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agenda.

| | |
|--------------------|---|
| Meeting | AUDIT AND GOVERNANCE COMMITTEE |
| Time/Day/Date | 6.30 pm on Wednesday, 25 October 2023 |
| Location | Abbey Room, Stenson House, London Road, Coalville, LE67 3FN |
| Officer to contact | Democratic Services (01530 454512) |

AGENDA

| Item | Pages |
|---|----------------|
| 1. APOLOGIES FOR ABSENCE | |
| 2. DECLARATION OF INTERESTS | |
| Under the Code of Conduct members are reminded that in declaring interests you should make clear the nature of that interest and whether it is a disclosable pecuniary interest, registerable interest or other interest. | |
| 3. MINUTES | |
| To confirm and sign the minutes of the meeting held on 26 July 2023 | 3 - 6 |
| 4. COMMITTEE WORK PLAN | |
| To note the Committee's work plan | 7 - 8 |
| 5. INTERNAL AUDIT PROGRESS REPORT | |
| The report of the Audit Manager | 9 - 38 |
| 6. UPDATE ON THE CIPFA POSITION STATEMENT AND WORKING GROUP | |
| The report of the Audit Manager | 39 - 50 |
| 7. UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL INTERNAL AUDIT OPINION 2022/23 | |
| The report of the Strategic Director of Resources | 51 - 60 |
| 8. CORPORATE RISK UPDATE | |
| The report of the Strategic Director of Resources | 61 - 86 |

**9. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL
REVIEW LETTER 2022/23**

The report of the Head of Commercial and Legal Services

87 - 90

10. STANDARDS AND ETHICS REPORT - QUARTER 2

The report of the Head of Commercial and Legal services

91 - 102

Circulation:

Councillor D Everitt (Chair)
Councillor P Moulton (Deputy Chair)
Councillor R Boam
Councillor D Cooper
Councillor G Rogers
Councillor J G Simmons
Councillor N Smith
Councillor R Sutton
Councillor A Barker

MINUTES of a meeting of the AUDIT AND GOVERNANCE COMMITTEE held in the Abbey Room, Stenson House, London Road, Coalville, LE67 3FN on WEDNESDAY, 26 JULY 2023

Present: Councillor D Everitt (Chair)

Councillors P Moulton, D Cooper, G Rogers, J G Simmons, N Smith and A Barker

In Attendance: Councillors S Lambeth

Officers: Mr G Hammons, Ms K Beavis, Miss E Warhurst, Mrs R Wallace and Mr T Devonshire

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor R Sutton.

2. DECLARATION OF INTERESTS

There were no interests declared.

3. MINUTES

The minutes of the meeting held on 26 April 2023 were considered.

It was moved by Councillor D Everitt, seconded by Councillor A Barker, and

RESOLVED THAT:

The minutes of the meeting held on 26 April 2023 be confirmed as an accurate record of proceedings.

4. COMMITTEE WORK PLAN

Consideration was given to the inclusion of any items on the work programme. The plan of forthcoming Cabinet decisions and the current work programme were set out in the agenda for information.

The Strategic Director of Resources advised members on the creation of the Office for Local Government, and how this would affect Committee business going forwards. It was anticipated that items would be placed on the Work Plan from the Autumn 2023.

5. CORPORATE RISK UPDATE

The Strategic Director of Resources presented the report.

In response to a question about the risks presented by there being no overall control of the Council, the Strategic Director advised that no overall control had the potential to delay decision making and thus could impact service delivery.

It was moved by Councillor J G Simmons, seconded by Councillor P Moulton, and

RESOLVED THAT:

The latest Corporate Risk Register be noted.

6. TREASURY MANAGEMENT ACTIVITY REPORT 2023/24 - QUARTER 1

The Strategic Director of Resources presented the report.

In response to a question about the minor breach of the Treasury Management Strategy discussed in the report, the Strategic Director advised that having too much investment with one counterparty was a case of not adequately spreading risk. In this case, spreading money over a range of counterparties was a recognised strategy, so having too much money with the Council's banker was still, in a sense, a risk, albeit a minor one.

In response to a question about reserves, the Strategic Director advised that the organisation had a risk assessed minimum amount of reserves set at £1.5 million. The Council, he added, have a considerably larger amount of reserves once earmarked reserves are considered.

In response to a member query about the maturity profile of the Council's debt, the Strategic Director advised that the maturity profile of the debt was spread across the long term. He added that the Council's planned approach moving forwards, as set out in February, meant that future capital investments should come from the Business Rates Growth reserves rather than additional borrowing.

It was moved by Councillor N Smith, seconded by Councillor A Barker, and

RESOLVED THAT:

The report be approved.

7. REVIEW OF CORPORATE GOVERNANCE POLICIES

The Head of Legal and Support Services presented the report.

No comments were received from the Committee ahead of the report going to Cabinet on 19 September 2023.

8. UPDATE ON THE CIPFA POSITION STATEMENT AND WORKING GROUP

The Audit Manager presented the report.

In response to a question from a Member about how the role of the independent person would be advertised, the Audit Manager advised that it would follow the standard job vacancy procedure of the organisation.

In response to a question about the envisaged timeline, the Audit Manager advised that they were hoping to interview in September, so to confirm the applicant into the role in October.

It was moved by Councillor P Moulton, seconded by Councillor J G Simmons, and

RESOLVED THAT:

1. The report be noted.
2. The process for the recruitment of independent members to the Committee be agreed.
3. The proposed action plan detailed in Appendix D be agreed.

9. INTERNAL AUDIT PROGRESS REPORT

The Audit Manager presented the report.

In response to a procedural question, the Audit Manager explained the role of control objectives in the audit process and how concerns were ranked and categorised.

It was moved by Councillor P Moulton, seconded by Councillor A Barker, and

RESOLVED THAT:

The report be noted.

10. INTERNAL AUDIT ANNUAL REPORT

The Audit Manager presented the report.

In response to a question about the timeline for the rescheduled housing audit, the Audit Manager advised that it would take place this year.

It was moved by Councillor A Barker, seconded by Councillor N Smith, and

RESOLVED THAT:

The report be noted.

11. MANAGEMENT RESPONSE AND ACTION PLAN TO ANNUAL INTERNAL AUDIT OPINION

The Strategic Director of Resources presented the report.

It was moved by Councillor P Moulton, seconded by Councillor N Smith, and

RESOLVED THAT:

1. The Action Plan set out in Appendix 1, which addresses the finding of the Internal Audit Opinion 2022/23, be approved.
2. Progress updates to be reported at future meetings of the Audit and Governance Committee.

12. STANDARDS AND ETHICS REPORT - QUARTER 1

The Head of Legal and Support Services presented the report.

It was moved by Councillor J G Simmons, seconded by Councillor G Rogers, and

RESOLVED THAT:

The report be noted.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.09 pm

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AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME (as at 18/10/23)

| Issue | Report Author | Meeting at which will be reported |
|---|---|-----------------------------------|
| 29 November 2023 | | |
| Annual Completion Report 2021/22 | Paul Stone, Strategic Director of Resources (Section 151 Officer) | 29 November 2023 |
| Annual Governance Statement 2021/22 and 2022/23 | Paul Stone, Strategic Director of Resources (Section 151 Officer) | 29 November 2023 |
| Annual Statement of Accounts 2021/22 | Anna Crouch, Head of Finance | 29 November 2023 |
| 24 January 2024 | | |
| Annual Review of the Council's Constitution | Kate Hiller, Legal Team Manager and Deputy Monitoring Officer | 24 January 2024 |
| Treasury Management Activity Report 2023/24 - Quarter 3 To inform Members of the Treasury Activity for the period. | Anna Crouch, Head of Finance | 24 January 2024 |
| Internal Audit Progress Report | Kerry Beavis, Audit Manager | 24 January 2024 |
| Standards and Ethics Report - Quarter 3 | Rebecca Elliott, Solicitor - Contracts and Commercial | 24 January 2024 |
| Corporate Risk Update | Paul Stone, Strategic Director of Resources (Section 151 Officer) | 24 January 2024 |
| Update on the CIPFA Position Statement and Working Group | Kerry Beavis, Audit Manager | 24 January 2024 |
| Update on Action Plan in Response to Annual Internal Audit Opinion 2022/23 | Paul Stone, Strategic Director of Resources (Section 151 Officer) | 24 January 2024 |
| 13 March 2024 | | |
| Annual Statement of Accounts 2022/23 For the Audit and Governance Committee to consider and approve the Statement of Accounts 2022/23. | Anna Crouch, Head of Finance | 13 March 2024 |

| Issue | Details | Report Author | Meeting at which will be reported |
|--|---------|---|-----------------------------------|
| 2022/23 Audit Completion Report To consider the External Auditors Report | | Anna Crouch, Head of Finance | 13 March 2024 |
| 24 April 2024 | | | |
| 2022/23 Annual Auditors Report To consider the External Auditors Report | | Anna Crouch, Head of Finance | 24 April 2024 |
| External Audit Strategy Memorandum 2023-24 To consider the External Auditors Report. | | Anna Crouch, Head of Finance | 24 April 2024 |
| Draft Accounting Policies 2023/24 To present the draft accounting policies for the 2023/24 financial statements | | Anna Crouch, Head of Finance | 24 April 2024 |
| Draft Treasury Management Stewardship Report 2023/24 For the Audit and Governance Committee to consider the draft Treasury Management Stewardship Report 2023/24 before it is presented to Cabinet. | | Anna Crouch, Head of Finance | 24 April 2024 |
| Draft Member Code of Conduct Annual Report | | Rebecca Elliott, Solicitor - Contracts and Commercial | 24 April 2024 |
| Internal Audit Progress Report | | Kerry Beavis, Audit Manager | 24 April 2024 |
| Standards and Ethics Report - Quarter 4 | | Rebecca Elliott, Solicitor - Contracts and Commercial | 24 April 2024 |
| Corporate Risk Update | | Paul Stone, Strategic Director of Resources (Section 151 Officer) | 24 April 2024 |
| Update on the CIPFA Position Statement and Working Group | | Kerry Beavis, Audit Manager | 24 April 2024 |
| Update on Action Plan in Response to Annual Internal Audit Opinion 2022/23 | | Paul Stone, Strategic Director of Resources (Section 151 Officer) | 24 April 2024 |
| | | | |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 25
OCTOBER 2023

| | | |
|--------------------------|---|------------------------------|
| Title of Report | INTERNAL AUDIT PROGRESS REPORT | |
| Presented by | Insert relevant portfolio holder name Insert portfolio area | |
| Background Papers | Insert hyperlinks to any relevant background papers | Public Report: Yes/No |
| Purpose of Report | Short summary of what the report is trying to achieve | |
| Recommendations | PLEASE MAKE THESE CLEAR AND CONCISE. STATE CLEARLY WHICH OPTION YOU ARE RECOMMENDING. *Please consider whether you need to include a recommendation which delegates authority to a Director/Head of Service to make any consequential changes* | |

1.0 BACKGROUND

1.1

2.0 PARAGRAPH TITLE

2.1

3.0 FINANCIAL IMPLICATIONS

3.1

| Financial Implications Table | Current Year Budget | Impact of Proposals | Forecast | | |
|---------------------------------|---------------------|---------------------|----------|---------|------------------|
| | 2022/23 | | 2023/24 | 2024/25 | 2025/26 & beyond |
| | £000 | £000 | £000 | £000 | £000 |
| Capital Investment | | | | | |
| Costs | | | | | |
| Funded by | | | | | |
| On-going costs (revenue) | | | | | |
| Costs - Staffing | | | | | |

| | | | | | |
|----------------------|--|--|--|--|--|
| Other | | | | | |
| Total on-going costs | | | | | |
| Funding by | | | | | |

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | Insert relevant Council Priorities: <ul style="list-style-type: none"> - Supporting Coalville to be a more vibrant, family-friendly town - Support for businesses and helping people into local jobs - Developing a clean and green district - Local people live in high quality, affordable homes - Our communities are safe, healthy and connected |
| Policy Considerations: | List any relevant policies |
| Safeguarding: | Detail any safeguarding considerations made. |
| Equalities/Diversity: | Detail any equalities/diversity considerations made. |
| Customer Impact: | Detail any impact the decision will have on customers |
| Economic and Social Impact: | Detail any economic or social impact as a result of the decision. |
| Environment, Climate Change and Zero Carbon: | Detail any environment and climate change impact as a result of the decision. |
| Consultation/Community/Tenant Engagement: | Detail any consultation, community or tenant engagement undertaken prior to the decision. |
| Risks: | As part of its Corporate Governance arrangements, the Council must ensure that Risk management is considered and satisfactorily covered in any report put before elected Members for a decision or action. |
| Officer Contact | Insert details of the lead officer in the following format: Eg: Elizabeth Warhurst Head of Legal and Commercial Services elizabeth.warhurst@nwleicestershire.gov.uk |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 25
OCTOBER 20233**



| | | |
|--------------------------|--|---------------------------|
| Title of Report | INTERNAL AUDIT PROGRESS REPORT | |
| Presented by | Kerry Beavis Audit Manager | |
| Background Papers | Public Sector Internal Audit Standards Internal Audit Plan 2023/24 | Public Report: Yes |
| Purpose of Report | To inform the Committee of progress against the Internal Audit plan for 2023/24 and to highlight any incidences of significant control failings or weaknesses that have been identified. | |
| Recommendations | THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT. | |

1.0 BACKGROUND

- 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 Standards state that the Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2023/24 Audit Plan on 26 April 2023. The Committee receives quarterly progress reports.

2.0 PROGRESS REPORT

- 2.1 The Internal Audit Progress Report for the period 01 July 2023 to 30 September 2023 (Q2) is attached at Appendix 1.

| Policies and other considerations, as appropriate | |
|--|--|
| Council Priorities: | An effective internal audit service supports all council priorities. |
| Safeguarding: | There are no specific risks associated with this report. |
| Risks: | There are no specific risks associated with this report however if the Audit and Governance Committee did not receive periodic reports from Internal Audit, there would be a risk of not conforming with the Public Sector Internal Audit Standards. |
| Officer Contact | Kerry Beavis Audit Manager kerry.beavis@nwleicestershire.gov.uk |



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

Internal Audit Progress Report 2023/24 Q2

1. Introduction

- 1.1. Internal Audit is provided through a shared service arrangement led by North West Leicestershire District Council and delivered to Blaby District Council and Charnwood Borough Council. The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight progress against the 2023/24 Internal Audit Plan up to 30 September 2023.

2. Internal Audit Plan Update

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

- IT Asset Management
-

The executive summary is included at Appendix B

- 2.2 The audits due to take place during quarter 3 are:

- Housing Repairs & Housing Planned Maintenance (Agency)
- Tree Stock Management
- Remote Support & Data Exchange (IT Audit Contractor)
- Cyber Security (IT Audit Contractor)
- Key Financial Systems

- 2.3 Progress during quarter 2 has been slower than expected, this has been due to the vacancies for the Internal Audit Assistants posts not being filled and the training required for the Internal Audit Apprentice. Progress has been made on recruitment, with one Internal Audit Assistant starting at the beginning of October. Additionally, it was agreed to employ temporary agency support to complete the specific housing audits but, to date, we have been unable to recruit.

3. Internal Audit Recommendations

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

| Year | Not Due | | Extended | | Overdue | |
|-------|---------|--------|----------|--------|---------|--------|
| | High | Medium | High | Medium | High | Medium |
| 21/22 | - | - | 11 | 3 | - | - |
| 22/23 | 14 | 9 | 3 | 5 | 1 | - |
| 23/24 | - | 1 | - | - | - | - |

4. Internal Audit Performance Indicators

- 4.1. Progress against the agreed Internal Audit performance targets is documented in Appendix D.

5. Internal Audit Charter

- 5.1. The Audit Manager has completed the annual review of the Charter, detailed in full in Appendix E. Only minor name change amendments have been made.

2023/24 AUDIT PLAN AS AT 30 SEPTEMBER 2023

| Audit Area | Type | Planned Days | Actual Days | Status | Assurance Level | Recommendations | | | | Comments |
|--|-----------------------|---------------|-------------|---------------------|-----------------|-----------------|---|---|---|---|
| | | | | | | C | H | M | L | |
| Housing Repairs Q1 | Audit | 10 | 0.5 | Engagement Planning | | | | | | These audits have been combined in to one audit to be completed during Q3 & Q4 using an agency auditor. |
| Housing Repairs Q2 | Audit | 10 | | | | | | | | |
| Housing Repairs Q3 | Audit | 10 | | | | | | | | |
| Housing Repairs Q4 | Audit | 10 | | | | | | | | |
| Housing Planned Maintenance Q1 | Audit | 10 | 0.5 | Engagement Planning | | | | | | These audits have been combined in to one audit to be completed during Q3 & Q4 using an agency auditor. |
| Housing Planned Maintenance Q2 | Audit | 10 | | | | | | | | |
| Housing Planned Maintenance Q3 | Audit | 10 | | | | | | | | |
| Housing Planned Maintenance Q4 | Audit | 10 | | | | | | | | |
| Asbestos Management | Audit | 10 | 0.5 | Engagement Planning | | | | | | |
| DFG Certification | Grant | 3 | 1.5 | Completed | N/A | | | | | |
| HMO/ Selective Licensing | Audit | 10 | | Q4 | | | | | | |
| Safeguarding | Audit | 8 | 10 | In progress | | | | | | |
| Transport Management & Operating Licensing | Audit | 8 | | Q4 | | | | | | |
| Tree Stock Management | Audit | 6 | 0.5 | Engagement Planning | | | | | | |
| Protect Duty | Audit | 8 | | Q4 | | | | | | |
| New finance system | Advisory/ Testing | 10 | 4 | In progress | | | | | | |
| Key financial systems | Audit | 52 | | Q3/4 | | | | | | |
| Workforce Planning | Audit | 10 | 0.5 | Engagement planning | | | | | | |
| IT Asset Management | Audit | 10 | 10 | Completed | Reasonable | - | 1 | 3 | 3 | |
| Remote Support & Data Exchange | IT Audit Contractor | IT Contractor | | Engagement Planning | | | | | | |
| Cyber Security | IT Audit Contractor | IT Contractor | | Engagement Planning | | | | | | |
| Corporate Policy Management | Audit / Data analysis | 10 | 3 | In progress | | | | | | |
| Capital Programme Management | Audit | 10 | | Q4 | | | | | | |
| Transformation Projects | Advisory | 5 | | As required | | | | | | |
| Climate Change Strategy | Audit | 10 | | Q4 | | | | | | |
| Procurement & Contract Management | Audit | 10 | 5 | In progress | | | | | | |
| Grant Assurance | Assurance | | 6 | As required | | | | | | |

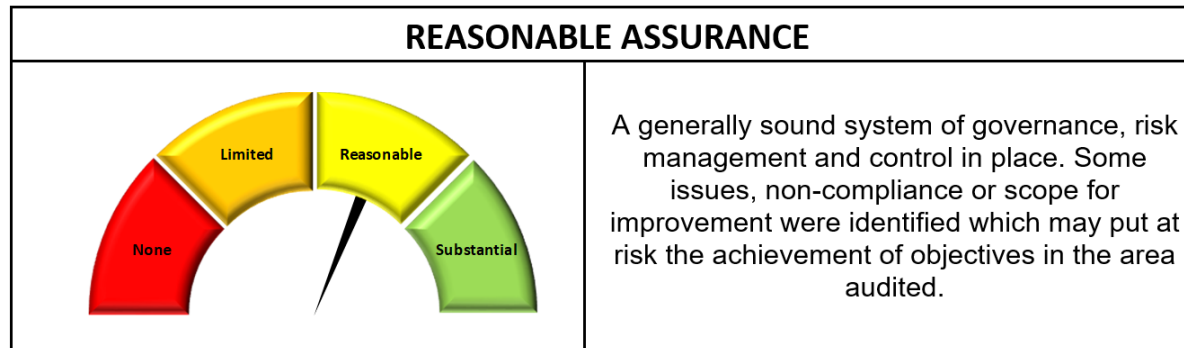
Audit Opinion Key

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

Audit Recommendations Key

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

IT ASSET MANAGEMENT



Key Findings

Areas of positive assurance identified during the audit:

- Procedures for IT Asset Management are up to date and available to those staff who require them.
- There is adequate segregation of duties within the ordering, payment and allocation of assets.
- There is adequate insurance in place for IT assets.
- Decommissioned items are disposed of securely with regard to the Waste Electrical and Electronic Equipment (WEEE) Directive.

The main areas identified for improvement are:

- Adherence to Contract Procedure Rules in relation to the purchase of IT equipment.
- Recording and updating of IT assets in the asset register.

| Recommendation | Priority | Response/Agreed Action | Officer Responsible | Implementation Date |
|---|----------|---|---------------------|---|
| 1. Advice should be sought from Procurement regarding the purchase of IT equipment to ensure that Contract Procedure Rules are met. | High | Agreed – have met with the councils Procurement Officer to discuss and agree a way forward. | ICT Manager | Implemented |
| 2. Consideration should be given to having a centralised IT budget which will ensure an efficient use of assets. This could lead to budget savings and also time savings as it eliminates the need to journal items to individual budget codes. | Low | Agreed | ICT Manager | As part of annual budget setting process. |
| 3. In order to confirm that IT assets have been reviewed the date the review was carried out should be added to the register. | Medium | Agreed | ICT Manager | Implemented |
| 4. A robust process is introduced for managers to confirm that the assets recorded on the asset register match the physical assets held by each team member. | Medium | Agreed – however the approach we would prefer to take is to obtain this information directly from staff via an on-line form. Following this exercise any IT equipment where the location cannot be confirmed will be investigated. From next year the requirement to update details of IT equipment staff have will be removed from the DSE assessment and this new form used to capture this information. | ICT Manager | September 2024 |
| 5. The ICT Departmental procedure document should be updated to show the correct status to be allocated to equipment returned to ICT. | Low | Agreed | ICT Manager | Implemented |

| | | | | |
|--|--------|--|-------------|-------------|
| 6.A review of IT equipment which is held in the IT store should be undertaken and records updated accordingly. | Low | Agreed | ICT Manager | Implemented |
| 7.To ensure an accurate record of assets is maintained the date of disposal of IT Assets should be recorded in a reportable field within HOTH. | Medium | Agreed – we will start using the “Last accessed field” to record the date the item was recycled. We will do this on the next recycle collection. | ICT Manager | Implemented |

RECOMMENDATIONS TRACKER – EXTENDED RECOMMENDATIONS AS AT 30 SEPTEMBER 2023

| Audit Year | Audit | Recommendation | Priority | Response/ Agreed Action | Responsible Officer | CLT | Original Due Date | 1st Follow up comments | Extension Date | Second Follow up comments | Extension Date |
|------------|--|--|----------|---|---------------------|-----------------------|-------------------|------------------------|----------------|---------------------------|----------------|
| 2021/22 | External Audit Completion Report 2020/21 | The Council need to ensure that all related party transactions are identified and then should determine which transactions are material and hence should be disclosed. | High | Recommendation accepted. The Council will review its process, and implement the findings, for identifying and reporting on related party transactions for the closure of its 2022/23 Accounts. It will also seek to retrospectively apply the new approach to its 2021/22 Accounts. | Head of Finance | Director of Resources | Jun-23 | | | | |

EXTENDED RECOMMENDATIONS AS AT 30 SEPTEMBER 2023

| Audit Year | Audit | Recommendation | Priority | Response/ Agreed Action | Responsible Officer | CLT | Original Due Date | 1st Follow up comments | Extension Date | Second Follow up comments | Extension Date |
|--------------|------------------------------|--|----------|--|---|-------------------------------|-------------------|--|----------------|---|----------------|
| 2021/22 | Corporate Estates Management | 1.A review of all compliance policies and processes is undertaken to establish single corporate policies and comprehensive procedure guides to ensure a consistent approach across the whole of the authority. All policies and procedures should be stored with accessibility for relevant officers. | High | Bearing in mind this groups inception during the pandemic, this group has been operational in nature and considering issues such as contracting and ensuring operational compliance and managing operational risk. As a minimum the following corporate policies will be developed to address this observation (the below are based on risk prioritisation): Legionella Asbestos Fire Risk Management General Health, Safety & Security Electrical Management | Property Services Team Manager (for drafting) | Head of Economic Regeneration | Dec-22 | Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance. | Jul-23 | Jul-23 – Good progress is being made but consultants still engaged. Partially Completed in that policies are now in place. | Dec-23 |
| 2021/22 | Corporate Estates Management | 2 A performance monitoring and reporting framework is introduced which includes contractor and legislative compliance performance monitoring and periodic reporting to the Statutory Duty Group and, where necessary, the Corporate Leadership Team. | High | Overlapping with the audit we have begun the introduction of a performance monitoring framework, utilising a RAG system. This will be reported through to CLT. It would be beneficial to include properties not managed by property services into this report. | Head of Economic Regeneration | Head of Economic Regeneration | Oct-22 | Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance. | Jul-23 | Jul-23 – Good progress is being made but consultants still engaged. | Dec-23 |
| 2021/22 2 | Corporate Estates Management | 3 To ensure that the authority is fully meeting its legislative responsibilities in an efficient and effective manner consideration is given to introducing a true corporate landlord model for corporate property. | High | Since the publication of the 2020 report, there has been considerable change in both the operation of the council, its ability to address some strategic issues due to the pandemic, and more recently changes in property service management, housing senior management and the Chief Executive, along with changes to our accommodation strategy. So as to address the above we will undertake a further assessment of options for the operation and scope of an overall property function spanning all of our assets, and consider how this is best addressed in the future. | Strategic Director | Strategic Director | Mar-23 | Extended to align with other recommendations | Jul-23 | Jul-23 – Good progress is being made but consultants still engaged. | Dec-23 |
| 2021/22 | Corporate Estates Management | 4 The process for recording and monitoring issues through the compliance tracker is fully implemented and a reporting framework is put in place, to ensure that any remedial actions or works required are identified and tracked to fruition in a timely manner | Medium | Agreed – for the property services managed properties. This may take longer to fully implement if we follow a corporate landlord model. If not then there will not be assurance for all properties. | Head of Economic Regeneration | Head of Economic Regeneration | Oct-22 | Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance. | Jul-23 | Jul-23 – Good progress is being made but consultants still engaged. | Dec-23 |
| 2021/22 | Corporate Estates Management | 5 The review of the Asbestos process is completed and implemented to ensure the council are confident they are complying with regulations. | High | Agreed. | Head of Economic Regeneration | Head of Economic Regeneration | Oct-22 | Update - consultants have been employed to develop a Corporate Asset Management Toolkit. This will cover frequency of inspections and recording of compliance. | Jul-23 | Jul-23 – Good progress is being made but consultants still engaged. | Dec-23 |

| | | | | | | | | | | | |
|---------|------------------------------|---|--------|--|---|-------------------------------|--------|---|---------|--|--------|
| 2021/22 | Corporate Estates Management | 6 A comprehensive record of all assets and statutory inspections/ checks that are required by the Council is introduced. These records should cover all services and be monitored and reported against on a regular basis to ensure testing/ checks have taken place as required. Note: This recommendation was made in the Health and Safety Audit, undertaken in February 2021 (due for implementation in June 2021) and as yet has not been implemented. | High | Not all of these assets are owned by the authority. The scope of the contracts need to be known and recorded and performance monitored against this. Where assets are owned by the authority these will be detailed as required. | Head of Economic Regeneration | Head of Economic Regeneration | Mar-23 | Extended to align with other recommendations | Jul-23 | Jul-23 – Good progress is being made but consultants still engaged. | Dec-23 |
| 2022/23 | IT Health Check Review | 5. At least an annual review of IT assets maintained, hardware and software, should be completed and signed off accordingly. | Medium | Agreed | ICT Service Support Manager | Director of Resources | Jul-23 | Jul 23 – Partially completed - Confirmed that following DSE checks information has only been updated for name and asset not department and location. Extension to end of November to fully implement. | Dec-23 | | |
| 2022/23 | Tax - IR35 and P11D | 7.The iTrent Employee and Manager Self Service guides should be updated to clearly show how to input and authorise expense claims containing VAT. Additionally, a reminder should be issued to managers informing them of their responsibility when authorising expense claims to ensure that VAT this has been correctly recorded. | High | Agreed | Head of Human Resources and Organisational Development. | Head of HR & OD | Aug-23 | Sept 23 – In progress. The guidance should be available from mid-October. | Oct-23 | | |
| 2022/23 | Choice Based Lettings | 6. A review of properties advertised as 'not let' is undertaken to ensure the status of the properties are accurately recorded. | Medium | This could be legacy data from the old system and potentially not a field that is used. Agree to review the data and establish what is going on. Senior Officer reviews are completed during one to ones. | Housing Management Team Leader. | Head of Housing | Jul-23 | Jul 23 – No response | Aug 23 | Aug 23 - process is in place to ensure that let properties are recorded as such but still need to investigate where the data showing not let is being pulled from to ensure that all fields in QL are accurately recorded. | Oct-23 |
| 2022/23 | Rent Accounting and Arrears | 6. The rent account with a credit balance in excess of £9,000 should be reviewed and contact made with the tenant/s to discuss. | High | Agreed | Head of Housing | Director of Communities | Aug-23 | Aug 23 - Tenancy visit has been arranged, further clarification is required to ensure that the refund is made to the correct tenant. | Oct-23 | | |
| 2022/23 | Rent Accounting and Arrears | 10. With the introduction of Unit 4 (new Finance System) the rent debit should be uploaded automatically from the Housing System to the General Ledger each week. This should enable weekly reconciliations between the two systems to be carried out. | High | Agreed | Housing Strategy and Systems Team Manager | Director of Communities | Aug-23 | Aug 23 – No response | Sept 23 | Sept 23 - Issues regarding UNIT4 - meeting with Finance planned for w/c 11.9.23. Will require an extension to the implementation date. | Oct 23 |

| | | | | | | | | | | | |
|---------|--------------------|---|--------|---|--|-----|--------|---|--------|-----------------------------|--|
| 2021/22 | Project Management | 1.A project management policy is implemented that describes the essential elements of all projects/ programmes (e.g. project / programme identification through to authorisation, officer responsibilities, reporting requirements, requirement of the use of the toolkit etc), to ensure that all projects are effectively managed, and relevant governance and controls are in place. | High | Agreed. CLT need to revisit and agree the programme framework, review/refresh the toolkit, to see if it is still relevant, and then look at the resources for programme management with the new Chief Executive, including looking at where the function sits again, if needed. There is project management support to projects but there is not clear programme management, which is owned and maintained by one person/ service area, and which then collates and reports to CLT/ Members via relevantly timed reports. | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | No update response received | |
| 2021/22 | Project Management | 2. A corporate approach to project management is agreed, implemented, relevantly managed, and communicated to all staff on a consistent and regular basis. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | | |
| 2021/22 | Project Management | 3. All corporate projects should be monitored and recorded. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | | |
| 2021/22 | Project Management | 4. The role of the Organisational Performance Team in monitoring of projects, as referred to in the report to CLT, should be pursued. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | | |
| 2021/22 | Project Management | 5. A reporting structure is agreed and disseminated to ensure all relevant parties are aware of projects, progress of projects and any issues and reports are presented in a timely manner. | Medium | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | | |
| 2021/22 | Project Management | 6.The highlight reports to boards should contain details of the project approval. | Medium | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | | |

| | | | | | | | | | | | |
|---------|-----------------------------|--|--------|--|--|-------------------------|--------|---|--------|--|--|
| 2021/22 | Project Management | 7.Following agreement of a corporate approach to Project Management suitable training should be made available to enable staff to effectively manage projects. | High | As above | Chief Executive, Directors, Monitoring Officer, Section 151 Officer. | CLT | Dec-22 | Recommendation extended due to corporate review | Sep-23 | | |
| 2022/23 | Rent Accounting and Arrears | 9. Reconciliations should be completed in a timely manner, with any issues being investigated as soon as identified. | Medium | Agreed | Housing Strategy and Systems Team Manager | Director of Communities | Jul-23 | July 23 - Identified a formula error within calculations and looking to complete all 22/23 recs by 15.7.23. Meeting with Finance 15.8.23 to discuss and agree future approach using UNIT4. Will follow up again in September. | Sep-23 | | |
| 2022/23 | Choice Based Lettings | 7. Procedures are put in place to document the way in which shortlisting was completed and reasons why an applicant may have been overlooked are clearly documented. | High | Preferences are added to adverts. Agree that this needs to be documented better and it needs to be established how this can be done in the system. | Housing Management Team Leader. | Head of Housing | Sep-23 | | | | |
| 2022/23 | Choice Based Lettings | 8. Procedures are put in place to evidence that rent arrears and change in circumstances checks are undertaken, in accordance with policy. | Medium | Confident that checks are being done but agree this needs to be documented better. | Housing Management Team Leader. | Head of Housing | Sep-23 | | | | |
| 2022/23 | Rent Accounting and Arrears | 5. A process is introduced to ensure that all former tenant arrears cases are reviewed on a regular basis. | Medium | Agreed this will be reviewed. There will be KPI's brought in for the housing managers to ensure more proactive arrears management | Housing Strategy and Systems Team Manager and Housing Management Team Manager. | Director of Communities | Sep-23 | | | | |

2023/24 INTERNAL AUDIT PERFORMANCE

| Performance Measure | Position as at 30.09.2023 | Comments |
|--|---------------------------|---|
| Achievement of the Internal Audit Plan | 5% | 1 final audit report issued. Five in progress and 4 currently in planning stage. |
| Quarterly Progress Reports to Management Team and Audit and Governance Committee | On track | |
| Follow up testing completed in month agreed in final report | On track | |
| Annual Opinion Report - July 2023 Audit and Governance Committee Meeting | Achieved | |
| 100% Customer Satisfaction with the Internal Audit Service | 100% | Based on four for 2022/23 and one for 2023/24 |
| Compliance with Public Sector Internal Audit Standards | Conforms | External inspection carried out w/c 30 November 2020 which confirmed that the Council conforms with the Public Sector Internal Audit Standards. |



INTERNAL AUDIT CHARTER

North West Leicestershire District Council

Version Control

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

Contents

Contents

| | | |
|----|---|----|
| 1 | Introduction..... | 19 |
| 2 | Definitions | 19 |
| 3 | Mission and Purpose of Internal Audit..... | 19 |
| 4 | Professionalism..... | 20 |
| 5 | Scope of Internal Audit..... | 20 |
| 6 | Authority of Internal Audit | 21 |
| 7 | Responsibility of Internal Audit | 21 |
| 8 | Reporting Lines..... | 22 |
| 9 | Independence and Objectivity | 22 |
| 10 | Accountability..... | 23 |
| 11 | Internal Audit Resources | 23 |
| 12 | Management Responsibilities | 23 |
| 13 | Nature of Services | 24 |
| 14 | Role of Internal Audit in Fraud-Related Work..... | 25 |
| 15 | Relationships | 25 |
| 16 | Quality Assurance..... | 26 |
| 17 | Records Retention | 26 |
| 18 | Review | 26 |

1 Introduction

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

2 Definitions

- 2.1 In line with the PSIAS:

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

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

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

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

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

At this Council this shall mean the Corporate Leadership Team.

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

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

3 Mission and Purpose of Internal Audit

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

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

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

4 Professionalism

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

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

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

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

5 Scope of Internal Audit

5.1 There are no restrictions placed upon the scope of Internal Audit's work. Internal Audit work will usually include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risk associated with areas under review and making proposals for improving the management of risks;
- appraising the effectiveness and reliability of the risk management framework and recommending improvements where necessary;
- assisting management and members to identify risks and controls with regard to the objectives of the Council and its services;

- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the Council is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations and programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and
- reviewing the operations of the Council in support of the Council's Anti-Fraud and Corruption policy.

6 Authority of Internal Audit

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

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

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

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

7 Responsibility of Internal Audit

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

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

- the adequacy and effectiveness and application of internal controls, governance and risk management processes and systems;
- the extent of compliance with financial regulations and standing orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and

- the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

8 Reporting Lines

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

9 Independence and Objectivity

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

- 9.4 There may be times when Internal Audit are asked to provide audit services for other organisations outside of the shared service. The nature of this work will be formally set out and agreed in advance and, in line with the shared service inter-authority agreement, all partners will be consulted to ensure there are no conflicts of interest or objections to the work.

10 Accountability

10.1 The Chief Audit Executive shall be accountable to the Board and the S151 Officer for:

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

11 Internal Audit Resources

- 11.1 The Chief Audit Executive will be professionally qualified (CIMA, CCAB or equivalent) and have wide Internal Audit and management experience, reflecting the responsibilities that arise from the need to liaise with Members, senior management and other professionals, both internally and externally.
- 11.2 The Strategic Director of Resources (Section 151 Officer) will provide the Chief Audit Executive with the appropriate resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the Internal Audit opinion.
- 11.3 The Chief Audit Executive will ensure that the Internal Audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the audit plan.
- 11.4 The annual plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Audit Executive can propose an increase in audit resource or reduction in the coverage if insufficient resources are available.

12 Management Responsibilities

- 12.1 An Internal Audit service can only be effective if it receives the full co-operation of management. By approving this Internal Audit Charter the Board and Senior Management are mandating management to co-operate with Internal Audit in the delivery of the service by:
- agreeing audit engagement plans no later than the agreed deadline, to include agreements on duration, scope, reporting and response;
 - sponsoring each audit at senior management level;

- providing Internal Audit with full support and co-operation, including complete access to all records, data, property and personnel relevant to the performance of their responsibilities at all levels of operations, without unreasonable delay;
- responding to the draft internal report, including provision of management responses to recommendations, within the timescale requested by the audit team;
- implementing agreed management actions in accordance with the agreed timescales; and
- updating Internal Audit with progress made on management actions, informing Internal Audit of proposed changes and developments in processes and systems, newly identified significant risks and cases of a criminal nature.

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

13 Nature of Services

13.1 The Public Sector Internal Audit Standards define assurance as

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

13.2 In general the main purpose our work will be to provide assurance services to report to the shared service Councils and their Audit Committees. There may be times when our assurance is required by others for example it may be relied upon by partners of the shared service Councils or by Central Government for grant certification work. In all cases this will be clearly set out through engagement plans or grant declarations as appropriate.

13.3 The Public Sector Internal Audit Standards allow that Internal Audit may sometimes be more usefully focussed towards providing advice rather than assurance of core controls. Where appropriate, Internal Audit will act in a consultancy/advisory capacity by providing guidance and advice for strengthening the control environment, providing:

- the objectives of the consulting/advisory engagement address governance, risk management and control processes to the extent agreed upon with the Council;
- the scope of the consulting/advisory engagement has been clearly defined;
- Internal Audit is considered to have the rights skills, experience and available resource;
- management understand that the work being undertaken is not Internal Audit work; and

- Internal Audit's involvement will not constitute a conflict of interest in respect of maintaining an independent stance, and Internal Audit will not assume a management role in providing this advice.

13.4 When performing consultancy/advisory services, the auditor must maintain objectivity and not take on a management responsibility. The Chief Audit Executive is responsible for ensuring that all requests are reviewed in accordance with the above criteria and for making the final decision. The role which Internal Audit will assume on any particular advisory assignment will be agreed with the sponsor, will be documented within the assignment plan, and reported to the Board.

14 Role of Internal Audit in Fraud-Related Work

14.1 The primary responsibility for maintaining sound systems of internal control including arrangements to prevent and detect fraud and corruption lies with senior management. An annual programme of internal audits is designed to assist this process by highlighting areas where controls are inadequate or are not operating.

14.2 All fraud investigations will be conducted in accordance with the Council's Constitution, Anti-Fraud and Corruption Policy and the Confidential Reporting (Whistleblowing) Policy.

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

15 Relationships

15.1 The Chief Audit Executive and Internal Audit staff are involved in a wide range of relationships and the quality of those relationships impact on the quality of the audit function and the effective delivery of that function.

- **Relationships with Management**

The Chief Audit Executive and Internal Audit staff will maintain effective relationships with managers of the Council. Regular meetings will be held with key stakeholders and management will be consulted with during the audit planning process. Timing of audit engagements will be in conjunction with management.

- **Relationships with External Audit**

Internal Audit have an established working relationship with the current external auditors which includes periodic meetings and plans and reports are shared.

- **Relationships with Regulators and Inspectors**

The Chief Audit Executive and Internal Audit staff will take account of the results and reports from any inspections when planning and undertaking Internal Audit work. Where appropriate the Chief Audit Executive will establish a dialogue with representatives of the appropriate inspection agencies.

- **Relationships with Elected Members**

The Chief Audit Executive will establish a working relationship with members, in particular members of the Audit and Governance Committee. The Chief Audit Executive has the opportunity to meet with the Chair of the Audit and Governance Committee if required.

16 Quality Assurance

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

16.2 Internal Assessments

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

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

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

- quarterly progress reports to the Board and senior management team;
- customer satisfaction surveys following each audit;
- monthly meetings with the Strategic Director of Resources (S151 Officer); and
- monthly meetings with the Head of Legal and Support Services.

16.4 External Assessments

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

17 Records Retention

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

18 Review

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

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 25
OCTOBER 2023

| | | |
|--------------------------|---|------------------------------|
| Title of Report | UPDATE ON THE CIPFA POSITION STATEMENT AND WORKING GROUP | |
| Presented by | Insert relevant portfolio holder name Insert portfolio area | |
| Background Papers | Insert hyperlinks to any relevant background papers | Public Report: Yes/No |
| Purpose of Report | Short summary of what the report is trying to achieve | |
| Recommendations | PLEASE MAKE THESE CLEAR AND CONCISE. STATE CLEARLY WHICH OPTION YOU ARE RECOMMENDING. *Please consider whether you need to include a recommendation which delegates authority to a Director/Head of Service to make any consequential changes* | |

1.0 BACKGROUND

1.1

2.0 PARAGRAPH TITLE

2.1

3.0 FINANCIAL IMPLICATIONS

3.1

| Financial Implications Table | Current Year Budget | Impact of Proposals | Forecast | | |
|---------------------------------|---------------------|---------------------|----------|---------|------------------|
| | 2022/23 | | 2023/24 | 2024/25 | 2025/26 & beyond |
| | £000 | £000 | £000 | £000 | £000 |
| Capital Investment | | | | | |
| Costs | | | | | |
| Funded by | | | | | |
| On-going costs (revenue) | | | | | |

| | | | | | |
|----------------------|--|--|--|--|--|
| Costs - Staffing | | | | | |
| Other | | | | | |
| Total on-going costs | | | | | |
| Funding by | | | | | |

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | Insert relevant Council Priorities: <ul style="list-style-type: none"> - Supporting Coalville to be a more vibrant, family-friendly town - Support for businesses and helping people into local jobs - Developing a clean and green district - Local people live in high quality, affordable homes - Our communities are safe, healthy and connected |
| Policy Considerations: | List any relevant policies |
| Safeguarding: | Detail any safeguarding considerations made. |
| Equalities/Diversity: | Detail any equalities/diversity considerations made. |
| Customer Impact: | Detail any impact the decision will have on customers |
| Economic and Social Impact: | Detail any economic or social impact as a result of the decision. |
| Environment, Climate Change and Zero Carbon: | Detail any environment, climate change and zero carbon impact as a result of the decision. For more information to assist with this section, click here . For a useful checklist to ensure everything has been considered, click here . |
| Consultation/Community/Tenant Engagement: | Detail any consultation, community or tenant engagement undertaken prior to the decision. |
| Risks: | As part of its Corporate Governance arrangements, the Council must ensure that Risk management is considered and satisfactorily covered in any report put before elected Members for a decision or action. |
| Officer Contact | Insert details of the lead officer in the following format: Eg: Elizabeth Warhurst Head of Legal and Commercial Services elizabeth.warhurst@nwleicestershire.gov.uk |

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

**AUDIT AND GOVERNANCE COMMITTEE –
WEDNESDAY 25 OCTOBER 2023**



| | | |
|--------------------------|---|---------------------------|
| Title of Report | UPDATE ON THE IMPLEMENTATION OF THE CIPFA POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022 | |
| Presented by | Kerry Beavis Audit Manager | |
| Background Papers | Position Statement: Audit Committees in Local Authorities and Police 2022 (appendix A) Audit committees: practical guidance for local authorities and police (previously circulated) | Public Report: Yes |
| Purpose of Report | To update members on meeting of the working group for the review and implementation of CIPFA's Position Statement: Audit Committees in Local Authorities, as agreed at the Audit & Governance committee meeting on 26 April 2023. | |
| Recommendations | THAT THE AUDIT AND GOVERNANCE COMMITTEE 1. NOTES THE REPORT 2. AGREES THE TRAINING PROGRAMME | |

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

1. INTRODUCTION

- 1.1 At its meeting on 26 April 2023, the Audit & Governance Committee considered the Chartered Institute of Public Finance & Accountancy (CIPFA) updated Position Statement: Audit Committees in Local Authorities and Police 2022, see appendix A for the statement.
- 1.2 The Committee were advised that the Guidance continued to include a strong focus on the factors that supported improvement in the working of audit committees. This included the knowledge and skills that Audit & Governance Committee members require and an emphasis on where the Audit & Governance Committee can add value. It also provided practical support in evaluating the existing Committee and planning any improvements identified.

2. WORKING GROUP

- 2.1 A working group meeting was held 6 September 2023 to primarily discuss the training options for the members of the Audit & Governance Committee. It was agreed by the working group that bite sized training carried out throughout the year, in advance of audit committee meetings, would be a preferable option, with an annual training event that would cover topics such as good governance and external audit, see appendix B for details of the proposed training plan.

3. CO-OPTED INDEPENDENT MEMBER UPDATE

- 3.1 The position of co-opted independent member has been advertised twice. There have been no applications for this position. It is proposed that the position will be re-advertised in the new year.

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

Scope

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

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

Status of the position statement

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

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

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

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

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

Purpose of the audit committee

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

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

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

Independent and effective model

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

The committee should:

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

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

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

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

Core functions

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

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

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

Financial and governance reporting

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

Establishing appropriate and effective arrangements for audit and assurance

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

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

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

Characteristics of audit committee membership:

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

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

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

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

To discharge its responsibilities effectively, the committee should:

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

Impact

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

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

TRAINING PROGRAMME

| Date | Topic | Responsible Officer | Dates |
|---------------------|--|--|------------------|
| Oct | Internal Audit Progress Report Risk Management | Kerry Beavis Paul Stone | 11 October 2023 |
| Nov | Accounts | Anna Crouch | 22 November 2023 |
| Jan | Standards & Ethics Reports Annual report of the audit committee | Elizabeth Warhurst Paul Stone/ Kerry Beavis | 16 January 2024 |
| March | Accounts/ Treasury Management | Anna Crouch/ Paul Stone | TBA |
| March | Audit Plan Discussion | Kerry Beavis | 6 March 2024 |
| Timing to be agreed | Governance & Committees | External Trainer | |
| June | Annual training | Various | TBA |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 25
OCTOBER 2023

| | | |
|--------------------------|--|---------------------------|
| Title of Report | UPDATE ON ACTION PLAN IN RESPONSE TO ANNUAL INTERNAL AUDIT OPINION 2022/23 | |
| Presented by | Paul Stone Director of Resources | |
| Background Papers | Management Response to Internal Audit Opinion 2022/23 – Audit & Governance Committee 26 July 2023 NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL | Public Report: Yes |
| Purpose of Report | This report provides an update on the findings of the Management Response to the Internal Audit Opinion 2022/23. | |
| Recommendations | THE COMMITTEE ARE RECOMMENDED TO: 1. NOTE THE PROGRESS AGAINST THE ACTIONS AGREED IN RESPONSE TO THE ANNUAL INTERNAL AUDIT OPINION 2022/23. | |

1.0 BACKGROUND

- 1.1 In accordance with the Public Sector Internal Audit Standards (PSIA) the Chief Audit Executive (the Internal Audit Manager at North West Leicestershire District Council) is required to produce an annual report. The report for the financial year 2022/23 was considered by the Audit and Governance Committee at its meeting on 26 July 2023, alongside details of the management response and action plan.
- 1.2 The Opinion describes the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Internal Audit Annual Opinion for 2022/23 is "Limited Assurance".
- 1.3 It was recognised that the level of assurance is not acceptable and that improvements were required. Therefore, an Action Plan was developed to address the concerns and issues raised.

2.0 UPDATES TO THE ACTION PLAN

- 2.1 In response to the Opinion and recognising the context within which the Opinion has been determined, Management are progressing a number of key actions. It was agreed at the Audit & Governance meeting on 26 July 2023 that status updates would be presented to future committee meetings.

2.2 A copy of the Action Plan and progress to date is presented at Appendix 1.

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | <p>Insert relevant Council Priorities:</p> <ul style="list-style-type: none"> - Supporting Coalville to be a more vibrant, family-friendly town - Support for businesses and helping people into local jobs - Developing a clean and green district - Local people live in high quality, affordable homes - Our communities are safe, healthy and connected |
| Policy Considerations: | Not applicable. |
| Safeguarding: | Not applicable. |
| Equalities/Diversity: | Not applicable. |
| Customer Impact: | Not applicable. |
| Economic and Social Impact: | Not applicable. |
| Environment, Climate Change and Zero Carbon: | Not applicable. |
| Consultation/Community/Tenant Engagement: | In developing the Action Plan there has been extensive engagement with statutory officers, the Corporate Leadership Team and the Internal Audit Manager. |
| Risks: | The Council's governance arrangements are a critical part of its operations to ensure decision making is robust and effective. Internal audit is an important part of these governance arrangements. There are a number of risks to the Council if it does not have a properly functioning internal audit function. These potential risks include reputation, poor decision making, fraud, lack of control and inadequate assurance |
| Officer Contact | <p>Paul Stone Director of Resources paul.stone@nwleicestershire.gov.uk</p> |

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Management Actions In Response To Annual Internal Audit Opinion 2022/23

| Action | Current Status Position | Work to Fully Implement Action | Timeline for Delivery | Lead Officer | Comments |
|--|--|--|-----------------------|------------------------|--|
| Deliver the internal audit plan for each year | The Internal Audit Plan for 2023/24 has been signed off by Corporate Leadership Team and approved at Audit & Governance Committee on 26th April 2023 | Progress on delivery of the Plan is reported to CLT and A&G Committee throughout year | March 2024 | Internal Audit Manager | Ongoing – quarterly reports have been provided to CLT & A&G |
| | | Internal Annual Report for 2023/24 to provide final performance | July 2024 | | |
| | | Internal Audit team is resourced to deliver the Plan. Position to be reported in Quarterly Report to Audit Governance Committee (see action below) | July 2024 | | IA have successfully recruited to one internal audit assistant but are still carrying a vacancy for the second internal audit assistant. Additionally, we have as yet been unable to recruit an agency auditor to carry out the housing audits for 2023/24 |
| Strengthen performance management process for implementation of internal audit recommendations | Initial conversations between Statutory Officers and Internal Audit Manager have established initial improvements | Fully review current IA Recs implementation performance management process | Sept 2023 | Director of Resources | To be discussed by statutory officers on 30 October 2023 |
| | | Assign audit recommendations to the officer responsible for implementing them | July 2023 | Internal Audit Manager | Completed |

| Action | Current Status Position | Work to Fully Implement Action | Timeline for Delivery | Lead Officer | Comments |
|---|-------------------------|---|-----------------------|--------------------------------|---|
| | | Internal Audit to attend Team meetings at least 6 monthly. [Head of Service to invite Internal Audit. Internal Audit to produce record of meeting] | Sept 2023 | Head of Service / Team Manager | IA have only been invited to 2 meetings – Housing in July 23 and Community Services 24/10/23 |
| | | Enhanced initial process - statutory officer sessions for recommendation owners to justify their plan for delivery of recommendations | July 2023 | Director of Resources | Further meeting scheduled for the end of October 2023 |
| | | Attendance at Audit and Governance Committee for CLT Lead to report progress on delivery. On an exception basis for late or extended recommendations | Sept 2023 | Director of Resources | See above. |
| Strengthen reporting process to Audit & Governance for internal audit recommendations | | Review the reporting process | Sept 2023 | Director of Resources | Recommendations list is now part of the Statutory Officers monthly meeting. |
| | | Implement enhanced exception reporting (with focus on extensions and missed deadlines) for recommendation owners with Statutory Officer and at Audit & Governance Committee | December 2023 | | CLT were advised of the enhanced process in June. Statutory Officers monthly meetings in the diary. |
| | | Embed the new process into the Council's way of working | March 2024 | | |

| Action | Current Status Position | Work to Fully Implement Action | Timeline for Delivery | Lead Officer | Comments |
|--|--|---|-----------------------|------------------------------------|--|
| Increased capacity of internal audit resources / team | <ul style="list-style-type: none"> ○ A review of the team was undertake in Autumn of 2022. ○ A new structure was agreed by all partner Council's ○ NWL agreed additional resources as part of its 2023/24 base budget in February 2023. ○ Recruitment to the new structure has commenced with the successful appointment of an Apprentice role | Fully recruit to new Internal Audit structure. Currently there are two posts in the process of recruitment. | Sept 2023 | Internal Audit Manager | See above re - staffing |
| Strengthening senior management structure | The Chief Executive reviewed the senior leadership capacity in the organisation in Autumn 2022. Council approved the structure in February 2023 including a Director of Resources (s151 officer) and Head of Finance. The Head of Finance role was recruited to in May 2023. The Director has been recruited to and is due to start in September 2023. An interim Director is currently covering the role. | n/a | n/a | n/a | Complete |
| Improve synergies and linkages between internal and external audit | | Internal Audit to have regular meetings with External Audit | October 2023 | Internal Audit Manager | Meetings to be arranged with new external auditors |
| Raise the profile and importance of internal audit in the Council | <ul style="list-style-type: none"> ○ It has been recognised at a senior management level a cultural shift is required | Communicate the importance of internal audit to staff as part of the overall governance | December 2023 | Head of Legal and Support Services | Training provided during w/c 9 October 2023 |

| Action | Current Status Position | Work to Fully Implement Action | Timeline for Delivery | Lead Officer | Comments |
|--------|--|--|-----------------------|--------------------------------|---|
| | within the organisation as internal audit is important to ensure the council performs effectively. | framework of the Council by including an Internal Audit module in corporate governance training. | | | |
| | <ul style="list-style-type: none"> The senior leadership team has been strengthened. Additional capacity has been secured for the Internal Audit team. Reference to role of Internal Audit was included in CLT blog in June 2023. | Review Internal Audit training on their function/role on Skillgate | March 2024 | Internal Audit Manager | Face to face training to be carried out 11/10/23 for CLT and Team Managers, also open to all other staff, as part of the governance training. Consideration will then be given to adding something on to skillgate. |
| | | Directors to ensure their Teams have regard to the assurance framework in their services. Engage internal audit as part of Council Delivery Plan/Business Planning process | December 2023 | Directors | |
| | | Internal Audit seen as part of the decision making/grant bids/project set up process | March 2024 | Directors and Heads of Service | |
| | | Review project management templates, toolkit and guidance to include input from/ engagement with Internal Audit | March 2024 | Director of Resources | Has been developed in draft form. |
| | | Business/Service Plan process and associated templates to be | December 2023 | Head of HR & OD | The service plans templates are in |

| Action | Current Status Position | Work to Fully Implement Action | Timeline for Delivery | Lead Officer | Comments |
|---|---|--|-----------------------|----------------------------|--|
| | | updated to include Internal Audit Plan as a consideration (as part of wider support service engagement) | | | the process of being finalised and will incorporate this action. |
| | | Engage internal audit as part of Business/Service Plan process | March 2024 | Directors/Heads of Service | |
| | | Consider if Managers Job Description need to be updated to reflect importance of assurance. | March 2024 | Head of HR & OD | |
| | | Consider if the staff appraisal process could assist in managing implementation of internal audit recommendations. | September 2023 | Head of HR & OD | The annual review guidance is being updated to point managers to the internal audit considerations. |
| | | Internal Audit to produce regular blogs, including case studies of usefulness of early/proactive engagement | March 2024 | Internal Audit Manager | Nothing done as yet due to staffing resources. |
| Improve the accessibility of internal audit reports on the Council's systems | The Internal Audit team have an existing presence on the Council's intranet | Review the current intranet presence and accessibility for Internal Audit | July 2023 | Internal Audit Manager | Intranet reviewed, further work is required to update this to and will be linked in with the above action. |
| | | Implement the findings of the review | December 2023 | | |
| Implementation of the Council's new finance system to enhance financial control environment | The new finance system was implemented and went live from 1 April 2023. This will improve financial assurance from an internal audit perspective. | n/a | n/a | n/a | Complete. |

| Action | Current Status Position | Work to Fully Implement Action | Timeline for Delivery | Lead Officer | Comments |
|--|--|--|-----------------------|------------------------|--|
| Meetings between Internal Audit Manager and the Chair of the Audit Committee | | Set up regular meetings | July 2023 | Internal Audit Manager | First meeting arranged for October. Further meetings to be booked in following this. |
| Compliance with CIPFA Position Statement to ensure the Audit and Governance Committee have the required skills and knowledge | <ul style="list-style-type: none"> ○ Audit and Governance Committee consider in April 2023 ○ Member Working Party established and had their first meeting. ○ Training sessions for Members took place on Role of Audit Committee (5 June) and Treasury Management Training (6 July) | Developing the training plan by working group | Oct 2023 | Director of Resources | Training scheduled for early October |
| | | Delivery of the training plan | On-going | | |
| | | Appointment of independent persons on the Audit & Governance | Oct 2023 | | This has been out to advert but unsuccessful. To review again. |

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 25
OCTOBER 2023

| Title of Report | CORPORATE RISK UPDATE | |
|--------------------------|--|---------------------------|
| Presented by | Paul Stone Director of Resources | |
| Background Papers | Corporate Risk Update (Audit and Governance Committee 26 July 2023) NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL (nwleics.gov.uk) | Public Report: Yes |
| Purpose of Report | To provide Committee members with an update in respect of the Council's corporate risk register. | |
| Recommendations | THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTES AND COMMENTS ON THE LATEST CORPORATE RISK REGISTER FOR CONSIDERATION BY THE RISK SCRUTINY GROUP AND THE REPORT COMPLETED BY ZURICH WHICH EXAMINED THE COUNCIL'S RISK MANAGEMENT APPROACH. | |

1.0 BACKGROUND

- 1.1 As part of the agreed Risk Management approach this report presents the latest version of the Corporate Risk Register as reviewed at the last meeting of the Risk Scrutiny Group on 26 July 2023. In line with the policy, members of this Committee, and Cabinet are to receive periodic updates on risks monitored through the Corporate Risk Register. The report also provides details of the external review recently undertaken by Zurich in respect of the Council's risk management arrangements.

Risk Register

- 1.2 The updated Risk Register can be found at Appendix 1.
- 1.3 Out of the 17 active risks, 0 are red, 8 are amber and 9 are green. There have been some narrative changes and these are shown in red text.
- 1.4 The Director of Resources acts as lead for corporate risk and is satisfied that the main risks posed to the organisation have been captured within the risk register and that control measures to mitigate these risks are appropriate. The report is based on an update in September 2023, any further update on significant changes in risk will be provided at the meeting.

- 1.5 The Audit and Governance Committee are asked to review and note this risk update and provide any feedback they wish to be considered by the Risk Scrutiny Group at its next meeting.

External Review

- 1.6 To ensure the Council's risk management approach is working effectively an external review was undertaken by Zurich (the Council's insurers). The review took place in 2022/23. The draft report received by the Council acknowledged several positive actions the Council is taking in its risk management approach which include:
- Clear governance and framework in place with best practice features
 - The establishment of a Risk Scrutiny Group
 - Officers who are experienced and practicing risk management within specific services
 - An appetite and willingness to learn and improve risk management practices
 - A positive and refreshed outlook on risk from a newly formed management team
- 1.7 There are also development opportunities and these include:
- Review and update the corporate risk register with the new leadership team to develop a dynamic risk register that informs decision making
 - Re-energise the Risk Scrutiny Group so that they can champion and embed risk at an operational level
 - Establish and embed a clearer relationship between operational and strategic risk management to ensure there are no gaps and that there's clear strategic direction
 - Ensure that accessible and regular training is on offer so that risk is included as part of business-as-usual processes not just perceived to be a separate and remote process done by select individuals
- 1.8 A copy of the report is shown at Appendix 2. Overall the Council's risk management approach is in line with other local authorities. Progress against the recommendations will be regularly reported to Audit Committee.

| Policies and other considerations, as appropriate | |
|--|---|
| Council Priorities: | Effective risk management underpins the ability of the Council to deliver against all its priorities. |
| Policy Considerations: | None. |
| Safeguarding: | None. |
| Equalities/Diversity: | None. |
| Customer Impact: | None. |
| Economic and Social Impact: | None. |
| Environment, Climate Change and Zero Carbon: | None. |
| Consultation/Community/Tenant Engagement: | None. |
| Risks: | 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 and non financial risks. |
| Officer Contact | Paul Stone Director of Resources Paul.stone@nwleicestershire.gov.uk |

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| Corporate Risk Register | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|--|---------------|------------|--------|--|----------------------------|--|---------------|------------|--------|------------------|---|---|---|---|---|-----------------------|-----------------------|--|---|---|---|--------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk | | | | | | | | | | | | |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | | | | | | | | | | | | | |
| 65 | SOCIAL/ POLITICAL/ LEGAL Death / serious harm to a vulnerable person receiving a council service and safeguarding compliance | 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. Ensuring compliace with Safeguarding legislation and practise. | Lack of response to a safeguarding report. | 4 | 3 | 12 | Environmental Health and Community Safety Team Manager | Head of Community Services | The organisation has the following structures in place; | 3 | 2 | 6 | Increasing | | | | | | | | | | | | |
| | | | Service failure. | | | | | | An audit in 2021 with action plan of reasonable assurance | | | | | | | | | | | | | | | | |
| | | | Modern slavery. | | | | | | An identified Corporate Lead | | | | | | | | | | | | | | | | |
| | | | poor safeguarding assurnace | | | | | | An identified Team responsible for Safeguarding (Community Safety) with responsibility embedded into Team Leader role and an officer (Child & Adults at risk Officer) | | | | | | | | | | | | | | | | |
| | | | | | | | | | An agreed Safeguarding Policy refreshed as required | | | | | | | | | | | | | | | | |
| | | | | | | | | | An identified group of Designated Safeguarding Officers (DSO's) | | | | | | | | | | | | | | | | |
| | | | | | | | | | 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 by the Head of Community Services of all cases to check progress/close cases | | | | | | | | | | | | | | | | |
| | | | | | | | | | Annnual report to CLT and Corporate Scrutiny as required by exception. | | | | | | | | | | | | | | | | |
| | | | | | | | | | A weekly case management review meeting by Environmental Health & Community Safety Team Leader to ensure all cases progressed | | | | | | | | | | | | | | | | |
| | | | | | | | | | Commitment to raise awareness of the scale and extent of modern slavery in the UK and ensure our contracts and supplies don't contribute to modern day slavery and exploitation. | | | | | | | | | | | | | | | | |
| | | | | | | | | | A computerised system of reporting and managing reports introduced in 2019, will ensure constant reminders of new cases, sending alerts at all points in the procedure. | | | | | | | | | | | | | | | | |
| | | | 2 | | | | | | FINANCIAL/ COMMERCIAL/ REPUTATIONAL Mismanagement of council finances | | | | | Central Government intervention/special measures. Adverse publicity. Possible litigation. Withdrawal of services. Inability to deliver council objectives | Mis-interpreting of or not responding appropriately to a change in fiscal policy. | 2 | 4 | 8 | Head of Finance/Ds151 | Director of Resources | Statutory compliance with CIFPA codes, accounting codes, and audit processes (external and internal) Updated to reflect new constitution | 4 | 1 | 4 | Stable |
| | | | | | | | | | | | | | | | Poor budget planning / management. | | | | | | Regular management reviews monitor actual spend against budgets and forecast to the end of the year. | | | | |
| Internal financial systems and regulations not being properly applied. | Regular 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. | | | | | | | | | | | | | | | | | | | | | | | | |
| | New finance system implemented with increased controls and planned dashboard reporting | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | REPUTAITONAL/ COMMERCIAL Insufficient resources due to | LEGAL Council unable to perform its statutory duties and/or deliver objectives. Council's Partners unable to perform duties. Inflationary pressures. | Failure to horizon scan and interpret future needs in crucial roles. | 3 | 3 | 9 | Head of HR and OD & Head of Finance Ds151 | Chief Executive | Membership of CIPFA and engagement of Arling Close gives access to specialist advice, analysis and expertise. | 3 | 2 | 6 | Stable | | | | | | | | | | | | |

| Corporate Risk Register | | | | | | | | | | | | | |
|-------------------------|---|---|--|---------------|------------|--------|--|----------------------------------|--|---------------|------------|--------|------------------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 66 | unplanned / unforeseen absences / vacancies / changes to financial picture | Use of external resources at significantly higher cost. Short / Medium Term Exposure. | Changes to income or financial climate | | | | | | Current and forecasted balance MTFs, although uncertainty regarding future gov funding streams and impacts of changes such as DevCo/Freeport etc | | | | |
| | | | Inability to recruit to vacancies / retain staff globally or in spacialist areas . | | | | | | Advance planning to mitigate this risk; recent COVID experience demonstrates NWL able to react and adjust | | | | |
| | | | | | | | | | Recruitment and retention report considered by CLT and non pay benefits improved during the last year to attract and develop the right skills, and promoting existing staff talent through secondments and tailored development programmes. IIP. silver award achieved in 2022. New focus on Apprenticeships development to allow the Council to 'grow our own' and to tackle ageing workforce distribution. | | | | |
| | | | unexpected or unplanned event (eg pandemic) | | | | | | 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, some challenges in some specialist areas | | | | |
| | | | | | | | | | The Council can offer a package of additional benefits to enhance the recruitment offer. | | | | |
| | | | | | | | | | Mitigations in place for variety of staffing related aspects - eg mental health awareness, overall wellbeing work etc | | | | |
| | | | | | | | | | The Council has developed innovative partnering relationships with other sectors including the private sector to make posts uniquely attractive. | | | | |
| | | | | | | | | | | | | | |
| 4 | LEGAL / FINANCIAL Contracts are not properly procured and managed | Council liable to incur additional costs, contract overrun, litigation and potential health & safety issues as well as service disruptions. | Failure to monitor contractors appropriately. | 3 | 3 | 9 | Finance Team Manager. All Team Managers. | All Heads of Service | Oversight Board structure in place to oversee major project work & compliance group now in place to oversee these elements of contracted work. | 2 | 3 | 6 | Stable |
| | | | Legal and procurement teams not consulted when contractors are engaged. | | | | | | Corporate procurement support and legal team to support where necessary on contract management. | | | | |
| | | | Loss of key staff or supplier. | | | | | | Review of procurement compliance undertaken leading to enhanced contract register and updated strategy | | | | |
| | | | Procurement procedures are not followed. | | | | | | Recasting procurement functions activity, processes and focus of training and education for staff in 2023 | | | | |
| | | | The council contributes to modern slavery via it's | | | | | | Procurement toolkit to be produced to cover majority of lower value procurements with high value and complex procurements to be supported by specialised function. | | | | |
| | | | | | | | | | | | | | |
| 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. | 4 | 3 | 12 | Legal Services Team Manager | Head of Legal & Support Services | Policies and procedures are in place and rolled out. Regularly reviewed and compliance is monitored. | 2 | 2 | 4 | Stable |
| | | | Staff are not properly trained in managing information, and do not follow internal procedures. | | | | | | Corporate Governance training is undertaken annually and includes information governance as appropriate to reflect changes in legislation. E-learning module updated and rolled out as mandatory annual training for all staff. | | | | |
| | | | Changes in working practises | | | | | | The Council has a dedicated SIRO and DPO. | | | | |

| Corporate Risk Register | | | | | | | | | | | | | |
|-------------------------|---|---|---|---------------|------------|--------|--|-----------------------------|---|---------------|------------|--------|------------------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | | | | | | | | | Corporate Governance Groups are in place to scrutinise impacts/issues arising. Internal audit was carried out in December 2019. The outcome of the audit was a Grade 1. One medium risk recommendation Information Governance Team to cooperate with the supervisory authority and monitor compliance with Data Protection laws. | | | | |
| 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). | Lack of planning, training and exercising of Emergency plans | 4 | 3 | 12 | Head of Human Resources and Organisation Development | Chief Executive | Business continuity plans have been documented, policies and procedures are in place. LRF and Council resilience discussions to consider plans in light of possible impacts of power outages. Exercises local and national planned in early 2023 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 & continued reassessment for ongoing incidents. COVID experience shows capability and ability to perform. | 4 | 1 | 4 | Stable |
| | | Adverse publicity. “Business as usual” not possible without appropriate business continuity plan in place. | Inadequate Corporate Business Continuity Management. | | | | | | | | | | |
| | | Breakdown in relationship with other responders. | Lack of procedural understanding | | | | | | | | | | |
| 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. | 4 | 4 | 16 | ICT Manager | Directors. Chief Executive. | Fully resilient environment in place with no single points of failure for core systems, other critical systems use cold standby equipment. | 3 | 2 | 6 | Stable |
| 67 | | | Limited staff awareness of possible threats. | | | | | | Yearly IT security health check and PEN (penetration) testing carried out, by a CREST security accredited supplier, with remediation action plan in place to mitigate any risks found. In 2023 we had 0 critical, 0 high, 4 medium and 8 Low issues, which have now been remediated. | | | | |
| | | | Lapse in security awareness and basic processes from a technical and human perspective. | | | | | | Phishing campaigns ran twice a year to test staff security awareness and feedback results to CLT, with improvement plans in place for those who have not passed the test. | | | | |
| | | | | | | | | | Quarterly Cyber Security awareness training held for staff and new starters, to protect staff at work and in the office. | | | | |
| | | | | | | | | | New business services are run in remote fully resilient data centres and existing systems are being progressively migrated to these cloud computing centres. | | | | |
| | | | | | | | | | Diversity of environments used to avoid single point of failure risk, with backups now in the cloud, moving away from tapes | | | | |
| | | | | | | | | | Improved business recovery arrangements have been implemented to minimise recovery time. Accreditation to Cyber Essentials and the Public Services Network. | | | | |

| | Corporate Risk Register | | | | | | | | | | | | |
|---------|---|---|--|---------------|------------|--------|--|----------------------------------|---|---------------|------------|--------|------------------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | | | | | | | | | Latest Audit / assessments all confirm secure environment with reasonable assurance. Some formalisation of processes required and review of backups restoration window. Purchase of external vulnerability scanner now in place which allows us to scan and monitor our external perimeter on a daily basis and proactively mitigate issues. CCOE latest scan showed 27 medium and 102 Low Vulnerabilities, which we are working to mitigate using the tool which we have purchased | | | | |
| | | | | | | | | | An annual external audit of IT assessed the organisation's IT arrangements in a range of areas against best practice. The outcome of the audit in 2023 was, reasonable assurance, with 3 high recommendations and 4 mediums, mainly around backup and formalisation of processes, plans have been put in place to address these and provides assurance that the organisation's IT arrangements are solid, sound and secure. | | | | |
| 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 controls on expenditure and poor budget | 3 | 3 | 12 | Strategic Directors | Chief Executive | Greater use of professional project managers for key projects. Work ongoing to address project methodologies deployed across the council. Greater use of external / out of subject board members. Board structure covering all major projects in place | 3 | 2 | 6 | Stable |
| 68 | | | | | | | | | Properly convened project teams with PID and project plan in place, including project risk registers. Progress on corporate projects scrutinised by CLT. Implementation of contract management framework for outsourced services. Scrutiny of quarterly monitoring reports on capital expenditure. | | | | |
| | | | | | | | | | Utilising Internal Audit to conduct audits of individual projects or Project management more widely. Use of external resources to be used to support the major projects. Scrutiny of risk registers or project management framework of individual projects by Risk Scrutiny Group. | | | | |
| | | | | | | | | | 2022 audit has identified areas of weakness in controls and upon implementation of these the risk will be reduced and therefore these will continue to be monitored | | | | |
| 9 | LEGAL / POLITICAL / REPUTATIONAL Council makes ultra vires (beyond the council's powers and functions) decisions or those which it does not have the correct permissions to undertake | Potential litigation against the Council, resulting in increased costs / compensation. Reputational damage. | Staff / Members proceeding without established governance arrangements. Failure to consult with Legal / Monitoring Officer. Lack of understanding of the implications of dealing with a particular matter or conditions of service delivery. | 4 | 3 | 12 | Legal Services Team Manager & Service Managers | 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 | Stable |
| 10 | FINANCIAL / LEGAL / REPUTATIONAL Council is subject to serious | Financial, reputational and political damage to Council. | Lack of checks and balances within financial regulations. | 4 | 3 | 12 | Head of Finance. All Team Managers & | Directors | A policy framework that includes Anti-Fraud and Corruption Policy, Confidential Reporting (Whistleblowing) Policy and Anti-Money Laundering | 3 | 2 | 6 | Stable |

| Corporate Risk Register | | | | | | | | | | | | | |
|-------------------------|--|---|--|---------------|------------|--------|---|--------------------------------|---|---------------|------------|--------|------------------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| | fraud, corruption or theft | | Poor budget / contract management. | | | 16 | Heads of Service. | | Policy. Policies refreshed annually last update February 2023 | | | 6 | |
| | | | Poor monitoring of / adherence to financial systems | | | | | | 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. New Covid related Grants all subject to external audit and compliance checks. | | | | |
| | | | Changes in working practises causing unintended risk/exposure | | | | | | Internal control and governance arrangements such as segregation of duties, schemes of delegation, bank reconciliations of fund movements, and verification processes. | | | | |
| | | | | | | | | | Participation and strengthening of involvement in National Fraud Initiative (mandatory) Information on how to report fraud is on the website including relevant links. | | | | |
| | | | | | | | | | Staff training. Including Induction Training for new starters and annual Corporate Governance Traning | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 11 | FINANCIAL / COMMERCIAL / ECONOMIC The Council is subject to a reduction in income long term | Services are unable to be delivered. Potential staff redundancies. Funding of external groups is withdrawn. Potential breach of statutory duties/ability to delvier objectives compromised | Gov plans reduction in business rates share to NWL. Changes to the local authority financial settlement. Economic downturn / recession. Commercial opportunities not progressed. Changing rent policies. | 4 | 4 | 16 | Head of Finance. All Heads of Service. | Directors. Chief Executive. | Medium Term Financial Strategy in place, and will be reviewed at key events. Change in budgeting focus from incremental to outcomes focussed expected to identify quick wins and pland for longer term self-sufficiency. Head of Finance monitoring of Local Government funding reviews. Funding advisor engaged. Economic Development Team promotes business offer. Participation in Business Rates Pooling. Accessing external funding where appropriate. Income collection procedures in Revs & Bens Service and Housing sound. 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. | 2 | 3 | 6 | Stable |

| Corporate Risk Register | | | | | | | | | | | | | |
|-------------------------|---|--|--|---------------|------------|--------|---|-----------------------------|--|---------------|------------|--------|------------------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 12 | POLITICAL / ORGANISATIONAL The Council is affected by Local Government Reorganisation | a) Change to Local Government structure in Leicestershire/East Midlands, including potential merger of district councils/county council or development of a Combined Authority for the East Midlands, or elected Major either of which could lead to: - Change in location for service delivery/staff - Reduction of control over local matters - Change in financial situation - Staff redundancies - Alternative political structure and governance arrangements - Changes in services to be provided and organisation culture - Deterioration in staff morale and negative effect on staff recruitment and retention - Ineffective engagement with staff, Members and residents in considering, and responding to, proposals. - Diversion of senior staff resources to respond to proposals. | Political direction to consolidate local government tiers to potentially seek greater efficiency and co-ordination | 4 | 3 | 12 | Chief Executive and Head of Legal and Support Services. | Chief Executive | Active engagement with political leaders and Chief Executives across the County and East Midlands so NWL's needs are taken into account in any proposals. Open and transparent communication of NWL position to all stakeholders. Senior management and politicians stay close to project and monitor progress. Internal and external communication plans in place, including for key decision points. Gov stance changed to no longer pursue wholesale LGR - County Deals not linked to LGR. Leicestershire Cat 2 County Deal | 1 | 3 | 3 | Stable |
| 13 | POLITICAL / ORGANISATIONAL The Council is affected by the UK's departure from the EU | The UK's departure from the EU, leads to impacts on supply of goods, staff, services generally. Specifically increase in checks on goods by Environmental Officers at East Midlands Airport meaning increase in resources / costs. | UK departure from EU/Brexit | 4 | 4 | 16 | Chief Executive and Head of Economic Regeneration & Team Manager for Environmental Health | Directors & Chief Executive | Engage with National Local Authority steering groups for border control at strategic & operational levels. Implement communication strategy for local businesses so technical notices are shared, with appropriate signposting. Work with LLEP and Chamber of Commerce to provide business advice and support to address changes to legislation & certification. Watching brief localised assessment of potential impact around East Midlands Airport. Participate in Multi-agency Leicestershire Resilience Forum framework , with risk assessment and mitigation plan to be prepared. Applied for and gained additional support funding for Port activity up to 31 March 2024 | 2 | 2 | 4 | Stable |
| 14 | ORGANISATIONAL/FINANCIAL Council is subject to large scale and medium term reduction in staffing/supplies/increase in restrictions etc leading to risks and ongoing medium/long term impacts on either the financial or reputational standing of the Council | Financial, reputational and political damage to Council. | Pandemic, national/global infrastructure interruption, supply chain mass failure over medium / long time period | 4 | 4 | 16 | Chief Executive, Directors, Heads of Service | Chief Executive | Balanced budget achieved with additonal government grant support. Continued active engagment and lobbying to ensure that all options for support are considered and actioned where possible. COVID 19 expereince has led to myriad of changes to make service provision more robust . Further mitigations for other similar events in place - eg promotion of vaccinations, system readiness and deployment remotely, updating Business Continuity plans etc Enagment with LRF processes and training | 2 | 2 | 4 | Stable |

| Corporate Risk Register | | | | | | | | | | | | | |
|-------------------------|---|---|---|---------------|------------|--------|--|-----------------|--|---------------|------------|--------|------------------|
| Ref No. | Risk Description | Consequence | Cause | Inherent Risk | | | Responsibility of | Responsible to | Control Measures | Residual Risk | | | Movement of Risk |
| | | | | Impact | Likelihood | Rating | | | | Impact | Likelihood | Rating | |
| 15 | ORGANISATIONAL//POLITICAL No overall control of the Council following the May 2023 elections could lead to instability in the decision making process which could impact adversely on service delivery | Financial, reputational and political damage to the Council. Slower decision making. | The election in May 2023 changed the political make up of the Council | 3 | 3 | 9 | Chief Executive, Directors, Heads of Service | Chief Executive | There has been extensive work by officers to work with all Groups to minimise the impact. This work has been supplemented by external engagement with the Local Government Association. The work undertaken to date includes: regular briefings with all Groups, a member induction programme, a continuing training programme for councillors, clarity on the roles of councillors on each committee and engaging with staff to raise their awareness in dealing with/responding to/working with councillors. | 2 | 3 | 6 | Stable |
| 16 | ORGANISATIONAL/REPUTATIONAL There is greater focus from Government and regulators on the local government sector. There is a risk of an impact of an adverse external assessment on the Council. If this risk materialised it could impact on service delivery, performance levels, governance and decision making arrangements | Financial, reputational, legal and political damage to the Council. | Greater focus on the local government sector from Government and regulators following high profile council 'failures' | 4 | 2 | 8 | Chief Executive, Directors, Heads of Service | Chief Executive | The Council has in place a range of controls including financial procedures, governance framework, performance management framework, project management methodology, strategies, controls underpinning its operations, clear communication with staff, Statutory officer meetings and internal audit plan. The Council is aware of the creation of the Office for Local Government and is actively working to understand the implications/requirements for the Council. | 2 | 2 | 4 | Stable |
| 17 | SOCIAL/POLITICAL/REPUTATIONAL - Climate Change / Zero Carbon delivery | The failure of the Council to Council to achieve carbon neutrality for its operations by 2030 and carbon neutrality for the District by 2050. This may have long term impacts on both the financial picture of the council and the ability of key service provision in the long term. | Inability to deliver programme due to resource / financial / operational / procedural process. Inability to gain action by partners | 3 | 4 | 12 | Chief Executive, Directors, Heads of Service | Chief Executive | Achievement of the carbon reduction ambitions are mainly vested in our Climate and Environment Strategy and Zero Carbon Programme. The Action Plan contains planned and programmed actions and will be reviewed annually. It will quantify the estimated net financial costs and net carbon savings associated with the contents of the Plan. Attaining the targets in the Plan is one of the Corporate Plan Key Performance Indicators. Whilst the action plan has been agreed it does contain several actions where funding hasnot been committed. The Strategy and Plan have identified the main carbon | 2 | 2 | 4 | Stable |

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

Assessing the likelihood of a risk:

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

| | |
|--------------------|---|
| 1 <i>Low</i> | 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 |
| 2 <i>Medium</i> | 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 |
| 3 <i>High</i> | 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 |
| 4 <i>Very high</i> | 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 |

Risk Management Health Check Review

North West Leicestershire Council



Contents

| | |
|--|----|
| 1. Introduction | 3 |
| 2. Executive Summary | 3 |
| 3. Observations and recommendation | 6 |
| 3.1. Risk Culture and Leadership | 6 |
| 3.2. Risk Appetite and Strategy | 7 |
| 3.3. Governance | 8 |
| 3.4. Methodology | 9 |
| 3.5. People and Training | 10 |
| 3.6. Projects, Partners and Supply Chain | 11 |
| 4. Appendices | 12 |



1. Introduction

Zurich have been commissioned by North West Leicestershire District Council to review risk management arrangements across the organisation. To measure the maturity of risk management a performance model has been used which breaks down risk management activity into six categories that contribute towards effective risk management arrangements within an organisation:

| | |
|--|--|
| Risk Culture & Leadership | Exploring the attitude that Senior Officers and Members take towards the role and priority of risk management |
| Risk Appetite & Strategy | Reviewing the extent to which the policies for risk management support the organisation and how the appetite for risk is considered and utilised |
| Governance | Establishing how assurance is provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within departmental areas. |
| Methodology | Assessing whether effective risk processes and tools are in place to support the organisation |
| People & Training | Evaluating the level of risk management skills, knowledge, and capacity across the organisation |
| Projects, Partnerships & Supply Chain | Determining whether there are effective arrangements for managing risks within projects and with partners and suppliers |

The model enables an assessment to be made around the extent to which risk management is having a positive effect on the organisation. The five levels of maturity are as follows:

| | | | | |
|-------------------------------------|---|----------------------------------|-------------------------------------|---|
| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-------------------------------------|---|----------------------------------|-------------------------------------|---|

A series of observations and recommendations are outlined in the following pages for consideration.

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2. Executive summary

Overall, North West Leicestershire District Council's risk management framework has the potential to form the basis of a robust risk management approach. There are several features which demonstrate good governance and best practice is understood and being conducted within specific departments to manage operational risk. There is, however, limited evidence to support that risk is embedded across the entire organisation and being used as a business tool to drive strategic decision making and to monitor the current and relevant threats to the council.

North West Leicestershire could significantly improve its maturity rating by implementing the improvement recommendations identified within this report. Of most value would be to concentrate on developing strategic risk management. By ensuring the process engages key stakeholders and captures relevant threats. A greater level of accountability will be established whilst ensuring that risk management supports and informs decision making.

To measure the maturity of risk management, a performance model has been used which breaks down activity into six categories that contribute towards effective risk management arrangements within an organisation. It is worth noting, given the complexity of services provided and the resources often available to support risk management within the public sector, a good score is considered at level 3, Managed, whilst most local authorities would be judged to be level 2, In Development.

Figure 1.



The above figure indicates where North West Leicestershire is judged to be based on this review.

Included below are a short summary of key aspects of risk management which have been identified as part of the health check process. Further detail is explored in each section in the report:

Positives observed:

- Clear governance and framework in place with best practice features,
- The establishment of a Risk Scrutiny Group,
- Good people who are experienced and practicing risk management within specific services,
- An appetite and willingness to learn and improve risk management practices,
- A positive and refreshed outlook on risk from a newly formed management team.

Development opportunities:

- Review and update the corporate register with the new leadership team to develop a dynamic risk register that informs decision making,
- Re-energise the Risk Scrutiny Group so that they can champion and embed risk at an operational level,
- Establish and embed a clearer relationship between operational and strategic risk management to ensure there are no gaps and that there's clear strategic direction,
- Ensure that accessible and regular training is on offer so that risk is included as part of business-as-usual processes not just perceived to be a separate and remote process done by select individuals.

3. Observations and recommendations

3.1. Risk Culture and Leadership

This section considers the attitude of senior officers and members towards the role and priority of risk management.

| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|

Assessing the risk culture and leadership style at North West Leicestershire was challenging due to the number of new and interim positions held within the leadership team. Due to leadership changes, it is recognised and appreciated that there is a limit to how well established the tone at the top can be.

Despite some being new into the organisation, all interviewee's recognised and acknowledged the importance of risk to strategic decision making. It was assuring to hear that risk is intended to play central role in future updates to the Council's strategy and long-term planning. Utilising best practice, drawing on experience and engaging staff will be critical for ensuring that such intentions are achieved.

As part of future change, it is also recommended that risk is managed at a lower level in the organisation and is sponsored by a Director and championed by all of the leadership team. Having the risk approach facilitated by a Director can put limitations on the amount of resource which can be allocated to the process. As a result, there was evidence to suggest that due to the structure and resource challenges, risk is not as visible at the top table as it should be. There was limited evidence to show that corporate risks were regularly reviewed across the leadership team thus suggesting that the process is not viewed as a tool to support decision making. Although it is in no doubt that risks are considered within leadership discussions, it doesn't appear that the formalised risk management approach is used to document, assess, and monitor such conversations and decisions.

Beyond corporate risks it is also vitally important for any organisation to have a robust process around operational risks. There was some confidence that individual service areas and departments are quietly getting on and managing specific risks themselves. It was assuring to hear that due to experienced and well-trained people, significant threats within service areas would be escalated if necessary and that tools such as risk registers are being maintained. Although people championing good practice is vital for a mature risk culture, an over reliance on key individual's rather than an effective process has been developed.

What was also not clear, was the connection between corporate and operational risk. This can result in limited oversight of the risk profile of the organisation and an increased chance of critical risks being missed or escalated too late. In some areas, people assumed that risk management was a separate process managed by key individuals and thus were found to have let risk management lapse. In the absence of a culture of shared accountability, it appears that services have been left to their own devices and at a strategic level the risk management process has been a tick box exercise.



Recommendations:

1. Review the strategic risk register with the new leadership team in a risk identification workshop to ensure that the document is reflective of the current challenges and concerns facing the organisation
2. Consider standardising risk management templates and guidance to support departments in assessing their risks, especially if resource is too stretched to dedicate to assessing and updating operational risk registers

3.2. Risk Appetite and Strategy

This section assesses the extent to which the policies for risk management support the organisation and how the appetite or risk is considered and utilised.

| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|

The purpose of a risk management strategy is to communicate why and how risk management will be implemented throughout the organisation, and to set out the purpose and direction of risk management activities. It should strive to accomplish uniformity across the risk management process and remove any ambiguity about the overall risk capacity, appetite, and tolerance levels.

Overall, North West Leicestershire's Risk Management Policy can best be described as traditional. It articulates the intention of the organisation with regards to risk management but doesn't read like a live document that has been reviewed in light of key risk events such as Brexit, Covid-19 and inflation or takes into consideration the future risk horizon in relation to public sector challenges.

The policy sets out roles and responsibilities, the risk management cycle, and the benefits of risk management in a concise and clear manner, however fundamental aspects of the risk strategy such as an updated risk appetite statement and tolerance levels have not been reviewed since 2020.

Based on the discussions with interviewees, it is apparent that the organisation will be facing new and varying challenges in 2023 onwards and therefore will require a revised risk appetite to support the strategic planning and decision-making process. Although the policy sets out tolerance levels and includes RAG ratings on the risk matrix, a more nuanced approach to risk through the use of risk categories and updated measurements will support risk assessments both at a corporate level and within individual departments.

Through the discussions which were held, it was also difficult to know whether the processes and framework described in the policy were reflective of the current practices and understanding of individuals. Best practice such as the use of the templates in the appendix and regular scoring assessments using the matrix did not appear to be regularly and consistently used to the knowledge of those that were interviewed.



Recommendations:

3. Review and update the organisation's risk management policy and strategy so it reflects currently challenges on the public sector.
4. Build up the understanding and knowledge around risk appetite, before reviewing current tolerance levels with the new leadership team. This exercise should be done in relation to the corporate strategy planning process.
5. Encorproate annual reviews of the strategy and appetite into the reporting cycle. Regualr and often will reduce any resource implications.

3.3 Governance

We review the assurance provided to stakeholders, the effectiveness of reporting arrangements and how risk is managed within service areas.

| | | | | |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|
| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|

Governance was one of the highest scoring areas in the assessment, largely down the foundations which are already in place. The council has a clear governance structure which states that risks should be discussed at the Corporate Risk Scrutiny Group, reviewed by CLT and presented to the Audit and Governance Committee on a regular reporting cycle.

It was refreshing to hear that there is a Risk Scrutiny Group in place to assess both corporate and escalating operational risk as well as act as Champions, especially considering the resource challenges surrounding risk. However, the regularity of the group's meetings and the levels of engagement by members indicated that the Group may not be as effective as it should be nor is it utilised efficiently. Reigniting the group will be essential for bridging the gap between operational and corporate risk, exercises such as horizon scanning and giving assurances to the CLT, but this requires commitment, routine meetings that are taken seriously and a consistent understanding of the group's role and purpose.

From a member's perspective, there appears to be a willingness to review and challenge risk within forums such as the Audit and Governance Committee. This can be demonstrated by the organisation's engagement with Zurich and their request for external training for members. Maintaining the understanding and implementing learning into discussions will be key for improving their knowledge and confidence.

To be considered at a higher maturity level, these discussions need to be consistent in their review, with members clear of their roles and responsibilities to ensure risk is reviewed not only as its own element, but alongside other processes such as performance.



Recommendations:

6. Re-establish the Risk Scrutiny Group by assessing membership, terms of references, aims and objectives.
7. Plan regular annual risk management training sessions to maintain and evolve member's understanding of risk management.

3.4 Methodology

This section considers what processes and tools are in place to aid risk management and whether they are effective.

| | | | | |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|
| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|

The methodology assessment was a challenging area to review and conclude the score. There are several positive elements and tools in place to support risk management, but the extent to which they are consistently used across the organisation was brought into question.

In the policy is stated that the council utilises a risk management system. There is uncertainty around the quality of risk information which is stored in the system at an operational level, demonstrating there are inconsistencies between each team and area.

On review, the templates included in the risk policy appendix are clear and structure key risk information in an accessible way. The extent to which these templates are used and embedded into processes is also uncertain. More information about how these templates were promoted across the organisation and used would be helpful to establish a more informed judgement.

Risk descriptions included in the corporate risk register are broadly well detailed and comprehensive with controls articulated. It was accepted that risks do remain on registers for long periods of time and actions are not always identified. This is apparent in the content of the Corporate Risk Register as it appears that many of the risks are inherent to operating in the public sector, rather than specific risks which are of a current concern to the organisation. In these instances, it is hard to develop a dynamic risk register which drives value to the leadership team and moves away from a traditional and stagnated risk register.

To be considered for the next level of maturity, there needs to be evidence across all services that risk identification and management is consistently utilised to support all key decision-making, the Corporate Risk Register is a live and active document and that tools such as the risk management system and templates are consistently used.



Recommendations:

8. Consider a corporate/strategic risk workshop for the newly established leadership team to develop a sense of ownership and accountability as well as create engagement and awareness.
9. Consider running similar risk identification workshops with services to reinvigorate the register content; particular attention should be given to actions against individual risks or use the Risk Management Group to champion best practice and review operational risk registers.

3.5 People and Training

This section of the health check explores the level of risk management expertise and capability across the organisation.

| | | | | |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|
| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|

As part of the ongoing engagement and support provided by Zurich; Risk Management Training Sessions with the leadership team have been conducted throughout 2022. A high rate of attendance was experienced at each of these sessions which demonstrated that training was valued. Maintaining the momentum of the training to further develop confidence and consistency within service areas will be key.

Due to the capacity challenges, development of online resources, eLearning packages and utilisation of best practice organisations such as ALARM could be a way of maintaining consistency and up to date risk management knowledge.

Despite risk management training being offered to Heads of Service and Directors, there's still a great degree of uncertainty regarding the knowledge of individual officers who are managing operational risk. There appears an ambition to empower risk management throughout the organisation however there is little evidence to support that this is something which is in place. Risk Registers at department level appear inconsistent in their application and use, often being updated on occasions or as part of annual service planning exercises. There was evidence of inconsistencies in the way risk assessments are undertaken and documented.

A way to develop a more embedded and organisation wide risk culture is to provide regular and accessible training and information to all staff. The development of a toolkit or additional risk guidance which sits separate to the risk management policy may encourage more regular risk review activities.



Recommendations:

10. Incorporate risk management training into regular annual training plans for Service Managers, Heads of Service and Directors.
11. Maintain regular training options for operational staff and members to continue delivering clear and consistent messaging.
12. Consider developing additional training material outside of face to face training to ensure risk is embedded and regularly considered.

3.6 Projects, Partners, and Supply Chain

In this section I look at the effective controls in place to manage risks with partners / suppliers and in projects.

| | | | | |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|
| Level 1 Fragmented | Level 2 In Development | Level 3 Managed | Level 4 Integrated | Level 5 Transformational |
|-----------------------|---------------------------|--------------------|-----------------------|-----------------------------|

The Council has a cautious approach to risk in commercial partnerships. It was generally accepted that the council is risk adverse due to a range of factors. With a number of leadership changes over the past couple of years, it was also recognised that drastic or risky decisions have not been on the agenda, especially when entering into commercial or public sector partnerships.

In each interview it was recognised that there will be a need to work in a more intelligent and strategic way in order to manage the future financial challenges, work with key suppliers and promote opportunities through partnership agreements. In order to achieve this ambition risk management needs to be built into the decision-making process, specifically, the use of risk appetite. A more clearly defined risk appetite will also support the organisations agility and increase the confidence commercial partners has in the council.

Interviewees provided some level of assurance that risks were well understood and managed by partners, but it was clear that a structured framework was not in place and something that the council should consider. The development of a specific process with supporting guidance to create some consistency across the organisation regarding risk project management would be beneficial. Much like operational risk, it can be assumed that there is a reliance on individual's experience, training, and separate governance processes to make risk-based decisions regarding large projects and programmes of work as that information does not get reported centrally through the risk management process.

Assurance was given that risks within projects are largely managed effectively but the level of support from a central function was not clear. This again can be contributed to the limited resource capacity in the organisation. with increasing support and involvement of the Risk and Insurance function within projects, however this approach remains in its infancy and capacity dictates it isn't possible to be involved in all projects. To aid progression, 3rd party risks should be shared and considered by project management boards where appropriate.



Recommendations:

13. Develop guidance for managing risks within partners and projects which should then be referenced within the risk management policy.
14. Undertake further work to understand the common/shared risks within partnerships. Maintain joint risk registers with key partners to monitor key issues.
15. Cross-reference with People and Training re: roles and responsibilities for nominated risk champions.
16. Consider commercial risk appetite as a defined category for the council during subsequent review work.

4 Appendices

4.1 Recommendations Summary

| | |
|--|--|
| Risk Culture and Leadership | <ol style="list-style-type: none"> 1. Review the strategic risk register with the new leadership team in a risk identification workshop to ensure that the document is reflective of the current challenges and concerns facing the organisation 2. Consider standardising risk management templates and guidance to support departments in assessing their risks, especially if resource is too stretched to dedicate to assessing and updating operational risk registers |
| Risk Appetite and Strategy | <ol style="list-style-type: none"> 3. Review and update the organisation's risk management policy and strategy so it reflects currently challenges on the public sector. 4. Build up the understanding and knowledge around risk appetite, before reviewing current tolerance levels with the new leadership team. This exercise should be done in relation to the corporate strategy planning process. 5. Encorproate annual reviews of the strategy and appetite into the reporting cycle. Regualr and often will reduce any resource implications. |
| Governance | <ol style="list-style-type: none"> 6. Re-establish the Risk Scrutiny Group by assessing membership, terms of references, aims and objectives. 7. Plan regular annual risk management training sessions to maintain and evolve member's understanding of risk management. |
| Methodology | <ol style="list-style-type: none"> 8. Consider a corporate/strategic risk workshop for the newly established leadership team to develop a sense of ownership and accountability as well as create engagement and awareness. 9. Consider running similar risk identification workshops with services to reinvigorate the register content; particular attention should be given to actions against individual risks or use the Risk Management Group to champion best practice and review opeational risk registers. |
| People and Training | <ol style="list-style-type: none"> 10. Incorporate risk management training into regular annual training plans for Service Managers, Heads of Service and Directors. 11. Maintain regular training options for operational staff and members to continue delivering clear and consistent messaging. 12. Consider developing additional training material outside of face to face training to ensure risk is embedded and regularly considered. |
| Project, Partners, and Supply Chain | <ol style="list-style-type: none"> 13. Develop guidance for managing risks within partners and projects which should then be referenced within the risk management policy. 14. Undertake further work to understand the common/shared risks within partnerships. Maintain joint risk registers with key partners to monitor key issues. 15. Cross-reference with People and Training re: roles and responsibilities for nominated risk champions. 16. Consider commercial risk appetite as a defined category for the council during subsequent review work. |

Zurich Management Services Limited

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4.2 Maturity Assessment

| | Risk Culture & Leadership | Risk Appetite & Strategy | Governance | Methodology | People & Training | Projects, Partnerships & Supply Chain |
|-------------------------------------|--|--|---|--|--|---|
| Level 5 Transformational | Risk Management is actively championed by the CEO, Senior management and Members. There is a strong consideration of risk in all decision making processes | Risk appetite is reviewed at least annually and is taken into account in key decision points including day-to-day operational, as well as strategic, decisions | There is active oversight of risk management from Members and senior management | Management of risk and uncertainty is well integrated with all key business processes and shown to be a key driver in business success | Staff are empowered to be responsible for risk management and the organisation has a good record of well managed risk taking | Risk management is a collaborative activity amongst all parties and shown to be a key driver in success delivery |
| Level 4 Integrated | Senior Management & Members constructively challenge risk information and consider risk within decision making processes | The organisation has formalised its risk appetite and statements exist for each principal risk category for practical use at key decision points | Governance arrangements are effective and aligned with other processes within the organisation | Risk management processes are used to support key business processes and service delivery | Suitable guidance is available and a training programme has been implemented to ensure the continuation of risk management capability | Sound governance frameworks are established in these areas and common risk goals are identified amongst all parties |
| Level 3 Managed | Senior management & Members take the lead to apply risk management across the organisation and a register of key strategic risks is maintained | The concepts of risk appetite and tolerance are understood and utilised by senior management when discussing strategic risks | Formal reporting and assurance arrangements for risk management exist which are delivering value to the organisation and are consistently applied | Risk management processes are established and effective but are not being applied consistently across the organisation | A core group of people have the skills, knowledge and capacity to manage risk effectively and implement the risk framework across the organisation | Risk Managed in these areas is effective, appropriately resourced |
| Level 2 In Development | Senior management & Members are actively building the organisation's risk culture and a senior level 'risk champion' has been appointed | Risk Management strategies & policies are drawn up, communicated and being acted upon but Risk Appetite is not a concept actively used within the organisation, even if it is mentioned within the policy / strategy | Reporting and assurance exist but are currently being implemented or require development | Risk management processes exist but are currently being implemented or require development | The organisation is taking steps to increase the capacity and competency of individuals with risk management roles and responsibilities | Approaches for managing risk in these areas exist but are currently being implemented or require development |
| Level 1 Fragmented | Senior management & Members are aware of the need to manage risks | Risk Management is sporadic and unstructured within the organisation | The monitoring and reporting of risks is limited and only done when requested by senior management or Members | No formal process exists for risk management within the organisation | Key people are aware of the need to understand risk principles but there is a skills gap across the organisation | Key people are aware of potential risks factors in these areas |

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 27
SEPTEMBER 2023

| | | |
|--------------------------|--|---------------------------|
| Title of Report | LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW LETTER 2022/23 | |
| Presented by | Elizabeth Warhurst – Head of Legal and Support Services and Monitoring Officer | |
| Background Papers | Upheld Complaints Local Government and Social Care Ombudsman Annual Review Letter 2022/23 | Public Report: Yes |
| Purpose of Report | To make members aware of the Local Government and Social Care Ombudsman's (LGSCO) review letter for 2022/23 in accordance with the LGSCO Guidance on Effective Handling of Complaints. | |
| Recommendations | THAT THE COMMITTEE NOTES THE LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN'S REVIEW LETTER FOR 2022/23. | |

1.0 BACKGROUND

- 1.1 The Council has refreshed its approach to reporting performance information on feedback and complaints through the corporate complaints' system. An annual report will be taken to Corporate Scrutiny Committee.
- 1.2 The purpose of this report is to ask the Committee to consider The Local Government and Social Care Ombudsman Annual Review Letter which the Council received on 26 July 2023.

2.0 LGSCO OUTCOMES/STATISTICS

- 2.1 The LGSCO letter provides a link to the LGSCO website and to the statistics for North West Leicestershire District Council. The reported statistics are focused on the following three key areas:

Complaints upheld – Complaints are upheld when some form of fault is found in the authority's actions, including where the authority has accepted fault before an investigation is commenced. Two of the four complaints for investigations undertaken during the year were upheld.

Compliance with recommendations – The Ombudsman recommends ways for authorities to put things right when faults have caused injustice. The recommendations try to put people back in the position they were before the fault,

and the Ombudsman monitors authorities to ensure they comply with the recommendations. In the 12 months to 31 March 2023, one recommendation was made and implemented.

Satisfactory remedies provided by the Authority – Cases are recognised where an authority has taken steps to put things right before the complaint is made to the LGSCO. For the two upheld complaints the LGSCO found that the Council had already provided a satisfactory remedy in one case.

The LGSCO compares the three key annual statistics for the Authority with similar types of authorities to work out an average level of performance. They do this for county councils, district councils, metropolitan boroughs, unitary Councils and London boroughs. In the annual letter the LGSCO highlights that, during 2022/23, changes were made to the way that cases were processed and investigated, with a priority being given to complaints where it is in the public interest to investigate. The letter notes that the LGSCO is now less likely to investigate “borderline” issues and this could lead to a higher finding of fault overall. For this reason, the LGSCO advises that it is more helpful to authorities to compare the “uphold rates” with those of similar organisations rather than the previous years of uphold rates for North West Leicestershire District Council.

The LGSCO Guidance states that the Monitoring Officer should consider whether the implications of an investigation should be individually reported to members where that investigation has wider implications for council policy or exposes a more significant finding of maladministration.

Examples could include:

- The maladministration is, or has been, ongoing and therefore putting the council or authority at risk of further maladministration.
- The large scale of the fault or injustice.
- The reputational or financial risk arising.
- The large number of people affected.

The Guidance also states that, in the unlikely event that the Council was not to comply with the Ombudsman’s recommendations following a finding of maladministration, the Monitoring Officer should report this to members (Cabinet or Council as appropriate) under section 5 of the Local Government and Housing Act 1989.

If the LGSCO issued a public interest report (under section 30(1) of the Local Government Act 1974), there is a specific requirement for that finding to be reported to members and for a formal response to that finding to be sent to the Ombudsman, within three months setting out the action that they have taken, or propose to take, in response to the report.

The Monitoring Officer meets with the relevant Strategic Director to discuss LGSCO decisions which have been upheld against the criteria set out in the LGSCO guidance and whether the findings need to be reported to members as above. There have been no findings of this nature in the period covered by the annual letter.

| Policies and other considerations, as appropriate | |
|--|--|
| Council Priorities: | Feedback and complaints handling is relevant to all areas of the Council's work |
| Policy Considerations: | The Council deals with feedback in line with the corporate feedback policy |
| Safeguarding: | None arising from this report |
| Equalities/Diversity: | None arising from this report |
| Customer Impact: | Customers are advised of the route to make a complaint to the LGSCO at the conclusion of stage 2 of the corporate feedback policy |
| Economic and Social Impact: | None arising from this report |
| Environment and Climate Change: | None arising from this report |
| Consultation/Community/Tenant Engagement: | None arising from this report |
| Risks: | None arising from this report |
| Officer Contact | Elizabeth Warhurst Head of Legal and Support Services elizabeth.warhurst@nwleicestershire.gov.uk |

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 25
OCTOBER 2023

| Title of Report | STANDARDS AND ETHICS REPORT - QUARTER 2 | |
|--------------------------|--|---------------------------|
| Presented by | Elizabeth Warhurst Head of Legal and Support Services and Monitoring Officer | |
| Background Papers | None | Public Report: Yes |
| Purpose of Report | To receive the figures for local determination of complaints and the ethical indicators for Quarter 2 of 2023/2024 | |
| Recommendations | THE REPORT BE RECEIVED AND NOTED | |

1.0 BACKGROUND

- 1.1 The Standards and Ethics Report provides information in two categories: Local Determination of Complaints and Ethical Indicators.

2.0 CHANGES

- 2.1 Within the section 'Local Determination of Complaints', paragraph 2.2 has been updated to reference the Local Government Association guidance instead of the Standards for England guidance, which was previously referenced, as the Standards for England no longer exists. Also, the timeframe for the Council in determining a response has been reduced from 20 days to 15 days to reflect the 'Council's arrangements for dealing with complaints as adopted by Full Council last February along with the new Code of Conduct.
- 2.2 Within the section 'Ethical Indicators' the Use of RIPA powers (Regulation of Investigatory Powers Act 2000) has been added to the table. This had previously been included but in recent iterations of the quarterly report it had been omitted. Following our 3 yearly RIPA inspection it was felt best practise to re-introduce this data.

| Policies and other considerations, as appropriate | |
|---|---|
| Council Priorities: | Our communities are safe, healthy and connected |
| Policy Considerations: | N/A |
| Safeguarding: | Safeguarding in relation to Modern Slavery |
| Equalities/Diversity: | N/A |
| Customer Impact: | N/A |
| Economic and Social Impact: | N/A |

| | |
|--|---|
| | |
| Environment, Climate Change and Zero Carbon: | N/A |
| Consultation/Community/Tenant Engagement: | Customers have the opportunity to report on measures that are included in this report |
| Risks: | by receiving this information members will be able to manage risks |
| Officer Contact | Elizabeth Warhurst Head of Legal and Support Services elizabeth.warhurst@nwleicestershire.gov.uk |

Standards and Ethics

Quarter 2 Report

2023-2024

Contents

Page 1 - Introduction

Page 2 - Local Determinations of Complaints

Page 3 - Ethical Indicators

Page 4 - Freedom of Information Requests

Page 5 - Definitions

Introduction

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 2023/24.

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.

Local Determination of Complaints

The Monitoring Officer received 3 complaints in Quarter 2 of 2023/24 (1 July 2023 – 30 September 2023).

1 complaint received in Quarter 1 was unable to be progressed as it was determined in Quarter 2 that the Councillor was acting in a private capacity.

2.1 Assessment Sub-committee Decisions

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

The Monitoring Officer pursues an informal dispute resolution process prior to initiating formal proceedings via the Sub-committee route.

0 complaints have been resolved informally in Quarter 2.

2.2 Timeliness of Decision

The Local Government Association [guidance](#) states that where the decision has been delegated to an officer the authority should aim to complete their initial assessment of an allegation within 15 working days of receiving a complaint. Where the assessment is sent to a committee, the committee should be set up along similar timescales. The Council has taken this standard and included it in the Council's arrangements for dealing with complaints to aim to hold an Assessment Sub-committee within 15 working days of notifying the parties that informal resolution is not possible

2.3 Review Requests

There have been 0 review requests in Quarter 2. 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

None to report – see above

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

Complaints made to the Monitoring Officer under the Code of Conduct during Q2 2023/24

97

| Qtr 2 23/24 | Complaint from | About district/ parish councillor | Regarding | status |
|----------------|----------------------|--------------------------------------|--|---------|
| | Member of the public | Parish Cllr | Comments on social media | Ongoing |
| | Member of the public | District Cllr | Comments made at a Committee meeting | Ongoing |
| | Member of the public | District Cllr | Comments and concerns regarding phone call with councillor | Ongoing |
| | | | | |
| | | | | |

Ethical Indicators

| PERFORMANCE INDICATOR | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 21/ 22 | 22/ 23 | 23/ 24 | 21/ 22 | 22/ 23 | 23/ 24 | 21/ 22 | 22/ 23 | 23/ 24 | 21/ 22 | 22/ 23 | 23/ 24 |
| Instances of concerns raised re Modern Slavery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 1 | 0 | |
| Instances of concerns raised re Modern Slavery referred to national agencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Number of whistle blowing incidents reported | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Number of Challenges to procurements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Public interest Reports | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Objections to the Councils Accounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Disciplinary action relating to breaches of the Member/Officer Protocol | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Follow up action relating to breaches of the Member/Officer Protocol | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |
| Use of RIPA powers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | |

Freedom of Information Requests

| | Q1 | | | Q2 | | | Q3 | | | Q4 | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|
| | 21/22 | 22/23 | 23/24 | 21/22 | 22/23 | 23/24 | 20/21 | 21/22 | 22/23 | 20/21 | 21/22 | 22/23 |
| Total Number (FOIs) | 102 | 147 | 157 | 107 | 122 | 196 | 152 | 90 | 108 | 94 | 196 | 148 |
| % answered on time | 82.9% | 51% | 93% | 71.9% | 79% | 85.7% | 75% | 95.1% | 60% | 86% | 78.17% | 91% |
| Average per month | 34 | 49 | 52 | 36 | 41 | 71 | 51 | 30 | 38 | 31 | 65 | 49 |
| Average response time (days) | 14 | 7 | 11 | 13 | 9 | 12 | 17 | 10 | 14 | 11 | 15 | 13 |
| Withheld due to exemption/fees (FOI and BAU)* | 19 | 0 | 13 | 12 | 0 | 2 | 31 | 15 | 7 | 10 | 13 | 3 |
| Transfers (TFRs) | 18 | 29 | 18 | 12 | 21 | 15 | 25 | 24 | 18 | 23 | 28 | 26 |
| Subject access requests (SARs) | 1 | 3 | 11 | 2 | 6 | 11 | 12 | 5 | 5 | 5 | 13 | 10 |
| Internal Reviews | 0 | 1 | 1 | 2 | 3 | 2 | 0 | 1 | 3 | 0 | 2 | 1 |
| Environmental Information Requests/ Land Charges Searches (personal) | 6 | 4 | 6 | 491 | 4 | 7 | 2 | 336 | 7 | 11 | 1 | 7 |

- We have seen an increase in the number of requests received in Q2
- The % answered on time has decreased slightly. There are multiple factors which may have affected this figure. The number of requests received, new starters and the summer holidays
- The aim is to achieve 90% + response rate which we hope to achieve for Q3
- We do not log requests as a BAU on the new system. All requests are logged on the case management system as an FOI request.

FOI Exemptions for Q2 23/24

| Exemption | Description | FOI | BAU | Total |
|--------------|---|----------|----------|----------|
| S21 | Information Already Reasonably Accessible | | | |
| S22 | Information Intended for Future Publication | | | |
| S27 | International Relations | | | |
| S28 | Relations within the UK | | | |
| S29 | The Economy | | | |
| S30 | Investigations | | | |
| S31 | Law Enforcement | | | |
| S32 | Court Records | | | |
| S36 | Effective Conduct of Public Affairs | | | |
| S38 | Endangering Health and Safety | | | |
| S39 | Environmental Information | | | |
| S40 | Personal Information of the Requester/Personal Information | | | |
| S41 | Confidentiality | | | |
| S42 | Legal Professional Privilege | | | |
| S43 | Trade Secrets and Prejudice to Commercial Interests | | | |
| S44 | Prohibitions on Disclosure | | | |
| Total | <i>Number need not match the number of cases. Multiple exemptions may apply to one case.</i> | 0 | 0 | 0 |

Definitions

Business as usual Information requested can be sent quickly and easily within the normal course of business

Land Charges specific information about a particular property

Ombudsman Complaint a customer has followed Stage 1 and 2 complaints procedure but unhappy with the outcome they are entitled to take complaint to the Local government Ombudsman who will decide if the Council has a case to answer.

Subject Access Request a request by an individual to see information an organisation holds on them

Transfers requests received that fall out of our remit i.e. Adult social Care or Highways

Environmental Information Request a right for any person to request access to environmental information held by public authorities.

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