



# Audit and Standards Committee

**To: All Members of the Audit & Standards Committee on Tuesday, 30 August 2022**

**Date of meeting: Wednesday, 07 September 2022**

**Time: 18:30**

**Venue: The Council Chamber  
The Symington Building, Adam and Eve Street, LE16 7AG**

Members of the public can access a live broadcast of the meeting from the [Council website](#), and the meeting webpage. The meeting will also be open to the public.

## Agenda

- 1 Apologies for Absence and Notification of Substitutes.**
- 2 Declarations of Members' Interests**
- 3 Minutes**  
To approve as a true record the Minutes of the previous Meeting.  
**Draft Minutes of the Audit & Standards Committee 28-06-22 3 - 6**
- 4 Annual Ombudsman Report**  
**LGSCO Annual Letter Report 7 - 18**
- 5 IA Progress report**  
**Internal Audit - Progress and Performance Update 19 - 36**
- 6 Internal Audit Charter**  
**Internal Audit Charter Report 37 - 58**

**7 Q1 Corporate Risk and Opportunity Management**

**Quarter 1 2022-23 Risk and Opportunity Management Report 59 - 80**

**8 Any Urgent Business**

To be decided by the Chairman.

LIZ ELLIOTT  
INTERIM CHIEF EXECUTIVE AND HEAD OF PAID SERVICE  
HARBOROUGH DISTRICT COUNCIL

Contact:

[democratic.services@harborough.gov.uk](mailto:democratic.services@harborough.gov.uk)

Telephone: 01858 828282

Circulate to: Paul Bremner - Chairman, Roger Dunton - Member, Colin Golding - Member, Robin  
Hollick - Member, Phil Knowles - Member, Amanda Nunn - Vice-Chair,  
Charmaine Wood - Member

## HARBOROUGH DISTRICT COUNCIL

### MINUTES OF THE AUDIT AND STANDARDS COMMITTEE MEETING

Held in The Council Chamber, The Symington Building, Adam and Eve St, Market Harborough

On Tuesday 28<sup>th</sup> June 2022

Commencing at 6.30pm

Present:

Councillors: Bannister (for item 1 only), Dr Bremner (Chairman), Dunton, Hollick, Knowles, Nunn, Mrs Page and Mrs Wood

Officers: L. Elliott, S. Hamilton, C. Mason, B. Morris and E.O'Neil

Internal Auditors (North Northamptonshire Council): T. Croote

External Auditors (Mazars): M. Surridge

#### 1. ELECTION OF CHAIRMAN FOR THE YEAR 2022/23

The Chairman of the Council opened the meeting and invited nominations for Chairman for the 2022/23 year.

It was proposed by Councillor Nunn and seconded by Councillor Mrs Page that Councillor Dr Bremner be elected Chairman for the 2022/23 year.

There being no further nominations, it was

**RESOLVED: that Councillor Dr Bremner be elected as Chairman of the Committee for the year 2022/23.**

#### 2. ELECTION OF VICE-CHAIRMAN FOR THE YEAR 2022/23

The elected Chairman then invited nominations for Vice-Chairman for the 2022/23 year.

It was proposed by Councillor Mrs Page and seconded by Councillor Mrs Wood that Councillor Nunn be appointed Vice-Chairman for the 2022/23 year.

There being no further nominations, it was

**RESOLVED: that Councillor Nunn be appointed as Vice-Chairman of the Committee for the year 2022/23.**

#### 3. APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

Apologies were received from Councillor Golding, who was substituted by Councillor Mrs Page.

#### 4. DECLARATIONS OF MEMBERS' INTERESTS

There were none.

## 5. MINUTES OF THE PREVIOUS MEETING

**RESOLVED that the Minutes of the Meeting of the Audit and Standards Committee held on the 27<sup>th</sup> April 2022 be approved and signed by the Chairman as a true record.**

## 6. UPDATE ON STANDARDS MATTERS AND COMPLAINTS

The report was presented by the Interim Monitoring Officer. A new Model Code of Conduct was developed by the Local Government Association which has subsequently been adopted by all the Leicestershire Councils including HDC at its meeting on 21 February 2022.

Training on the new Code of Conduct was delivered to HDC Members on 19 April 2022 by an external provider. The training gave a good insight to the provisions contained in the Code and the recorded training has been offered to Town and Parish Councils to view.

The Guidance that supports the Councils' Standards Complaints process has been revised with the main change being that that going forward any HDC Member Complaints are assessed by the Monitoring Officer in consultation with the Independent Person rather than just automatically being referred to a Hearings Sub-Committee to decide if they will be investigated. This change enables the Complaint to be measured against an agreed Assessment Criteria which is contained in the Guidance to ensure only matters that fall within the Standards regime proceed.

**RESOLVED that the report be noted.**

## 7. ANNUAL INTERNAL AUDIT REPORT AND OPINION 2021/22

T. Croote, Internal Auditor, presented the Annual Internal Audit Report and Assurance Opinion 2021/22.

Based upon the work undertaken by Internal Audit during 2020/21, the Chief Internal Auditor's opinion in respect of the adequacy and effectiveness of the Council's control environment was that a Satisfactory Assurance can be given, which comprises of the system of internal control, governance arrangements and risk management. However, there are some specific limitations or exceptions to the opinion, which are detailed within the report.

The Committee noted the progress in relation to the various audit areas, and that the Growth Projections audit report had been finalised that day. The Committee also noted that a total of 28 audit recommendations have been implemented by officers during 2021/22, including some actions from previous years. There were no actions from the 2021/22 audits which were overdue as at 31st March 2022 - but there were, however, actions outstanding from four audits delivered in previous financial years.

**RESOLVED that the Annual Internal Audit Report and Assurance Opinion for 2021/22 be received and noted.**

## 8. INTERNAL AUDIT – PROGRESS AND PERFORMANCE UPDATE

T. Croote, Internal Auditor, presented the Committee with the current progress against the 2022/22 Audit Plan.

The Committee noted that since April 2022, seven actions arising from Internal Audit reports had been implemented. One audit assignment has been finalised and a further three are underway.

The Committee had a comprehensive discussion regarding the audit on agile working, and it was confirmed that Internal Audit would be commencing an independent review on Agile working in August, and also that a report on Agile working would be considered by scrutiny in due course.

Following discussion, the Committee

**RESOLVED that the internal audit progress report, attached as Appendix A to the report, and the status of outstanding recommendations at Appendix B be noted.**

#### 9. EXTERNAL AUDIT: AUDIT STRATEGY MEMORANDUM

M. Surridge, Engagement Lead of Mazars presented the Committee with the Audit Strategy Memorandum report. The report summarised the audit approach taken, and highlighted significant audit risks and areas of key judgements.

The Committee noted that the external Auditors are mid-way through the audit of the Council's 2021/22 Financial Statements (the Annual Financial Report. As part of the production of the financial statements the Council will use experts to determine appropriate values i.e. in respect of Pensions; via Leicestershire County Council, the actuary Hymans Robertson LLP will provide estimated pension valuations. The auditors will review these expert opinions in line with audit standards and practice.

The auditors will also review the work of organisations who provide services to the council; especially those that are part of the information systems relevant to financial reporting e.g. Internal Audit, and will review the financial consolidation arrangements of any subsidiary companies.

Three risks have been identified relevant to the audit of financial statements – management override of controls; valuation of the net defined benefit pension liability; and valuation of land and buildings.

**RESOLVED that the Audit Strategy Memorandum, as detailed in Appendix 1 to the report be noted.**

#### 10. RISK AND OPPORTUNITY MANAGEMENT QUARTER 4

The Committee considered the Corporate Risk and Opportunity report for Quarter 4, 2021/22.

At the end of Quarter 4 of the 2021/22 year there were nineteen Risks and seven Opportunities on the Corporate Risk and Opportunity Register; details of these were included in appendix A to the report.

One new Corporate Risk was added to the Corporate Risk and Opportunity Register during Quarter 4 of the 2021/22 year: CR 41 Disruption/ uncertainty arising from the war in Ukraine.

Of the 26 risks and opportunities, three (15.8%) were assessed as Red status, these being:

- CR 33 Costs of planning appeals, and legal challenges, exceed budget
- CR 37 Increase in homeless presentations results in an increased demand in Council support for relief
- CV 03 Loss of income, as economic activity reduces, weakens the Council's cashflow and financial sustainability.

Following discussion, the Committee

**RESOLVED that the Corporate Risk and Opportunity Register (attached at Appendix A to the report) at the end of Quarter 4 of the 2021/22 year be noted.**

#### 11. CODE OF FINANCIAL MANAGEMENT – SELF-ASSESSMENT

The report was presented by the Director, Finance, ICT and Assets and S151 Officer. The Chartered Institute of Public Finance and Accountancy (CIPFA) issued the Code of Financial Management (FM Code) in October 2019. Its purpose is for local authorities individually to undertake a self-assessment of their financial management processes and practices against a set of core “principles” that are enshrined within the FM Code. The report illustrated the Councils self-assessment and what actions are considered necessary to make the Councils Financial Management as good as “practically” possible within a proportionate and affordable financial framework.

An independent review of the Council’s FM Code self-assessment has been undertaken by Internal Audit and they have determined that its score and recommendations are “fair”.

**RESOLVED that the Councils self-assessment of CIPFA’s Code of Financial Management (as detailed at Appendix 2 to the report) and Internal Audit’s review of the self-assessment (as detailed at Appendix 3 to the report) be noted.**

#### MATTERS OF URGENT BUSINESS

There were none.

The meeting closed at 8.00 pm

## Harborough District Council

### Report to Audit and Standards Committee 7 September 2022



<b>Title:</b>	<b>Local Government and Social Care Ombudsman annual review letter</b>
<b>Status:</b>	Public
<b>Report Author:</b>	Clare Pattinson – Director of Law and Governance, Monitoring Officer
<b>Portfolio Holder:</b>	Cllr King
<b>Appendices:</b>	1. Annual letter from the LGSCO dated 20 July 2022 2. Annual letter from the LGSCO dated 21 July 2021

#### Executive Summary

The Local Government and Social Care Ombudsman issued a routine annual review letter to the Council on 20 July 2022, confirming that in the municipal year 2021 – 2022, no investigations were undertaken in respect of the Council. The Local Government and Social Care Ombudsman also published the data it holds on complaints about the Council on its website on 27 July 2022, confirming there were no outstanding issues. Members are also asked to note the annual review letter for 2020 – 2021, which was not reported in 2021.

#### Recommendations

**That the annual review letters issued by the Local Government and Social Care Ombudsman for 2020- 2021 and 2021 – 2022, be noted.**

#### Reasons for Recommendations

To inform Councillors about the annual review undertaken by the Local Government and Social Care Ombudsman.

## 1. Purpose of Report

To inform members of the content of the annual review letter issued by the Local Government and Social Care Ombudsman (“the Ombudsman”) for the municipal year 2021 – 2022 and to update members on the letter received in respect of 2020 – 2021.

## 2. Background

A local government ombudsman has existed since 1974 with the statutory functions of:

- investigating complaints against councils and some other authorities;
- investigating complaints about adult social care providers from people who arrange or fund their own adult social care;
- providing advice and guidance on good administrative practice.



Each year the Ombudsman provides a report on the complaints and enquiries received for the Council. The report provides information on the number and type of complaints. Where an investigation has been carried out, the outcome is summarised. The Ombudsman also provides guidance in the letter, which reflects trends in complaints and priorities identified as requiring further consideration. The annual review letters are published on the Ombudsman's website ([www.lgo.org.uk](http://www.lgo.org.uk)) with more detailed performance statistics.

### 3. Details

A copy of the annual review letter, dated 22 July 2022, is attached as Appendix 1 to this report. It confirms that in respect of Harborough District Council:

- a. The Ombudsman carried out no detailed investigations in 2021 – 2022;
- b. No recommendations were uncompiled with;
- c. There was no remedy required to be offered by the Council in the period.

The Ombudsman focuses on these areas to assess the Council's commitment to putting things right when they go wrong.

To support the complaints process, and promote service improvement, the Ombudsman also issues advice to local authorities. Not surprisingly, the advice this year relates to the continued adaption of service provision post pandemic. The Ombudsman comments that complaints functions were under-resourced before the pandemic, and that this has been exacerbated by the challenges of the pandemic. He goes on to state:

**“Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.”**

Confirmation was also provided that the Ombudsman is working with the Housing Ombudsman Service to develop a joint complaint handling code. Once agreed, this will be supported by the adoption of harmonised guidance.

Once the joint complaint handling code is launched, the Ombudsman will assess compliance with the joint complaint handling code during investigations and report performance in the annual review letter.

Whilst preparing this report, it became apparent that although the Committee received a report in respect of Ombudsman activity in July 2021, this did not include the 2020 – 2021 annual review letter, but rather reported the review letter from 2019 – 2020. Accordingly, the 2020 – 2021 annual review letter is attached at Appendix 2, dated 21 July 2021. Members will note that the Ombudsman received one complaint in respect of the Council in municipal year 2020 – 2021, and that this complaint was not upheld. Members will also note that 100% of the recommendations made by the Ombudsman were complied with.

### 4. Implications of Decisions

#### 4.1 Corporate Priorities

The Corporate Plan 2022 - 2031 sets out the Council's vision, priorities and ambition and commits to working with residents, businesses and partner organisations to deliver the



vision. It also confirms that continuous improvement, financial sustainability, value for money and a focus on resident and business needs will underpin the Council's activities.

As the Council tries to deliver the vision, it is likely that there will be instances where things go wrong. It is important that, in those rare cases where things do not go as planned, the Council responds swiftly and appropriately to address the issues, and learns from them to avoid any repetition. This approach is designed to achieve the adopted priorities of:

1. Community leadership to create a sense of pride and belonging;
2. Promoting health and wellbeing and encouraging healthy life choices;
3. Creating a sustainable environment to protect future generations;
4. Supporting businesses and residents to deliver a prosperous local economy.

Analysis of complaints, and how they are handled, is vital to ensure that the Council keeps learning and evolving, particularly as it develops new ways of working to address current challenges.

## **4.2 Financial**

Handling complaints has a cost to the Council in respect of officer time. Further, if complaints are justified, the Council may be required to offer financial redress. It is important that the cost of managing complaints is visible within the Council. However, this report has no direct financial implications for the Council.

## **4.3 Legal**

Often, a complaint is the first indication that there may be a potential liability on the Council. Handling complaints in a timely and transparent way allows the Council to identify these issues swiftly and respond appropriately.

## **4.4 Policy**

The content of this report does not impact directly upon any Council policy.

## **4.5 Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

The content of this report does not impact directly upon the Council's ambition to achieve net zero by 2030

## **4.6 Risk Management**

Complaints frequently identify issues which may result in a legal liability for the Council. Handling the complaint promptly and comprehensively can provide an early resolution which satisfies the complainant and therefore reduces the likelihood of a claim materialising.

Further, analysis of complaint trends enables the Council to address working practices which are provoking the complaints, thus driving improvements in service delivery which in turn benefit residents and which stops many complaints from becoming a claim. It is therefore important that managers are aware of the risk profile of their service and utilise complaint data as part of the performance management process.

## **4.7 Equalities Impact**

The content of this report is for noting only therefore no Equality Impact Assessment is required.

#### **4.8 Data Protection**

There are no data protection impacts as a consequence of this report.

#### **5. Summary of Consultation and Outcome**

This report is for information only therefore no consultation has been undertaken.

#### **6. Alternative Options Considered**

This report provides members with information only therefore no alternative options have been considered.

#### **7. Background papers**

Members are referred to the previous Audit and Standards Committee minutes and to the documents contained on the Ombudsman's website ([www.lgo.org.uk](http://www.lgo.org.uk)).

# Local Government & Social Care OMBUDSMAN

20 July 2022

*By email*

Ms Elliott  
Interim Chief Executive  
Harborough District Council

Dear Ms Elliott

## **Annual Review letter 2022**

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

### **Complaint statistics**

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

**Complaints upheld** - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

**Compliance with recommendations** - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

### **Supporting complaint and service improvement**

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

Complaints upheld
The Ombudsman carried out no detailed investigations during this period
Compliance with Ombudsman recommendations
No recommendations were due for compliance in this period
Satisfactory remedy provided by the organisation
The Ombudsman did not uphold any detailed investigations during this period



# Local Government & Social Care OMBUDSMAN

21 July 2021

*By email*

Mr Proudfoot  
Chief Executive  
Harborough District Council

Dear Mr Proudfoot

## **Annual Review letter 2021**

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

## **Complaint statistics**

This year, we continue to focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have focused statistics on three key areas:

**Complaints upheld** - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.

**Compliance with recommendations** - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the resource with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

### **Supporting complaint and service improvement**

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

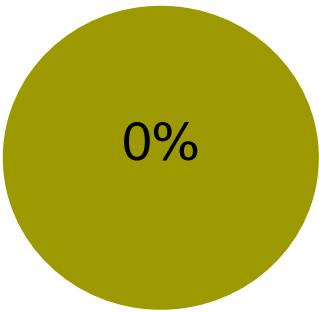
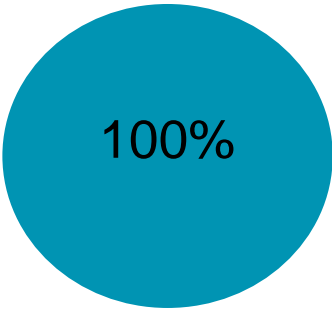
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England



Complaints upheld		
	<p><b>0%</b> of complaints we investigated were upheld.</p> <p>This compares to an average of <b>53%</b> in similar authorities.</p>	<p><b>0</b> upheld decisions</p> <p>Statistics are based on a total of 1 detailed investigation for the period between 1 April 2020 to 31 March 2021</p>
Compliance with Ombudsman recommendations		
	<p>In <b>100%</b> of cases we were satisfied the authority had successfully implemented our recommendations.</p> <p>This compares to an average of <b>100%</b> in similar authorities.</p>	<p>Statistics are based on a total of 1 compliance outcome for the period between 1 April 2020 to 31 March 2021</p>
<ul style="list-style-type: none"> <li>Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.</li> </ul>		
Satisfactory remedy provided by the authority		
<p>The Ombudsman did not uphold any detailed investigations during this period</p>		

**NOTE:** To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.



## Harborough District Council

### Report to the Audit & Standards Committee 7 September 2022



<b>Title:</b>	<b>Internal Audit – progress and performance update</b>
<b>Status:</b>	Public
<b>Key Decision:</b>	No
<b>Report Author:</b>	Mr Clive Mason. Director; Finance, ICT and Assets <i>On behalf of Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council</i>
<b>Portfolio Holder:</b>	Cllr James Hallam
<b>Appendices:</b>	Appendix A – Internal Audit Progress Report (Update) August 2022 Appendix B – Overdue Recommendations

#### Executive Summary

The Audit & Standards Committee is scheduled to meet four times a year, at each meeting Internal Audit reports its performance in respect of:

- **the audit plan**; it is early in the audit plan cycle but one audit has been finalised and three are underway,
- **customer satisfaction**; to date internal audits customers have accessed the service as Good, and for
- **productivity**; current performance is 94% against a target of 90%.

In addition to performance, Internal Audit also reports on outstanding recommendations/actions. There are currently 9 actions that have not been implemented by the agreed implementation deadline; 2 of which are over 3 months since their implementation date and of “medium-priority”.

#### Recommendations

**The Committee considers the Internal Audit Progress Report (Appendix A) and Overdue Recommendations (Appendix B) and comments as it considers necessary.**

#### Reasons for Recommendations

To support the Audit & Standards Committee’s role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance, and professionalism of internal audit.



## 1. Purpose of Report

- 1.1 To update Members on progress against the 2022/23 internal audit plan, key findings of audits completed and status of outstanding recommendations.

## 2. Background

### Internal Audit

- 2.1. The Councils internal audit service is provided, under delegation, by North Northamptonshire Council. The Audit & Standards Committee (ASC) agreed a new delegation at the meeting held on 2<sup>nd</sup> February 2022 (link to report [here](#)). They are commissioned to provide 235 days to deliver the 2022/23 Annual Audit Plan, which was approved by ASC on the 2<sup>nd</sup> March 2022 (link to report [here](#)).

## 3. Detail

- 3.1 The following paragraphs summarise the main items discussed within the Internal Audit Progress Report (**Appendix 1**) and commentary in respect of overdue recommendations (**Appendix 2**).

### Internal Audit Progress 2022

## 3.2 Audit Plan

- 3.2.1 In the year to date, one audit assignment has been finalised and a further final draft report is with management for sign off. In addition, prioritised grant verification work has been completed during the last quarter in relation to Covid-19 related grants from 2021/22. There are also a further six assignments with fieldwork or planning underway; these are shown below:

**Audit Theme: Corporate governance and counter fraud**

- **National Fraud Initiative (NFI)** – planning work started for 2022 data upload.

**Audit Theme: Key Corporate Controls and Policies**

- **Performance Management** – final draft report issued.
- **Information Governance** – final report issued.
- **IT Asset Management** – fieldwork commencing.

**Audit Theme: The People: A healthy, inclusive and engaged community**

- **Leisure services (embedded assurance)** – fieldwork ongoing.

**Audit Theme: Council Priority: Innovative, proactive and efficient**

- **Strategic Partnering and Shared Services** – fieldwork complete.
- **Agile working** – planning underway.
- **Online payments** – planning underway.

3.2.2 The Chief Internal Auditor has confirmed that the Audit Plan is on target to be achieved within the allocated 235 days.

### 3.3 Customer Satisfaction

3.3.1 Two audit questionnaires have been returned so far and the lowest rating is currently Good.

### 3.4 Productivity

3.4.1 The productivity target is 90%, performance to date is 94%.

### Outstanding Recommendations.

3.5 Since the last report to ASC, 4 actions have been implemented and 9 remain overdue; of the 9 not implemented:

- 3 were due to have been completed within the last 3 months, and
- 6 are over 3 months since their implementation date. Of these 6, 2 recommendations are “medium priority” and they are detailed in **Appendix 2** and summarised below:

i. **Audit Assignment: Effective use of consultation 2019/20**

Recommendation: Prepare and implement an Engagement Strategy.

Officer Update: This strategy is directly linked to other planned work and changes in engagement that are due to be implemented in September 2022.

ii. **Audit Assignment: Development management 2020/21**

Recommendation: Reconciliation of planning income recorded in Uniform and the finance system.

Officer Update: Current practice is requiring manual intervention between respective systems, but automation is being progressed. A report was produced but this it was not possible to check the data on the financial system (efins) to that from the planning portal. As new efins and Uniform systems are expected from April 2023, the action will be revisited in 2023/24 with the new systems.

## 4. Implications of Decisions

4.1. **Corporate Priorities**; internal audit provides assurance to the Council in respect of internal control and other governance issues, which directly supports the delivery of the Councils corporate priorities.

4.2. **Financial**; there are no direct financial implications arising from this report.

4.3. **Legal**; there are no direct legal implications arising from this report.

4.4. **Policy**; there are no direct policy implications arising from this report.

- 4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**; there are no direct environmental implications arising from this report.
- 4.6. **Risk Management**; there are no direct risk management implications arising from this report. However, members must not that the audit approach is “risk-based” and an effective internal audit service is one means by which the Council is able to effectively manage risk.
- 4.7. **Equalities Impact**; there are no direct equalities implications arising from the report.
- 4.8. **Data Protection**; there are no direct data protection implications arising from the report.

## **5. Summary of Consultation and Outcome**

- 5.1 The Chief Internal Auditors has consulted with the Councils s.151 in respect of performance and senior managers for individual audit assignments. ASC were consulted in February 2022 in respect of preparing the 2022/23 Audit Plan approved the plan in March 2022.

## **6. Alternative Options Considered**

- 6.1 No alternative options considered as none are appropriate.

## **7. Background papers**

- 7.1 None



# **Internal Audit Update September 2022**

## **Harborough District Council**

## ***Introduction***

- 1.1 The North Northamptonshire Council Internal Audit service has been commissioned to provide 235 audit days to deliver the 2022/23 Annual Audit Plan for Harborough District Council - and undertake other work commissioned by the Council, as required.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Standards Committee to scrutinise the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Consortium.

## ***Performance***

### **2.1 Delivery of the Audit Plan for 2022/23**

Internal Audit has been set the objective of delivering at least 90% of the Internal Audit plans for 2022/23 to draft report stage by the end of March 2023.

At the date of writing, one assignment from the plan has been finalised, one is at final draft report stage and fieldwork is complete for a further audit. Furthermore, urgent additional work has been prioritised on auditing two Covid-19 related grants received in 2021/22. Progress on individual assignments is shown in **Table 1**. The audit plan delivery remains on track for the year.

### **2.2 Delivery within budget**

Internal Audit is on target to deliver the audit plan within the 235 days budget. Any overruns on individual assignments are managed within the overall budget.

### **2.3 Client satisfaction**

Customer satisfaction questionnaires are issued on completion of audits. At the time of reporting, two questionnaires have been returned - results are shown in table 2.

### **2.4 Productivity**

As at the latest possible date for reporting purposes, current members of the audit team have been delivering 94% productivity against the target of 90%.

### **2.5 Outstanding audit recommendations**

Since the last committee meeting, four agreed management actions have been closed.

At the date of reporting, there are nine agreed management actions that are due but yet to be confirmed as implemented. Of these, two are of a 'medium priority'.

An analysis of the implementation of actions is provided in **Table 3**. Full details of all overdue medium priority recommendations are provided in **Appendix B**.



## **2.6 Summary of audit findings**

### **Grant claim verification**

During the last quarter, the Internal Audit team has been required to audit the Council's spend in relation to a number of Covid-19 related grants which were received in 2021/22. This additional work has delayed completion of some of the planned audit assignments but was essential to ensure declarations could be submitted to government in line with the mandatory deadlines. These required a signed declaration from the Chief Internal Auditor and Chief Executive that grant terms had been complied with.

The grants audited have included the following spend:

- Test and Trace – value of £181,756; and
- Covid Outbreak Management Fund – value of £87,179.

**Table 1 - Progress against 2022/23 internal audit plan**

Assignment	Assurance sought	Budget days	Planned start	Planned reporting	Status	Assurance rating	Comments
<b>Corporate governance and counter fraud</b>							
National Fraud Initiative (NFI) support	To provide support in the oversight of data uploads and investigation of data matches.	15	As required	As required	In progress	Consultancy work	Data upload in October 2022
<b>Key corporate controls and policies</b>							
Key financial controls	To provide assurance over the design and compliance with key controls within the Council's financial systems. Undertaken on an annual basis, with a cyclical approach to testing. To inform external audit work and provide s151 assurances.	30	January 2023	March 2023	Not started		
Performance management	To provide assurance over the Council's new performance management framework – including the focus of performance indicators, completeness and accuracy of data and effective use of the new software.	12	June 2022	July 2022	Final Draft Report		Report with management for final sign off
Procurement compliance	To test compliance with Contract Procedure Rules and the Statement of Required Practice on the procurement of goods and services across the Council. To inform annual assurance opinion on value for money and counter fraud.	8	February 2023	March 2023	Not started		
IT asset management	To provide assurance over the management and control of the Council's hardware and software assets – including security of devices and software licensing.	12	July 2022	August 2022	Fieldwork underway		Delayed due to urgent work on Covid-19 grant verifications

<b>Assignment</b>	<b>Assurance sought</b>	<b>Budget days</b>	<b>Planned start</b>	<b>Planned reporting</b>	<b>Status</b>	<b>Assurance rating</b>	<b>Comments</b>
Information governance	To provide assurance over the Council's management of risks associated with data security and compliance with regulatory requirements.	15	April 2022	May 2022	<b>Final report issued</b>	Control environment: <b>Satisfactory</b> Compliance: <b>Good</b> Organisational risk: <b>Minor</b>	Reported at June 2022 committee meeting
<b>The People: A healthy, inclusive and engaged community.</b>							
Leisure services – embedded assurance review	To engage with the project and issue reports at key stages – including assurance over the management of risks, consultation and communications, procurement, use of resources and plans and governance and decision making.	15	Ongoing throughout year	Aligned with project	Ongoing from 2021/22		
<b>The Place: An enterprising, vibrant place.</b>							
Environmental services contract management	To provide assurance over the management of this key contract and confirm the mechanisms in place to ensure services are delivered to the required standard and in line with contractual agreements.	18	November 2022	January 2023	Not started		
Managing major projects	To review the Council's procedures for managing major projects and assess compliance with key controls in ensuring projects are delivered on time, within budget and in accordance with Council policies, procedures and delegated decision making powers.	18	September 2022	November 2022	Not started		

<i>Assignment</i>	<i>Assurance sought</i>	<i>Budget days</i>	<i>Planned start</i>	<i>Planned reporting</i>	<i>Status</i>	<i>Assurance rating</i>	<i>Comments</i>
<b>Your Council: innovative, proactive and efficient.</b>							
Strategic partnering and shared services	To review the Council's strategic approach to engagement in partnerships and shared services and seek assurance over the consistent application of expected controls and governance in establishing such arrangements. To include a review of the effectiveness of existing arrangements and strategies applied to assessing any potential opportunities and the expected benefits to be achieved.	15	June 2022	August 2022	Fieldwork complete		
Agile working	To assess lessons learnt from the agile working trial and assess arrangements in place for supporting staff against recommended practice, to support productivity and staff wellbeing.	12	August 2022	September 2022	Planning		
Online payments	To provide light touch review/real time audit support on the roll out of new online payment portal and compliance with Payment Card Industry Data Security Standards.	7	To be confirmed	To be confirmed	Planning		Timing to be agreed with officers.
<b>Other support</b>							
Contingency (note – used for grant claim verification work)		3					
Client management and support - support and reporting to Audit Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors.		35					

<i><b>Assignment</b></i>	<i><b>Assurance sought</b></i>	<i><b>Budget days</b></i>	<i><b>Planned start</b></i>	<i><b>Planned reporting</b></i>	<i><b>Status</b></i>	<i><b>Assurance rating</b></i>	<i><b>Comments</b></i>
Audit management - development and management of the Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.		20					
<b>TOTAL</b>		<b>235</b>					

## Notes

At the completion of each assignment the Auditor will report on the level of assurance that can be taken from the work undertaken and the findings of that work. The table below provides an explanation of the various assurance statements that Members might expect to receive.

Compliance assurances		
Level	Control environment assurance	Compliance assurance
<b>Substantial</b> ●	There are minimal control weaknesses that present very low risk to the control environment.	The control environment has substantially operated as intended although some minor errors have been detected.
<b>Good</b> ●	There are minor control weaknesses that present low risk to the control environment.	The control environment has largely operated as intended although some errors have been detected.
<b>Satisfactory</b> ●	There are some control weaknesses that present a medium risk to the control environment.	The control environment has mainly operated as intended although errors have been detected.
<b>Limited</b> ●	There are significant control weaknesses that present a high risk to the control environment.	The control environment has not operated as intended. Significant errors have been detected.
<b>No</b> ●	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational impact		
Level	Definition	
<b>Major</b> ●	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.	
<b>Moderate</b> ●	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.	
<b>Minor</b> ●	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.	

**Table 2: Customer satisfaction**

At the completion of each assignment, the auditor issues a customer satisfaction questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The standard CSQ asks for the client's opinion of four key aspects of the assignment. The responses received in the year to date are set out below.

Aspects of Audit Assignments	Not applicable	Outstanding	Good	Satisfactory	Poor
Design of Assignment	-	1	1	-	-
Communication during Assignments	-	1	1	-	-
Quality of Reporting	-	1	1	-	-
Quality of Recommendations	1	-	1	-	-
<b>Total</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>-</b>	<b>-</b>

**Table 3: Implementation of audit recommendations**

	High priority recommendations		Medium priority recommendations		Low priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and <b>implemented</b> since last committee meeting	0	-	1	33%	3	30%	<b>4</b>	<b>31%</b>
Actions due within last 3 months, but <b><u>not implemented</u></b>	0	-	0	-	3	30%	<b>3</b>	<b>23%</b>
Actions due <b><u>over 3 months</u></b> ago, but <b><u>not implemented</u></b>	0	-	2	67%	4	40%	<b>6</b>	<b>46%</b>
<b>Totals</b>	<b>0</b>	<b>-</b>	<b>3</b>	<b>100%</b>	<b>10</b>	<b>100%</b>	<b>13</b>	<b>100%</b>



## ***Limitations and responsibilities***

### ***Limitations inherent to the internal auditor's work***

Internal Audit is undertaking a programme of work agreed by the Council's senior managers and approved by the Audit & Standards Committee subject to the limitations outlined below.

#### ***Opinion***

Each audit assignment undertaken addresses the control objectives agreed with the relevant, responsible managers.

There might be weaknesses in the system of internal control that the consortium are not aware of because they did not form part of the programme of work; were excluded from the scope of individual internal assignments; or were not brought to Internal Audit's attention. As a consequence, the Audit & Standards Committee should be aware that the audit opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

#### ***Internal control***

Internal control systems identified during audit assignments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and unforeseeable circumstances.

#### ***Future periods***

The assessment of each audit area is relevant to the time that the audit was completed in. In other words, it is a snapshot of the control environment at that time. This evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulatory requirements or other factors; or
- The degree of compliance with policies and procedures may deteriorate.

### ***Responsibilities of management and internal auditors***

It is management's responsibility to develop and maintain sound systems of risk management; internal control and governance; and for the prevention or detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

Internal Audit endeavours to plan its work so that there is a reasonable expectation that significant control weaknesses will be detected. If weaknesses are detected additional work is undertaken to identify any consequent fraud or irregularities. However, Internal Audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and its work should not be relied upon to disclose all fraud or other irregularities that might exist.



APPENDIX B Audit & Standards Committee September 2022

Audit:	Officer Responsible:	Grade:	Original Target Date:	Proposed Date:	Recommendation:	Agreed Action:	Latest Officer Update:
Effective use of consultation 2019-20	Communications and Marketing Service Manager	Medium	30/09/2021	30/09/2022	The Council should prepare and implement an Engagement Strategy, which includes appropriate sections on Consultations. In responding to the various issues highlighted below, the Strategy should include: 1. A requirement to complete standard documentation during the consultation process, including an output report summarising the outcome of consultations; 2. The completion of an annual plan of consultations; 3. Reference to a revised & reissued Toolkit for managers; 4. A requirement to ensure that outcome reports for all consultations are published on the Council's website; 5. Arrangements for ensuring the Council's residents are involved where relevant in consultations on services being provided by 3rd party organisations; & 6. A requirement to conduct regular surveys of residents.	Following a desk-top research/review of Consultation Plans, the Council will prepare an Engagement Strategy which will be taken through the necessary Governance process for approval, before implementation.	June 2022: There has been a further amendment to the timeframe for completion of the strategy. This was agreed with senior management as this work links with other planned work/changes regarding engagement in some service areas that are due from September 2022.  The service held a team workshop in June 2022 and a draft structure of the strategy, which will be in the form of a toolkit for staff, plus an external 'promise' to residents, has been written.
Development management 2020-21	Development Planning Manager	Medium	30/09/2021	30/09/2022	A process to regularly reconcile planning income recorded in Uniform and the finance system should be introduced.	Agreed. It does require help of the Finance Services Team which has indicated agreement to assist. The time and work to develop and implement a process is not know and will be subject to capacity of both Finance and Development Management to implement. Other work of Budget Challenge 25 may also need to take priority.	June 2022: On-going. Manual intervention is currently required to match between Uniform, Efin and planning portal. HDC Corporate Systems Administration & Development Officer provided a report (summer 2022) in response to help request. Unfortunately, this did not relate to efin, and a check was unable to match records with the planning portal. To reconcile, systems need to have a least some way of identifying each of the transactions and a way to achieve this between uniform, planning portal and efin has not been identified. As new efin and Uniform systems are expected from April 2023 more work on this task now using existing systems may be wasted. The task should be revisited Q1 2023-2024.



## Harborough District Council

### Report to the Audit & Standards Committee 7 September 2022



<b>Title:</b>	<b>Internal Audit Charter and Strategy</b>
<b>Status:</b>	Public
<b>Key Decision:</b>	No
<b>Report Author:</b>	Mr Clive Mason. Director; Finance, ICT and Assets <i>On behalf of Rachel Ashley-Caunt, Chief Internal Auditor, North Northamptonshire Council</i>
<b>Portfolio Holder:</b>	Cllr James Hallam
<b>Appendices:</b>	Appendix A – Internal Audit Charter and Strategy

#### Executive Summary

The Audit & Standards Committee is responsible for overseeing the delivery of the Internal Audit service. The Internal Audit Charter and Strategy sets out how the Council's Internal Audit service is delivered and how it complies with statutory requirements and professional standards. In line with the Public Sector Internal Audit Standards, the Charter should be reviewed and approved by the Audit & Standards Committee on an annual basis.

#### Recommendations

**The committee reviews and approves the Internal Audit Charter and Strategy.**

#### Reasons for Recommendations

To support the Audit & Standards Committee's role in ensuring good governance, strong financial management and an effective internal control environment. Additionally, to oversee the independence, objectivity, performance, and professionalism of internal audit.

## 1. Purpose of Report

- 1.1 To seek annual approval of the Internal Audit Charter and Strategy.

## 2. Background



## Internal Audit

- 2.1. The Council's internal audit service is provided, under delegation, by North Northamptonshire Council. The Audit & Standards Committee (ASC) agreed a new delegation at the meeting held on 2<sup>nd</sup> February 2022 (link to report [here](#)).
- 2.2. The Internal Audit Charter and Strategy has been reviewed and refreshed to align with that adopted by North Northamptonshire Council, and is consistent with the Public Sector Internal Audit Standards.

### 3. Detail

- 3.1 The content of the Charter and Strategy is aligned with the Public Sector Internal Audit Standards and establishes Internal Audit activity's position within the Council and reporting lines. The Charter confirms that Internal Audit is authorised to access records, personnel and physical property relevant to the performance of audit work and defines the scope of Internal Audit activities.
- 3.2 The content of the Charter and Strategy is generally consistent with that approved by the Audit and Standards Committee in 2021. Whilst no amendments have been proposed to the general audit approach or strategy, the content of the document has been reviewed to ensure that it aligns with best practice and is presented in a clear format. Key amendments include:
  - the addition of an executive summary;
  - inclusion of the Core Principles of Professional Practice; and
  - confirmation that all members of the Internal Audit service sign acceptance of the Internal Auditor's Code of Ethics on an annual basis.

### 4. Implications of Decisions

- 4.1. **Corporate Priorities**; internal audit provides assurance to the Council in respect of internal control and other governance issues, which directly supports the delivery of the Council's corporate priorities.
- 4.2. **Financial**; there are no direct financial implications arising from this report.
- 4.3. **Legal**; there are no direct legal implications arising from this report.
- 4.4. **Policy**; there are no direct policy implications arising from this report.
- 4.5. **Environmental Implications including contributions to achieving a net zero carbon Council by 2030**; there are no direct environmental implications arising from this report.
- 4.6. **Risk Management**; there are no direct risk management implications arising from this report. However, members must not think that the audit approach is "risk-based" and an effective internal audit service is one means by which the Council is able to effectively manage risk.

- 4.7. **Equalities Impact;** there are no direct equalities implications arising from the report.
- 4.8. **Data Protection;** there are no direct data protection implications arising from the report.
- 5. **Summary of Consultation and Outcome**
  - 5.1 The Council's senior management have been consulted on the content of the Charter and Strategy. This has not highlighted any issues of concern.
- 6. **Alternative Options Considered**
  - 6.1 No alternative options considered as none are appropriate.
- 7. **Background papers**
  - 7.1 None







# Internal Audit Charter & Strategy

## Executive summary

The Internal Audit Charter defines the purpose, authority and responsibility of Harborough District Council's Internal Audit service. It establishes the scope of the Internal Audit service and outlines how the service complies with statutory requirements and professional standards.

The key principles of Harborough District Council's Internal Audit service are as follows:

- Internal Audit provides an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control.
- Internal Audit provides advice and consultancy services with the aim of adding value and improving organisational governance, risk management and control.
- All the Council's activities fall within the scope of Internal Audit, and the Internal Audit service has a complete right of access to all records and property held by Harborough District Council and to all officers of the Council.
- Internal Audit operates in compliance with Public Sector Internal Audit Standards (PSIAS) and the Chartered Institute of Internal Auditors' Code of Ethics.
- Internal Audit is independent and may report directly to the Chief Executive and the Chair of the Audit & Standards Committee. Regular reporting on audit activity is provided to the Section 151 Officer, Corporate Management Team and the Audit & Standards Committee.
- Internal Audit team consists of qualified and part-qualified professionals in assurance and accounting. The service is committed to professional development and continuous quality assurance and improvement.
- Internal Audit staff have a professional duty to operate in ethical way; be honest; and demonstrate integrity at all times, working in line with the Council's Code of Conduct.
- The Internal Audit Charter is regularly reviewed and approved annually by the Audit & Standards Committee and senior management.

**1 PURPOSE, MISSION STATEMENT AND DEFINITION****Purpose of the Charter and Strategy**

- 1.1 The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes the Internal Audit activity's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities. The Charter and Strategy should enable Internal Audit to deliver a modern and effective service that:
- Meets the requirements of the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations;
  - Ensures effective audit coverage and a mechanism to provide independent and objective overall assurance in particular to Councillors and management;
  - Provides an independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment;
  - Identifies the highest risk areas of the Council and allocates available Internal Audit resources accordingly;
  - Adds value and supports senior management in providing effective control and identifying opportunities for improving value for money; and
  - Supports the S151 officer in maintaining prudent financial stewardship for the Council.

**Internal Audit Mission Statement**

- 1.2 The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

**Definition of Internal Audit**

- 1.3 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 CONTEXT

- 2.1 The Council's Internal Audit service is delegated to North Northamptonshire Council's Internal Audit service, led by the Chief Internal Auditor.
- 2.2 The core governance context for Internal Audit is summarised as follows:

**The Accounts and Audit Regulations (2015)** set out that:

*A relevant authority must ensure that it has a sound system of internal control which—*

*(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;*

*(b) ensures that the financial and operational management of the authority is effective; and*

*(c) includes effective arrangements for the management of risk.*

And that:

*A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*

*A relevant authority must, each financial year—*

*conduct a review of the effectiveness of the system of internal control required by regulation 3; and prepare an annual governance statement.*

**The Public Sector Internal Audit Standards (PSIAS)** issued in 2017 include the need for risk-based plans to be developed for Internal Audit and to receive input from management and the 'Board' (usually discharged by the Council's Audit Committee). The work of Internal Audit therefore derives directly from these responsibilities, including:

*PSIAS 2010 - "The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."*

*PSIAS 2450 – "The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control".*

2.3 The following definitions have been applied to the PSIAS terminology throughout this document:

Terminology	Definition for Harborough District Council
'Board', as per PSIAS	The Audit & Standards Committee
'Chief Audit Executive', as per PSIAS	The Chief Internal Auditor
'Senior management'	Senior Management Team
'Assurance services'	An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Examples include financial, performance, compliance, system security and due diligence.
'Consultancy services'	Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisations governance, risk management and control processes without the Internal Auditor assuming management responsibility. Such examples would include advice, facilitation and training.

### 3 STRATEGY

- 3.1 Internal Audit will provide the public, Councillors and Council officers with confidence that Council operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. Where confidence is not possible the service will ensure that the implications and risks are understood to ensure proportionate action is taken. Internal Audit will be responsive to the Council's needs and the risks to which the Council is exposed.
- 3.2 Internal Audit is not responsible for the control systems it audits. Responsibility for effective internal control rests with the management / executive of the Council. Directors and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve approved objectives / policy.
- 3.3 Internal Audit will provide a robust, high quality audit service that delivers honest, evidenced assurance, by:
- **Focusing on what is important**  
Deploying its resources where there is most value aligned to the corporate objectives and priorities, the processes to facilitate these and the key risks to their achievement, whilst ensuring sufficient assurance to support the Annual Governance Statement.
  - **Being flexible and responsive to the needs of the Council**  
The Annual Plan will be reviewed quarterly enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and the board
  - **Being outward looking and forward focused**  
The service will be aware of national and local developments and of their potential impact on the Council's governance, risk management and control arrangements.
  - **Providing Assurance**  
There is value in providing assurance to senior managers and Members that the arrangements they put in place are working effectively, and in helping managers to improve the systems and processes for which they are responsible.
  - **Balancing independent support and challenge**  
Avoiding a tone which blames, but being resolute in challenging for the wider benefit of the Council and residents.
  - **Having impact**  
Delivering work which has buy-in and which leads to sustained change.
  - **Strengthening the governance of the Council**  
Being ambassadors for, and encouraging the Council towards, best practice in order to maximise the chances of achieving its objectives, including the provision of consultancy and advice.
  - **Enjoying a positive relationship with and being welcomed by the 'top table'**  
Identifying and sharing organisational issues and themes that are recognised and taken on board. Working constructively with management to support new developments.

3.4 The Internal Audit Service maintains an ongoing and comprehensive understanding of:

- Local Government / Public Sector issues;
- The Council and its community; and
- Professional Audit and Corporate Governance standards.

3.5 All staff within the Internal Audit service hold a relevant professional qualification, part qualification or are actively studying towards a relevant qualification. All participate in continuing professional development, both in relation to specific audit skills e.g. contract audit, and softer skills e.g. communication skills.

3.6 The mandatory core principles for the Professional Practice of Internal Auditing underpin the way in which the service is delivered and are embedded in ways of working, as detailed in this Charter. The principles ensure Internal Audit:

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

## **4 AUTHORITY**

- 4.1 In accordance with the PSIAS, the Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, the Audit & Standards Committee, and the senior management team.
- 4.2 Internal Audit's remit extends across the entire control environment of the Council.
- 4.3 Internal Audit has unrestricted access to all Council and partner records and information (whether manual or computerised systems), officers, cash, stores and other property, it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers without prior notice if necessary.
- 4.4 All Council contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to the Council's business held by contractors or partners.
- 4.5 All employees are required to assist the Internal Audit activity in fulfilling its roles and responsibilities.
- 4.6 The Audit & Standards Committee (as the Board) shall be informed of any restriction unduly placed on the scope of Internal Audit's activities which in the opinion of the Chief Internal Auditor prevent the proper discharge of Internal Audit functions.
- 4.7 The Chief Internal Auditor and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 4.8 To provide for independence, the day to day management of the Internal Audit Service is undertaken by the Chief Internal Auditor who reports to the Audit & Standards Committee. This accords with the Public Sector Internal Audit Standards which requires the Chief Internal Auditor to report to the very top of the organisation.
- 4.9 The Chief Internal Auditor has direct and unrestricted access to the Council's Chief Executive, Section 151 Officer, Directors, External Audit and Audit & Standards Committee at their discretion, including private meetings with the Chair of the Audit & Standards Committee.



**5 ETHICS, INDEPENDENCE & OBJECTIVITY**

- 5.1 Independence is essential to the effectiveness of the Internal Audit service; so it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing or report content.
- 5.2 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 5.3 The Internal Audit service assists with counter fraud work for the Council. Internal Audit lead on investigating whistleblowing referrals relating to fraud and corruption, and financial impropriety and also support with co-ordinating the National Fraud Initiative (NFI) data matching exercises. The handling of matches arising from the data matching is the responsibility of the service leads.
- 5.4 In addition to the ethical requirements of the various professional bodies, each auditor is required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest and declare any potential 'conflict of interest' on allocation of an audit. Any potential impairments to independence or objectivity will be declared prior to accepting any work.
- 5.5 Internal Auditors also sign acceptance of the Internal Auditor's Code of Ethics on an annual basis.
- 5.6 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, 'approve' procedures, install systems, prepare records, or engage in any other activity that may impair the Internal Auditor's judgment. Where auditors have previously been involved in any of these activities or consultancy work they will be prohibited from auditing those areas for at least two years. Where appropriate, audits are rotated within the team to avoid over-familiarity and complacency.
- 5.7 The Chief Internal Auditor will confirm to the Audit & Standards Committee, at least annually, the organisational independence of the Internal Audit service – usually as part of the annual report.

## 6 HOW THE SERVICE WILL BE DELIVERED

### Audit Planning

6.1 The audit plan guides the work of the service during the year. The planning principles are:

- Focusing assurance effort on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage therefore at both strategic and key operational aspects;
- Maintaining up to date awareness of the impact of the external and internal environment on control arrangements;
- Using a risk assessment methodology to determine priorities for audit coverage based as far as possible on management's view of risk in conjunction with other intelligence sources e.g. corporate risk register, audit risk scores;
- Taking account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising in a resource constrained environment there will be situations when not all needs can be met which is where risk management is key;
- Being flexible so that the plan evolves through the year in response to emerging risks and issues;
- Providing for the delivery of key commitments, such as work done in support of the External Auditor thus reducing the external audit fee, and to deliver governance and antifraud responsibilities; and
- Including provision for responding to requests for assistance with special investigations, consultancy and other forms of advice.

6.2 The number of available audit days to the Internal Audit Service will be reviewed to be sufficient to enable the audit service to deliver the risk based plan in accordance with professional standards. This takes into account the fact that additional resource will be procured as and when necessary e.g. for technical IT audits, when significant resource is diverted through unplanned work. The focus on the high risk areas will reduce the overall coverage required.

6.3 In order to deliver the Annual Audit Plan at the required quality and professionalism, Internal Audit strive to ensure that the team has the required mix of skills and experience. The use of external experts e.g. IT auditors compared to employing or developing these expensive resources in house is constantly under review to ensure that the service delivers a high quality product at best value for money. Future recruitment will take into account the expertise and skills required to fill any gaps within the current service.

6.4 The breadth of coverage within the plan necessitates a wide range of high quality audit skills. The types of audit work undertaken include:

- Risk based system audit
- Compliance audit
- IT audit
- Procurement and contract management audit
- Project and programme audits
- Fraud/investigation work
- Consultancy and advice

- 6.5 Internal Audit may procure external audit resource to enhance the service provision as necessary.

### **Internal Audit Annual Opinion**

- 6.6 Each year the Chief Internal Auditor will provide a publicly reported opinion on the effectiveness of governance, risk and control, which also informs the Annual Governance Statement. This will be supported by reliable and relevant evidence gathered through all work undertaken by Internal Audit during the year.

### **Conduct of work**

- 6.7 The principles of how the Internal Audit work is conducted are:

- Focusing on what is important to the Council and in the ultimate interests of the public;
- Ensuring that risks identified in planning are followed through into audit work;
- Agreeing the scope, objectives and any limitations of audit coverage at the outset of every assignment;
- Ensuring that the right skills and right approaches are in place for individual assignments;
- Striving continuously to foster buy-in and engagement with the audit process;
- Ensuring findings and facts reported are accurate and informed by a wide evidence base, including requesting information from other stakeholders where appropriate;
- Informing management of key findings at the earliest, appropriate opportunity;
- Suggesting actions that are pragmatic and proportionate to risk, tailored for the best result and take into account the culture, constraints and the cost of controls;
- Focusing, as a rule, on ensuring compliance with existing/expected processes and systems and reducing bureaucracy rather than introducing additional, unnecessary layers of control;
- Being resolute in challenging; taking account of views, escalating issues and holding position when appropriate;
- Driving the audit process by agreeing, and delivering to, deadlines and escalating non-response promptly in order to complete assignments; and
- Maintaining high standards of behaviour at all times.

### **Reporting**

- 6.8 The reports produced by the service are its key output. The reporting principles are:

- Providing balanced evidence-based reports which recognise both good practice and areas of weakness;
- Reporting in a timely, brief, clear and professional manner;
- Ensuring that reports clearly set out assurance opinions on the objectives/risks identified in planning work;
- Always seeking management's response to reports so that the final report includes a commitment to action;
- Sharing reports with senior management and Members, identifying key themes and potential future risks so that audit work has impact at the highest levels; and
- Sharing learning with the wider organisation with a view to encouraging best practice across the Council.

6.9 A written report will be prepared and issued following the conclusion of each Internal Audit engagement, including follow up audits; unless in the opinion of the Chief Internal Auditor a written report is unnecessary.

6.10 Each report will:

- provide an evidenced opinion on the adequacy of the governance, risk and control processes;
- identify inadequately addressed risks and non-effective control processes;
- detail agreed actions including explanation for any corrective action that will not be implemented;
- provide management's response and timescale for corrective action;
- provide management's explanations for any risks that will not be addressed; and
- Identify individuals responsible for implementing agreed actions.

6.11 Senior Management shall ensure that agreed corrective actions are introduced.

6.12 Individual audits are reported to relevant service manager, Director, the Chief Executive and the Chair (and Vice Chair) of the Audit & Standards Committee. Periodic summary reports are issued to the Audit & Standards Committee and any reports receiving an opinion of Limited Assurance or below are presented to the Committee in full.

6.13 To assist the manager/reader in easily identifying the areas that are well managed and the significance of areas of concern, actions, objectives and overall assurance opinions are categorised using three key elements as summarised below (and set out in detail at Annex A):

- 1) Assess and test the **control environment**;
- 2) Test **compliance** with those control systems; and
- 3) Assess the **organisational impact** of the area being audited.

### **Actions / Recommendations**

6.14 Actions are categorised dependent on the risk as follows:

Category	Definition
<b>High</b>	Action is imperative to ensure that the objectives for the area under review are met
<b>Medium</b>	Requires actions to avoid exposure to significant risks in achieving objectives for the area
<b>Low</b>	Action recommended to enhance control or improve operational efficiency

### **Follow up**

6.15 All High and Medium actions are followed up in accordance with the agreed action

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implementation dates. Further follow ups are undertaken as required. The Internal Audit Service will review their role in this area with the aim of promoting the action owner to proactively inform Internal Audit and provide evidence when an action has been fully implemented to inform the follow up process. Such an approach emphasises the need for managers to deliver required improvements without prompting, reinforcing their accountabilities.

## Quality Assurance

6.16 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- Professional standards and Code of Ethics required by auditor's respective professional bodies;
- Internal Audit Strategy, Charter and Audit Manual; and
- All relevant legislation.

6.17 The Chief Internal Auditor maintains an appropriate Quality Assurance Framework and reports on this annually. The framework includes:

- An audit manual documenting methods of working
- Supervision and review arrangements
- Customer feedback arrangements
- Quality Standards
- Annual Internal review
- Periodic external reviews
- Performance measures, including:
  - Proportion of audit plan completed
  - Productive/direct time as a % of total time
  - Customer satisfaction levels

6.18 The completion of every assignment shall be monitored against:

- end to end time
- days taken to complete
- time between key audit stages e.g. draft issue to final report issue
- customer satisfaction

6.19 The Audit & Standards Committee, senior management and the Section 151 Officer receive regular updates on audits completed, the assurance opinions and actions implemented. Weak and limited opinion reports and key actions not implemented are discussed in more detail as appropriate with management, the Section 151 Officer and / or the Audit & Standards Committee.

6.20 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of its activity. This consists of:

- ongoing performance monitoring;
- an annual self-assessment of the service and its compliance with the UK Public

## Sector Internal Audit Standards (PSIAS);

- an external assessment at least once every five years by a suitably qualified, independent assessor;
- a programme of Continuous Professional Development (CPD) for all staff to ensure that auditors maintain and enhance their knowledge, skills and audit competencies;
- the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a member of CIPFA) and being suitably experienced; and
- encouraging, and where appropriate acting upon, customer feedback.

**7 AUDIT & STANDARDS COMMITTEE OVERSIGHT**

- 7.1 The Chief Internal Auditor will provide regular update reports to the Audit & Standards Committee to advise on the progress in completing the audit plan, the outcomes of each Internal Audit engagement, and any significant risk exposures and control issues identified during audit work.
- 7.2 The Chief Internal Auditor will also provide an annual report giving an opinion on the overall adequacy and effectiveness of the control environment which will be timed to support the Council's Annual Governance Statement. In addition the Audit & Standards Committee will:
- approve any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken;
  - approve, but not direct, changes to the audit plan;
  - be informed of results from the quality assurance and improvement programme; and
  - be informed of any instances of non-conformance with the Public Sector Internal Audit Standards.

**8 ANTI-FRAUD AND ASSOCIATED ISSUES**

- 8.1 The Chief Internal Auditor will ensure that all work is undertaken in accordance with, and all staff are conversant with, the Council's Counter Fraud policies and culture, including:
- Counter Fraud and Corruption policy
  - Whistleblowing policy
  - Anti-Money Laundering Policy
- 8.2 All Internal Audit staff will be alert to possibility of fraud during assignments but auditors are not responsible for identifying fraud.

## Annex A

## Internal control assessment

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment
Good	There are minor control weaknesses that present low risk to the control environment
Satisfactory	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended with no notable errors detected.
Good	The control environment has largely operated as intended although some errors have been detected.
Satisfactory	The control environment has partially operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.







## Harborough District Council

### Report to the Audit and Standards Committee Meeting of 7 September 2022



<b>Title:</b>	Corporate Risk and Opportunity Management: Quarter 1, 2022/23
<b>Status:</b>	Public
<b>Key Decision:</b>	N/A
<b>Report Author:</b>	L. Elliott, Interim Chief Executive
<b>Portfolio Holder:</b>	Councillor Paul Dann, Corporate & Regulatory Services
<b>Appendices:</b>	Appendix A Corporate Risk and Opportunity Register Appendix B Risk and Opportunity Movement Appendix C Risk and Opportunity Residual Scoring Distribution Appendix D Risk and Opportunity Scoring Criteria

#### Executive Summary

At the end of Quarter 1 of the 2022/23 year there were 18 Corporate Risks and 6 Corporate Opportunities on the Corporate Risk and Opportunity Register. Full details of the Risks and Opportunities, including scores and mitigating actions, are attached at Appendix A.

#### Recommendation

**That the items contained within the Council's Corporate Risk and Opportunity Register (attached at Appendix A to this report) be noted.**

#### Reasons for Recommendation

The Council's Risk and Opportunity Management Framework provides that the Council's Risks and Opportunities will be reported on a regular basis.

## 1. Purpose of Report

To provide the Committee with information on the Council's Corporate Risks and Opportunities at the end of Quarter 1 of the 2022/23 year.

## 2. Background

- 2.1 The Corporate Risk and Opportunity Register (attached at Appendix A to this report) sets out the Council's Corporate Risks and Opportunities. Corporate Risks and Opportunities are defined as issues that may have a significant impact on the delivery of the Council's vision and priorities. They are identified, monitored and managed via the Council's Risk and Opportunity Strategy Board which meets on a quarterly basis. The Board last met on 5 July 2022.



- 2.2 The Board amends the Register to reflect progress on actions which have been identified to:
- (i) reduce the likelihood of a risk occurring, the impact the risk would have if it were to occur, or both.
  - (ii) monitor opportunities.
  - (iii) add and/or remove risks and opportunities.
- 2.3 At the end of Quarter 1 of the 2022/23 year there were 18 Corporate Risks and 6 Corporate Opportunities on the Corporate Risk and Opportunity Register. Full details of the Risks and Opportunities, including scores and mitigating actions, are attached at Appendix A.
- 2.4 The Council's Risk and Opportunity Management Framework uses a matrix which scores both impact and likelihood out of 4 (see Appendix D).
- 2.5 The Council's Risk and Opportunity Management Framework categorises Risks and Opportunities in the following way:







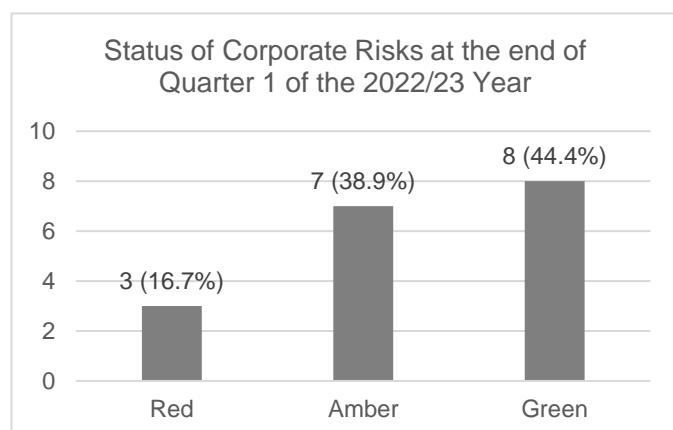
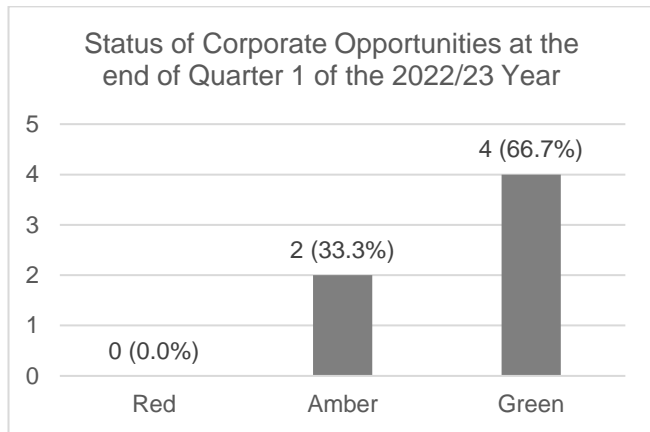
<b>Score</b>	<b>Risk Status</b>	<b>Opportunity Status</b>
9 or above	 (Red)	 (Green)
5-8	 (Amber)	 (Amber)
1-4	 (Green)	 (Red)

Table 1 Risk and Opportunity Score and Statuses

### 3. Details

- 3.1 A summary of the status of the Council's Corporate Risks and Opportunities at the end of Quarter 1 of the 2022/23 year can be seen at Figure 1 below:





**Figure 1 Summary of Risk and Opportunity Statuses**

## 3.2 New Risks and Opportunities

- 3.2.1 No new Corporate Risks were added to the Corporate Risk and Opportunity Register during Quarter 1 of the 2022/23 year.
- 3.2.2 No new Corporate Opportunities were added to the Corporate Risk and Opportunity Register during Quarter 1 of the 2022/23 year.

## 3.3 Risks and Opportunities Removed

- 3.3.1 One Corporate Risks was removed from the Corporate Risk and Opportunity Register during Quarter 1 of the 2022/23 year (shown below). This risk was related to the threat to the Council posed by the Covid-19 pandemic. Since short-term financial planning to deal with pandemic is no longer required, the risk was removed.

**CV 04 The focus on high-priority, short-term needs prevent the medium-term financial planning and decision-making needed to balance the Council's finances in the medium term**

- 3.3.2 One Corporate Opportunity was removed from the Corporate Risk and Opportunity Register during Quarter 1 of the 2022/23 year (shown below). This opportunity was removed since the Budget Challenge 25 programme has concluded.

**COR OP 09 The service transformation propositions agreed by Council as a consequence of the Budget Challenge 2025 programme deliver the required savings**

## 3.4 Managing Operational Risks & Project Risks

- 3.4.1 In addition to the Corporate Risks and Opportunities attached at Appendix A, the Council monitors and manages Operational Risks and Opportunities identified through the Corporate Delivery Plan and Team Plans.
- 3.4.2 Project Risks and Opportunities that are identified through corporate projects are monitored by an Officer-led Programme Board.
- 3.4.3 Operational Risks and Opportunities are updated on a quarterly basis alongside quarterly performance updates. Project Risks are updated on either a monthly or quarterly basis as part of their associated highlight reports.

- 3.4.4 Operational Risks are managed via an internal Performance Improvement Board on an exception basis i.e. Red Risks (those with a residual score of 9 or more) and those with a negative direction of travel.
- 3.4.5 Corporate Risks, Operational Risks and Project Risks are all included in the Risk and Opportunity Register which is held on the Council's Performance Management database.

#### **4. Implications of Decisions**

##### **4.1. Corporate Priorities**

The contents of this report are evidence of how the Council monitors issues that may affect the delivery of its Corporate Priorities.

##### **4.2. Financial**

No financial issues arise directly from this report.

##### **4.3. Legal**

No legal issues arise directly from this report.

##### **4.4. Policy**

No policy issues arise directly from this report.

##### **4.5. Environmental Implications including contributions to achieving a net zero carbon Council by 2030**

No environmental issues arise directly from this report.

##### **4.6. Risk Management**

The Corporate Risk and Opportunity Register is attached at Appendix A to this report.

##### **4.7. Equalities Impact**

No equalities issues arise directly from this report.

##### **4.8. Data Protection**

No data protection issues arise directly from this report.

#### **5. Summary of Consultation and Outcome**

At its meeting on 12 September 2022 the Cabinet will consider the contents of this report.

#### **6. Alternative Options Considered**

Not applicable.

#### **7. Background papers**



Risk and Opportunity Management Framework

## Corporate Risk and Opportunity Register, Quarter 1 2022/23



### D.O.T (direction of travel)



- ↑ = Increase in risk/ opportunity score compared to previous report
- = No change in risk/ opportunity score compared to previous report
- ↓ = Reduction in risk/ opportunity score compared to previous report



### Corporate Opportunities

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
COR OP 02 Disposal of Assets for Capital Receipts or Acquisitions to meet expected or current demand.	2 Moderate	3 Likely	6	3 Significant	3 Likely	9		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Both Naseby Close, Market Harborough and De Verdon Road, Lutterworth are now sold. Naseby Close was sold to Platform Housing (RSL) and De Verdon Road by open-market sale. The Council has acquired 4, Roman Way, Market Harborough to help mitigate the high cost of temporary housing need and is also redeveloping flats held at Ploughman's Yard, Market Harborough. Further, the Council now has in place an Asset Management Plan that records the condition of the Council's current strategic property holdings and highlights future property needs.								



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
COR OP 04 Income maximisation/ Cost Reduction.	3 Significant	2 Unlikely	6	4 Major	3 Likely	12		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Regular monitoring takes place alongside a monthly review by the relevant Portfolio Holder. Regular re-profiling of income targets takes place and is informed by current and future activity levels. Regular monitoring by the Corporate Management Team and quarterly reporting to the Cabinet monitors income trends and action plans. During the 2021/22 year, the BC25 programme came to a close. The savings and investment opportunities arising will be reported as part of the routine quarterly financial monitoring.								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
COR OP 05 To work with the other Leicestershire Authorities to explore different structures for delivering Council services for the benefit of residents.	4 Major	2 Unlikely	8	4 Major	3 Likely	12		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
The Leader of the Council has committed to working collaboratively for the potential benefit to the residents of Harborough District. Some preparatory work has been completed to identify the scope of the project. A scope has been agreed between a number of Leicestershire Authorities on further collaboration and work is continuing in this area.								



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
COR OP 06 To support communities during recovery from the Covid-19 pandemic via the County-coordinated Contain and COMF Funding.	4 Major	1 Very Unlikely	4	4 Major	4 Very Likely	16		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Agreed funding for specific projects focused on Covid-19 recovery. £130K of funding was received during Quarter 4 of the 2020/21 year. Approval has been received to continue using this funding into the 2022/23 year, which eases the urgency on spending and allows us to prioritise spending to where it will have the greatest impact.								



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
COR OP 07 To ensure that Harborough District Council benefits from the ERDF Welcome Back funding to support the reopening of local town centres and tourism following the Covid-19 pandemic.	2 Moderate	3 Likely	6	2 Moderate	4 Very Likely	8		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
To develop and deliver a programme of activities to support the reopening of local town centres and tourism and respond to the medium-term impact of Covid-19. The initial deadline to submit proposals to Government by 30 May 2021 was achieved. Once approved, the delivery of these plans can run through until the end of March 2022. Plans have had to be modified slightly to take account of continuing restrictions and lack of capacity amongst the events industry. Final submission and evidence for was made in early May 2022 and Officers are awaiting confirmation of the funding, or any further clarification from government officials, with a view to receiving the £166K funding retrospectively within the next few months.								





Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
COR OP 08 To maximise the likelihood that Harborough District Council can benefit from Government Levelling Up Funding to support town centre regeneration, investment in local cultural facilities or upgrading local transport Infrastructure.	3 Significant	1 Very Unlikely	3	3 Significant	2 Unlikely	6		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Whilst it is recognised that this is likely to be a very difficult case to make, given that Harborough District is classed as a Category 3 (the lowest) area, Council Officers are working with consultants to submit a credible application for to Round 2 of Levelling Up Funding in early July 2022, focussed on Market Harborough town centre. Whilst it is recognised that this is a very competitive process, every effort is being made to ensure that this is as strong an application as possible and experienced consultants have been commissioned to assist with this work, learning from the experiences of Round 1.								



### Corporate Risks

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 07 Risk of the Council not helping to encourage conditions for new business growth results in the District not benefitting from the LLEP funding	2 Moderate	3 Likely	6	2 Moderate	2 Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
The Council is represented on the LLEP Board through a nominated District Leader representation. The Council was successful in gaining funding for two projects from the Leicestershire Business Rates pooling fund for 2019/20, and whilst progress has been delayed on these due to the coronavirus pandemic, work is back on track and the LLEP is comfortable and assured by the progress being made. The Lutterworth Town Centre Masterplan was approved as Council policy on 27 September 2021, and work on the implementation is likely to commence during 2022. Funding towards the St. Mary's Quarter in Market Harborough is being progressed via a consultant-led feasibility study in mid to late-2022.								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 12 Lack of a co-ordinated approach to Emergency Planning could result in a failure to effectively respond to situations.	4 Major	2 Unlikely	8	4 Major	1 Very Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
As a member of the Local Resilience Forum (LRF) the Council receives support on responding to emergency situations from a number of partner organisations. Training undertaken by staff is under continual review to ensure compliance with the Local Resilience Forum's guidance and competencies. Severe Weather and Flood Contingency								



Plans are in place to ensure there is an effective response to any incident. There is a county-wide programme for testing plans which ensures that there is a consistent approach and that plans are tested at appropriate times. The Council is a member of the county-wide emergency planning partnership and this provides 24/7 support from an emergency planning professional. A protocol has been developed, and is in operation, to update Members, at the time of an incident. Emergency Plans have been developed and tested for the high-risk scenarios throughout the District. Joint working arrangements with LCC Highways enable a co-ordinated approach to situations that involve both organisations. Member and Officer training has been provided to ensure their roles are fully understood during an incident. We work with the LRF to ensure Harborough Emergency Planning procedures are robust, clear to Members, and are tested. A Corporate Management Team Emergency Planning rota is in place. An online training module on Emergency Planning for all staff was launched in Quarter 4 of the 2016/17 year. Corporate Management Team received training in May 2018 regarding management of emergency incidents. An Audit review, conducted in February 2018, made no recommendations. During Quarter 3 of the 2019/20 year, elected members received an emergency plan briefing. During Quarter 2 of the 2020/21 year, a multi-agency exercise was carried out remotely across Leicestershire. Throughout the pandemic the Council has stood up its own response structure and an internal audit on the Council's initial response to the pandemic, with a primary focus on management of the recovery stage, including re-establishing effective governance and internal control arrangements, was carried out. The audit concluded there was substantial assurance in the controls in place in the organisation. The Corporate Management Team and Service Managers are in continual liaison to ensure that there is an appropriate level of management cover in The Symington Building. During Quarter 1 of the 2022/23 year the Council's Emergency Planning Response Structure was changed to facilitate an agile response from both the Corporate Management Team and Service Managers.



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 15 Reduction in public sector funding by all partners leads to service gaps and reduced public sector offer to residents.	3 Significant	4 Very Likely	12	2 Moderate	3 Likely	6		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>The Council actively engages with partners in shaping future public service provision and to maintain awareness of any further potential reductions (revenue and capital) in funding from all partners. However, the expected significant changes in future funding due to formulae adjustment and business rates, now expected to be implemented in 2023/24 continues to provide a lack of clarity over funding available to partners to support outcomes in the District. The Council partially mitigates this through representation on working groups, responses to public consultations and working with other local districts. In respect of the Council's own budget, the government issued a one-year financial settlement for 2021/22 and has again for 2022/23. In respect of the approved budget for:</p> <ul style="list-style-type: none"> <li>• 2021/22 and MTFS: the risk associated with reduced government funding was accommodated within the budget and reflected in the s.25 report.</li> <li>• 2022/23 budget and MTFS: this has enabled Cabinet to approve a Draft 2022/23 Budget and MTFS that is balanced for 2022/23 and the entire period of the MTFS.</li> </ul> <p>Note: the inherent risk score increased from 9 to 12 during Quarter 1 of the 2022/23 year to reflect worsening national financial pressures.</p>								



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 20 Business Continuity: loss of building(s) / service(s) through unforeseen events.	4 Major	4 Very Likely	16	4 Major	2 Unlikely	8		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>Disaster recovery facilities are now in place for the hosting of key ICT systems in the event of a disaster recovery incident. Testing has been completed on bringing business applications, such as TLC (Land Charges) and elections, online. The Elections system has been tested by the service area. Next stage: service areas to test using the recovered systems. Other activities include testing individual business continuity plans with service areas and review priority services and accommodation, if necessary. All of</p>								

## Appendix A



the Business Continuity plans were updated during Quarter 1 of the 2020/21 year. A Business Continuity exercise on ICT Disaster Recovery is scheduled to take place during the 2022/23 year.



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 25 The Council does not have sufficient funding to deliver its current services in the medium term.	4 Major	4 Very Likely	16	2 Moderate	2 Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>The budget (including income and expenditure) is monitored on a quarterly basis and corrective action taken as required. In respect of:</p> <ul style="list-style-type: none"> <li>• 2022/23 Approved Budget: Council approved a Budget of £11.6m and over the MTFS that is balanced for each year. This includes the conclusions of the Budget Challenge 2025 review that was conducted during 2020/21; this programme achieved annual savings of £3.1m by 2024/25. However, in 2025/26 the MTFS starts to show an unplanned budget gap, due to the compounding impacts of pay, increases in Environmental Services costs and the impacts of the governments Fair Funding Review but this pressure is met from reserves. Consequently, the Council must continue with its service transformation programme and deliver agreed savings to ensure that it can deliver sustainable services over the medium term. Over the MTFS period, all reserves far exceed the minimum 20% threshold.</li> <li>• 2022/23 Quarter 1: this will be reported to Cabinet in September 2022. It is anticipated that the Council will be facing an underachievement of budget position due to the currently known pressures from a higher than budgeted pay-award and utility costs. The Council currently holds £15.7m in reserves, which includes a mix of usable and unusable reserves. In respect of usable reserves, the Council has more than £6m which should give it sufficient time to take appropriate action to address the currently known budgetary pressures.</li> </ul>								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 27 Risk of reduction of failing to deliver housing in a timely way could lead to reduction in receipts of new homes bonus (NHB).	3 Significant	2 Unlikely	6	2 Moderate	2 Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
The government has undertaken a consultation on New Homes Bonus, but the results have not yet been disclosed. It is expected that that there will be a further round of NHB for 2023/24 and potentially for 2024/25. The Council continues to have a good five-year housing supply so if the government does introduce a "new housing" based funding stream, it is anticipated that the Council should continue to be appropriately rewarded.								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 29 Loss of ability to provide a comprehensive service due to cyber security attacks.	3 Significant	3 Likely	9	2 Moderate	3 Likely	6		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								







The Council's ICT infrastructure is secured to national standards. We have annual ITC health check testing. The Council now has ongoing security and benchmarking performed by Microsoft that provides additional recommendations and assurance. During Quarter 4 of the 2020/21 year, the potential for a global security issue occurred. The Council's swift implementation of its Emergency Patching Procedure meant that it was unaffected by the incident. A revised ICT Strategy was prepared during the 2021/22 year and approved by Council on 21 June 2021.

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 30 Risk of Loss of Planning decision-making powers on major applications to the Planning Inspectorate due to Special Measures designation as a result of triggering the Appeal threshold for Government Intervention.	3 Significant	3 Likely	9	3 Significant	1 Very Unlikely	3		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
The adopted District-wide Local Plan has the effect of reducing the number of planning applications made outside the strategy of the Local Plan. This has the effect of also reducing planning appeals outside of the Local Plan strategy thereby significantly reducing the risk of loss of decision-making powers, special measures and government intervention. The proactive growth team is working closely with applicants for allocated sites in the Local Plan and ensuring applications are submitted in a timely fashion to enable delivery in accordance with the Local Plan housing trajectory. The Council ensures that it meets Statutory deadlines for determination of applications through the use of agreed extensions of time with applicants. The Council uses software to manage deadlines and monitor performance.								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 32 The Council does not meet its budgeted-for Planning fee income targets, particularly in regard to major applications which could have a negative impact on the Council's financial position.	4 Major	3 Likely	12	4 Major	1 Very Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
The proactive growth team works closely with applicants on allocated sites in the Local Plan to ensure that applications are submitted in a timely fashion to enable delivery to take place in accordance with the Local Plan housing trajectory and also to ensure that planning application fee income levels are maintained. The Corporate Management Team monitors planning fee income on a regular basis particularly in regard to fees for major applications and this information is fed into an overview of the Council's financial status. The growth team and Director of Planning and Regeneration also proactively monitor and forecast planning fee income on a regular basis: this enables early awareness of increases or decreases in income levels to be highlighted. Strategic Planners and Officers in Development Management are also proactively monitoring the delivery of the housing trajectory in the Local Plan to establish the extent to which there is a likelihood of major planning applications coming forward. The robust planning income system continues to function well. For this reason, the residual risk score remains at 4. This system provides the Council with real-time financial information about planning income and enables accurate financial forecasting. A recent Growth Projections Audit report provided Good Assurance for both the Control and Compliance Environments which provides further evidence around the robust nature of the Council's ability to forecast growth and the associated income arising.								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
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## Appendix A



CR 33 Cost of planning appeals and legal challenges significantly weaken the Council's financial position	4 Major	4 Very Likely	16	4 Major	4 Very Likely	16		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Ensure all Members, especially Planning Committee Members, receive the necessary training to ensure they make robust planning decisions. Members receive refresher training on planning decision-making on a proportionate frequency. The Council is in receipt of a Judicial Review of the Planning Permission decision relating to the Lutterworth East SDA. This does not relate to the quality of the decision making on the planning application, but it is worth recording here as defending this action will be a cost to the Council. This does not give rise to a need reassess the risk status. A major planning appeal concerning the recent refusal to grant planning permission for an expansion to Gartree Prison will also contribute to weakening the Council's financial position as defending the appeal will be a significant cost. There is nothing to suggest this relates to quality of the Council's decision making on the planning application, but it needs to be recorded here because of the effect this appeal will have on the Council's financial position. This does not give rise to a need reassess the risk status.								
Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 34 The Council fails to meet its information governance and records management obligations under various enactments such as the Data Protection Act 2018 and UK GDPR.	4 Major	3 Likely	12	2 Moderate	2 Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
A series of measures have been put in place to ensure that the Council is compliant with the requirements of the Data Protection Act 2018: The appointment of Data Protection Officer (DPO); Mandatory UK GDPR training for all staff; training and guidance for elected members; all existing policies, procedures and working practices reviewed for compliance; introduction of Information Governance Board (Chaired by SIRO); introduction of Data Protection Impact Assessments (DPIA) and on-going programme of Information management inspections; on-going training and review of systems, working practices and control mechanisms. UK GDPR has been added as a standard item to all report templates and Officers were trained on this. Compliance checking continues as a matter of course. Refresher training on UK GDPR and Freedom of Information (FOI) was rolled out in the 2020/21 year and will be a rolling programme year on year. New Records Management policy to be drafted and introduced, with reference to any impacts resulting from the ICT strategy and informed by future ICT infrastructural arrangements.								
Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 37 Increase in homeless presentations results in an increased demand in Council support for reactive temporary accommodation that exceeds the current budget and weakens the Council's financial position.	4 Major	4 Very Likely	16	3 Significant	4 Very Likely	12		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
During Quarter 4 of the 2019/20 year, the Council completed purchase of three flats and they began to be used to accommodate homeless households. In total, the Council now has four flats which can be used to accommodate the homeless. During the 2021/22 year the Council began work to develop a property on Roman Way, Market Harborough into flats which will be used to accommodate homeless persons. On the prevention of homelessness, the Council is proactively working with the Citizens Advice Bureau, and social landlords, to assist vulnerable households to effectively budget to prevent homelessness. The Council was successful in obtaining additional funding to								



## Appendix A

specifically help to prevent homelessness.

As the district with the largest number of Ukraine hosts and guests across Leicestershire, we know that any relationship breakdown between host/guest will mean that the Council will need to house the guests in temporary homeless accommodation. This could result in high weekly accommodation costs as well as officer time. To mitigate this, proactive relationship building is taking place with guests/hosts, an additional triage officer has been appointed and at present 0.5 FTE has been seconded to work with hosts/guests. Discussions are also ongoing with other districts to ensure there is an option to spread the accommodation offer of guests who are currently in the Harborough District. We will be invoicing LCC for payment on the costs for housing guests in temporary accommodation.



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 38 Risk of Environmental Services contractor defaulting leads to an inability to fulfil the statutory obligation to collect waste.	4 Major	2 Unlikely	8	4 Major	1 Very Unlikely	4		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Regular engagement with contractor (this contact has increased as a result of the Covid-19 crisis in order to help anticipate potential issues). The Council has had a healthy working relationship with the contractor over a number of years.								



Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 39 Risk of leisure contractor defaulting leads to an inability to deliver leisure services.	4 Major	3 Likely	12	4 Major	2 Unlikely	8		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
Regular engagement with contractor. The Council has agreed a financial Covid-19 Support Package with the contractor to ensure that all services continue to be provided. Oversight of the contract appears regularly on Council Committee agendas to ensure it continues to be discussed regularly. Sport England has provided specialist advice, and support, to the Council to help with the ongoing Coronavirus situation. During Quarter 4 of the 2020/21 year the Council received some additional funding from central government to help support leisure recovery.								
A new contract has been signed with the current provider which ends on 1 April 2024 and work is underway to procure this new contract. The current contract puts the utilities risks with the contractor and over recent months customer footfall has increased, allowing the contractor and the Council to be more confident in their ability to continue to deliver leisure services.								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 40 Service transformation propositions are not delivered resulting in underachievement of identified	4 Major	2 Unlikely	8	3 Significant	2 Unlikely	6		



## Appendix A

savings.								
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>The Council's savings and efficiency measures are being closely controlled and monitored and include a number of key attributes that aim to ensure that propositions are deliverable, realistic and achieve the expected savings/investment; including: independent project management, comparison data to similar councils; positive ownership of proposals as reviews developed by service managers; political sponsorship of service/delivery changes proposals; strategic 'critical' leadership review of service/delivery proposals. Subsequent service transformation is then embedded into the Council's Change Programme, which then has further strategic officer and political oversight. Implementation is led by service managers based on the Council project management methodology, including the development of detailed business cases and associated plans.</p>								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 41 Disruption/ uncertainty arising from the war in Ukraine	4 Major	4 Very Likely	16	2 Moderate	3 Likely	6		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>Continue to monitor information provided by the Local Government Association. Maintain robust business continuity arrangements, including with partners and suppliers. Continue to work with the Leicestershire Resilience Forum (LRF) to coordinate plans and responses to operational or civil eventualities. The Council is represented on County-wide groups which are planning and preparing for potential implications.</p>								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
CR 42 Loss of income, as economic activity reduces, weakens the Council's cashflow and financial sustainability.	4 Major	3 Likely	12	4 Major	3 Likely	12		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>When the Council set its 2022/23 Budget and MTFS, it recognised reductions in:</p> <ol style="list-style-type: none"> <li>1. Corporate income (business rates and council tax) through both the use of the new Tax Income Guarantee Scheme (TIG) and revisions to Collection Fund provisions. To help mitigate future impacts, the budget included the establishment of a "Covid-19 Internal Recovery Reserve".</li> <li>2. Some service budgets, as this was the first year that the full impact of the conclusions of BC25 were included. Some significant reductions were seen in car parking budgets to reflect expected reduction in demands following Covid-19. As the year has progressed the demand risk has continued. Both service expenditure and income budgets will be closely monitored as part of the routine quarterly monitoring process. Where savings can be vired from other budgets, this will be actioned first but where significant shortfalls can only be met from the use of reserves, such reserves will be applied. The Council maintains its General Fund (Unallocated) Reserves at 20% of Net Expenditure, for 2022/23 this equates to £2.4m. The Council continues to monitor Coronavirus-related impacts and reports as required to government on such impacts.</li> </ol>								

Risk ('CR' or 'CV') / Opportunity ('COR OP')	Impact (I)	Likelihood (I)	Score (I)	Impact (R)	Likelihood (R)	Score (R)	Status	D.O.T.
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CV 02 Unforeseen, unfunded financial burdens as a result of responding to the ongoing situation weaken the Council's financial stability.	4 Major	3 Likely	12	2 Moderate	3 Likely	6		
<b>Mitigations (Risks) / Actions (Opportunities)</b>								
<p>The Council is now meeting pandemic-related costs within its normal service budgets and is reporting accordingly. The government has now ceased reimbursing councils for losses of income or additional expenditure, although this does not include support to the local community in respect of business and community grant schemes. In setting the 2021/22 Budget and MTFS the Council set aside a specific ear-marked reserve in respect of Covid and has been prudent in setting its Council Tax base and its estimates for Council Tax and Business Rates income. In respect of 2022/23, the Draft Budget and MTFS approved by Cabinet continues to manage the financial risks relating to the pandemic, including reductions in Car Parking Income, Investment Income and the impacts on Council Tax and Business Rates collection and still maintains a CV19 related reserve for the entire period of the MTFS.</p>								



**Risk and Opportunity Score Movement over the last five Quarters**

Residual score at the end of each Quarter is shown in brackets

<b>Risk/ Opportunity</b>	<b>Quarter 1 2021/22</b>	<b>Quarter 2 2021/22</b>	<b>Quarter 3 2021/22</b>	<b>Quarter 4 2021/22</b>	<b>Quarter 1 2022/23</b>
<b>CR 07</b>	Green (4)	Green (4)	Green (4)	Green (4)	Green (4)
<b>CR 12</b>	Green (4)	Green (4)	Green (4)	Green (4)	Green (4)
<b>CR 15</b>	Amber (6)	Amber (6)	Amber (6)	Amber (6)	Amber (6)
<b>CR 20</b>	Amber (8)	Amber (8)	Amber (8)	Amber (8)	Amber (8)
<b>CR 25</b>	Red (9)	Red (9)	Amber (6)	Green (4)	Green (4)
<b>CR 27</b>	Amber (6)	Amber (6)	Green (4)	Green (4)	Green (4)
<b>CR 29</b>	Amber (6)	Amber (6)	Amber (6)	Amber (6)	Amber (6)
<b>CR 30</b>	Green (3)	Green (3)	Green (3)	Green (3)	Green (3)
<b>CR 32</b>	Amber (8)	Amber (8)	Green (4)	Green (4)	Green (4)
<b>CR 33</b>	Red (12)	Red (12)	Red (12)	Red (12)	Red (16)
<b>CR 34</b>	Green (4)	Green (4)	Green (4)	Green (4)	Green (4)
<b>CR 37</b>	Red (12)	Red (12)	Red (12)	Red (12)	Red (12)
<b>CR 38</b>	Green (4)	Green (4)	Green (4)	Green (4)	Green (4)
<b>CR 39</b>	Amber (8)	Amber (8)	Amber (8)	Amber (8)	Amber (8)
<b>CR 40</b>	Amber (6)	Amber (6)	Amber (6)	Amber (6)	Amber (6)
<b>CR 41</b>	N/A Risk did not exist	N/A Risk did not exist	N/A Risk did not exist	Amber (6)	Amber (6)
<b>CR 42</b>	Red (12)	Red (12)	Red (12)	Red (12)	Red (12)
<b>CV 02</b>	Red (9)	Red (9)	Amber (6)	Amber (6)	Amber (6)
<b>CV 04</b>	Red (12)	Red (12)	Amber (6)	Amber (6)	N/A Risk Removed
<b>CV 06</b>	Green (2)	Green (2)	Green (2)	N/A Risk Removed	N/A Risk Removed
<b>CV 09</b>	Green (3)	Green (3)	Green (3)	N/A Risk Removed	N/A Risk Removed
<b>CV 11</b>	Green (4)	Green (4)	Green (4)	N/A Risk Removed	N/A Risk Removed
<b>CV 12</b>	Amber (6)	Amber (6)	Amber (6)	N/A Risk Removed	N/A Risk Removed
<b>CV 13</b>	Green (4)	Green (4)	Green (4)	N/A Risk Removed	N/A Risk Removed
<b>COR OP 02</b>	Green (9)	Green (9)	Green (9)	Green (9)	Green (9)
<b>COR OP 04</b>	Green (12)	Green (12)	Green (12)	Green (12)	Green (12)
<b>COR OP 05</b>	Amber (8)	Amber (8)	Amber (8)	Amber (8)	Green (12)
<b>COR OP 06</b>	Green (16)	Green (16)	Green (16)	Green (16)	Green (16)

### Risk and Opportunity Score Movement over the last five Quarters

Residual score at the end of each Quarter is shown in brackets

Risk/ Opportunity	Quarter 1 2021/22	Quarter 2 2021/22	Quarter 3 2021/22	Quarter 4 2021/22	Quarter 1 2022/23
<b>COR OP 07</b>	Amber (8)	Amber (8)	Amber (8)	Amber (8)	Amber (8)
<b>COR OP 08</b>	Amber (6)	Amber (6)	Amber (6)	Amber (6)	Amber (6)
<b>COR OP 09</b>	Green (12)	Green (12)	Green (12)	Green (12)	N/A Opportunity Removed

N.B. 'N/A' indicates that a Risk or Opportunity did not exist in a particular Quarter i.e., it had not yet been noted on the Corporate Risk and Opportunity Register or had been removed.

N.B. Risks or Opportunities which were rescored, or removed, in the last Quarter are highlighted with a **black background**.

Distribution of Residual Corporate Risk Scores at the end of Quarter 1 of the 2022//23 year:

<b>Impact</b>	<b>Major (4)</b>	Green 3 Risks	Amber 2 Risk	Red 1 Risks	Red 1 Risk
	<b>Significant (3)</b>	Green 1 Risk	Amber 1 Risks	Red 0 Risks	Red 1 Risk
	<b>Moderate (2)</b>	Green 0 Risks	Green 4 Risks	Amber 4 Risks	Amber 0 Risks
	<b>Minor (1)</b>	Green 0 Risks	Green 0 Risks	Green 0 Risks	Green 0 Risks
		<b>Very Unlikely (1)</b>	<b>Unlikely (2)</b>	<b>Likely (3)</b>	<b>Very Likely (4)</b>
<b>Likelihood</b>					

Distribution of Residual Corporate Opportunity Scores at the end of Quarter 1 of the 2022/23 year:

<b>Impact</b>	<b>Major (4)</b>	Red 0 Opportunities	Amber 0 Opportunity	Green 2 Opportunities	Green 1 Opportunity
	<b>Significant (3)</b>	Red 0 Opportunities	Amber 0 Opportunity	Green 2 Opportunity	Green 0 Opportunities
	<b>Moderate (2)</b>	Red 0 Opportunities	Red 0 Opportunities	Amber 0 Opportunities	Amber 1 Opportunity
	<b>Minor (1)</b>	Red 0 Opportunities	Red 0 Opportunities	Red 0 Opportunities	Red 0 Opportunities
		<b>Very Unlikely (1)</b>	<b>Unlikely (2)</b>	<b>Likely (3)</b>	<b>Very Likely (4)</b>
<b>Likelihood</b>					



## Scoring Criteria

Below are the scoring criteria to assess the impact and likelihood of risk and opportunity. Remember that these are not meant to be entirely prescriptive:

### Likelihood

Score	Rating	Criteria
4	Very likely	Is expected to occur in most circumstances
3	Likely	Will probably occur in most circumstances
2	Unlikely	Could occur in some circumstances
1	Very Unlikely	Never likely to occur – only in exceptional circumstances

## Impact

Score	Rating	Risk Criteria	Opportunity Criteria
4	Major	<p>Major loss of service capability, or long-term service disruption</p> <p>Major impact on achievement of several objectives</p> <p>Potential to cause critical injury or death</p> <p>Adverse national publicity or central government response including potential removal of delegated powers</p> <p>Potential to cause financial loss of £100k+</p> <p>Failure or breakdown of key partnership</p> <p>Breaches of law punishable by large financial penalty or imprisonment</p> <p>Litigation almost certain and difficult to defend, officers and /or Members forced to resign</p>	<p>Major improvement to service(s) (e.g. through quality, level of service, speed, cost etc.)</p> <p>Major contribution to delivery of several objectives or priorities</p> <p>National or regional partnership initiative or arrangement</p> <p>Extensive positive coverage in national press</p> <p>Major improvement to local or national environment</p> <p>Income and/or savings of £100k</p> <p>Major resource savings (e.g. time / labour)</p>
3	Significant	<p>Loss of service, or medium term service disruption</p> <p>Serious impact on achievement of objectives</p> <p>Potential to cause serious injuries</p> <p>Major adverse local publicity or professional press items</p> <p>Financial loss of £50-100k or requires budget adjustment across service areas</p> <p>Significant impact on partnership or failure to achieve expected benefits</p> <p>Breaches of law, punishable by small financial penalty</p> <p>High level of complaints, possibly including Ombudsman complaints.</p> <p>Litigation to be expected</p>	<p>Significant improvement to service(s) (e.g. through quality, level of service, speed, cost etc.)</p> <p>Significant contribution to delivery of several objectives or priorities</p> <p>Regional partnership initiative or arrangement</p> <p>Significant positive coverage in national press</p> <p>Significant improvement to local environment</p> <p>Income and/or savings of between £50k and £100k</p> <p>Significant resource savings (e.g. time / labour)</p>
2	Moderate	<p>Short-term service disruption</p> <p>Moderate impact on achievement of objectives</p> <p>Potential to cause minor injuries</p> <p>Adverse local news or opinion</p> <p>Financial loss of £25k to £50k</p> <p>Adverse effect on partnership arrangements</p> <p>Breaches of regulations or standards</p> <p>May cause some formal complaints from individuals, groups or stakeholders, litigation possible</p>	<p>Moderate improvement to service(s) (e.g. through quality, level of service, speed, cost etc.)</p> <p>Moderate delivery of several objectives or priorities</p> <p>Countywide partnership initiative or arrangement</p> <p>Positive coverage in national press</p> <p>Some improvement to local environment</p> <p>Income and/or savings of between £25k and £50k</p> <p>Moderate resource savings (e.g. time / labour)</p>
1	Minor	<p>Brief or no service disruption</p> <p>Minor impact on achievement of objectives</p> <p>Not likely to cause any injuries beyond first aid level</p> <p>Unlikely to cause adverse publicity</p> <p>Financial loss below £25k</p> <p>Minimal impact on partnership</p> <p>Breaches of local procedures or standards</p> <p>May cause informal complaints from individuals or small groups, litigation unlikely</p>	<p>Minor improvement to service(s) (e.g. through quality, level of service, speed, cost etc.)</p> <p>Minor delivery of several objectives or priorities</p> <p>Local partnership initiative or arrangement</p> <p>Minor positive coverage in national press</p> <p>Minor improvement to local environment</p> <p>Income and/or savings of below £25k</p> <p>Minor resource savings (e.g. time / labour)</p>



