the Internal Audit Charter and the Council's Constitution. The Financial Regulations, which are part of the Constitution, set out that 'Internal Audit has authority to:
- a) enter any Council owned or occupied premises or land at all times (subject to any legal restrictions outside the Council's control);
 - b) have access at all times to the Council's records, documents and correspondence;
 - c) 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
 - d) require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.
 - e) The Senior Auditor shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.

4 Responsibility of Internal Audit

- 4.1 Internal Audit will have the responsibility to review, appraise and report as necessary on:
- a) the adequacy and effectiveness and application of internal controls and processes and systems;
 - b) the extent of compliance with Financial Regulations and Standing Orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
 - c) the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

5 Independence of Internal Audit

- 5.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice. Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made.
- 5.2 If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to senior management and the Audit and Governance Committee.

6 Internal Audit Team Update

- 6.1 The Audit Manager started her maternity leave on 6 November 2017. The Interim Audit Manager has been in post since 18th December 2017.

7 Internal Audit Plan Update

- 7.1 A progress report against the 2017/18 Internal Audit Plan is documented in Appendix A. Three final reports have been issued since the last update report, in addition, one report has been issued in draft, two reviews are nearing completion and two reviews are to commence during March. The executive summaries for the final reports issued are included in Appendix B. Our work has not identified any significant control weaknesses to draw to the attention of the Committee at this point in time
- 7.2 The plan needs to be flexible in order to respond to current risks and resources. There have been several changes to the plan approved in March 2017 and summary details are documented in the 'comments' column in Appendix A.
- 7.3 Since the last progress report, one review has been added to the plan for completion during March 2018 and four reviews have been deferred. There are a number of issues which have impeded on the completion of these reviews and more detail is provided below:

Housing

i) Housing Repairs (*Audit rescheduled for Q1 – 2018/19*)

- The existing commitments of key staff during February/March have prevented the service from being able to accommodate an internal audit review at this time. The service was subject to an external Health & Safety review during February and there have also been recent staffing changes which have impacted resources.
- The Service has also procured a new materials supply chain in respect of Housing Repairs, which is currently being mobilised to commence in early April. Following discussions with the Head of Housing & Asset Management, it is considered appropriate to defer the audit until Q1- 2018/19. This will enable Internal Audit to review the revised processes in place and give assurance around the robustness of the control framework going forward. We will also undertake a detailed review of progress made with regard to implementing recommendations arising from the Housing Repairs investigation undertaken earlier in the year.

ii) **Gas/ Solid Fuel Servicing and Maintenance (Audit rescheduled for Q1 – 2018/19)**

- Existing commitments of key staff involved in other projects. (mobilisation of project to replace solid fuel heating systems).

iii) **New Council Houses (Audit rescheduled for Q3 – 2018/19)**

- The audit has been deferred to coincide with the scheduled completion date for the first phase of new council house builds (August 2018).

Community Services

iv) **Grounds Maintenance (Audit rescheduled for Q2 – 2018/19)**

- Existing commitments of key staff regarding two major capital build projects, an equipment procurement and new restructure.

8 Internal Audit Recommendations

- 8.1 Internal Audit monitors and follows up all critical, high and medium priority recommendations. All outstanding recommendations are included in Appendix C for information. Recommendations that have been made and implemented immediately following the audit, are also included for information.
- 8.2 A further follow up of outstanding recommendations made in relation to the S106 review was undertaken during February. Although some progress has been made since the last update report there is still further work to be undertaken to ensure that robust systems are in place going forward. Internal Audit will continue to monitor progress made in this area. A further follow up is planned for July 2018 and a full review is included in the 2018/19 Internal Audit Plan.

9 Internal Audit Performance Indicators

- 9.1 Performance information for Internal Audit in relation to its team plan actions and performance indicators is documented in Appendix D.

10. CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)

This guidance was due to be published in March 2018 however the date of publication has been delayed to coincide with the issue of the Home Office statutory guidance which is referred to within the document. The guidance will now be issued in the new financial year and will be shared with members of the Audit and Governance Committee when available.

2017/18 AUDIT PLAN PROGRESS TO 28 FEBRUARY 2018

Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
Housing											
Choice Based Letting	Risk Based	5	-	Removed from plan							New system will not be implemented until much later in the year therefore consider including on 18/19 audit plan. To include as part of wider scope for review of new Homelessness Act in 2018/19.
Gas/Solid Fuel Servicing and Maintenance	Risk Based	10		Moved to 2018/19 Plan.							Deferred until Q1 2018/19 due to service resources.
Assistive Technology and Support Service	Risk Based	4	9.1	Report drafting							
Housing Repairs	Risk Based	10		Moved to 2018/19 Plan							Deferred until Q1 2018/19 due to service resources and implementation of new processes.
New Council Houses	Risk Based	5		Removed from plan							Deferred until Q3 2018/19 as first phase of new build project due for completion in August 2018.
Rent Accounting (7)	Risk Based	6	1.5	Final Report Issued	Grade 1	-	-	-	-	-	
Right to Buy (1)	Risk Based	5	8	Final Report Issued	Grade 2	-	1	3	3	-	
Housing ICT Review	Advisory	5		As required							
Housing Repairs	Advisory	10	1	As required							

Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
Community Services											
Grounds Maintenance	Risk Based	6		Moved to 2018/19 Plan							Deferred until Q2 2018/19 due to service resources.
Hood Park Leisure Centre (4)	Risk Based	6	6	Final Report Issued	Grade 1	-	-	-	-	-	
Hermitage Leisure Centre(5)	Risk Based	6	8.8	Final Report Issued	Grade 2	-	2	2	-	-	
Planning Enforcement	Risk Based	6	-	Moved to 2018/19 Plan							Moved to 18/19 plan to allow for new policy to be embedded.
New Car Parking Machines	Advisory	2									
Disabled Facilities Grant Determination	Grant	3	-	Removed from plan							This work is no longer required as funding comes through LCC who sign off the determination.
Planning											
Development Control (3)	Risk Based	6	8	Final report issued	Grade 2	-	3	2	-	-	
Economic Development											
Cultural Services	Risk Based	4	-	Removed from Plan							This Service will be included within phase 2 of the restructure process and therefore the review has been moved to the 2018/19 plan. The requirement and scope for audit will be reviewed in Q4 (18/19).
Coalville Project	Advisory	2									
Business Focus Database	Advisory	1	0.5	Completed	N/A – advisory						
Finance											
ICT Assets (2)	Risk Based	5	13.6	Final report issued	Grade 2	-	3	5	-	-	Planned days exceeded due to wider scope than

Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
											originally planned and extra time required to resolve queries during the audit as not all necessary information was provided initially.
Key Financial Systems	Risk Based	30	19	HR and Payroll Audit (6) final report issued	Grade 2	-	5	12	1	-	High number of recommendations for a Grade 2 audit however the audit scope was wide to reflect the new HR and Payroll system from April 2017 and the majority of controls were found to be operating adequately.
	Risk Based		3.1	Cash & Bank – In Progress							
	Risk Based		2.4	Sundry Debtors – In Progress							
	Risk Based		1	Capital Accounting - To commence fieldwork during March 2018.							
Finance Service/Systems Review	Advisory	4	2.5	As required							

Additional Audits added to plan in Q4											
Council Grants	Risk Based	6		To commence March 2018							Additional Audit requested by the Head of Community Services. Assurance sought in relation to completion of formal agreements for grants approved.

KEY

Audit Opinion

Grade	Definition
1	Internal controls are adequate in all important aspects
2	Internal controls require improvement in some areas
3	Internal controls require significant improvement
4	Internal controls are inadequate in all important aspects

54

Recommendation Priority

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

EXECUTIVE SUMMARY OF INTERNAL AUDIT FINAL REPORTS ISSUED 01 December 2017 – 28 February 2018

Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Main Areas for Improvement	Recommendations				
					C	H	M	L	A
2017/18 Audits									
4 – Hood Park Leisure Centre		Paul Sanders Head of Community Services Jason Knight Leisure Services Team Manager	Grade 1	Advisory actions only relating to Vending income - covered within recommendations for Hermitage Leisure Centre.	-	-	-	-	-
5 - Hermitage Leisure Centre		Paul Sanders Head of Community Services Jason Knight Leisure Services Team Manager	Grade 2	Improvements are required in the following areas: - Recording & Checking of Bar Stock - Recording of vending income	-	2	2	-	2
7- Rent Accounting		Chris Lambert Head of Housing Amanda Harper Housing Management Team Manager	Grade 1	None	-	-	-	-	-

See Appendix A for Key.

RECOMMENDATIONS TRACKER – OUTSTANDING RECOMMENDATIONS

Report	Recommendation	Rating	Officer Responsible	Target Date	Internal Audit Comments		
2016/17 Reports							
11	Review of Compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption	7	A review should be undertaken to confirm that the policy framework is satisfactory and policies are up to date. As part of this the need for a cyber security policy should be considered.	Medium	Interim Head of Transformation	26.05.17	<p>A review has taken place with plans for a cyber security policy but this has not yet been produced. A meeting was held with team managers in October 2017 to establish existing controls and areas for improvement, including policy framework, with plans to set out in a strategy which can then be reported against to Audit and Governance Committee.</p> <p>The Interim Head of Transformation is no longer in post. A meeting is arranged with the Head of Finance for 15th March to discuss.</p>
5 NA	Key ICT Controls Audit	3	<p>ICT Management should document the new DR arrangements once they have been established e.g. into a formal DR Policy/Plan.</p> <p>Once the new DR arrangements have been established regular DR tests should be planned and undertaken.</p>	Medium	IT Manager	September 2017	The Data Centre Project was completed at the end of January. The Disaster Recovery policy will be produced by 31 st March 2018. Internal Audit will therefore follow up again in April 2018.
14	s106	5	The details from the S106 agreement entered onto the S106 database should be sufficient to enable effective monitoring of actions and triggers associated with the agreements.	High	Planning Policy Team Manager	September 2017	Progress has been made and records of agreements are now held. There are still some resourcing issues, however CLT approval has recently been granted to form a new team to deal with implementation and infrastructure, which will include responsibilities for s106. Further work is required on the database to enable effective monitoring to take place and to ensure that the new

Report		Recommendation		Rating	Officer Responsible	Target Date	Internal Audit Comments
							team has the basis to be able to move forward quickly. Internal Audit will follow up in July 2018.
		9	Where other departments retain records of S106 agreements for their own purposes regular liaison meetings should be held with the department and Planning Policy to ensure that information held by all parties agrees.	Medium	Planning Policy Team Manager	October 2017	As per Recommendation 5. Internal Audit will follow up in July 2018
		15	Records should be maintained which show the intended recipient of S106 funding, amount due, purpose of funding and date which the funding is to be spent by. There should be a facility whereby the recipient is prompted of funding available on a periodic basis (this information should have been agreed first with the other Council departments that also hold information).	Medium	Planning Policy Team Manager	August 2017	This remains ongoing as there is a significant volume to work through. The original target date was not realistic in terms of the amount of work involved. Internal Audit will follow up in July 2018.
57		17	Completed funding drawdown applications should be numbered and a record kept of their location should reference to these be required in the future.	Medium	Planning Policy Team Manager	July 2017	This remains ongoing as there is a significant volume to work through. The original target date was not realistic in terms of the amount of work involved. Internal Audit will follow up in July 2018.
2017/18 Reports							
1	Right to Buy	2	A risk assessment should be undertaken to determine the level of risk associated with Tenancy Fraud.	Medium	Housing Management Team Manager	1st November 2017	Followed up in December 2017. In progress – to be completed by March 2018 therefore a further follow up will be undertaken in April 2018.
2	ICT Assets	6	The Asset Management Group should develop a Minor Asset Disposal Policy to define the requirements when disposing of ICT and other minor assets. This should include any authorisation required prior to disposal of the asset.	High	Interim Head of Transformation	January 2018	Meeting arranged with Head of Finance to review 15/03/18
3	Development Control	1	Development Control procedure notes should be updated to reflect current practice.	Medium	Planning Support Team Leader	December 2017	Followed up January 2018- Due to resource issues this will now be completed by the end of March. Internal Audit follow up April 2018

Report		Recommendation		Rating	Officer Responsible	Target Date	Internal Audit Comments
6	HR and Payroll	1	A service level agreement (or something similar) should be produced by HR and Financial Services to set out the roles and responsibilities of each team for monthly and annual processes.	Medium	Financial Services Team Manager and HR Manager	31.03.18	Internal Audit follow up April 2018
		2	A review of procedure notes should be undertaken to confirm that they exist for all key tasks that are specific to NWLDC and do not follow the system providers' standard approach – for example reconciliations or internal checking processes. Where necessary procedure notes should be produced.	Medium	Senior Exchequer Services Officer and HR Analyst	31.03.18	Internal Audit follow up April 2018
50		3	The planned monthly meetings should start and contingency arrangements made should the meetings not be able to take place for any reason. During the meetings a monthly report that has been run directly from the payroll system (by an officer who cannot make changes to standing payroll data) should be reviewed to confirm that changes are accurate and as expected. The exact details of the checking process can be finalised once an appropriate report has been developed with the system providers and is working as expected.	Medium	Financial Services Team Manager and HR Manager	31.12.17	Meeting arranged with Finance Team Manager & Deputy S151 for 12 th March 2018 to discuss
		8	The method of calculating unpaid leave should be reviewed to ensure that it is appropriate, accurate and fair.	High	HR Analyst	31.12.17	Meeting arranged with Finance Team Manager & Deputy S151 for 12 th March 2018 to discuss
		11	The rates for the laundry/uniform allowance and unsociable hours payments should be included in the report that is due to be taken to CLT detailing errors identified during implementation of the new system, so that a decision can be made and documented on the rates going forwards.	Medium	HR Team Manager	31.10.17	Meeting arranged with Finance Team Manager & Deputy S151 for 12 th March 2018 to discuss

Report		Recommendation		Rating	Officer Responsible	Target Date	Internal Audit Comments
5	Hermitage Leisure Centre	2	All items of bar stock should be recorded on stock record sheets. Where it is decided that certain stock items are not recorded on stock records this should be formally agreed.	High	Leisure Centres Commercial Manager	February 2018	Internal Audit follow up in March 2018
		3	Regular stock takes of bar stock should be undertaken. The frequency with which checks should be undertaken should be agreed by the Leisure Centres Commercial Manager.	High	Leisure Centres Commercial Manager	January 2018	Internal Audit follow up in March 2018
		4	To provide clarity in the role of stock management, procedures should be drawn up which cover recording of bar and vending stock, stock checks and those members of staff with responsibility for performing tasks associated with stock management. Procedures should reflect any changes agreed as a result of recommendations 2 and 3 above.	Medium	Leisure Centres Commercial Manager	March 2018	Internal Audit follow up in April 2018
5		5	The spreadsheet used to check information in connection with vending income should be corrected.	Medium	Leisure Centres Commercial Manager	Already implemented	Already implemented

Internal Audit Performance

Performance Measures:

Performance Measure	2017/18 Quarter 4 Target	Position as at 28.02.18	Comments
Delivery of 2017/18 Audit Plan	90%	64.29%	2 Audits nearing completion. 2 Audits to commence during March. Should achieve target by end of quarter.
Percentage of Client Satisfaction with the Internal Audit Service	100%	100%	
Compliance with the Internal Audit Standards	Full	No significant gaps in compliance	
Compliance testing of completed recommendations	90%	100%	

Service Plan Actions:

Key Deliverables (Action)	Quarter 4 Milestone	Position as at 28.02.18
Review and update Health and Safety risk assessments to ensure risks to staff and customers are controlled.	Set action plan to implement improvements where necessary	Annual review completed 30.05.17 with no actions required.
Conduct self-assessment audit of all office areas and support activities of the Business Improvement Team.	Conduct Q4 self-assessment audit and report findings to Business Improvement Team	On track – to be completed during March 2018
Complete audits as per risk based audit plan	Complete 90% of audit plan	64.29% at end of February 2018. On track to achieve by end of March 2018
Quarterly progress reports to Audit and Governance Committee	Progress report to March A&GC	On track for 21 st March 2018 Audit and Governance Committee.
Achievement of PSIAS action plan and associated Quality Assurance and Improvement Programme	Completion of any actions following review	No actions required.
Annual Audit Opinion delivered by 30 th June 2017 deadline.	N/A	Achieved in Q1.
Risk based annual audit plan for 2018/19 approved by 31 March 2018.	2018/19 audit plan has been prepared and will be presented to 21 st March 2018 Audit and Governance Committee.	On track

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 21 MARCH 2018

Title of report	2018/19 INTERNAL AUDIT ANNUAL PLAN
Contacts	<p>Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Head of Legal & Commercial Services/Monitoring Officer 01530 454762 Elizabeth.Warhurst@nwleicestershire.gov.uk</p> <p>Interim Audit Manager 01530 454728 Sharon.Harrison-Bowler@nwleicestershire.gov.uk</p>
Purpose of report	To inform the committee of the proposed Internal Audit Annual Plan for 2018/19
Reason for Decision	To comply with the Public Sector Internal Audit Standards.
Council Priorities	Value for Money
Implications:	
Financial/Staff	None
Link to relevant CAT	None
Risk Management	Not Applicable
Equalities Impact Screening	Not Applicable
Human Rights	None
Transformational Government	Not Applicable
Consultees	Corporate Management Team
Background papers	Public Sector Internal Audit Standards NWLDC Internal Audit Charter
Recommendations	<p>THAT THE COMMITTEE</p> <ol style="list-style-type: none"> 1. NOTES THIS REPORT AND COMMENTS AS APPROPRIATE. 2. APPROVES THE 2018/19 INTERNAL AUDIT ANNUAL PLAN.



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

2018/19 Internal Audit Annual Plan

2. INTRODUCTION

- 1.1 The Public Sector Internal Audit Standards require the Chief Audit Executive to develop a risk based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. This document sets out the background and the approach to producing the annual plan; with the 2018/19 annual plan attached at Appendix A.

3. BACKGROUND

3.1. 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.

3.2. 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.

3.3. The Internal Audit Charter sets out the purpose, authority and responsibilities of Internal Audit. The Charter:

- establishes Internal Audit's position within the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the Audit and Governance Committee (at North West Leicestershire DC the Chief Audit Executive is the Audit Manager);
- authorises access to records, personnel and physical properties relevant to the performance of engagements; and
- defines the scope of Internal Audit activities.

2.4 The Three Lines of Defence Model (below) is a valuable framework that explains Internal Audit's role in providing assurance that the management arrangements over governance, risk and internal control are adequate and effective.



Source: Chartered Institute of Internal Auditors (IIA) - UK

4. INTERNAL AUDIT PLAN

4.1. 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 North West Leicestershire DC in the achievement of its priorities, in particular in helping 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 Each year the Audit Manager produces a risk-based annual audit plan. This is informed by a risk assessment which is based on a combination of:
- consulting with key stakeholders including senior management;
 - reviewing risk registers 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.
- 3.1.3 This approach enables the finite resources of the team to be focussed on areas where it can add value and conforms to the Public Sector Internal Audit Standards.
- 3.1.4 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 in to the Council's Annual Governance Statement.

4.2. Resources Available

- 3.2.1 The Audit Team who deliver the Audit Plan at North West Leicestershire District Council consists of the Audit Manager (0.6 FTE) and an Internal Auditor (0.49 FTE). Table 1 shows a calculation of the available audit days for 2018/19.

Table 1: Resources Available

Total Days	284
<i>Less leave/bank holidays/elections etc.</i>	47
<i>Less training and development</i>	7
	230
Available Days	
Team and Service Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports	35
Corporate Meetings/Audit Admin/ Minutes Review	20
Available Audit Days	175

4.3. Internal Audit Annual Plan 2018/19

- 3.3.1 The proposed 2018/19 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 in the risk registers. Any changes will be reported to the Corporate Leadership Team and the Audit and Governance Committee.

Table 2: 2018/19 Annual Audit Plan

Risk Based Audits	134
Advisory – Specific	8
Subtotal Days (Appendix A)	142
Follow up reviews	10
Advisory – Adhoc	5
Contingency	12
National Fraud Initiative and RIPA	6
Total Audit Days	175

- 3.3.2 Three of the Council's key financial systems (Benefits, Council Tax and NNDR) are provided by the Leicestershire Revenues and Benefits Partnership, and therefore the audits will be undertaken by the internal auditors at Hinckley and Bosworth Borough Council (PwC).
- 3.3.3 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 audits days against actual and for ad-hoc or fraud investigations that may arise during the year. Due to the limited resources available, only **12** days have been included at this time. The quarterly progress reports to Audit and Governance Committee 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.

2018/19 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	PLANNED AUDIT DAYS
HR & ORGANISATIONAL DEVELOPMENT				
Health & Safety	Risk Based	Q1	4	8
			Subtotal	8
HOUSING				
Homelessness (New Homelessness Reduction Act)	Risk Based	Q3	3	8
Housing Repairs	Risk Based	Q1	2,3	10
New Council Houses	Risk Based	Q3	2,3	5
Gas /Solid Fuel servicing and maintenance (incl. replacement solid fuel contract)	Risk Based	Q1	2,3,5	6
Property Services	Risk Based	Q4	1	8
Housing ICT review	Advisory	All	2	2
			Subtotal	39
COMMUNITY SERVICES				
Grounds Maintenance	Risk Based	Q2	2,3,5	7
Planning Enforcement	Risk Based	Q3	2,3	8
Car Parking & Enforcement	Risk Based	Q1	2,3	6
Environmental Health (Licensing)	Risk Based	Q2	3	8
			Subtotal	29
PLANNING				
Peer review outcomes – Review of implementation/follow up	Risk Based	Q4	2,3	3
S106 (Detailed Follow up 2016/17 review)	Risk Based	Q4	2,3	5
			Subtotal	8
ECONOMIC DEVELOPMENT				
Cultural Services*	Risk Based	Q4	1,2,3	5
			Subtotal	5

* Phase 2 of Restructure - to review audit requirements in Q4

FINANCE				
Key financial systems (incl. Rent Accounting)	Risk Based	Q3 - Q4	2	35
Contract / Programme Management	Risk Based	Q2	1,2,3,5	6
Finance service/systems reviews	Advisory	All	2	6
			Subtotal	47
ICT				
Firmstep – Phase 1 Implementation	Risk Based	Q2	2,3	6
			Subtotal	6
			Total	142

Key - Council Priority Areas

- 1 – Building Confidence in Coalville
- 2 – Value for Money
- 3 – Homes and Communities
- 4 – Green Footprint
- 5 – Business and Jobs

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 21 MARCH 2018

Title of Report	TREASURY MANAGEMENT ACTIVITY REPORT – APRIL TO FEBRUARY 2018
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Head of Finance / S151 Officer 01530 454707 tracy.ashe@nwleicestershire.gov.uk</p> <p>Finance Team Manager / Deputy S151 Officer 01530 454492 anna.wright@nwleicestershire.gov.uk</p>
Purpose of Report	To inform Members of the Authority's Treasury Management activity undertaken during the period April to February 2018.
Reason for Decision	To ensure that Members are informed of the Authority's Treasury Management activity during the financial year and have the opportunity to scrutinise that activity.
Council Priorities	Value for Money
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government	<p>Interest earned on balances and interest paid on external debt, impact on the resources available to the Authority.</p> <p>Could impact upon all Corporate Action Teams.</p> <p>Borrowing and investment both carry an element of risk. This risk is mitigated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management Advisors (Arlingclose) to proffer expert advice.</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>
Consultees	None

Background Papers	<p>Treasury Management Strategy Statement 2017/18 – Council Meeting 23 February 2017;</p> <p>Treasury Management Activity Report – April to August 2017 – Audit & Governance Committee 27 September 2017;</p> <p>Treasury Management Activity Report – April to October 2017 – Audit & Governance Committee 6 December 2017</p> <p>Treasury Management Strategy Statement 2018/19 – Council meeting 27 February 2018</p>
Recommendations	<p>THAT MEMBERS APPROVE THIS REPORT AND COMMENT AS APPROPRIATE.</p>

1.0 BACKGROUND

- 1.1 The Authority’s Treasury Management activity is underpinned by CIPFA’s Code of Practice on Treasury Management (“the code”), which requires local authorities to produce Prudential Indicators and a Treasury Management Strategy Statement annually on the likely financing and Investment activity.
- 1.2 Treasury Management is defined as “the management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 1.3 The Authority’s current Treasury Management Strategy Statement, including the Borrowing Strategy, Debt Rescheduling Strategy, Annual Investment Policy and Strategy, Interest Apportionment Policy, Prudential Indicators and Annual Minimum Revenue Position Statement were approved by Council on 23 February 2017.
- 1.4 The code requires that Authorities report on the performance of the Treasury Management function at least twice yearly (mid-year and at year end).
- 1.5 This is the third of three in-year reports to be presented in 2017/18, to inform Members of the Authority’s treasury activity and enable scrutiny of activity and performance. These reports supplement the annual Treasury Stewardship Report, which will be presented to this Committee and Cabinet as soon as possible after the end of the financial year.

2.0 SCOPE

- 2.1 This report:
 - a) Has been prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code;
 - b) Presents details of capital financing, borrowing, debt rescheduling and investment transactions;
 - c) Gives details of the treasury management transactions for the period April to February 2018;
 - d) Reports on breaches of or compliance with treasury limits and Prudential Indicators.

3.0 THE U.K. ECONOMY AND OTHER FACTORS.

- An economic and Interest rate forecast has been provided by our Treasury Advisers (Arlingclose Ltd).

The MPC has raised expectations for further rises in Bank Rate, both sooner and to a higher level than previously anticipated by markets. Reiterating the view of the UK economy's impaired supply capacity and survey data of higher private sector earnings growth, meaning inflationary outcomes are more likely, the MPC also revised the UK's economic growth prospects slightly higher due to the pull of global economic momentum.

Significantly, the MPC also decided to shorten the forecast horizon over which inflation will be brought back to the CPI target.

The MPC believes that soft domestic consumption will recover as the inflationary impact of weaker sterling fades. Their projections assume that households and companies base their decisions on a smooth adjustment to the new trading relationship with the EU.

Whilst recent economic data has improved, it has done so from a low base: UK Q4 2017 GDP growth was 0.5% after a 0.4% expansion in Q3. Household consumption growth has softened, despite high employment and low savings rates. Housing markets are also soft.

The depreciation in sterling is assisting the economy to rebalance away from spending. Export volumes have increased, helped by stronger global and Eurozone economic expansions.

Near-term global growth prospects have continued to improve and broaden and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.

- An overview of the Bank of England's Inflation report of February 2018 has been provided by our Treasury Advisers.

Inflation is expected to remain around 3% in the short term but gradually fall back over the forecast but remain above the 2% target in the second and third years of the MPC's Projection (2019 and 2020).

The MPC judges that the UK economy has a very limited degree of slack. Wage growth is projected to rise further in response to the tightening labour market. Growth in demand is expected to outpace that of supply.

Monetary policy is expected to be tightened somewhat earlier and by a somewhat greater extent over the forecast period than anticipated at the time of the November report.

4.0 THE AUTHORITY'S TREASURY POSITION.

- 4.1 The Authority's gross / net debt and investment positions are as follows:

DEBT	Balance at 01/04/2017 £m	%	Maturing Loans £m	New Borrowing £m	Balance at 02/03/2018 £m	%
Total Long-term fixed rate (PWL & Bonds)	£83.427		£0.536	£0.000	£82.891	
<i>Split to - HRA & GENERAL FUND</i>	<i>£75.072</i>	<i>89.9</i>	<i>£0.536</i>	<i>£0.000</i>	<i>£74.536</i>	<i>89.8</i>
	<i>£8.355</i>	<i>10.0</i>	<i>£0.000</i>	<i>£0.000</i>	<i>£8.355</i>	<i>10.1</i>
Long-term variable rate	£0.000		£0.000	£0.000	£0.000	
Temporary Borrowing	£0.000		£0.000	£0.000	£0.000	
Total Borrowing	£83.427	99.9	£0.536	£0.000	£82.891	99.9
Other long-term liabilities (HBBC)	£0.112	0.1	£0.000	£0.000	£0.112	0.1
TOTAL EXTERNAL DEBT	£83.539	100	£0.536	£0.000	£83.003	100
INVESTMENTS	Balance at 01/04/2017 £m	%	Maturities £m	New Investments £m	Balance at 02/03/2018 £m	%
Internally Managed	£36.349	92.1	£40.184	£45.177	£41.342	78.4
<i>Investments with maturities up to 1 year</i>	<i>£24.349</i>	<i>61.7</i>	<i>£37.184</i>	<i>£42.177</i>	<i>£29.342</i>	<i>55.6</i>
<i>Investments with maturities in excess of 1 year</i>	<i>£12.000</i>	<i>30.4</i>	<i>£3.000</i>	<i>£3.000</i>	<i>£12.000</i>	<i>22.8</i>
Pooled Funds and Externally Managed Investments *	£3.100	7.9	£99.400	£107.700	£11.400	21.6
TOTAL INVESTMENTS	£39.449	100.0	£139.584	£152.877	£52.742	100
NET DEBT	£44.090				£30.261	

*Represents investments held in Money Market Funds

- 4.2 The investment position varies throughout the year as it is dependent upon cash flow. Examples of significant areas that can impact on cash flow are collection of Council tax, business rates, grants, and capital receipts, payments to other precepting authorities or central government and interest on treasury activity.
- 4.3 In the period April 2017 to February 2018, the capacity for investment has increased by £13.8m. The volatility of balances is normal throughout the year and a number of factors contribute to this:
- The Authority traditionally benefits from the receipt of Council Tax and Business Rates during the first ten months of the financial year;
 - Revenue expenditure is more evenly weighted throughout the financial year;

- c) Capital expenditure is more heavily weighted towards the latter part of the financial year due to the time required to schedule programmes of work or award contracts.
- d) The patterns of income and expenditure are variable and are compared to previous years. The current patterns are in line with the expected trends. These patterns are reflected in the Authority's cash flow projections which is monitored and revised daily as part of the treasury management process.

4.4 The capacity for investment fluctuates throughout the year and will now decrease towards financial year end. This is in line with the Authority's experience and expectations.

5.0 BORROWING ACTIVITY.

5.1 The Authority's Borrowing Strategy 2017/18, approved by Council on 23 February 2017, incorporates a prudent and pragmatic approach to borrowing to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Authority's Prudential Indicators.

5.2 The Authority's estimated borrowing requirement for the current financial year is £2.262m. In the two subsequent financial years this is estimated to be £2.290m in 2018/19 and £10.702m in 2019/20. These figures have been updated from the previous activity reports from the "Treasury Management Strategy Statement 2018/19 and Prudential Indicators 2018/19 to 2020/21" presented to Council in on 27 February 2018.

5.3 The Authority has not undertaken any new long-term borrowing during the period.

5.4 The Authority has two PWLB annuity loans as part of the self-financing of the HRA. The repayment element for these in 2017/18 is £1.079m.

5.5 The Authority's cash flow remained positive during the period. The Authority did not require any temporary loans during the period.

6.0 DEBT RESCHEDULING ACTIVITY.

6.1 The Authority's Debt Rescheduling Strategy 2017/18, which was approved by Council on 23 February 2017, establishes a flexible approach where the rationale for rescheduling could be one or more of the following:

- Savings in interest costs with minimal risk.
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
- Amending the profile of maturing debt to reduce any inherent refinancing risks.

6.2 No opportunities for debt rescheduling were identified which conformed to the above rationale. Accordingly, the Authority has undertaken no debt rescheduling activity during the period.

6.3 The Authority's portfolio of thirteen loans - ten PWLB loans and three market loans - will continue to be monitored for debt rescheduling opportunities that comply with the Authority's Policy and rationale.

7.0 INVESTMENT ACTIVITY.

7.1 The Authority's Investment Policy and Strategy 2017/18, which was approved by Council on 23 February 2017, established that the major policy objective is to invest its surplus funds prudently.

7.2 The Authority's investment priorities are:

- security of the invested capital;
- sufficient liquidity to permit investments; and,
- Optimum yield which is commensurate with security and liquidity.

7.3 To lower the inherent investment risk, the Authority has minimised the use of banks and increased the use of other Local Authorities as investment counterparties. A range of lengths of investment, from overnight investments to short and long fixed term, from 32 days to 3 years, are currently utilised to ensure that the principles of security, liquidity and yield are followed.

7.4 The counterparties that the Authority currently use all meet the criteria set out in the Treasury Management Strategy Statement 2017/18 and are monitored by the Authority's Treasury Management Advisors. The counterparties and amounts currently invested are shown below:

Counterparty	Length of Investment	Rate*	£m
Lloyds Bank (Current Account)	Overnight	0.40%	0.2
Bank of Scotland	Overnight	0.40%	1.4
Black Rock MMF	Overnight	0.29%	2.8
Goldman Sachs MMF	Overnight	0.35%	4.3
Aberdeen Asset Management MMF	Overnight	0.29%	3.3
CCLA Investment Management Ltd MMF	Overnight	0.41%	1.0
Lloyds Bank - Notice Account	32 days	0.57%	0.2
Barclays Treasury Direct	89 days	0.36%	1.5
Thurrock Council	90 days	0.50%	1.0
Dumfries & Galloway Council	91 days	0.45%	1.5
Santander - Notice Account	95 Days	0.60%	1.5
National Counties Building Society	98 days	0.57%	1.0
Blackpool Borough Council	120 days	0.62%	2.0
Eastleigh Borough Council	182 days	0.55%	1.0
Thurrock Borough Council	210 days	0.32%	1.0
Thurrock Borough Council	213 days	0.42%	2.0
Cheshire East Borough Council	214 days	0.42%	5.0
Leeds City Council	265 days	0.60%	3.0
Fife Council	269 days	0.32%	1.5
Thurrock Borough Council	312 days	0.63%	1.0
Salford City Council	321 days	0.60%	1.0
Moray Council	364 days	0.47%	2.0

Lloyds Bank Fixed Term Deposit	364 days	0.80%	1.5
The City of Liverpool	640 days	0.65%	2.0
Lancashire County Council	2 Years	0.55%	2.0
Northumberland County	3 Years	0.99%	3.0
Blaenau Gwent County Borough Council	3 years	1.20%	2.5
Newcastle City Council	3 Years	1.13%	2.5
Total Invested			52.7

*The interest rate shown is based on February 2018.

- 7.5 The average rate of return on the Authority's investment balances during the period was 0.48% (increased from 0.44% reported in the April to October Report). For comparison purposes, the benchmark return (average 7-day London Interbank Bid Rate or LIBID rate) at the end of February 2018 was 0.37%. The average 7 day London Interbank Offered Rate (LIBOR) rate at the end of February 2018 was 0.49%. The comparison of rates of return against a benchmark is less relevant when set against the ultimate priority of Security as set out in the Authority's Treasury Management Strategy Statement 2017/18.
- 7.6 Short and long term interest rates are beginning to rise marginally since the increase of the base rate by the Bank of England on 2 November 2017 to 0.5%. Our Treasury advisers are forecasting that the Base Rate will remain at this level over the medium term. This will mean that interest rates on investments will increase from the current position.
- 7.7 There were 108 investments made during the period, totalling £152.8m and 88 maturities totalling £139.6m. The average balance held for the period was £49.5m.
- 7.8 Of the investments and maturities in paragraph 7.7, 25 were fixed term investments taken out during the period and 23 were fixed term investments that have matured during the period. The fixed term investments were for amounts ranging from £1m to £5m.
- 7.9 The Authority has budgeted to achieve £120,000 of income from its investment activity in 2017/18. Investment activity from April to February 2018 has achieved £246,042 in interest for the financial year. The current forecast that is estimated to be achieved is £249,391.
- 7.10 Of this total, an element is applied to balances held on external income. This external income largely represents balances from S106 contributions that have not yet been spent. The estimated amount forecast to be applied is approximately £17,618 subject to the balances remaining at the end of the financial year. There is no budget applied to this element as S106 contributions are only achieved when specific conditions are met and are anticipated to be spent.
- 7.11 The estimated remaining balance of interest (£231,773) received on investment income is budgeted to be apportioned between General Fund and the Housing Revenue Account based on the estimated cash flow position. For 2017/18, the budgeted investment income is apportioned as follows: £76,140 General Fund and £43,860 Housing Revenue Account. Any over or under achievement of interest is apportioned on this basis and the current forecast is anticipated as follows:

	Budget	Projected
--	---------------	------------------

General Fund	£76,140	£147,060
HRA	£43,860	£84,713
Sub-Total	£120,000	£231,773
External Balances	£0	£17,618
Total	£120,000	£249,391

- 7.12 The Authority sets maximum investment limits per counterparty in its Investment Policy and Strategy. These limits are specific to the Authority to ensure adherence to S.L.Y (Security; Liquidity; Yield) and to minimise the risk of losses should a counterparty fail or require a bail-in. The Authority's current bank account is included in these limits.
- 7.13 The major income and expenditure streams are accounted for as part of the daily treasury management operational processes. Variations in income are anticipated by ensuring that there is scope to absorb estimated fluctuations in the bank account. Variations in income of up to £100,000 are a prudent estimate based on historical experience.
- 7.14 On 1st February 2018, the counterparty limit for our banking provider (Lloyds) was breached by £1.4m. An unexpected credit into the bank account for £1.7m was made late in the day. This is not something the Council could have taken action to avoid.
- 7.15 All investments, except paragraph 7.14, made during the period, complied with the Authority's agreed Annual Investment Strategy, Treasury Management Practices, Prudential Indicators and prescribed limits.

8.0 SUMMARY

- 8.1 For the period April to February 2018, the Authority can confirm that it has complied with its Prudential Indicators, which were approved on 23 February 2017 as part of the Authority's Treasury Management Strategy Statement.
- 8.2 In compliance with the requirements of the CIPFA Code of Practice, this report provides members with a summary report of the Treasury Management activity for the period April to February 2018. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.
- 8.3 The Authority can confirm that during the period April to February 2018, other than the breach of prescribed limit detailed in paragraph 7.14, it has complied with its Treasury Management Practices.

9.0 REPORT FORMT

- 9.1 Members will recall that at the last meeting it was planned for a new report format to be delivered for the treasury management activity reports from this meeting.
- 9.2 Due to unforeseen team capacity issues, the timetable for this has been delayed. A new report format will now be introduced in the new financial year.
- 9.3 The new report format will include data comparisons, benchmarks and graphical presentations where appropriate with a view to aid members understanding and encourage challenge.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 21 MARCH 2018

Title of report	CORPORATE RISK UPDATE
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Strategic Director of Housing and Customer Services 01530 454502 glyn.jones@nwleicestershire.gov.uk</p> <p>Head of Finance and Section 151 Officer 01530 454781 tracy.ashe@nwleicestershire.gov.uk</p>
Purpose of report	To receive the Quarter 3 Corporate Risk Update
Reason for decision	<ol style="list-style-type: none"> 1. The Risk Management Policy requires regular risk updates to be presented to the Audit and Governance Committee. 2. To obtain support from Members for the updated risk management framework.
Council priorities	Value for Money.
Implications:	
Financial/Staff	The Council manages its risks within existing budgets. Effective risk management protects the Council from insurance and/or compensation claims, fraud, and a range of other financial liabilities.
Link to relevant CAT	No direct link.
Risk Management	As detailed in the report.
Equalities Impact Screening	Not applicable.
Human Rights	Not applicable
Transformational Government	Not applicable.
Consultees	None

Background papers	None.
Recommendations	<p>1. THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES THE QUARTER 3 CORPORATE RISK UPDATE.</p> <p>2. THAT THE AUDIT AND GOVERNANCE COMMITTEE APPROVE THE UPDATED RISK MANAGEMENT FRAMWORK.</p> <p>3. THAT THE AUDIT AND GOVERNANCE COMMITTEE RECOMMEND THAT CABINET FORMALLY ADOPTS THE RISK MANAGEMENT POLICY AT ITS MEETING OF 1 MAY 2018</p>

1.0 BACKGROUND

- 1.1 Cabient approved the Risk Management Strategy at its meeting on 29 July 2014 and this was presented to Audit and Governance Committee on 24 September 2014.
- 1.2 The attached Risk Management Policy (see Appendix 1) and associated documents, if agreed, will now supersede the strategy referred to in 1.1 and go forward for formal adoption by Cabinet on 1 May 2018.
- 1.3 One of the requirements of the Strategy is for members of this Committee and Cabinet to receive details of the high level risks monitored through the Corporate Risk Register. The new and updated Risk Register can be found at Appendix 2 and a quarterly review of this will be a standing agenda item for this Committeee going forward. The updated Risk Register will also be included as an appendix to the Quarterly Performance Reports presented to Cabinet, with any exceptional items being highlighted.

2.0 PROPOSALS

- 2.1 Oversight of risk management is the responsibility of the Strategic Director of Housing and Customer Services, who currently chairs the Council's Risk Scrutiny Group, and this long term arrangement was confirmed in the senior management proposals which were approved by Council on 23 January 2018.
- 2.2 The update presented to this Committee on 6 December 2017 described how the previous Risk Register presented information around rather generic risk 'areas', and the intention to produce an updated register which clearly stated the specific risks. It was also proposed that the causes and impacts of corporate risks be more fully described, as well as the accountable owners and the timescales for completing the mitigating actions.
- 2.3 A newly formatted Risk Register has now been produced to reflect these priorities and is attached at appendix 2 for approval by this Committee. As well as the inclusion of additional information, a new risk has been added around the potential reduction in income to NWLDC (Ref No. 11).

- 2.4 An individual Risk Mitigation Plan has also been developed for each corporate risk and a sample skeleton plan is attached at Appendix 3 for your information. Completion of each Mitigation Plan will help ensure that the Control Measures described in the Corporate Risk Register are tracked and implemented. The Risk Scrutiny Group will monitor progress against the delivery of each Mitigation Plan.
- 2.5 The Risk Scrutiny Group will review the corporate risks quarterly and recommend any changes through the Corporate Leadership Team prior to the information being presented to this committee.
- 2.6 Within the Risk Management Policy there is a requirement to complete an annual review of the risk management process across NWLDC, which will be overseen by the Risk Scrutiny Group. As well as assessing progress against the Mitigation Plans, this review will require all service areas to complete a Corporate Risk Self Evaluation Matrix, and a copy is attached at Appendix 4 for your information.
- 2.7 The Risk Management Policy has been updated to reflect new governance arrangements, links to the Internal Audit function, updated assessments of risk impacts and the operation of the annual review. This committee is asked to agree the Policy so it can proceed to Cabinet for formal adoption. It is not proposed to take this Policy to Policy Development Group as it is felt that this Committee fulfils the scrutiny function by Members

This page is intentionally left blank

APPENDIX 1 - NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL RISK MANAGEMENT POLICY

1. INTRODUCTION

1.1 The Council has adopted the principles of risk management in order to meet the following objectives:

- To protect the health, safety and welfare of its employees and the people it serves;
- To protect its property, assets and other resources;
- To protect the services it provides; to maintain its reputation and good standing in the wider community; and
- To deliver its overall objectives and priorities.

2. RISK MANAGEMENT STRUCTURE

2.1 Risk Management is co-ordinated corporately by the Health and Safety Officer and through the Corporate Risk Scrutiny Group (RSG) chaired by the Strategic Director of Housing and Customer Services. Each of the Council's Services has a representative on the RSG. Progress on Corporate Risk Management will be reported to Elected Members through performance reports to the Audit and Governance Committee. The Corporate Portfolio Holder is the Cabinet Member with overall responsibility for risk management, the Leader of the Council.

2.2 Risk management will be embedded in the culture of the authority through:

- The continued adoption of the Council's risk management policy statement;
- A nominated officer lead, currently the Head of H.R. and Organisation Development ;
- The Corporate Risk Scrutiny Group with representation from each Service Area;
- An established uniform procedure for the identification, analysis, management and monitoring of risk;
- Training and briefings in conjunction with our insurer, Zurich Municipal and
- Regular monitoring and reporting through the corporate performance management system (including Internal Audit).

2.3 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. Each year the Audit Manager produces a risk-based annual Audit Plan. This is informed by a risk assessment which includes a review of corporate and service risk registers, and consultation with key stakeholders and senior management. The Plan is developed to deliver a programme of internal audits to provide independent assurance to Senior Management and Members. Internal audit undertake a risk based approach for individual assignments and gives a rating of the level of assurance that be awarded within each system / business area. This demonstrates the extent to which controls are operating effectively to ensure that significant risks to the achievement of the Council's priorities are being addressed.

3. AIMS OF THE POLICY

- 3.1 The Council will strive to maintain its diverse range of services to the community and visitors to the North West Leicestershire area. It will protect and preserve its ability to continue to provide these services by ensuring that its assets, both tangible and intangible, are protected against loss and damage. The Council is committed to a programme of risk management to ensure its ambitions for the community can be fulfilled through:

“The identification, analysis, management and financial control of those risks which can most impact on the Council’s ability to pursue its approved delivery plan”.

- 3.2 The Council is committed to using risk management to maintain and improve the quality of its own services as well as any contribution by partnerships through its community leadership role. The Risk Management Policy has the following aims and objectives:

- To continue to embed risk management into the culture of the Council;
- To promote the recognition of risk within the Council’s defined corporate aims and objectives;
- Continue to raise risk awareness within the Council and its partners;
- To manage risk in accordance with best practice;
- To comply with legislation and guidance;
- To improving safety and increase safety awareness;
- To protect Council property, services and public image;
- To reduce disruption to services by having effective contingency or recovery plans in place to deal with incidents when they occur;
- To minimise injury, damage, loss and inconvenience to residents, staff, service users, assets etc. arising from or connected with the delivery of Council services;
- To review robust frameworks and procedures for the identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice;
- To maximise value for money.

- 3.3 Each year, through the Risk Scrutiny Group, the Council’s Corporate Leadership Team (CLT) will review the Risk Management Policy and its risk management processes to ensure their continued relevance to the Council. The annual review will also assess performance against the aims and objectives set out above. Completion of the self-evaluation matrix will be a key monitoring tool and a central part of this review. CLT will be accountable to Members for the effective management of risk within the Council. This will be achieved through the quarterly reporting of corporate risks to Cabinet.

4. RISK MANAGEMENT POLICY

- 4.1 The overall objective of the Council’s risk management Policy is to ensure that risks to the Council’s objectives, services, employees, partnerships and contractors are identified, recorded, amended, prioritised and then addressed by being treated, tolerated, transferred or terminated. The Policy incorporates:

a. Identification / consideration of risks

- Identifies corporate and operational risks, assesses the risks for likelihood and impact, identifies mitigating controls and allocates responsibility for the mitigating controls.
- Requires the consideration of risk within all service plans and reviews and the regular review of existing risks as identified in the risk register.
- Requires, reports supporting strategic policy decisions and project initiation documents, to include a risk assessment.
- Externally horizon scan for impending risks that may impact the council, communicate the risk to the appropriate risk owner so they can assess for likelihood and impact, identify mitigating controls and allocate responsibility for the mitigating controls.

b. Development / Delivery

- Allocates responsibility for embedding risk management to a senior officer and Member, to jointly champion.
- Embeds risk management into; strategic planning, financial planning, policy making and review, and performance management.
- Requires that an update report arising from the work of the Risk Scrutiny Group is presented to Corporate Leadership Team for discussion and information on a quarterly basis.
- Develops arrangements to monitor and measure performance of risk management activities against the Council's strategic aims and priorities.
- Considers risks in relation to significant partnerships, which requires assurances to be obtained about the management of those risks.

c. Member Involvement / Responsibility

- Quarterly reports to be produced for Audit and Governance Committee on the management of risks together with recommendation of appropriate actions.

d. Training / Awareness

- Requires relevant training and tool kits to be given to appropriate staff to enable them to take responsibility for managing risks within their environment.
- Requires the maintenance of documented procedures for the control of risk and the provision of suitable information, training and supervision.
- Develops appropriate procedures and guidelines.
- Considers positive risks (opportunities) and negative risks (threats).
- Facilitates risk management awareness training for all Members.

e. Review

- Maintains and reviews a register of corporate business risks linking them to strategic business objectives and assigning ownership for each risk.
- Requires an annual review of the risk management process, including a report to CLT, completion of the Self Evaluation Matrix by all service areas, and quarterly reporting to the Audit and Governance Committee
- In the case of new or changing strategic risks, report to Audit and Governance Committee and/or Cabinet through the quarterly performance reporting process.
- Requires each team / department to review their individual Risk Registers as and when required (but no less than quarterly).

f. Business Continuity

- Develops contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the delivery of the Council's services.

g. Insurance

- Ensures the Council's Technical Officer, Finance is notified of any new risks.
- Ensures adequate records are maintained and retained to support the Council's defence against disputed insurance claims.

h. Controlling the Risks

Traditionally in risk management there are four ways to mitigate the risks to the organisation, these being typically referred to as **Treat, Tolerate, Transfer and Terminate** and are known collectively as the "4 Ts".

- **Tolerate** means the risk is known and accepted by the organisation. In such instances the senior management team should formally sign off that this course of action has been taken.
- **Transfer** means the risk mitigation is transferred i.e. it is passed to a third party such as an insurer or an outsourced provider, although it should be noted that responsibility for the risk cannot be transferred or eliminated.
- **Terminate** means we stop the process, activity etc. or stop using the premises, IT system etc. which is at risk and hence the risk is no longer relevant.
- **Treat** means we aim to reduce the likelihood of the threat materialising or else reduce the resultant impact through introducing relevant controls and continuity strategies.

5. CORPORATE RISK SCRUTINY GROUP

5.1 The Corporate Risk Scrutiny Group is made up of technical experts and corporate leads from the Council's Service Areas. Members of the Group act as "champions" for risk within their services and the Group provides a link into the CLT.

5.2 The role of the Group is to maintain a formal framework that will assist with the management of risk and business continuity, by developing the corporate lead and advising CLT on the expected outcome. The objectives of the Group are:

- To assess and advise on the reduction of prevailing risks within the Council's services, to the benefit of staff and the public;
- To discuss, agree and recommend as appropriate, on matters relating to corporate risk policy.
- To make reports and recommendations to CLT;
- To discuss operational risks insofar as they relate to matters of cross-directorate interest;
- To oversee the implementation of the Council's risk management Policy, and to promote a holistic approach to its ongoing management;
- To promote good risk management practices with the aim of reducing potential liabilities;
- To consider and identify new risks, and ideas / schemes for risk reduction;
- To provide a forum to discussion on risk management issues.

These will be achieved through the following:

- The use of the Council's Risk Management reporting system;
- Monitoring the risk management Policy;
- Reviewing the Council's risk register and associated action plans, acting as a forum for examining and rating risks and making recommendations to CLT.
- Developing a comprehensive performance framework for risk management, and developing and using key indicators capable of showing improvements in risk management and providing early warning of risk;
- Supporting the development and review of internal standards and procedures regarding significant risk areas;
- Supporting the development and implementation of relevant training, awareness and education programmes;
- Supporting the development and implementation of adequate, relevant and effective reporting, communication and information dissemination systems with managers and staff;
- Supporting the effective monitoring and review of near misses, untoward incidents and accidents, legal and insurance claims and verifying that appropriate management action has been taken promptly to minimise the risk of future occurrence;
- Supporting the review of the risk register and action plans to ensure that appropriate management action is taken appropriately to tolerate, treat, transfer or terminate the risk;
- Monitoring compliance with legal and statutory duties;
- Providing progress reports to CLT and Members, drawing to their attention significant business risks.
- The Corporate Self Evaluation matrix will be produced annually by Service Head's and presented to the Corporate Risk Scrutiny Group by the Health and Safety Officer.

6. PROCEDURES

- 6.1 The Council will adopt uniform procedures for the identification, analysis, management and monitoring of risk. These will be embodied in a formal risk management framework, which will be subject to annual review by the Audit and Governance Committee, following consideration by CLT.

The approved framework is set out in Appendix A to this Policy document.

7. FUNDING FOR RISK MANAGEMENT

- 7.1 The annual Service and Financial Planning process will include a review of operational risks and consider the allocation of funds for risk management initiatives as part of the annual budget process. If additional funds are required approval will be sought initially from CLT.

8. BENEFITS OF EFFECTIVE RISK MANAGEMENT

- 8.1 Effective risk management will deliver a number of tangible and intangible benefits to Individual services and to the Council as a whole e.g.

Improved Strategic Management

- Greater ability to deliver against objectives and targets
- Increased likelihood of change initiatives being delivered effectively
- Improved reputation, hence support for regeneration
- Increased confidence to take controlled risks

Improved Operational Managements

- Reduction in interruptions to service delivery: fewer surprises!
- Reduction in managerial time spent dealing with the consequences of a risk event occurring
- Improved health and safety of employees and others affected by the Council's activities
- Compliance with legislation and regulations

Improved Financial Management

- Better informed financial decision-making
- Enhanced financial control
- Reduction in the financial costs associated with losses due to service interruption, litigations, etc.
- Improved containment of insurance premiums.

Improved Customer Service

- Minimal service disruption to customers and a positive external image.

**North West Leicestershire District Council
February 2018**

APPENDIX A

North West Leicestershire District Council Risk Management Framework

(A) What is this framework?

This framework is intended to promote a set of uniform risk management procedures through which directorates will identify, analyse, monitor and manage the risks faced by the Council.

For the purposes of the framework, risk management is defined as *“the identification, analysis, management and financial control of those risks that can impact on the Council’s ability to deliver its services and priorities.”*

Risk management is therefore concerned with better decision making, through a clear understanding of all associated risks before final decisions are made by either Members or officers. When risks are properly identified, analysed and prioritised it is possible to formulate action plans that propose management actions to reduce risk or deal adequately with the consequences of the risks should they occur. The underlying aim is to treat, terminate or transfer risk to bring them to an acceptable manageable level within the Council, monitor tolerated risk, ensuring services to the public can be maintained, and that the Council’s priorities can be fulfilled.

Risk management therefore supports the Council’s service planning process by positively identifying the key issues that could affect the delivery of the service objectives.

(B) Why does the council need to consider risk management as part of its service planning?

All organisations have to deal with risks, whatever their nature. As a general principle the Council will seek to reduce or control all risks that have the potential to:

- Harm individuals;
- Affect the quality of service delivery or delivery of the council’s priorities;
- Have a high potential of occurrence;
- Would affect public confidence;
- Would have an adverse effect on the council’s public image;
- Would have significant financial consequences.
- Have a potential for litigation in line with exposure detailed below

Risk Management cannot therefore be considered in isolation, but needs to be an integral part of decision-making and service planning processes of the Council. Risk management must be fully embedded in:

- Service planning,
- Performance management,
- Best value,
- Committee reports.

For this reason risk management is located within the HR and Organisation Development team of the Council, with high level commitment by the Chief Executive to integrate risk management in everything the Council does.

(C) Assessing risk

Once risks have been identified, an assessment of their significance is required. This requires a robust and transparent scoring mechanism to be used uniformly across Council directorates.

Scoring should be a group exercise including managers and frontline employees. This is because people's perceptions vary and this can have an effect on scoring the risk. Employees who experience a risk every day can become complacent and fail to see how serious it may actually be, whilst a group will usually see the wider impact.

A decision on risk ownership is also required. The owner should be at management level and be responsible for ensuring that controls identified to manage the risk are in place and that they are effective. Delegation of responsibility for particular actions to other employees is acceptable, but overall control of risk must remain with management.

Tables 1 and 2 below set out a scoring mechanism for assessing the likelihood and the impact of exposure to risk.

Table 1 – assessing the likelihood of exposure

1 Low	Likely to occur once in every ten years or more
2 Medium	Likely to occur once in every two to three years
3 High	Likely to occur once a year
4 Very high	Likely to occur at least twice in a year

Table 2 – assessing the impact of exposure

1. Min or	Loss of a service for up to one day Objectives of individuals are not met No injuries Financial loss over £1,000 and up to £10,000 No media attention No breaches in Council working practices No complaints / litigation
------------------	---

<p>2. Medium</p>	<p>Loss of a service for up to one week with limited impact on the general public. Service objectives of a service unit are not met. Injury to an employee or member of the public requiring medical treatment. Financial loss over £10,000 and up to £100,000. Adverse regional or local media attention – televised or news paper report. Potential for a complaint litigation possible Breaches of regulations / standards.</p>
<p>3. Serious</p>	<p>Loss of a critical service for one week or more with significant impact on the general public and partner organisations. Service objectives of the directorate of a critical nature are not met. Non- statutory duties are not achieved Permanent injury to an employee or member of the public. Financial loss over £100,000 Adverse national or regional media attention – national newspaper report. Litigation to be expected Breaches of law punishable by fine.</p>
<p>4. Major</p>	<p>An incident so severe in its effects that a service or project will be unavailable permanently with a major impact on the general public and partner organisations. Strategic priorities of a critical nature are not met Statutory duties are not achieved Death of an employee or member of the public Financial loss over £1m. Adverse national media attention – national televised news report. Litigation almost certain and difficult to defend Breaches of law punishable by imprisonment.</p>

(F) Prioritisation of risk

Table 3 brings together in a matrix the likelihood and impact of risk.

Table 3 – risk matrix

Likelihood

		1	2	3	4
Impact	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4

Based on this matrix, the Council must decide on the level of risk it is prepared to accept as part of its ongoing operations. Any risk above the agreed level should be considered unacceptable and will therefore need to be managed. The risks in the above matrix fall into three zones; red, amber and green. Table 4 sets out the Council's intended response to these risks.

Table 4 – Intended responses to risk

Red	Controls and/or mitigating actions are required to reduce the risk to an acceptable level. Effort should be focused on reducing the risk of any items appearing in this zone, hence moving them to the amber or green zone.
Amber	Risks will require ongoing monitoring to ensure they do not move into the red zone. Depending on the resources required to address the red risks, it may be appropriate to develop controls/mitigating actions to control these risks.
Green	Existing controls and/or mitigating actions are sufficient and may be excessive. More resource committed to reduce these risks is likely to be wasted. Consideration should be given to relaxing the level of control to release resources for mitigating higher level risks.

(G) Format of the risk register

Annex 1 to this framework provides a standard format.

Corporate Risk Register															
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Target Risks		
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	Impact	Likelihood	Rating

RISK MANAGEMENT POLICY

I hereby declare that the contents contained within are correct and implemented at all establishments, managed by North West Leicestershire District Council.

Signed: _____

CHIEF EXECUTIVE

Date: _____

Authorised by	Chief Executive Officer
Date Authorised:	
Prepared by:	Ian Bennett
Plan Owner:	North West Leicestershire District Council
Policy Reference:	2018(v2.1)

DOCUMENT REVIEW			
Date of Review	Reason for Review After use (A) Scheduled Review (S) Legislation (L) Other (O)	Suitable/ Unsuitable (S/U)	Brief details
16/12/14	Scheduled Review (S)	Suitable	Change of personnel
25/05/16	Scheduled Review (S)	Suitable	

AUDIT OF AMENDMENTS			
Date	Paragraph Changed	Details / Reason	Approved by
16/12/14	Paragraph 2.1(a)	Change of name to Risk Scrutiny Group (RSG)	
16/12/14	Paragraph 2.1(b)	Change in Co-ordinator to Health and Safety Officer	
16/12/14	Paragraph 2.1(c)	Change in Chair to include the Director of Services	
16/12/14	Paragraph 2.1(d)	Clarified portfolio holder as the Leader of the Council	
12/06/17	Scheduled Review (S)	Suitable	
25/01/18	Scheduled Review	Suitable following review	

	(S)Paragraph 2.1(c)	Change in Chair to include the Strategic Director of Housing and Customer Services	
--	----------------------------	---	--

DRAFT

APPENDIX 2

Corporate Risk Register															
Ref No.	Risk Description	Consequence	Cause	Inherent Risk			Responsibility of	Responsible to	Control Measures	Residual Risk			Target Risks		
				Impact	Likelihood	Rating				Impact	Likelihood	Rating	Impact	Likelihood	Rating
1	SOCIAL/ POLITICAL/ LEGAL Death / serious harm to a vulnerable person receiving a council service	A serious case review arising from death/serious harm to a vulnerable person. Reputational damage to council. Loss of confidence in ability of council to deliver services.	Lack of response to a safeguarding report. Service failure.	4	4	16	Community Safety Manager	Head of Communities	The organisation has the following structures in place; An identified Corporate Lead (Head of Service) with a Portfolio Holder lead An identified Team responsible for Safeguarding (Safer & Stronger) with responsibility embedded into Team Leader role and an officer (Child & Adults at risk Officer) An agreed Safeguarding Policy refreshed as required with delegation to Director of Housing and Customer Services for updates An identified group of Designated Safeguarding Officers (DSO's) in most A programme of regular DSO meetings which consider training, best practice and case issues An annual training programme to ensure new DSO's are well informed and trained A quarterly senior management review of all cases to check progress/close cases A quarterly briefing with the Chief Executive, a 6 monthly report to CLT and an annual report to Cabinet Annual report reviews previous year and endorses an action plan for the year ahead.	4	2	8			
2	FINANCIAL/ COMMERCIAL/ REPUTATIONAL Mismanagement of	Central Government intervention/special measures. Adverse publicity. Possible litigation. Withdrawal of services.	Mis-interpreting of or not responding appropriately to a change in fiscal policy.	4	4	16	Financial Services Team Manager	Strategic Director of Housing and Customer Services	Monthly management reviews monitor actual spend against budgets and forecast to the end of the year.	4	1	4			

	council finances		Poor budget planning / management. Internal financial systems and regulations not being properly applied						Monthly reporting and challenging at CLT, and reported to Cabinet quarterly Sound policies and procedures are in place. Financial planning processes have been documented and are reviewed regularly. Internal and External audit of systems and accounts. Membership of CIPFA and engagement of Arling Close gives access to specialist advice, analysis and expertise.					
	3 REPUTATIONAL/ LEGAL COMMERCIAL Insufficient resources due to unplanned / unforeseen absences / vacancies	Council unable to perform its statutory duties. Use of external resources at significantly higher cost.	Failure to horizon scan and interpret future needs in crucial roles. Inability to recruit to vacancies / retain staff.	4	2	8	Head of HR and OD	Chief Executive	Advance planning will mitigate this risk; Ability to divert resources from other services, bringing in additional resources from other sources (e.g. Agencies, Consultants, Voluntary/ Community sector etc.) would be activated. Market conditions are tested through recruitment processes. The Council can offer a package of additional benefits to enhance the recruitment offer. The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive. Best Employee Experience is a programme to attract and develop the right skills, and promoting existing staff talent through secondments and tailored development programmes. Apprenticeships allow the Council to 'grow our own'.	3	2	6		
	4 LEGAL / FINANCIAL Contracts are not properly procured and managed	Council liable to incur additional costs, contract overrun, litigation and potential health & safety issues.	Failure to monitor contractors appropriately.	3	4	12	All Team Managers	All Heads of Service	Corporate procurement officer and legal team to support where necessary on contract management.	3	2	6		

			Legal and procurement teams not consulted when contractors are engaged. Procurement procedures are not followed.						Policies and procedures are in place. A Senior Procurement Officer oversees a procurement planning process. Training programme in place for staff.						
5	LEGAL / TECHNOLOGICAL Loss or unlawful use of personal data constituting breach of data protection legislation	Monetary penalties from ICO, adverse publicity, private litigation and personal criminal liability of officers.	Systems not in place to protect sensitive data. Staff are not properly trained in managing information, and do not follow internal procedures.	3	3	9	Business Improvement Team Manager	Head of Legal & Support Services	Policies and procedures are in place although not yet rolled out and fully embedded. Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. The Council has a dedicated SIRO. Corporate Governance Groups are in place to scrutinise impacts/issues arising.	3	2	6			
6	LEGAL / REPUTATIONAL / COMMERCIAL Failure to respond to an emergency in an appropriate manner	General public at risk of harm or unable to access relevant services (e.g. emergency accommodation or rest centre). Adverse publicity. "Business as usual" not possible without appropriate business continuity plan in place. Breakdown in relationship with other responders.	Lack of planning, training and exercising of Emergency plans Inadequate Corporate Business Continuity Management Lack of procedural understanding	4	3	12	Head of Human Resources and Organisation Development	Chief Executive	Business continuity plans have been documented, policies and procedures are in place. The LRF partnership arrangement with all Leicestershire and Rutland authorities provide resilience during civil emergency situations. Business Continuity exercises show the readiness of the Council to deal with emergencies. System of ICO / FLM duty rotas is in place.	4	1	4			
7	LEGAL/ TECHNOLOGICAL/ COMMERCIAL Infiltration of ICT systems	"Business as usual" would not be possible. Cost of repelling cyber threat and enhancing security features.	Systems not in place or kept current to deflect any foreseeable cyber attack Limited staff awareness of possible threats.	4	4	16	ICT Manager	Strategic Director of Housing and Customer Services	Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment. New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres.	3	2	6			

									Data is backed up to a second disk unit offsite at Hermitage Leisure Centre Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials Plus and the Public Services Network.						
8	COMMERCIAL / POLITICAL / FINANCIAL Projects are poorly managed	Failure of proposed projects could result in failure to achieve overall objectives. Inefficient use / waste of resources.	Failure to implement project management techniques. Poor corporate oversight of projects. Inadequate or poorly performing Project Management Office function.	3	4	12	BIT Team Manager	Head of Legal & Support Services	Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. Use of external resources is also being used to support the Coalville and Leisure projects.	3	3	9			
9	LEGAL / POLITICAL / REPUTATIONAL Council makes ultra vires (beyond the council's powers and functions) decisions	Potential litigation against the Council, resulting in increased costs / compensation. Reputational damage.	Staff / Members proceeding outwith established governance arrangements. Failure to consult with Legal / Monitoring Officer. Lack of understanding of the implications of dealing with a particular matter.	4	3	12	Legal Services Team Manager	Head of Legal & Support Services	Policies & procedures in place, governance processes are documented and in operation, ongoing assessments and reviews are performed. Completion of the Annual Governance statement.	4	1	4			
10	FINANCIAL / LEGAL / REPUTATIONAL Council is subject to fraud, corruption or theft	Financial, reputational and political damage to Council.	Lack of checks and balances within financial regulations. Poor budget / contract management.	4	3	12	All Team Managers &	Directors	A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering Policy. The Internal Audit annual planning process takes into account high risk areas, which considers fraud risks. Fraud risks are considered as part of specific audits with testing designed to detect fraud where possible. The Council is also subject to External Audit.	3	2	6			

			Poor monitoring of / adherence to financial systems				All Heads of Service	Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes. Information on how to report fraud is on the website including relevant links. Participation in National Fraud Initiative (mandatory) and Leicestershire Fraud Intelligence Hub (voluntary). Leicestershire Revenues and Benefits Partnership have two trained officers working solely on Council Tax Reduction Scheme Fraud and act as Single Point of Contact for DWP referrals.						
11	FINANCIAL / COMMERCIAL / ECONOMIC The Council is subject to a reduction in income	Services are unable to be delivered. Potential staff redundancies. Funding of external groups is withdrawn. Potential breach of statutory duties.	Reduction in government grant. Changes to the local authority financial settlement. Economic downturn / recession. Commercial opportunities not progressed. Changing rent policies.	3	4	12	All Heads of Service.	Directors. Chief Executive.	Medium Term Financial Strategy in place, including Self Sufficiency initiative. Economic Development Team promotes business offer. Participation in Business Rates Pilots. Accessing external funding where appropriate. Income collection procedures in Revs & Bens Service and Housing.	3	3	9		

Assessing the likelihood of a risk:

1 Low	Likely to occur once in every ten years or more
2 Medium	Likely to occur once in every two to three years
3 High	Likely to occur once a year
4 Very high	Likely to occur at least twice in a year

Assessing the impact of a risk:

1 Low	Loss of a service for up to one day, Objectives of individuals are not met No injuries Financial loss below £10,000 No media attention No breaches in council working practices No complaints / litigation
--------------	--

<p>2 Medium</p>	<p>Loss of a service for up to one week with limited impact on the general public Service objectives of a service unit are not met Injury to an employee or member of the public requiring medical treatment Financial loss over £10,000 Adverse regional or local media attention – televised or newspaper report Potential for a complaint litigation possible Breaches of regulations / standards</p>
<p>3 High</p>	<p>Loss of a critical service for one week or more with significant impact on the public and partner organisations Service objectives of the directorate of a critical nature are not met Non- statutory duties are not achieved Permanent injury to an employee or member of the public Financial loss over £100,000 Adverse national or regional media attention – national newspaper report Litigation to be expected Breaches of law punishable by fine</p>
<p>4 Very high</p>	<p>An incident so severe in its effects that a critical service or project will be unavailable permanently Strategic priorities of a critical nature are not met Statutory duties are not achieved Death of an employee or member of the public Financial loss over £1m. Adverse national media attention – national televised news report Litigation almost certain and difficult to defend Breaches of law punishable by imprisonment</p>

Appendix 3: Business Development – Risk Mitigation Plan

		Assigned to: Head of Communities				
Risk Reference	1	Risk Event / Circumstances:	Death / serious harm to a vulnerable person receiving a council service			
Status:		Progress (%):		Risk Target - Achieved Date:		
Actions required	Evidence of completion / Method of Implementation	Implementing Officer	Completion Target	Barriers to completion ('depends on' or other)	Cost of Mitigation and resources required / Cost of Impacts	Achieved date
An identified Corporate Lead (Head of Service) with a Portfolio Holder lead		Community Safety Manager				
An identified Team responsible for Safeguarding (Safer & Stronger) with responsibility embedded into Team Leader role and an officer (Child & Adults at Risk Officer)		Community Safety Manager				
An agreed Safeguarding Policy refreshed as required with delegation to Strategic Director of Place for updates		Community Safety Manager				
An identified group of Designated Safeguarding Officers (DSOs) in most service areas		Community Safety Manager				
A programme of regular DSO meetings which consider training, best practice and case issues		Community Safety Manager				
An annual training programme to ensure new DSO's are well informed and trained		Community Safety Manager				
A quarterly senior management review of all cases to check progress/close cases		Community Safety Manager				

Appendix 3: Business Development – Risk Mitigation Plan

				Assigned to: Head of Communities		
Risk Reference 1		Risk Event / Circumstances: Death / serious harm to a vulnerable person receiving a council service				
Status:		Progress (%):		Risk Target - Achieved Date:		
Actions required	Evidence of completion / Method of Implementation	Implementing Officer	Completion Target	Barriers to completion (‘depends on’ or other)	Cost of Mitigation and resources required / Cost of Impacts	Achieved date
A quarterly briefing with the Chief Executive, a 6 monthly report to CLT and an annual report to Cabinet		Community Safety Manager				
Annual report is to review previous year and endorse an action plan for the year ahead		Community Safety Manager				
Baseline Risk Score: 16		Current Risk Score: 8		Target Risk Score:		
Amendments (Or reasons for action not being achieved).						
Notes and History (Comments & status update).						

Appendix 4: Corporate Risk - Self Evaluation Matrix 2018

Strategy / Goal	Goal Interpretation	Evidence Example	Evaluation			
			1	2	3	4
<p>1. To comply with legislation and guidance.</p> <p>Encourage strong leadership in championing the importance of a common-sense approach to risk in the workplace.</p>	<p>Elected Members and Management are aware of their responsibilities for risk and the responsibilities are considered in strategic decision making.</p>	<ul style="list-style-type: none"> • Risk is discussed at management 1:1's • Risk appears quarterly on the agenda for meetings at all levels. • Appraisals of senior managers include an assessment of their contribution to risk performance. • An annual report on risk and wellbeing performance is considered by Cabinet / CLT and within SMTs. • Corporate risks are included in all strategic decision making processes. • The Councils position on risk influences partner organisations and the community. 				
		<p>Comments:</p> <p>TOTAL section evaluation score /24</p>				
<p>2. To continue to embed risk management into the culture of the Council, and manage risk in accordance with best practice, to encourage an increase in competence, and understanding enabling greater ownership and profiling of risk, thereby promoting sensible and proportionate risk management.</p>	<p>Management at all levels are trained and competent to manage their services risks.</p>	<ul style="list-style-type: none"> • The Elected Members, CEO and Directors and those with responsibilities for managing risk have attended appropriate training, provided by Zurich • Training by Zurich for Elected members and senior management includes details of their risk responsibilities and sensible risk management • Certified risk training to be a requirement for managers as part of recruitment or within one year of taking up the post. 				
		<p>Comments:</p> <p>TOTAL section evaluation score /12</p>				
<p>3. To focus on the core aims of risk management and by doing so, to help risk makers and managers distinguish between issues and trivial or ill-informed criticism, promoting the recognition of risk within the Council's defined corporate policy</p>	<p>A sensible/proportionate approach risk management is encouraged and those that try use avoidance as a means for not managing a situation are actively challenged.</p>	<ul style="list-style-type: none"> • Sign up to ALARM: National Forum for Risk Management in the Public Sector • Encourage a positive risk culture, which is not risk averse e.g. "can do", "freedom within boundaries" • A positive communications strategy that disseminates information from informed sources • Open communication about risk issues between all levels of employees. 				
		<p>Comments:</p> <p>TOTAL section evaluation score /16</p>				
<p>4. To improve safety and increase safety awareness, specifically target key risks and to identify and work with those best placed to bring about a</p>	<p>Providing overall benefit by balancing benefits and risks, with a focus on reducing real risks.</p>	<ul style="list-style-type: none"> • Service and corporate Risk registers contain provisions to self-evaluate as well as horizon scan for risks that may affect 				

<p>reduction in the incidence rate and number of cases of work-related injury and ill health.</p>	<p>Enabling individuals to understand that as well as the right to protection, they also have to exercise responsibility.</p>	<p>their team, or service</p> <ul style="list-style-type: none"> • The Council's Health and Safety Policy and risk assessments are available to all staff • Access to health support e.g. counselling, Employee Assistance Programme • There is ongoing monitoring of health and safety by Management • Provision of guidance from Health and Safety officer and external agencies when required • Council work in partnership with external agencies. 				
		<p>Comments:</p> <p>TOTAL section evaluation score /20</p>				
<p>5. To reduce disruption to services by having effective contingency or recovery plans in place to deal with incidents when they occur.</p> <p>To set priorities and, within those priorities, to identify which activities, their length and scale, deliver a controlled reduction in the risk rating.</p>	<p>Priorities are established and monitored so that it is ensured that resources are directed / targeted to maximise reductions in impact following a breach of a risk.</p>	<ul style="list-style-type: none"> • Chief Exec signs off Council 's risk policy biennially • Annually reporting and continually monitoring risk and improvements in business plans • Participation in peer review / benchmarking and exercises. 				
<p>104</p>		<p>Comments:</p> <p>TOTAL section evaluation score /12</p>				
<p>6. Protecting Council property, services and public image and minimise injury and damage that may cause loss and inconvenience to residents, staff, service users, and/or assets.</p> <p>To take into account of wider issues that impact on Corporate, service and team risks as part of the continuing drive to improve performance.</p>	<p>Arrangements are in place to actively horizon scan for key risks that will reduce the likelihood of those risks manifesting uncontrollably.</p>	<ul style="list-style-type: none"> • Encourage management involvement in external forums • Health and Safety Benchmarking of on all partners, suppliers and contractors carried out within procurement exercises • Work with the voluntary, independent and private sectors to improve performance and assistance given to the Council • SWOT analysis carried out as part of business planning process. 				
		<p>Comments:</p> <p>TOTAL section evaluation score /12</p>				
<p>7. Annually review robust frameworks and procedures for the identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice.</p>	<p>The initial framework should be fit for purpose, and measured against best practice. Subsequent annual reviews should include both risks to the Council and to stakeholders.</p>	<ul style="list-style-type: none"> • Annually assess the risk framework against best practice • Ensure the quarterly reviews cover current risks and up and coming threats and opportunities • Using the test of reasonability ensures scoring and controls reflect reality 				
		<p>Comments:</p> <p>TOTAL section evaluation score /12</p>				

--	--	--	--	--	--	--

TOTAL EVALUATION SCORE /116

Score	Assessment	Findings / Conclusion	Action Required
1	Disagree strongly	Significant gaps / weaknesses exist or controls non-effective (generally non compliant)	Actions are identified to secure improvements, improved effectiveness and compliance / improved compliance.
2	Disagree slightly	Some gaps / weaknesses exist or controls only partly effective (partial compliance)	Actions are identified to secure improvements, better effectiveness and full compliance and evidence is signposted in support of areas of compliance.
3	Agree slightly	Some minor gaps / weaknesses exist but generally strengths outweigh weaknesses and controls are generally effective (generally compliant)	Evidence is signposted in support of areas of compliance and effectiveness and actions are identified to secure improvements in effectiveness and full compliance.
4	Agree strongly	Very few or no gaps / weaknesses exist and controls are effective (fully compliant)	Evidence is signposted in support of areas of excellent effectiveness and full compliance.

This page is intentionally left blank

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 21 MARCH 2018**

Title of report	PROGRESS UPDATE IN RESPECT OF IMPROVEMENTS IDENTIFIED THROUGH THE ANNUAL REVIEW OF GOVERNANCE 2016/17
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Director of Housing and Customer Services 01530 454819 glyn.jones@nwleicestershire.gov.uk</p> <p>Head of Finance and Section 151 Officer 01530 454707 tracy.ashe@nwleicestershire.gov.uk</p>
Purpose of report	To update members in respect of improvements identified through the annual review of the Annual Governance Statement
Reason for Decision	To ensure members of the Committee are aware of the progress of improvements.
Council Priorities	Value for Money.
Implications:	
Financial/Staff	None.
Link to relevant CAT	None.
Risk Management	Not required.
Equalities Impact Assessment	Not required.
Human Rights	None identified.
Transformational Government	Not applicable.
Consultees	None
Background papers	None.
Recommendations	THAT MEMBERS NOTE AND COMMENT ON THE REPORT

1.0 BACKGROUND

1.1 Members reviewed and approved the Annual Governance Statement (AGS) at its meeting on 27 September 2017.

1.2 A total of 17 improvement areas identified through this review, where it was recognised that the Council could strengthen its governance arrangements. These improvements were scored as fair, meaning that satisfactory governance exists in these areas but improvements are required to meet good governance. There were no significant issues identified for 2016/17.

1.3 At the September committee meeting it was also agreed that progress against improvement areas will be reported to the committee at regular intervals and the AGS of future years will report on the progress/completion of improvements areas or significant issues from the prior period. The first of these updates was presented at the last meeting on 6 December.

1.4 PROGRESS MADE IN RESPECT OF IMPROVEMENT AREAS

1.5 Of the 17 improvements identified, 7 are complete, 6 underway with the remaining 4 to be included within team business plans for 2018/19.

1.6 Full details can be found in Appendix 1.

**PROGRESS MADE IN RESPECT OF IMPROVEMENTS IDENTIFIED THROUGH THE REVIEW OF
THE ANNUAL GOVERNANCE STATEMENT**

Improvement Action	Related Principle(s)	Officer Responsible	Status – 6 December 2017	Update – 6 December 2017	Status – 21 March 2018	Update – 21 March 2018
Evidence used for assessment of governance to be documented and made available to users of financial statements	Principle G	Head of Finance	Complete	Evidence and Assurance table included within Annual Governance Statement and made publicly available following Audit and Governance Committee approval on 27 September 2017.	Complete	Action complete – no update required
Review of Strategic and Financial Planning timetables to be undertaken to allow for better alignment for 2018/19 planning	Principle C	Head of Finance/Business Improvement Team Manager	Complete	Timetable for developing the 2018/19 budget, council delivery plan and team business plans reviewed and aligned.	Complete	Action complete – no update required
Formal S151 Officer arrangements	Principle A	Chief Executive	Underway	Formal arrangements for the organisations S151 Officer will be addressed through the management restructure due to be presented to Council in January 2018.	Complete	Formal arrangements introduced February 2018.
Medium Term Financial Strategy to be extended over a longer planning timeframe	Principle C	Head of Finance	Underway	10 year Medium Term Financial Strategy to be presented to Cabinet and Council for approval in February 2018.	Complete	2018-2023 Medium Term Financial Strategy approved by Cabinet 6 February 2018. Strategy timeframe reduced from 10 to 5 years as a result of Cabinet and portfolio holder feedback and the likely uncertainty over a 10 year period.
Implement longer term revenue planning from 2018/19 budget planning	Principle C	Head of Finance	Underway	5 year revenue position forecast with budget holders. Due to be presented to members in February 2018 for approval.	Complete	5 year revenue position presented to Council as part of the approval of the 2018/19 budget on Council 27 February 2018.
Development of performance management system to be more intuitive and less administratively burdensome	Principle F	Business Improvement Team Manager	Underway	In-Phase performance management system procured, with implementation scheduled for Q1 2018/19.	Underway	In-Phase system currently in pilot phase. Anticipated full roll out during later part of 2018/19 with system in use for full annual cycles of performance management from 2019/20.
Training for Audit and Governance Committee Members	Principle F	Head of Finance	Underway	A review of training providers undertaken. Procurement of provider scheduled for Q4 2017/18.	Underway	Risk Management training session to be held with Committee members by end of April. Public financial management session to be arranged post annual Council to take account of any committee membership changes.
Review opportunities for peer review	Principle G	Chief Executive/Director of Place	Underway	Local Government Association peer review for Planning service currently being scoped. Review dates to be agreed in Q3.	Complete	Local Government Association peer review for Planning undertaken with recommendations arising from review to be presented to members at full Council on 20 March 2018.
Undertake review of Equality Policy	Principle A	Stronger and Safer Communities Team Manager	Underway	Revised policy due to be presented to Cabinet for approval in Q4.	Underway	Revised timetable for development of policy will now see approval early 2018/19.
Audit and Governance Review of risks twice per year	Principle F	Director of Housing and Customer Services	Underway	Review of risks schedule for 6 December Committee meeting. Future review of risks to be included on Forward Plan.	Complete	Risk monitoring now included on forward plan as standard agenda item.

Review approach to consultation	Principle A Principle B Principle C Principle E	Communications Manager/Head of Legal and Commercial Services	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.
Communications Strategy	Principle B	Communications Manager/Head of Legal and Commercial Services	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.
Consider need for Partnership Framework	Principle B Principle C Principle E	TBC	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.
Develop Commercial and Sustainability Strategy	Principle C	Communications Manager/Head of Legal and Commercial Services	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Not yet scheduled	Timetable and development of strategy under consideration.
Update people plan	Principle E	Head of HR and Organisational Development	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Underway	Initial discussion with Corporate Leadership Team scheduled for March. Timetable and action of updating of the People Plan to be developed in 2018/19.
Risk Management and Strategy and Policy Updates	Principle F	Director of Housing and Customer Services	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Underway	Risk Strategy and Policy merged into one policy document. Policy to be presented for adoption to Audit and Governance Committee 21 March 2018.
New financial model for achieving balance between finance and budget holders	Principle F	Head of Finance	Not yet scheduled	Improvement to be included in Team Business Plan for 2018/19.	Underway	Action included in team business plan for the Finance service for 2018/19.

- A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B: Ensuring openness and comprehensive stakeholder engagement
C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
D: Determining the interventions necessary to optimise the
E: Developing the entity's capacity, including the capability of its leadership and the individuals within it achievement of the intended outcomes
F: Managing risks and performance through robust internal control and strong public financial management
G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 21 MARCH 2018**

Title of report	STANDARDS AND ETHICS - QUARTER 3 REPORT
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Head of Legal and Commercial Services and Monitoring Officer 01530 454701 elizabeth.warhurst@nwleicestershire.gov.uk
Purpose of report	To receive the figures for local determination of complaints and the ethical indicators for Quarter 3 of 2017/18.
Council priorities	Value for Money
Implications:	
Financial/Staff	N/A
Link to relevant CAT	N/A
Risk Management	By receiving this information members will be able to manage risks.
Equalities Impact Screening	N/A
Human Rights	N/A
Transformational Government	This relates to the new ways in which Councils are being asked to deliver their services
Consultees	N/A
Background papers	None.
Recommendations	THAT THE REPORT BE RECEIVED AND NOTED

1.0 STANDARDS AND ETHICS Q3 REPORT

1.1 Enclosed is the Standards and Ethics – Quarter 3 Report for the committee’s review.

This page is intentionally left blank



STANDARDS AND ETHICS QUARTER 3 REPORT 2017/2018

Page 1 Introduction

Page 2 Local Determination of Complaints

Page 3 Part 2 – Ethical Indicators

Page 4 Stage 1 Complaints

Page 5 Stage 2 Complaints

Page 6 MP Enquiries

Page 7 Ombudsman (Complaints)

Page 8 Total Number of Complaints

Page 9 Freedom of Information (FOI)

Page 10 Regulation of Investigatory Powers Act Indicators

This is the quarterly report to the Audit & Governance Committee detailing both the figures for the Ethical Indicators and the figures for the Local Determination of Complaints process for 2017/18.

For clarification purposes the months covered by the quarters are as follows:

Quarter 1 – 1 April to 30 June

Quarter 2 – 1 July to 30 September

Quarter 3 – 1 October to 31 December

Quarter 4 – 1 January to 31 March

The report is split into 2 parts for ease of reference; Part 1 refers to the local determination of complaints, part 2 is the table showing the ethical indicators figures.

The report will enable the Audit & Governance Committee to build up a picture over time of how many complaints are received and where these are coming from. The parts of the Code of Conduct which have been breached will also be recorded to enable training to be targeted effectively.

The Monitoring Officer received 0 complaints in Quarter 3 of 2017/18.

2.1 Assessment Sub-committee Decisions

There has been 0 Assessment Sub-committee meetings in this quarter.

As members will be aware, the Monitoring Officer now pursues an informal dispute resolution process prior to initiating formal proceedings via the Sub-committee route.

One complaint received in Quarter 2 have been resolved informally in Quarter 3.

2.2 Timeliness of Decision

The Standards for England Guidance stated that the Assessment Sub-committee should complete its initial assessment of an allegation “within an average of 20 working days” to reach a decision on what should happen with the complaint. The Council has taken this standard and adapted it under the new rules to aim to hold an Assessment Sub-committee within 20 working days of notifying the parties that informal resolution is not possible.

2.3 Review Requests

There have been no review requests in Quarter 3. Review requests can only be made following a decision of ‘No further Action’ by the Assessment Sub-committee where there is submission of new evidence or information by the complainant.

2.4 Subsequent Referrals

None to report – see above.

2.5 Outcome of Investigations

There were no investigations concluded in this period.

2.6 Parts of the Code Breached

This section is intended to show where there are patterns forming to enable the Audit and Governance Committee to determine where there needs to be further training for Councillors. Targeting training in this way makes it more sustainable and, hopefully, more effective.

So far this year, the following areas of the code were found to have been breached:

N/A

REF	Performance Indicator Description	Officer Responsible For Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
1.0	Objections to the councils accounts	Head of Finance (and Section 151 Officer)	0	0	0	0	0	0		
1.1	Follow up action relating to breaches of the Member/Officer Protocol (Members)	Head of Legal And Commercial Services / Monitoring Officer	0	0	0	0	0	0		
1.2	Disciplinary action relating to breaches of the Member/Officer Protocol (staff)	Head of HR and Organisation Development	0	0	0	0	0	0		
1.3	Public interest reports	Senior Auditor	0	0	0	0	0	0		
1.4	Number of whistle blowing incidents reported		0	0	0	0	0	0		
1.5	No. of recommendations made to improve governance procedures/policies		11	17	3	19	9	22	17	
1.6	No. Of recommendations implemented		8	12	18	16	12	17	9	

117

Stage 1 Complaints

Definition of a Stage 1 complaint:

First stage of a formal complaint. A formal complaint can be made if a customer believes a service within the Council has let them down, we did something wrong or a service we provided was unfair. We have 10 working days to provide to response to the complaint.

Complaints responded to on time in Q3 **87%**

We received an average of **10** Complaints a month in Q3

Our average response time was **11 days**

Top 3 types of Stage 1 complaints Q3

- Revenues & Benefits
- Housing Asset Management
- Planning & Development

The average response time was slightly above the target service standard due to two outlier cases:

- One case with Revs & Bens
- One case with Planning & Development.

The majority of cases were responded to within the target response time.

26 Stage 1 complaints were resolved in Q3, This is an increase of **8%** from Q3 16/17

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
Stage 1 Complaints Received			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
2.0	Total no. of Stage 1 complaints received	Corporate Complaints Officer	70	28	82	31	37	30		
2.1	No. of Stage 1 complaints Resolved		39	26	70	14	24	26		
2.2	No. of customers who raised their Stage 1 complaint to a Stage 2		10	5	10	3	8	4		
2.3	No. of Stage 1 complaints still open and within 10 days		31	2	12	17	13	4		

Definition of a Stage 2 complaint:

If the customer is dissatisfied with our response to their Stage 1 complaint, they can ask for this to be raised to a Stage 2 for further investigation. These investigations are carried out by Heads of Service. We have 10 working days to provide a response to the complaint.

One Stage 2 complaint was resolved in Q3. This is a decrease of 67% from Q3 last year

Number of Stage 2 Complaints resolved in Q3
1

We received an average of 1 Stage 2 Complaint a month in Q3

Top types of Stage 2 complaints Q3

- Environmental Protection
- Revenues & Benefits

The decrease in Stage 2 complaints resolved in Q3 this year can be attributed to a reduction in State 2 complaints being received due to:

- Stage 1 responses providing a satisfactory answer to the majority of complainants.
- Any actions that formed part of the Stage 1 response have fully resolved complaints.

Our average response time was **17 days**. This was due to two particularly complicated cases, one with Revs & Bens for Council Tax and one with Environmental Protection for fly tipping and alleged harassment.

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
Stage 2 Complaints Received			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
3.0	Total no. of Stage 2 complaints received	Corporate Complaints Officer	13	5	10	3	8	4		
3.1	No. of Stage 2 complaints Resolved		6	3	7	1	3	1		
3.2	% of stage 2 complaints answered on time		53	60	30	0	63	75		
3.3	No. of Stage 2 complaints still open and within 10 days		7	2	3	3	5	3		

Definition of an MP Enquiry:

These are enquiries sent in from local MP's on behalf of their constituent. These can be independent enquiries or could be linked to an earlier complaint which we may not have resolved to the customer's satisfaction. We have 10 working days to provide a response to the enquiry.

MP enquiries responded to on time in Q3
58%

We received an average of 6 MP enquiries per month in Q3

Our average response time was 11 days. This was slightly above the target timescale due to the availability of follow-up information requested from the constituent which formed part of an enquiry for Business Focus

What the MP Enquiries were about:

- Housing Asset Management
- Planning and Development
- Housing Choices
- Planning Policy

21 MP enquiries were resolved in Q3 This is an increase of 14% from 16/17. This can be attributed to dedicated staff resource within departments leading to a more efficient turnaround of enquiries.

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
MP Enquiries received			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
4.0	Total no. of MP enquiries (req) received	Head of Legal and Commercial Services	28	19	31	32	23	19		
4.1	% of req responded to on time		64	63	63	44	52	58		

Definition of an Ombudsman complaint:

If the customer has followed our Stage 1 and Stage 2 complaints procedure and is still unhappy with the outcome, they are entitled to take their complaint to the Local Government Ombudsman for independent judgement. They will review the details and decide whether we, as a Council, have a case to answer in respect of the complainant.

Ombudsman complaints resolved in Q3 were 0

Ombudsman Complaints received in Q3 were 0

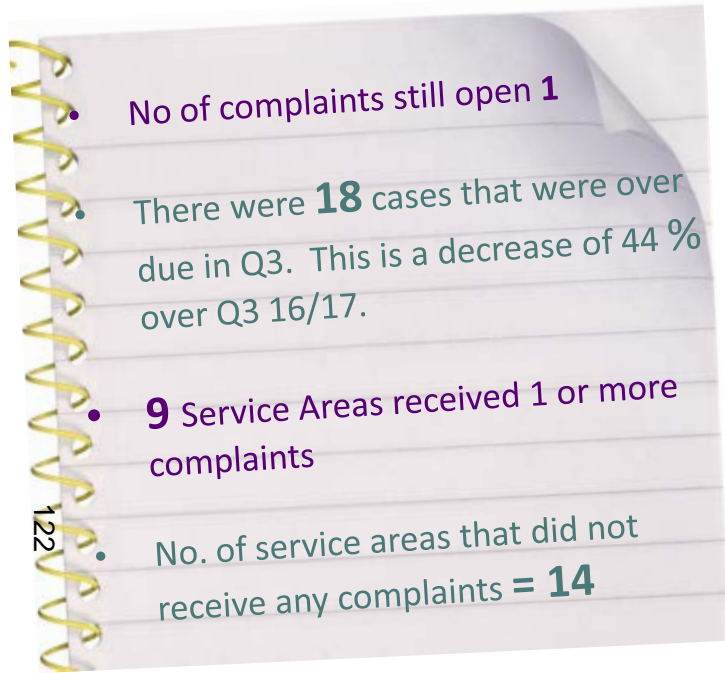
There are two Ombudsman complaints currently outstanding

What the Ombudsman complaints were/are about:

- Unhappy with repairs and communications
- Issues with housing and compensation request

Of the two outstanding cases, all information requested by the Ombudsman has been supplied and we are awaiting the final determination. With reference to the case which relates to housing and compensation, we have had a meeting with the tenant and after discussion they were happy with the outcome and our suggested action plan. We have written to the Ombudsman, asking for this to be taken into account when preparing their final determination.

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
Ombudsman Complaints received			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
5.0	Total no. of Ombudsman Complaints received	Head of Legal and Support Services	2	0	6	2	4	0		
5.1	No of Ombudsman Complaints Cases still open		NA	0	NA	2	NA	2		



The breakdown of Service Areas that received 1 or more complaints in Q3 are:

- Housing Asset Management
- Planning & Development
- Environmental Protection
- Housing Management
- Revenues & Benefits
- Environmental Health
- Planning Policy
- Waste Services
- Strategic Housing

Total number of complaints responded to in Q3
27

We received an average of 11 Complaints per month in Q3

Our average response time was 11 days. In the same quarter of 16/17 the average response time was 45 days. This shows a 76% difference in average response times between the two years.

27 complaints were resolved in Q3 for in both 16/17 and 17/18

What we do differently as a result of the complaints received:

- We are still ensuring that relationships between Feedback and the teams responsible for responding to complaints are open and supportive. This will help to continue to deal complaints efficiently and they are responded to, where possible, within 10 working days.
- When responding to complaints, making sure that the response provided covers all the points raised by the complainant. By providing a full and complete response, this may prevent a complaint being raised to the next level of management for investigation.

Type of FOI requests received:

Business as usual (BAU) requests:

If the requested information can be quickly and easily sent to the requester then it may be dealt with within the normal course of business and treated as BAU.

Total number of BAU requests in Q3 52

Transfers:

Are FOI requests received by us but do not fall within our remit– i.e. Adult Social Care, Children’s Services or Highways are a few examples.

Total number of Transfers in Q3 8

Subject Access Requests (SAR):

A SAR is a request from an individual to see information an organisation holds on them.

Total number of SAR received in Q3 0

Land charges (LC) searches:

Specific information about a particular property and the surrounding area for buyers and sellers.

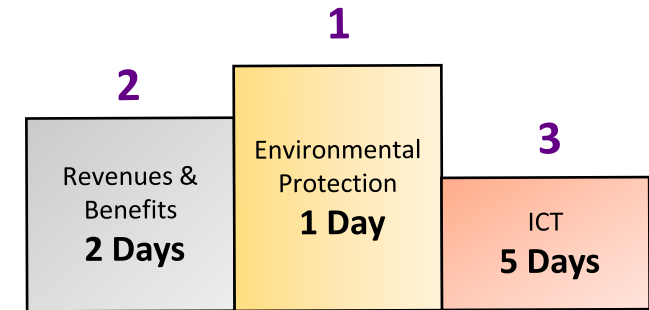
Total number of LC Searches in Q3 8

57 unique visitors to the council’s open data page

We received an average of 13 FOI’s a month in Q3

Our average response time was 11 days

Top 3 service areas with the quickest response times FOI’s



We had a decrease of 77% compared to Q3 (16/17) for number of FOI’s received

REF	Performance Indicator Description	Officer Responsible for providing information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
Freedom of Information Act Indicators			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
6.0	Total no. of requests (req) received	Records Management Officer	143	120	170	82	172	40		
6.1	% req answered on time		%	100	100	100	100	95		
6.2	No. of non compliant req		9	9	13	2	31	0		
6.3	No of FOI appeals		0	0	0	0	0	1		
6.4	Number withheld due to exemptions/fees applied		10	5	13	0	1	1		

REF	Performance Indicator Description	Officer Responsible for Providing Information	Q1		Q2		Q3		Q4	
			Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18	Actual 2016/17	2017/18
7.0	No. of directed surveillance authorisations granted during the quarter	Senior Auditor	0	0	0	0	0	0		
7.1	No. in force at the end of the quarter		0	0	0	0	0	0		
7.2	No. of CHIS recruited during the quarter		0	0	0	0	0	0		
7.3	No. ceased to be used during the quarter		0	0	0	0	0	0		
7.4	No. active at the end of the quarter		0	0	0	0	0	0		
7.5	No. of breaches (particularly unauthorised surveillance)		0	0	0	0	0	0		
7.6	No. of applications submitted to obtain communications data which were rejected		0	0	0	0	0	0		
7.7	No. of notices requiring disclosure of communications data		0	0	0	0	0	0		
7.8	No. of authorisations for conduct to acquire communications data		0	0	0	0	0	0		
7.9	No. of recordable errors		0	0	0	0	0	0		

124

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 21 MARCH 2018

Title of report	DRAFT MEMBER CONDUCT ANNUAL REPORT 2017/18
Contacts	<p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 Bev.smith@nwleicestershire.gov.uk</p> <p>Head of Legal & Commercial Services and Monitoring Officer 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk</p>
Purpose of report	To receive and note the draft Annual Report and authorise the Head of Legal & Commercial Services and Monitoring Officer to make any minor amendments before being recommended to Council.
Council priorities	Value for Money
Implications:	
Financial/Staff	N/A
Link to relevant CAT	N/A
Risk Management	By receiving this information members will be able to manage risks of misconduct.
Equalities Impact Screening	N/A
Human Rights	N/A
Transformational Government	N/A
Consultees	N/A
Background papers	<p>Localism Act 2011 http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted</p> <p>Current NWL Code of Conduct</p>

	Available on the Council's website and in the Constitution www.nwleics.gov.uk .
Recommendations	<p>(1) THAT THE DRAFT MEMBER CONDUCT ANNUAL REPORT 2017/18 BE RECEIVED AND NOTED;</p> <p>(2) THAT AUTHORITY BE DELEGATED TO THE HEAD OF LEGAL & COMMERCIAL SERVICES AND MONITORING OFFICER TO MAKE ANY MINOR AMENDMENTS TO THE REPORT FOLLOWING COMMENTS FROM THE AUDIT AND GOVERNANCE COMMITTEE;</p> <p>(3) THAT COUNCIL BE RECOMMENDED TO ENDORSE THE MEMBER CONDUCT ANNUAL REPORT 2017/18.</p>

1.0 INTRODUCTION

- 1.1 It is important that the work of the Audit and Governance Committee should be visible to the Authority and wider public. It is felt that the annual report acts as a helpful tool in communicating the work undertaken by the Audit and Governance Committee to the public and to Members.
- 1.2 The Committee is recommended to receive and note the draft Member Conduct Annual Report and authorise the Head of Legal and Commercial Services and Monitoring Officer to make any necessary amendments following comments from this Committee before being recommended to Council for endorsement.



MEMBER CONDUCT ANNUAL REPORT 2017-18

1. Introduction

This is the Member Conduct Annual Report of North West Leicestershire District Council's Audit and Governance Committee and covers the period from 1st April 2017 to 31st March 2018.

In addition to the responsibilities detailed in the Terms of Reference below, the Audit and Governance Committee promotes high standards of conduct by District Council Members and Members of Town/ Parish Councils in North West Leicestershire. The Audit and Governance Committee complies with the requirements of the Localism Act 2011, the regulations and the guidance provided under that legislation, together with Council's adopted Arrangements.

On 27 June 2012 Council adopted the North West Leicestershire Code of Conduct for Members which had been drafted by Members for Members. The Code incorporates all the legislative requirements under the Localism Act 2011 in relation to Disclosable Pecuniary Interests together with retaining the personal obligations in existence under the previous regime.

2. Audit and Governance Committee Terms of Reference

Membership: Ten District Councillors

Quorum: Three District Councillors

Terms of Reference:

To act as the Authority's Audit Committee, to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to be responsible for the financial reporting process. In particular:

- Consider the effectiveness of the Authority's risk management arrangements, the control environment, and anti fraud and corruption arrangements
- Seek assurances that action is being taken on risk-related issues identified by auditors and inspectors
- Be satisfied that the Authority's assurance statements properly reflect the risk environment and any actions required to improve it
- Approve (but not direct) Internal Audit's strategy and plans and monitor performance
- Review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary
- Receive the annual report of Internal Audit
- Consider plans of External Audit and inspection agencies
- Monitoring of relevant reports and action plans
- Ensure there are effective relationships between Internal and External Audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted
- Approve the Council's statement of accounts, income and expenditure and balance sheet and receive the External Auditor's opinion and reports to members, and monitor management action in response to the issues raised by External Audit
- To deal with the Annual Audit and Inspection letter and in particular to:
 - consider matters raised in the annual governance report
 - agree, if necessary, to adjust the financial statements
 - approve the representation letter on behalf of the Council
 - consider and agree, if considered appropriate, any actions proposed in the annual governance report and statement
- To have delegated authority to deal with all matters relating to the Council's final accounts

Sub-committees of the Audit and Governance Committee

All Audit and Governance Committee members will form a pool from which members will be drawn based on their availability and the requirements of the particular Sub-committee as and when required.

Assessment Sub-committee

Assessment of complaints in accordance with the Council's Guidance and to either:

- Determine that there should be no further action
- refer the matter for full investigation
- refer the matter for other action

Review Sub-committee

Consideration of requests for a review in accordance with the Council's Guidance.

Determinations Sub-committee

To receive reports from the investigating officer and to decide either:

- to determine finding of no failure to comply with the Code of Conduct
- to determine finding of failure to comply with the Code of Conduct and impose relevant sanctions
- refer the matter for other action

3. Composition

District Councillors

All appointed by Council on 16 May 2017

Chairman: Councillor J Cotterill
Deputy Chairman: Councillor D Harrison
Councillor R Ashman
Councillor F Fenning
Councillor G Houlton
Councillor G Jones
Councillor S McKendrick
Councillor P Purver
Councillor A C Saffell
Councillor S Sheahan

Parish Representatives

The following parish councillors be appointed as Parish Representatives with effect from 7 May 2016 for the remainder of the Administration (May 2019):

Mr Peter Moulton – Whitwick Parish Council
Mr David Gothard – Appleby Magna Parish Council
Mr Ray Woodward – Whitwick Parish Council
Ms Pat Thomas – Ashby Woulds Town Council

Independent Persons

The legislation requires the Council to appoint at least one Independent person who potentially advises all those involved in a Standards complaint, including the Monitoring Officer, and who must be consulted prior to the determination of a complaint.

Through an open advertising process conducted with partner authorities the Council appointed the following pool of independent persons from whom one can be drawn as and when required:

Michael Pearson
Mark Shaw
Christine Howell
Gordon Grimes
Richard Gough

The main officer support for the Committee is provided by the Monitoring Officer (Elizabeth Warhurst), the Deputy Monitoring Officer (Louis Sebastian) and the Democratic Support Officer (Rachel Wallace).

4. Meetings and Work Programme

The Audit and Governance Committee meets a minimum of four times per annum. In addition to its scheduled meetings, sub committees still meet on an ad hoc basis in order to consider and determine allegations of Member conduct. The Committee has its main work planned in advance through a Work Programme which enables it to be more proactive, strategic and focused in its approach to key issues.

5. Reporting Arrangements

The Audit and Governance Committee receives quarterly reports which have enabled Members to be reminded of the issues it has dealt with during each quarter and address any issues which this has highlighted.

6. Procedures and Workloads

(a) Dispensations

During 2017/18, there were no applications received for a dispensation from either District or Parish members.

(b) Complaints made to the Monitoring Officer under the New Code of Conduct 2017/18

<u>Complaints made:</u>	2
by Members of the Public	0
by Parish Councillors	0
by District Councillors	1
by Parish Clerk	0
by Council Officer	1

Complaints against:

a Parish Councillor	0
a District Councillor	2

From the above mentioned complaints:

2 complaints were resolved informally:

All of these complaints related to unprofessional conduct of councillors.

0 complaints were withdrawn:

0 complaints are at informal resolution stage:

During the investigation of one of the complaints referred to above Michael Pearson, an Independent Person appointed by the council assisted the Monitoring Officer during the informal resolution process in a complaint involving district councillors. Mr Pearson provided an independent view on the issues to be resolved and the Monitoring Officer found the input and assistance from Mr Pearson very useful and his input facilitated the complaint being resolved.

There were no complaints received involving parish members and therefore there was no need to engage the parish representatives on the committee.

(c) Complaints referred to the Standards Assessment Sub Committee

From the above-mentioned complaints: - None

From complaints received in 2016/17:- None

(d) Members' Register of Interests

The Democratic Services Officers undertake regular checks of the Register of Members' Interests and provide advice and assistance to Parish Councils on the completion of the Registers.

(e) Advice and Training

The Monitoring Officer and Deputy Monitoring Officer continue to provide both parish and district members with advice, both proactively and on request, on member's interests and all aspects of corporate governance.

Training is also currently being provided to members on all aspects of data protection and freedom of information.

7. Policies & Procedures

The Audit and Governance Committee oversees the ethical framework of the Council including oversight of:

- the Whistle Blowing Policy
- complaints handling
- Ombudsman investigations.
- Freedom of Information and Data Protection

Elizabeth Warhurst

Monitoring Officer
Councillor J Cotterill
Chairman

OUR VISION
North West Leicestershire will be a place where people and
businesses feel they belong and are proud to call home

Legal and Support Services
North West Leicestershire District Council
Council Offices, Whitwick Road, Coalville, Leicestershire, LE67 3FJ

AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME (as at 09/03/18)

Issue	Details	Report Author	Meeting at which will be reported
March			
External Audit Plan 2017/18		Tracy Ashe, Section 151 Officer	21 March 2018
2018/19 Internal Audit Annual Audit Plan		Sharon Harrison-Bowler	21 March 2018
Internal Audit Progress Report		Sharon Harrison-Bowler	21 March 2018
Corporate Risk Update		Tracy Ashe, Section 151 Officer	21 March 2018
Progress Update in Respect of Improvements Identified Through the Annual Review of Governance 2016/17		Tracy Ashe, Section 151 Officer	21 March 2018
Treasury Management Activity Report - April to February 2018		Tracy Ashe, Section 151 Officer	21 March 2018
Grants and Claims 2016/17 Annual Report		Tracy Ashe, Section 151 Officer	21 March 2018
Draft Member Conduct Annual Report 2017/18		Elizabeth Warhurst, Head of Legal and Commercial Services	21 March 2018
Standards and Ethics - Quarter 3 Report		Elizabeth Warhurst, Head of Legal and Commercial Services	21 March 2018

June			
Standards and Ethics - Quarter 4 Report		Elizabeth Warhurst, Head of Legal and Commercial Services	20 June 2018
Treasury Management Stewardship Report 2017/18		Tracy Ashe, Section 151 Officer	20 June 2018
Internal Audit Annual Report 2017/18		Sharon Harrison-Bowler	20 June 2018
Internal Audit Progress Report - May 2018		Sharon Harrison-Bowler	20 June 2018