

29 January 2025

AUDIT AND ETHICS COMMITTEE – 6 FEBRUARY 2025

A meeting of Audit and Ethics Committee will be held at 6pm on Thursday 6 February 2025 in Committee Room 1 at the Town Hall, Rugby.

Mannie Ketley
Chief Executive

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meetings held on 6 December 2024.

2. Apologies.

To receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of:

(a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Councillors are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Councillor must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Councillor does not need to declare this interest unless the Councillor chooses to speak on a matter relating to their membership. If the Councillor does not wish to speak on the matter, the Councillor may still vote on the matter without making a declaration.

4. Accounts 2023/24 (report to follow).
5. Accounting Policies 2024/25.
6. Treasury Management and Capital Strategy 2025/26 (report to follow).
7. Risk Management Strategy 2025/26.
8. Internal Audit Progress Update.
9. Draft Internal Audit Plan 2025/26.
10. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider passing the following resolution:

“Under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the ground that they involve the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

1. Whistleblowing Review and Update (report to follow).
2. Whistleblowing Incidents – Standing Item – to receive any updates.
3. Fraud and Corruption Issues – Standing Item – to receive any updates.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers are attached.

Membership of the Committee: Mr P Dudfield (Chair), Mr J Eves (Vice-Chair), Councillors Howling, Karadiar, Roodhouse and Simpson-Vince

Named Substitutes: Councillors Harrington, D Keeling, J Keeling and one vacancy – Liberal Democrat Group

If you have any general queries with regard to this agenda, please contact Lucy Kirbyshire at Lucy.Kirbyshire@rugby.gov.uk. Any specific queries concerning reports should be directed to the listed contact officer.

AGENDA MANAGEMENT SHEET

Report Title:	Accounting Policies Update 2024/25
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	6 February 2025
Report Director:	Chief Financial Officer
Portfolio:	Finance and Performance, Legal and Governance
Ward Relevance:	All
Prior Consultation:	None
Contact Officer:	Jean Stevenson Technical Accountant jean.stevenson@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	<p>This report relates to the following priority(ies):</p> <p><input type="checkbox"/> A Healthier Rugby – To support people to live healthier, longer, and more independent lives.</p> <p><input type="checkbox"/> A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.</p> <p><input type="checkbox"/> A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.</p> <p><input type="checkbox"/> A Fairer Rugby – To reduce inequalities and improve housing across the Borough.</p> <p>Corporate Strategy 2025-2035</p> <p><input checked="" type="checkbox"/> This report does not specifically relate to any Council priorities but production of accounts is a statutory requirement.</p>
Summary:	The report sets out the proposed accounting policies to be used in preparing the 2024/25 financial statements.
Financial Implications:	The report ensures that the committee is aware of the policies for 2024/25.

Risk Management/Health and Safety Implications:	There are no risk management implications for this report.
Environmental Implications:	There are no environmental implications for this report.
Legal Implications:	There are no legal implications for this report.
Equality and Diversity:	There are no equality and diversity implications for this report.
Options:	Approve the 2024/25 accounting policies or suggest alternative policies.
Recommendation:	The council's accounting policies, attached at Appendix A, underpinning the production of the 2024/25 Statement of Accounts be approved.
Reasons for Recommendation:	At the end of each financial year, we are required by the Accounts and Audit Regulations 2015 (as amended) to publish a Statement of Accounts setting out the financial position of the council and the transactions that have been made during the year.

Audit and Ethics Committee - 6 February 2025

Accounting Policies Update 2024/25

Public Report of the Chief Officer - Finance and Performance

Recommendation

The council's accounting policies, attached at Appendix A, underpinning the production of the 2024/25 Statement of Accounts be approved.

1. Introduction

- 1.1. This report provides the Committee with some context within which the 2024/25 Statement of Accounts (the Accounts) are being produced.

2. Accounting Policies

- 2.1. Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements and is detailed within Appendix A.
- 2.2. The Chief Financial Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices and, in preparing those Accounts, is responsible for selecting suitable accounting policies and applying them consistently.
- 2.3. The Audit and Ethics Committee is responsible for approving the Statement of Accounts and should therefore be aware of and understand the basis on which those Accounts have.

3. Local Authority Accounting Framework

- 3.1. For the completion of the 2024/25 Statement of Accounts there is one material update to the CIPFA Code of Practice from 2023/24 that the Committee needs to be aware of, the compulsory introduction of IFRS 16.
- 3.2. This standard was effective for annual reporting periods beginning on or after 1 January 2019 and covers how lease transactions are accounted for by the lessee. The introduction of the standard in the Local Government sector was deferred until the 2022/23 financial year and has only become compulsory from 1 April 2024. The council decided not to voluntarily introduce the standard and hence is implementing it for the 2024/25 year and the policy for leasing has been amended to reflect the new requirements.

- 3.3. Given the small number of leases held by the council, their value, and the lease length, the introduction of the standard will not have a major impact on the accounts. However, due regard to the requirement of the standard will be required should the council decide to enter into any new lease agreements in the future.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 6 February 2025

Subject Matter: Accounting Policies Update 2024/25

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY

☐ YES

☒ NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

☐ Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

Draft Accounting Policies 2024/25

1. General Principles

The statement of accounts summarises the authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

2. Accruals of Income and Expenditure

The Council's revenue and capital activity is accounted for in the year that it takes place, by including sums due to or from the Council in the year that it takes place, not simply when cash payments are made or received.

In particular:

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

3. Cash and Cash Equivalents

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

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

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

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

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

5. Charges to Revenue for Non-current Assets

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

- depreciation attributable to the assets used by the relevant service.
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off.
- amortisation of intangible assets attributable to the service.

The authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement [equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance (England and Wales) or the statutory repayment of loans fund advances (Scotland)]. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance [MRP or the statutory repayment of loans fund advances], by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

6. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

7. Employee Benefits

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include salaries, wages and other employment related payments and are recognised as an expense in the year in which the service is rendered by the employees. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the following financial year. The accrual is made at the wage and salary rates applicable in the in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that leave benefits are charged to revenue in the financial year in which the leave of absence occurs.

Termination Benefits

Termination benefits are amounts payable because of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line in the CIES when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for restructuring.

Pension Costs

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments for those benefits and to disclose them at the time that the employees earn their future entitlement.

The pension scheme is operated under the framework of the Local Government Pension Scheme (LGPS) and the governance of the scheme is the responsibility of the Pensions Investment sub-committee of Warwickshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

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

Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Market quoted investments – current bid price on the final day of the accounting period
 - Fixed interest securities – net market value based on their current yields
 - Unquoted investments – professional estimate

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

- Service Cost – comprising:
 - Current year service cost – the increase in the liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increases in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES.
 - Net interest on the net defined liability – the change during the period in the net defined benefit liability that arises from the passage of time charged to the

Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

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

8. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of 2024/25 – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the 31 March 2025 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

9. Financial Instruments

Financial Liabilities

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

For most of the Council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the CIES to the net charge required against the General Fund and Housing Revenue Account Balances is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

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

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

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

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

10. Government Grants, Contributions and Charges

Grants and Contributions

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

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant line in the CIES.

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

Revenue from contracts with customers

Where revenue is charged or received for goods or services provided to customers there will be an assessment of this income following the following 5 step approach:

- 1) Identify contract - agreement that creates enforceable rights and obligations
- 2) Identify performance obligations in the contract
- 3) Determine transaction price
- 4) Allocate transaction price to performance obligations
- 5) Recognise revenue when or as an entity satisfies performance obligations

The outcome of this evaluation will determine how this will be accounted for within the statement of accounts.

11. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. They are a distinct class of asset which is reported separately from Property, Plant, and Equipment. Previously the majority of these assets had been held as Community Assets with the exception of one or two which were held in Infrastructure Assets or Other Land and Buildings. The heritage assets held by the Council have been categorised as follows:

- Art and Social History Collections
- Monuments and Statues
- Historic sites / buildings
- Civic Regalia

The Code requires councils to recognise heritage assets where the Council has information on the cost or value of the asset. However, the unique nature of many heritage assets makes reliable valuation complex. Where it is not practical to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the Financial Statements) and cost information is available, the asset will be carried at historical cost (less any accumulated depreciation, amortisation and impairment losses) as permitted by the Code.

Valuations may be made by any method that is appropriate and relevant to the heritage asset: this includes insurance valuations for museum collections, monuments & statues, historic sites, and civic regalia. It is not a requirement of the Code for valuations to be carried out or verified by external valuers. Although there is no prescribed minimum period between full valuations, the Council considers it appropriate to seek a full valuation every five years.

Impairment reviews will only take place where there is physical deterioration or new doubts as to the authenticity of the heritage asset. Any impairment recognised will be treated in accordance with the Council's policy on impairments.

12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance are identifiable and controlled by the Council is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Normal

examples are those of software or software licences, which are initially recognised at cost, and which have a useful life, of 3 –10 years and the depreciable amount is therefore written down over that useful life.

13. Interests in Companies and Other Entities

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures but currently it is not required to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

14. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long-term contracts are accounted for based on charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

15. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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

16. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including any held jointly
- Its liabilities, including any share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its expenses, including its share of any expenses incurred jointly

- The Council has a 50% interest in the Rainsbrook Crematorium Joint Committee with the other 50% relating to West Northamptonshire Council. The decision making and operational arrangements of the Joint Committee fulfil the features associated with a jointly controlled operation in that:
 - Each operator incurs its own expenses and liabilities and raises its own finance, which represent its own obligations; and
 - The joint operation agreement provides a means by which the revenue from the service and any expenses incurred in common are shared among the operators.

Therefore, in line with the contractual arrangements set out in the joint agreement, the Council recognises its share of the operational assets and liabilities of the Joint Committee on its Balance Sheet and debits and credits the CIES with 50% of the expenditure and income of the Joint Committee. This is also recognised in the Movement in Reserves Statement and the Cash Flow Statement as appropriate. Further detail on this Joint Operation is also provided in Note 31 Related Party Transactions.

17. Leases

The authority as lessee

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

Initial measurement

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

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

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

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

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

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

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

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

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

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

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

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

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

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve (England and Wales) or capital receipts reserve (Scotland)] in the Movement in Reserves Statement. [When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve (England and Wales).]

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

18. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

19. Property Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as a revenue expense when it is incurred. The Council has established a de-minimis level of £10,000. Expenditure on assets under this level is not capitalised within the Accounts and the assets are fully depreciated within the year.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Infrastructure assets, community assets and assets under construction are carried at historic cost, net of depreciation where appropriate.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This includes assets such as the Queen's Diamond Jubilee Leisure Centre, Benn Hall, and the John Barford Car Park.

Where non-property assets have short useful lives and/or low values, for example, vehicles and IT equipment, they are measured at depreciated historical cost as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Land and building assets under £10,000 are not revalued except for investment properties. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains or may be credited to the CIES to reverse a previous downward revaluation.

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for as per decreases in value noted above.

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

Depreciation

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

Where depreciation is provided for, assets are depreciated using the straight-line method over the following periods:

- Dwellings and other buildings – between 5 and 60 yrs.
- Vehicles, plant and equipment – between 3 and 25 yrs.
- Infrastructure – between 7 and 40 yrs.

Depreciation is charged on council dwellings in the year of disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £500,000 for determining whether an asset needs to be componentised and an individual asset cost of more than 25% to determine whether an asset is considered as a component.

The carrying amount of a replaced or restored part of an asset (component) is derecognised, with the carrying amount of the new component being recognised subject to the principles set out in Recognition and Measurement above. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

Subsequent Expenditure on Property Plant and Equipment

Subsequent costs incurred on an asset previously recognised as Property, Plant and Equipment will only be capitalised if they result in items with physical substance and meet the recognition principle that:

- It is probable that future economic benefits or service potential associated with the item will flow to the Council; and
- The cost of the item can be measured.

Exceptions to the general approach of comparing the outcome of expenditure compared to previously assessed levels of performance:

- Where subsequent expenditure will actually increase the level of performance of an asset in generating economic benefits or providing service potential but does not increase the level of performance previously assessed by the Council for that asset, then the assessment can be updated (through a revaluation adjustment) and the new expenditure capitalised.
- Where subsequent expenditure represents the replacement of a component of an existing asset provided that the old component can be written out of the Balance Sheet.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal of £10,000 or more are categorised as capital receipts, whereas amounts below £10,000 are classed as revenue income. A proportion of receipts relating to Right-to-Buy housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund or HRA Balance in the Movement in Reserves Statement.

The writing off of the remaining net book value of assets which are disposed of is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets Held for Sale

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

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

20. Provisions, Contingent Liabilities & Contingent Assets

Provisions

Provisions represent amounts set aside to meet future liabilities which are likely or certain to be incurred but where it is not possible to determine exactly the amounts or timing of such events.

Provisions in respect of bad and doubtful debts are maintained, including amounts relating to rent, council tax and business rate arrears, which have been estimated in accordance with recommended practice and past experience and are charged as an expense to the appropriate service line in the CIES. When payments are eventually made, these are charged to the provision carried in the Balance Sheet.

Contingent Liabilities

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

21. Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the CIES. The reserve is then transferred back into the General Fund balance so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

22. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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

23. Value Added Tax (VAT)

VAT is included in service revenue or capital income and expenditure accounts only when it is not recoverable.

24. Fair Value Measurement of Non-Financial Assets

The authority's accounting policy for fair value measurement of financial assets is set out in note 17. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a. in the principal market for the asset, or
- b. in the absence of a principal market, in the most advantageous market for the asset.

The authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

AGENDA MANAGEMENT SHEET

Report Title: Risk Management Strategy 2025/26

Name of Committee: Audit and Ethics Committee

Date of Meeting: 6 February 2025

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance and Performance, Legal and Governance

Ward Relevance: All

Prior Consultation: Portfolio Holder

Contact Officer: Chris Harris
Interim Corporate Assurance Manager
chris.harris@rugby.gov.uk

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: No

Corporate Priorities: This report relates to the following priority(ies):
☐ A Healthier Rugby – To support people to live healthier, longer, and more independent lives.
☐ A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.
☐ A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.
☐ A Fairer Rugby – To reduce inequalities and improve housing across the Borough.
[Corporate Strategy 2025-2035](#)
☒ This report does not specifically relate to any Council priorities but is a statutory requirement for the organisation

Summary: The report sets out the updated Risk Management Strategy for approval.

Financial Implications: There are no financial implications arising from this report.

Risk Management/Health and Safety Implications:	There are no risk management implications for this report.
Environmental Implications:	There are no environmental implications directly from this report.
Legal Implications:	There are no legal implications arising from this report.
Equality and Diversity:	None as a direct result of the report therefore no Equality Impact Assessment is required
Options:	As this report complies with the Prudential and Treasury Management Codes of Practice, which have been approved by Council, no other options have been considered.
Recommendation:	IT BE RECOMMENDED TO COUNCIL THAT the Risk Management Strategy, as at Appendix A to the report, be approved.
Reasons for Recommendation:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 6 February 2025

Risk Management Strategy 2025/26

Public Report of the Chief Officer - Finance and Performance

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT the Risk Management Strategy, as at Appendix A to the report, be approved.

1. Introduction

- 1.1. The Council introduced its first Risk Management Strategy in 2003. Since then, progress has been made in implementing both Operational and Strategic Risk Management across the organisation.
- 1.2. The previous Risk Management Strategy was endorsed by the Audit and Ethics Committee in June 2023. With the change in political administration the update of the strategy was deferred for a year. There are no risks associated with this as the new strategy does not have any significant changes

2. Report Details Risk Management Strategy

- 2.1. The new Risk Management Strategy is included with this report at Appendix A, there are no significant changes to highlight to the committee.
- 2.2. In addition to the above, the Corporate Assurance and Improvement Team has delivered a training package for both members, leadership team and management team on the subject. This consisted of a “theoretical session” undertaken by an external expert which was followed up with a practical session on the way risk management was delivered by the organisation.
- 2.3. In accordance with the Risk Management Strategy the Audit and Ethics Committee receives reports which provide assurance on the effective management of the Council’s ‘Top Level’ risks. This report provides details of those risks but has been expanded to provide members with the full Strategic Risk Register.
- 2.4. It is not always possible to eliminate risk and given the nature and breadth of the Council’s activity and the ever-changing climate within which it operates, high level risks are unavoidable. It is also possible that risks are rated as high level even though controls are in place to manage the level of risk. However, a high-risk score is not necessarily a negative risk, it is purely the true indication of the likelihood of an event happening and the impact it could have. In such situations the level of risk could be even higher without those controls. Risk

management is an ongoing process, which involves continual identification, analysis, treatment and monitoring. The Council's approach to managing each risk depends upon the nature of the issue at hand. There are four options:

- Tolerate – Decide to live with the risk and the possibility that it might occur and its possible consequences.
- Terminate – Eliminate the risk, usually by deciding to change a course of action or stop a particular activity.
- Transfer – Some of the financial risk may be transferred and it may be possible to transfer liability through contractual arrangements.
- Treat – Control the risk and take action to reduce the likelihood that an event will occur or the impact if it does.

2.5. In order that risks may be prioritised according to their severity, the Council operates a traffic light system.

Risks are scored within one of the following levels:

<u>Risk Rating</u>	<u>Level of Risk</u>	<u>Prioritisation</u>
8-16	High (Red)	Immediate attention
4-6	Medium (Amber)	Moderate risk, mitigation action
1-3	Low (Green)	Regular review

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 6 February 2025

Subject Matter: Risk Management Strategy 2025/26

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY ☐ YES ☐ NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

☐ Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



APPENDIX A

RISK MANAGEMENT STRATEGY

APRIL 2025 -
MARCH 2026

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SECTION ONE - Rugby Borough Council Risk Management Statement

Risk Management is a business critical consideration for everyone at Rugby Borough Council. It is imperative that RBC demonstrate to the public, and all other stakeholders, that full consideration has been given to all risks when delivering services for the residents and businesses in the local area.

This Strategy outlines how RBC will manage risk through identification, analysis, treatment and monitoring of each risk. This Strategy also details the roles and responsibilities for all employees and members. The Council is committed from the top down to ensuring this strategy is implemented successfully. Everyone has a part to play to ensure that this process is embedded as an integral element of the daily operational and strategic thinking used at RBC. We will continue to embrace and develop risk management to ensure that it is built in and not bolted on to achieve a focused approach to risk management.

.....

.....

Leader of the Council

Chief Executive



.....
Illingworth
Chief Officer
Finance and Performance

..... **Jon**
Portfolio Holder
Finance, Performance, Legal
and Governance

SECTION TWO - Introduction

2.1 Background

The Council introduced its first Risk Management Strategy in 2003. Since then, steady progress has been made in implementing Risk Management throughout the organisation with changes and improvements such as:

- An annual review of the Risk Management Strategy to ensure it is up to date and relevant as well as meeting the demands of continually changing audit requirements
- Utilisation of sharepoint and spreadsheets to manage the process.
- Regular reviews of the Corporate Risk Register by the Strategic Risk Management Group and ongoing re writing of this risk register to work alongside revised Corporate Strategies and Priorities
- Changes to the reports to Audit and Ethics Committee to meet the requirements of the committee
- Reviewing and amending how operational risk registers are monitored and reported
- Implementing and developing project risk registers
- Inclusion of Risk Management as a topic on the Employee Induction Day
- The Risk Management and Insurance Officer becoming an active member of project groups such as the design and build of new housing projects
- Embedding consideration of risk management implications in advance of key decisions being taken by the Council

This latest revision of the Strategy aims to look at the future plans for Risk Management in RBC and the future work planned to ensure that Risk Management becomes embedded in the every day work of the Council.

2.2 What is Risk Management?

Risk Management can be defined as:

‘Risk is the threat that an event or action will adversely affect an organisation’s ability to achieve its objectives and to successfully execute its strategies. Risk Management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements’

(Audit Commission)

2.3 The Benefits of Risk Management

The benefits of an effective Risk Management programme are numerous, a selection of the benefits are:

- Increased focus on the action(s) that should be taken to meet objectives
- Improved delivery of services
- Effective management of change
- Delivering better Value For Money
- More efficient use of resources

- Supporting innovation
- Reduced complaints
- Protection of, and improved, reputation
- Getting things right first time
- Continual assessment of business opportunities

The term Risk Management also includes the management of opportunities, as risk should not be considered just as a negative. The management of opportunities is as important as the management of risk, and we should always look to see if there is a positive outcome to any risk.

An opportunity is the chance to take a positive outcome from a risk. It is an action that could enhance the ability to achieve the objective and could be shared to maximise the potential benefits to others as well as the operational business area. It could be the chance to take advantage of a new system, process or technology. Taking that action could increase the likelihood of positive impact of that opportunity.

2.4 Risk Appetite

The Council must take limited risks in order to achieve its strategic objectives and deliver beneficial outcomes to the community. Risks will only be taken in a considered and controlled manner. Exposure to risks will be kept to a minimum level of impact deemed acceptable by the Strategic Risk Management Group, and the level of acceptable risk may vary from time to time.

SECTION THREE – Purpose & Objectives

3.1 Purpose

The purpose of this Strategy is to set out Rugby Borough Council's approach to Risk Management, including outlining roles and responsibilities, reporting and communication methods and a description of the 4 stages of the Risk Management process.

It is a continuous and developing process, which ultimately aims to create a culture of risk awareness within the Council whereby staff and Members naturally consider risk issues as a part of day-to-day activities.

The Strategy is designed to be a reference source rather than to provide detailed answers to specific questions. It is a foundation for embedding a Risk Management culture across the organisation but is not intended to be a manual.

3.2 Objectives

The objectives of the Risk Management Strategy are to:

- Develop Risk Management and raise its profile across the Council
- Integrate Risk Management into the culture of the Council
- Embed Risk Management through the ownership and management of risk as part of all business planning and decision making processes
- Manage risks in accordance with best practice
- Prevent injury, damage and losses and to reduce the cost of risk
- Raise awareness of the need for Risk Management by all those connected with the Council's delivery of services.
- Use risk management best practice to deliver the Corporate objectives

These objectives will be achieved by:

- Establishing clear roles and responsibilities and reporting lines within the Council for Risk Management
- Reinforcing the importance of effective Risk Management as part of the everyday work of employees
- Developing training and awareness
- Including Risk Management as an agenda item at meetings
- Providing relevant training on Risk Management to employees and Members
- Continuing to demonstrate the application of Risk Management principles
- Making all partners, providers and delivery agents aware of the Council's expectations on risk, both generally as set out in its Risk Management policy, and where necessary in particular areas of service delivery
- Maintaining a Risk Management framework that will secure the consideration and review on a rolling basis of the Corporate and Operational risks confronted by the Council
- Inclusion of Risk Management in service plans

SECTION FOUR – Risk Management Process

4.1 Process

Risk Management is an ongoing process, which involves continual identification, analysis, treatment and monitoring of the risks and opportunities faced by the Council.

4.2 Risk Identification

The first step is to identify the ‘significant’ risks that could cause an objective not to be achieved as expected and, as a result, have an adverse impact upon the Council. (*Section 4.3 describes what is classed as a significant risk*). It is important that those involved with the process clearly understand the service or organisation’s key business objectives to be able to identify the potential barriers to their achievement.

The identification of risk should happen in all business areas.

4.3 Risk Analysis

The information gathered is then analysed by completing a Risk Assessment. The assessment details the risks to the achievement of a specific business objective, the opportunities that can be gained from that risk, the consequences of the risk and any existing internal controls.

The analysis will then consider the likelihood and impact of the risks. An initial score against likelihood and impact is made (see Appendix 1, Risk Matrices).

In order that risks may be prioritised according to their severity, the Council operates a traffic light system. Risks are scored within one of the following levels:

Risk rating:

8–16	High Risk (Red)	Immediate attention
4-6	Medium Risk (Amber)	Moderate risk, mitigation action required
1–3	Low risk (Green)	Regular review

Amber and red risks are classed as ‘*significant*’ risks. All risks are to be kept under review so as to identify when the likelihood or impact is changing (or will change) and to therefore enable further control actions to be determined and implemented.

4.4 Risk Treatment / Control

Once a risk has been identified and analysed, a decision must be made as to how the Council will react. There are four options:

1. *Tolerate* – Decide to live with the risk and the possibility that it might occur and its possible consequences, but continue to monitor.
2. *Terminate* – Eliminate the risk, usually by deciding to change a course of action or stop a particular activity.
3. *Transfer* – Some of the financial impact of a risk may be transferred and it may be possible to transfer liability through contractual arrangements.

4. *Treat* – Control the risk and take action to reduce the likelihood that an event will occur or the impact if it does.

The existing controls need to be reviewed before considering further action as these controls may no longer be relevant.

The potential for controlling the risks identified further will be investigated through an Action Plan. The implementation of the Action Plan is monitored through the Council's performance management systems.

4.5 Risk Monitoring and Reporting

Effective Risk Management requires an appropriate reporting and review structure to ensure that risks and opportunities are effectively identified and assessed and that appropriate control measures are in place.

The process requires regular reviews in order to provide the maximum benefit to the Council, including the Strategy, and all the processes and activities outlined within it, to ensure their effectiveness.

A framework of monitoring and reporting has been established to allow regular reviewing to take place.

This requires:

Cabinet – To receive annual updates on the position of the Council's Risk Management programme; to review the Corporate Risk Register and any amendments made to it and to agree the Risk Management Strategy and any changes made. To appraise options contained within submitted reports.

Audit and Ethics Committee – To consider the effectiveness of the Council's Risk Management arrangements. To receive annual reports which provide assurance on the effective management of the Council's 'Top Level' risks and to agree the Risk Management Strategy and any changes made. In addition, to receive reports whenever an existing risk is upgraded to being 'Top Level', or a new 'Top Level' risk has been identified.

Leadership Team – To review the Corporate Risks on a quarterly basis and respond to any actions for which they are responsible in the interim.

Service managers and Individual Risk Owners – To regularly monitor Risk Registers and Action Plans at team meetings – making any adjustments to the registers or report them to the Risk Management and Insurance Officer; to implement actions and monitor the effectiveness of the controls in mitigating the risks; to identify new risks/opportunities and to regularly review the Operational Risk Registers.

Strategic Risk Management Group – to consider and discuss regular updates received from the Risk Management and Insurance Officer and Risk Owners on amendments or changes to the risk registers and to annually review the Risk Management Strategy.

The risk process itself will be reviewed annually to ensure that it is still appropriate and includes learning from other Authorities. Training and research can be applied

4.6 Risk Management Fund

The Corporate Assurance Manager is responsible for a small Risk Management fund. Service areas can 'bid' for full or partial funding for Risk Management initiatives that will benefit the Council as a whole.

SECTION FIVE – Links with Existing Processes

As detailed in Section 1, the Risk Management Statement, Risk Management is a business-critical consideration for everyone at Rugby Borough Council. Everyone has a part to play to ensure that this process is embedded as an integral element of the daily operational and strategic thinking used at RBC.

It is imperative that we demonstrate that full consideration has been given to all risks when delivering services for the residents and businesses in the local area.

Effective risk management is fundamental to the success of any organisation and the diagram below illustrates how it links with other management processes.



The following paragraphs set out each stage of our risk management process in detail.

5.1 Action Planning

The Council's objectives are set out within the Corporate Strategy. The current Corporate Strategy covers the period 2025-2035 and details the objectives for the council during that period and the actions to meet those objectives.

The action planning process is the mechanism through which the Council's objectives are translated into actions. The process involves, for each operational team:

- Identifying and documenting the key projects and change initiatives (actions) which will enable services to achieve their objectives in line with the Corporate Strategy;
- Identifying and documenting the risks associated with delivering those projects and initiatives (and therefore the Council's objectives); and
- Identifying and documenting the key performance indicators (KPIs) which demonstrate that Council services are performing well.

Risk Owners are expected to monitor the risks associated with delivering service objectives during team meetings and as part of normal day to day business.

5.2 Performance Management

The monitoring of the Risk Management action plans is currently facilitated through the SharePoint risk registers and associated Dashboard. Risk Owners will monitor, and update risk assessments and action plans on a regular basis.

5.3 Project Management

Project risk registers are used with a register in place for each specific project.

5.4 Partnerships

The Council defines a partnership as “working with another organisation to deliver common objectives with a formal agreement of roles (through contract, memorandum of understanding, funding agreement, Service Level Agreement etc)”.

The Council has entered into a number of partnerships which have common objectives in line with its Corporate Strategy. Decision making processes are documented for each partnership and there are risk registers in place for significant partnerships, which are effectively managed and monitored.

5.5 Reporting

Each formal report requires that the report writer consider the risks and benefits associated with each option presented within the report.

5.6 Emergency Planning and Business Continuity

The Council, as required by the Civil Contingencies Act 2004, assesses the risk of emergencies occurring and uses this to inform contingency planning; implement emergency plans and business continuity management arrangements. The Council also implements arrangements to inform and advise the public, share information, and co-operate with other local responding agencies in the event of an emergency, and provide business continuity management to business and voluntary organisations.

The Council is a member of the Warwickshire Local Resilience Forum (LRF). The LRF consists of all agencies involved with emergency response in our communities, inclusive of emergency services, local authorities and NHS bodies. Collectively, the LRF maintains a Community Risk Register which supports agencies and the public in understanding the likelihood and severity of emergencies, and how to prepare and respond.

To support the Council in responding to an emergency, there is an Emergency Management Plan, and a plethora of supporting documentation and suite(s) of training.

The Council is developing a Business Continuity Policy to provide a framework of Business Continuity Management across the authority, this will be supported by operational business continuity plans with particular focus on critical services.

5.7 Health and Safety

The Council has demonstrated a commitment to Health and Safety with the development of policies and guidance specifically addressing the management of risk.

It is essential that the established links to the Risk Management process be maintained with emphasis on identification, analysis, treatment/control and monitoring of risks. The commitment and involvement of all employees will be supported at service level by specific training and guidance.

5.8 Corporate Strategy

The Corporate Risk Register aims to address all elements of risk in delivering the Council's corporate objectives. These in turn cascade into the Operational Risk Registers. The Leadership Team need to consider the Risk Management Strategy in line with the Corporate Strategy.

5.9 Internal Audit

The Council has implemented Risk Based Internal Auditing (RBIA), which is recognised best practice. Actions arising from internal audits are subject to a risk assessment. The linkages between the results of internal audits, relevant risks, and their mitigating actions is therefore enhanced. The process also facilitates more regular and timely updates of the Operational Risk Registers by Risk Owners during the course of the year with the Corporate Assurance Team providing oversight and challenge as required.

5.10 Insurance

Insurance is a key form of risk management, and the Council has a number of policies in place which are designed to protect it from contingent or uncertain losses. The policies cover the Council's assets including property and fleet, as well as employers' and public liability.

The Council's insurance premiums are determined by a number of factors, one of which is its claims history. Minimising the level and impact of insurance claims helps the Council to keep its insurance premium costs as low as possible. The Council therefore proactively manages the risk of insurance claims in a number of ways, including through operational health and safety management and education of fleet vehicle users.

SECTION SIX – Information and Communication

6.1 Information

Risk Management information is available from a number of different sources:

- Intranet web page
- Individual managers
- Risk Champions (see Appendix 3, Contact Information)
- Corporate Assurance Manager (see Appendix 3, Contact Information)
- Risk Management and Insurance Officer (see Appendix 3, Contact Information)

6.2 Communication

Risk Management at Rugby Borough Council is an evolving process, therefore regular communication with staff and managers is essential to ensure everyone is kept up to date and has the opportunity to further their understanding of the Council's risk programme.

Risk information updates and general awareness are communicated through a number of different sources:

- Intranet updates
- Team meetings
- Workshops and awareness sessions
- New employee induction day
- Members Briefings

SECTION SEVEN – Roles and Responsibilities

The following describes the roles and responsibilities that Members and Officers will play in embedding and owning Risk Management:

7.1 Cabinet and other Elected Members

- To oversee the effective management of risk by Council Officers
- To annually consider the Corporate Risk Register
- To take decisions which are informed by an assessment of associated risks
- To approve overall Corporate Risk Management proposals
- To approve the Risk Management Strategy and any changes to the Strategy

7.2 Leadership Team

- To ensure that the Council manages risk effectively through the development of a comprehensive Risk Management Strategy and the analysis and control of Corporate risks
- To take decisions which are informed by an assessment of associated risks
- To provide corporate direction to all Risk Management proposals and to support the Strategic Risk Management Group
- To review the Corporate Risk Register
- To receive and consider an annual report on the Risk Management Strategy
- To identify any emerging Corporate risks and report them to the Strategic Risk Management Group
- To identify any movements in the likelihood and / or impact severity of existing Corporate risks
- To be the service liaison for corporate and operational risks
- To include Risk Management and emerging risks through business planning and decision making
- To provide oversight and challenge

7.3 Strategic Risk Management Group

- To support the Council and its services in the effective development, implementation and review of the Risk Management Strategy
- To review the Risk Management Strategy on an annual basis
- To review the Corporate Risk Register and to identify and support any emerging risks
- To provide training on and to otherwise facilitate the practice of good Risk Management for Councillors and Officers
- To provide oversight and challenge
- To review the full risk portfolio to ensure it is acceptable

7.4 Risk Champions

(see appendix 3, Contact Information)

- To be a member of the Strategic Risk Management Group
- To support the Leadership Team and Service Managers in the effective management of risk
- To champion Risk Management within their service
- To be their service liaison for Corporate and Operational risks

- To disseminate Risk Management information
- To facilitate and encourage good Risk Management practices
- To co-ordinate the Operational Risk Assessment programme for their service

7.5 Service Managers/Management Team

- To manage their service whilst taking in to account all associated risks
- To consider the positive and negative aspects of risk in all decisions taken
- To consider and produce/review and take ownership of Operational Risk Registers for their service areas during their business planning process and to report these assessments to the Risk Management and Insurance Officer
- To consider and record additional or strengthened controls that are needed to protect their service area and to incorporate these in to their service action and improvement plans
- To report these assessments, actions and improvement plans to the Risk Management and Insurance Officer

7.6 Risk Management and Insurance Officer

Although the Risk Management and Insurance Officer does not own the risk, this sits with the Risk Owner, they do provide the following areas of support and advice:

- To advise and assist the Strategic Risk Management Group in their functions
- To facilitate meetings of the Strategic Risk Management Group
- To provide day-to-day Risk Management advice to Council Officers and Members
- To assist in the development of the Council's Risk Management programme in association with external advisors and Council Officers
- To advise and assist the Leadership Team with the quarterly reviews of the Corporate Risk Register
- To maintain a continuous review of the adequacy of the Risk Management programme
- To advise on progress reports to Cabinet and to Audit and Ethics Committee
- To advise on annual reports on the Council's 'Top Level' risks to Audit and Ethics Committee
- To advise on an annual report on the Corporate Risk Register to Cabinet
- To advise on an annual report on the Risk Management Strategy to Cabinet and to Audit and Ethics Committee
- To review systems and procedures for Risk Management and implement improved working practices wherever possible
- To review Corporate and Operational risk registers on a regular basis
- To maintain a continuous review of the adequacy of the Risk Management programme
- To identify instances of best practice through networking and discussions with brokers

7.7 Internal Audit

- Carry out independent reviews of adherence to risk control standards and guidance.
- Provide guidance on adequacy of 1st and 2nd line risk management approaches

- Integrates risks into risk-based audit plans and assurance reviews.

7.8 All Employees

- To manage risk effectively in their job
- To report risks to their Service Managers, Risk Champions or the Risk Management and Insurance Officer
- To have an understanding of the risks identified within their service area
- To assist in the identification and control of risk
- To complete the options appraisal on all Leadership Team, Panel and Cabinet reports

CORPORATE RISK MATRIX

APPENDIX 1

<u>LIKELIHOOD</u>		
Almost certain	= Strong/very strong/inevitable possibility (over 75%)	Score 4
Possible	= Likely to occur (50% – 75%)	Score 3
Unlikely	= Slight chance/could occur (10% – 49%)	Score 2
Remote	= Almost impossible/only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme	= Financial loss over £1m, loss of a service for more than seven days, fatality/disabling injury, extreme adverse national media coverage, severe stakeholder concern, significant environmental damage	Score 4
Major	= Financial loss of between £250,000 and £1m, major service disruption, major injury or disability, significant adverse media coverage, significant stakeholder concern, local environmental damage	Score 3
Moderate	= Financial loss of between £50,000 and £250,000, moderate service disruption, loss of time through injury, local media coverage, moderate stakeholder concern, minor environmental damage	Score 2
Minor	= Financial loss up to £50,000, short term inconvenience, minor injury, isolated user service complaint, minor media coverage, minor stakeholder concerns	Score 1

Impact	Likelihood				
	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	L	M
		1	2	3	4

OPERATIONAL RISK MATRIX

<u>LIKELIHOOD</u>		
Almost certain Score	= Strong/very strong/inevitable possibility (over 75%)	Score 4
Possible	= Likely to occur (50% – 75%)	Score 3
Unlikely	= Slight chance/could occur (10% – 49%)	Score 2
Remote	= Almost impossible/only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme	= Financial loss over £250,000, total service loss for a significant period, fatality/disabling injury, adverse national media coverage, severe stakeholder concern, mass complaints, significant environmental damage	Score 4
Major	= Financial loss of between £75,000 and £250,000, major service disruption, major injury, regional media coverage, significant user complaints, significant stakeholder concern environmental damage	Score 3
Moderate	= Financial loss of between £10,000 and £75,000, Moderate service disruption, loss of time through injury, local media coverage, more service user complaints, stakeholder concern, minor environmental damage	Score 2
Minor	= Financial loss up to £10,000, short term inconvenience, minor injury, isolated user service complaints, minor local media coverage, minor stakeholder concerns	Score 1

Impact	Likelihood				
	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	L	M
		1	2	3	4

PROJECT RISK MATRIX

<u>LIKELIHOOD</u>		
Almost certain	= Strong/very strong/inevitable possibility (over 50%)	Score 4
Possible	= Likely to occur (25% – 50%)	Score 3
Unlikely	= Slight chance/could occur (10% – 25%)	Score 2
Remote	= Almost impossible/only occurring in exceptional circumstances (Below 10%)	Score 1

<u>IMPACT</u>		
Extreme	= Financial change in excess of 20% of budget, national media coverage, permanent impact on reputation, change in output of more than 80%	Score 4
Major	= Financial change of between 11% and 20% of budget, local media/TV coverage, long term impact on reputation, change in output of between 50% and 80%	Score 3
Serious	= Financial change of between 5% and 10% of budget, local newspaper coverage, temporary impact on reputation change in output of between 25% and 50%	Score 2
Minor	= Financial change of less than 5% of budget, local gossip, internal impact on reputation, change in output of under 5%	Score 1

Impact	Likelihood				
	4	M	H	H	H
	3	L	M	H	H
	2	L	M	M	H
	1	L	L	M	M
		1	2	3	4

STRATEGIC RISK MANAGEMENT GROUP TERMS OF REFERENCE

The role of the Strategic Risk Management Group (SRMG) is crucial to the implementation of a successful Risk Management programme.

The SRMG is a facilitating group and will enable and empower all aspects of a Risk Management programme, providing where necessary, links with Insurance, Health and Safety, Emergency Planning and Business Continuity.

The SRMG will be the focal point for co-ordinating the Corporate and Operational Risk Registers.

The terms of reference of the SRMG are:

- To support the Council and its services in the effective development, implementation and review of the Risk Management Strategy
- To identify and monitor key Risk Management indicators and matrices
- To produce an annual report reviewing the Risk Management Strategy to the Audit and Ethics Committee and Cabinet
- To identify and support the identification of any emerging Corporate risks
- To review the Corporate Risk Register on a quarterly basis and respond to any actions for which they are responsible in the interim
- To share good Risk Management practice within the Authority
- To provide training on, and to otherwise facilitate, the practice of good Risk Management for Councillors and Service Officers
- To review and consider progress on the delivery of the Annual Governance Statement Action Plan
- To review significant issues arising from the work of Internal Audit

MEMBERS

The Strategic Risk Management Group comprises of the following staff:

- Chief officer or representatives as required from: Leisure and Wellbeing, Legal and Governance, Finance and Performance, Regulation and Safety, Digital and Communications, Growth and Investment, Operations and Traded Services Communities and Homes
- Chief Executive or Deputy Chief Executive
- Corporate Assurance Manager
- Risk Management and Insurance Officer
- Safety and Resilience Manager (as required)
- The Council's Risk Member Champion (usually the Finance, Performance, Legal and Governance Portfolio Holder)

The Chief Officer – Finance and Performance will act as the Group Chair. Additional members of staff will attend the Group as and when their expertise are needed.

Each of the representatives is a Risk Champion for their area and will be responsible for coordinating the Risk Management programme within their own service. This will include:

- To be a member of the Strategic Risk Management Group as required
- To support Service Managers in the effective management of risk
- To champion Risk Management within their service
- To be their service liaison officer for Corporate and Operational risks
- To disseminate Risk Management information
- To facilitate and encourage good Risk Management practices
- To co-ordinate the Operational Risk Register reviews for their service areas

CONTACT INFORMATION

Risk Champions:

Elected Members

Communities and Homes

Michelle Dickson Ext: 3843
michelle.dickson@rugby.gov.uk

Leisure and Wellbeing

Tom Kittendorf Ext: 3749
tom.kittendorf@rugby.gov.uk

Growth and Investment

Nicola Smith Ext: 3720
nicola.smith@rugby.gov.uk

Legal and Governance

Aftab Razzaq Ext: 3521
aftab.razzaq@rugby.gov.uk

Finance and Performance
Chair

Jon Illingworth Ext: 3410 Group
jon.illingworth@rugby.gov.uk

Regulation and Safety

David Burrows Ext: 3806
david.burrows@rugby.gov.uk

Digital Communications

Thomas Griffiths Ext: XXXX
Thomas.griffiths@rugby.gov.uk

Operations and Traded Services

Claire Preston Ext: 3309
claire.preston@rugby.gov.uk

Chief Executive

Deputy Chief Executive

Dan Green Ext: 3801
dan.green@rugby.gov.uk

Safety and Resilience Manager

Wendy Browett Ext: 3841
wendy.browett@rugby.gov.uk

Interim Corporate Assurance Manager

Risk Management and Insurance

Verity Knighton Ext: 3418
verity.knighton@rugby.gov.uk

AGENDA MANAGEMENT SHEET

Report Title:	Internal Audit Progress Update
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	6 February 2025
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer - Finance and Performance
Contact Officer:	Chris Harris Interim Corporate Assurance Manager chris.harris@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities:	This report relates to the following priority(ies): <input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C) <input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E) <input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC) <input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O) Corporate Strategy 2021-2024 <input type="checkbox"/> This report does not specifically relate to any Council priorities but
Summary:	The report sets out progress towards delivery of the annual internal audit plan and provides an update on service performance.
Financial Implications:	None

Risk Management/Health and Safety Implications:	Non delivery of an adequate internal audit plan would have an adverse impact on the level of assurance provided in the Annual Governance Statement.
Environmental Implications:	None
Legal Implications:	None
Equality and Diversity:	No implications
Options:	None
Recommendations:	The internal audit progress update be noted.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 6 February 2025

Internal Audit Progress Update

Public Report of the Chief Officer - Finance and Performance

Recommendations

The internal audit progress update be noted.

1. Introduction

- 1.1 The purpose of this report is to set out progress against the Internal Audit Plan for 2024/25.

The Council has a legal duty to maintain an adequate and effective Internal Audit service. The primary role of Internal Audit is to provide independent assurance that the Council has put in place appropriately designed internal controls to ensure that:

- The Council's assets and interests are safeguarded;
- Reliable records are maintained;
- Council policies, procedures and directives are adhered to; and
- Services are delivered in an efficient, effective and economic manner.

This work is normally referred to as Section 151 work.

2. Summary of Audit Work

- 2.1 The Internal Audit plan for 2024/25 was approved by the Audit and Ethics Committee on 25 April 2024. Progress against delivery of that plan is set out at Appendix A.

3. Revisions to the 2024/25 Internal Audit Plan

- 3.1 The Committee's role as gatekeeper requires it to approve any significant changes to the internal audit plan, in accordance with the Public Sector Internal Audit Standards. It is also good practice to continually review the audit plan in light of emerging issues, to ensure that the work of internal audit adds maximum value by proactively responding to and aligning its work with the most significant risks facing the organisation.

There are a number of proposed amendments to the internal audit plan primarily to defer audits from 2024/25 until 2025/26. This is partly caused by operational issues and a delay requested by the Chief Officer and partly by operational issues within the Audit Service that may prevent audits being started within year. It would therefore be more prudent to defer audits by

some three months and include them as priority audits within the 2025/26 audit plan.

Audits identified to be moved to Q1 2025/26 are:

- 1) Legal Services – Request by Chief Officer
- 2) Domestic Waste – Request by Chief Officer
- 3) Parks and Open Spaces – Internal Audit operational delay
- 4) Car Parking and Enforcement – Internal Audit operational delay
- 5) Emergency Planning/Business Continuity – Internal Audit operational delay.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 6 February 2025

Subject Matter: Internal Audit Progress Update

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY ☒ **YES** ☐ **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
	Internal Audit Progress report - February 2025

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

☐ Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A

**INTERNAL AUDIT
PROGRESS UPDATE**

February 2025

Introduction

- 1.1** The Public Sector Internal Audit Standards (the Standards) require the Audit and Ethics Committee to scrutinise the performance of Internal Audit and to satisfy itself that it is receiving appropriate assurance that the controls put in place by management address the 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 team.

Performance

2.1 Will the Internal Audit Plan be delivered?

The expected position by the date of the Committee meeting is as follows:

- 8 Audits have been finalised with an assurance opinion.
- 2 Statements have been issued rather than full reports
- 1 draft report has been issued,
- 7 reviews are in progress at varying stages

Lighthouse Consulting Ltd, the Council's external contractor are filling in for the vacant Internal Auditor/Change Officer post as well as the usual IT audits.

Progress on individual assignments is shown at pages 11-14 this report.

2.2 Based upon recent Internal Audit work, are there any emerging issues that impact upon the Internal Audit opinion of the Council's Control Framework?

At this stage there are no emerging issues arising from the work of Internal Audit which significantly impact upon the Internal Audit opinion of the Council's Control Framework.

2.3 Are clients progressing audit recommendations with appropriate urgency?

At the date of reporting, a cumulative 64% of management actions since 2022 have been implemented by the agreed implementation date, with a further 20% implemented late, giving an overall implementation rate of 84%. A summary analysis of progress on implementation of audit recommendations is shown at pages 15 to 16.

At the time of reporting there are 46 agreed management actions for which implementation is overdue, two of which are regarded as High risk, 21 regarded as Medium risk and 23 Low risk.

The details of the actions related to High or Medium risks, along with a summary of the latest position, are set out at pages 17 to 22 Implementation of the actions will continue to be monitored by the Corporate Assurance team and reported to each Committee meeting.

2.4 Internal Audit Performance Indicators

The effectiveness with which Internal Audit discharges its Section 151 responsibilities is being measured by the following indicators, as agreed by the Audit and Ethics Committee:

<u>Theme</u>	<u>Title of Performance Indicator</u>	<u>Current Performance</u>
Delivery	% of audits delivered against the plan – 21 Audits (70%)	10 audits completed - (48%) 1 draft with management - (1%) 7 reviews in progress - (20%) Total - 69%
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	5 days Performance is broadly stable and below the 10 days considered to be the benchmark followed by peers.
Report Clearance	Average time to move a draft report to final status	10 days
Effectiveness	Implementation of Agreed Actions – Percentage implemented	81% (since 2022/23) At the time of reporting there are 42 recommendations which are past their agreed implementation date out of 258 agreed.
Adding Value	Customer Satisfaction – Average Rating	Reported as an annual measure.

Limitations and Responsibilities

Limitations inherent to the Internal Auditor's work

Internal Audit is undertaking a programme of work agreed by the council's Leadership Team and approved by the Audit and Ethics 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 Internal Audit are not aware of because they did not form part of the programme of work were excluded from the scope of individual internal audit assignments or were not brought to the attention of Internal Audit. As a consequence, the Audit and Ethics 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 at which the audit was completed. 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 to prevent or detect 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.

Progress to date

Since the last Audit and Ethics Committee meeting there has been two audits completed and reports issued and six reviews are at various stages of completion, as set out below:

Position /Completed -draft issued

<u>Area</u>	<u>Audit Title</u>	<u>Coverage</u>	<u>Risk Rating</u>	<u>Proposed Month</u>	<u>Current Position</u>
Finance	Treasury Management	Authorisation of transactions, compliance with Treasury Management Practices, assurance that there is an appropriate strategy in place, system access controls, accuracy and completeness of accounting records.	MEDIUM	May	Final Report issued November 24
Revenues	Council Tax	Accuracy and completeness of billing, system access controls, maximisation of collection, accuracy and completeness of accounting records.	MEDIUM	June	Final Report Issued June 24
Finance	Procurement	Compliance with Contract Standing Orders, financial, project and risk management. Review of arrangements to monitor supplier resilience.	MEDIUM	Jun	Draft issued awaiting responses
HR/services	Agency Staff	Assurance that use of Agency Staff is for appropriate reasons, authorised in advance, and not used to circumvent procedures such as restrictions on filling vacant positions. Assurance that use is not for extended periods of time.	MEDIUM	Jun	Final Report Issued December 2024
Legal & Governance	Internal Constitution	New internal constitution developed for implementation in 2023. Effective implementation is key to successful delivery of the corporate strategy objectives for the Organisation.	MEDIUM	Jun	Final Report issued November 2024
Digital	IT Strategy, Governance & Policies	Assurance that appropriate and embedded ICT governance arrangements are in place, including strategy and policies. To include a joint ICT/ HR review of policies including ICT security and code of conduct, and agile working. Review of arrangements in place to ensure agile staff are being effectively managed.	MEDIUM	Jun	Final Report Issued October 24
Finance/HR /Services	Consultancy Expenditure	Assurance that expenditure on consultants is appropriately controlled, that there are clear terms of reference, that intended outcomes are delivered and Value for Money is secured. Assurance that the requirements of IR35 are being met.	MEDIUM	Jul	First scoping meeting held Request by Finance to delay fieldwork until similar Agency Staff review is completed. 20 % complete

<u>Area</u>	<u>Audit Title</u>	<u>Potential Coverage</u>	<u>Risk Rating</u>	<u>Proposed Month</u>	<u>Current Position</u>
Finance	Fees & Charges/ Income shortfalls	Assurance that fees are set at a realistic rate. Estimates are based on sound predictions. Income is monitored and actions taken where appropriate.	MEDIUM	Aug	Final Report Issued October 24
Communities/ finance	Travellers - Woodside	Assurance that the Council's management of travellers' sites is compliant with the relevant legislation, and that the Council provides the same standards of management and support services to travellers' sites as to customers in other forms of social housing.	HIGH	Aug	Statement issued
Growth & Development	Local Plan Delivery	Assurance that the delivery of the local plan is on target and that the deliverables are being monitored and reported.	HIGH	Aug	Final Report issued November 24
HR/Operations	Lone Working	Assurance that the policies and procedures are adequate and being followed in all instances where staff are working alone or in isolation.	HIGH	Nov	Fieldwork started 25% complete
Housing	Waiting lists and s106 nominations	Assurance that registered providers are fulfilling their S106 requirements. Review the participation in common housing waiting lists	MEDIUM	Sep	Position Statement issued
Digital	Loss of IT services	Assurance that there are sufficient back-ups and safeguards in place in the event of any data loss.	MEDIUM	Sep	Fieldwork in Progress 75% complete
Finance/ LT	Risk Management	Assurance that the risk strategy, and approach is readily available to all staff. Risk registers are reviewed and updated at team and service meetings on an ongoing basis.	HIGH	Sep/ Oct	Fieldwork started 50% complete
HR	Staff Welfare	Assurance that there are appropriate policies and processes in place to identify and support any staff with concerns. Appropriate monitoring and advisory activities are in place.	MEDIUM	Nov	Final Report Issued January 25
HR/all	Recruitment & Retention of Staff	Assurance that the new recruitment arrangements are delivering the right service. Staff exit interviews are used to identify any concerns that can be addressed	MEDIUM	Nov	Fieldwork started 25% complete

Reports completed

Audit	Risk Level	Assurance level	Recommendations			
			High	Medium	Low	Total
Council Tax	Medium	Substantial		5	3	8
Fees & Charges	Medium	Substantial		3		3
Local Plan Delivery	High	Substantial			2	2
IT Strategy, Governance & Service Delivery	Medium	Substantial			3	3
Internal Constitution	Medium	Substantial		3		3
Treasury Management	Medium	Substantial	1	7	1	9
Agency Staff	Medium	Substantial		5	2	7
Staff Welfare	Medium	Substantial		3	1	4
Waiting lists and s106 nominations	Medium	N/A				
Travellers - Woodside	High	N/A				

Brief summary of reports completed

Treasury Management – Substantial Assurance

There were one High, seven Medium and one Low risk recommendations made. The review has confirmed that, overall, arrangements in place regarding treasury management are effective. However, some areas of improvement are required, including:

- Ensuring that meeting minutes of Full Council, clearly evidence discussion and formal approval of the Treasury Management Strategy and Treasury Indicators.
- Carrying out regular reconciliations of investments and borrowings to the ledger, and ensuring all reconciliations are signed/dated by the preparer and reviewer.
- Submitting the Mid-Year and Annual Treasury Reports to Full Council for consideration.

Council Tax - Substantial Assurance

There were five Medium and three Low risk recommendations. Council Tax billing has been completed accurately for the current year. In-year changes are being made to add new properties to the system or to amend existing properties if they change banding. Reconciliations of the income management system, OpenRevenues and

Agresso occur on a regular basis and are accurate. However, there is a lack of resilience around the tasks completed by the Senior ICT Officer – Finance. Recovery action is being undertaken with reminders sent to customers and court action being pursued where necessary. Changes have recently been made to the process to encourage customers with small balance arrears to pay them. Revenues have instigated a rolling review of Single Person Discount, which will check all accounts by the end of the year. A review of other discounts has also recently been started.

Fees & Charges – Substantial Assurance

There were three Medium risk recommendations. The budget setting process is robust and fees and charges are included as part of this and managers recommend whether they should be increased, by a smaller amount or not at all. Managers confirmed that they consider the cost of providing the service when completing budget setting, however, in-depth costings are not completed on a regular basis. The audit identified that a number of fees and charges are not included in the schedule. In some cases, it is because managers either feel the fees are commercial or ad-hoc and therefore do not need to be included. It was recommended that an end-to-end review of fees and charges process be completed to ensure that the process is clear, documented and that all relevant fees and charges are presented to the members each year for approval.

Agency Staff – Substantial Assurance

There were five Medium risk and two Low risk recommendations. The transition from Comensura to OPUS in January 2024 as the council's main provider of agency staff was well managed with managers attending briefing sessions regarding the new requirements under the OPUS contract. Managers demonstrated a clear understanding of the Agency Worker policy and processes. Where OPUS was not used, weaknesses were identified in the exemption process particularly around authorisation compliance and a failure to notify Audit & Ethics & Portfolio Holders in cases where the spend was over £125k. Checking of spend against authorised exemptions was also found not to be monitored closely. Agency spending across the council totalled £1.64m in the year 2023/24 representing an increase of 25% from the year 2022/23. The largest increase in spend was seen in the Finance and Performance service primarily due to an unprecedented volume of vacancies that were unable to be filled

Local Plan Delivery – Substantial Assurance

There were only two Low risk recommendations. The review has confirmed that, overall, arrangements in place regarding delivery of the Local Plan review are sound. Two minor areas of improvement are recommended to facilitate more effective monitoring of delivery. A formal Project Board for the Local Plan review has been established. Review of notes from their initial meeting, held in September 2024, found them to be thorough and clearly specifying actions required and officer(s) responsible. Timescales for completion of actions were not however included, nor were the actions detailed on a formal Action Plan for submission and discussion at subsequent meetings. No formal Project Delivery Plan exists that specifies all tasks required to be carried out for each stage of the review process. Officers instead utilise a planner within Microsoft Teams to identify individual tasks required and officers responsible

IT strategy and Service Delivery - Substantial Assurance

There were only three Low risk recommendations. The service management processes within the IT department are well established. There is an IT Strategy in place, which was under review at the time of the audit, and which is aligned to the corporate plan. The IT Strategy is further supported by a Corporate Strategy Delivery Plan and an annual IT Operational Plan. There is an overarching Information and IT Security Policy which is supported by key operational procedures, for example Active Directory and Equipment Naming Standards and Standard Backup and Disaster Recovery Plan, IT Equipment Guidance and Service Standards. The review highlighted the following issues:

- The delivery of the IT and Digital Services Operational plan is not subject to performance measures.
- The password requirements in the Information and IT Security Policy does not conform to current best practice guidance from the NCSC.
- The current IT Service Management framework lacks the key policies of Firewall and Network Management.

Internal Constitution - Substantial Assurance

There were three Medium risk recommendations. To raise the profile of the Internal Constitution perhaps it should be brought to all staff's attention on a more regular basis particularly when updates and changes are made to the document. There was general concern that the Internal Constitution (IC) was not being used as a guide and reference for efficient and effective operational delivery of services. Managers saw the IC as another corporate document. There was concern that the document was probably overly long and did not therefore support staff in how they should work and discharge their management responsibilities. There was also concern that the document would become out of date and not reflective of procedural changes that would take place from time to time within departments.

Staff Welfare – Substantial Assurance

There were three Medium risk and one Low risk recommendation. Managers confirmed that they are confident dealing with mental health issues experienced by their staff and would refer to HR Business Partners if they needed advice or support. Mental Health First Aiders are available if an employee in crisis needs support or assistance and are currently working to raise their profile around RBC. Self-refer options for staff are being explored at the moment. Absence due to poor mental health is recorded on iTrent, although documentation is not always shared with HR. Wellbeing Action Plans are available for staff to complete and discuss with managers although managers are not always aware that they can still be offered to staff. HR monitor for trends and patterns in sickness absence and report their findings to the Leadership Team along with recommendations for actions, where appropriate.

Waiting lists and s106 nominations – no assurance level given

The review found that there were no formal agreements in place to be able to carry out the review - but some nominations were being received despite this. There is a disconnect between what is being agreed by planners and legal at signing of the S106 and housing being informed as to what we should be getting and therefore in a position to monitor. There needs to be a more collaborative approach

between housing, legal and planning is needed going forward. The nominations occur at pre handover of completed schemes, therefore different teams step in at this point, with the more operational discussions around lettings. The Chief Officer commented that despite the audit not being able to progress as planned, what has been uncovered demonstrates several risks that need to be managed going forward and that is helpful.

Woodside Park – No assurance level given

The review was curtailed in agreement with the Chief Officer due to there being issues at the site that prevented the review going ahead and being of any use. There is also a consultant being appointed to look at the ongoing provision of the site.

Progressing the Annual Internal Audit Plan

KEY	
Current status of assignments is shown by	✓
Denotes undertaken by Contractor	

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Financial Risks									
Procurement	12					✓			
Consultancy Expenditure	17			✓					
Treasury Management	12						✓		
Capital Programme	12	✓							
Fees & Charges/ Income shortfalls	12						✓		
Council Tax	17						✓		
Agency Staff	17						✓		
Fraud									
Risk Management	25			✓					
Flexitime	20	✓							

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
ICT									
IT Strategy, Governance & Policies	12						✓		
Loss of IT services	12				✓				
Software Licenses	12			✓					
Corporate Risks									
Absence Management	17			✓					
HR Capability and Disciplinary	12		✓						
Lone Working	22			✓					
Recruitment & Retention of Staff	17			✓					
Staff Welfare	12						✓		
Governance & Ethical Risks									
Legal Services	12	✓							To be deferred to 2025/26 at request of CO
Internal Constitution	12						✓		

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Operational Risks									
Parks and Open Spaces	12	✓							Defer to 2025/26 – Q1
Domestic Waste	17	✓							To be deferred to 2025/26 at request of CO
Travellers - Woodside	17						✓		Position statement
Tenant arrears including former tenants and Voids	12	✓							
Waiting lists and s106 nominations	12						✓		Position Statement issued
Car Parking and Enforcement	12	✓							Defer to 2025/26 Q1
Emergency Planning / Business Continuity	17	✓							Defer to 2025/26 Q1
Project Management	17		✓						
Local Plan Delivery	12						✓		
Follow-ups	30								

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Additional Support									
Annual Governance Statement	12		✓						
National Fraud Initiative	8							Not applicable	Ongoing co-ordination of the Council's NFI work.
Corporate Investigation Work	40							Not applicable	

Summary Of Audit Recommendations 2020 – 2024/25 to date

Year	Audit	Not yet due	OVD	Within time	Extended time	Out of time	Cancelled	Total Recs
2022/23	Workforce Training	0	0	5	5	1	0	11
2022/23	Procurement & Contract Management	0	0	4	1	1	0	6
2022/23	ICT Financial Processes Review	0	0	0	0	1	0	1
2022/23	Void Review	1	0	3	5	7	0	16
2022/23	Risk Management	0	0	0	2	0	0	2
2022/23	Licensing	0	1	3	2	1	0	7
2022/23	NDR	0	0	5	0	0	0	5
2022/23	Food Safety	1	0	1	3	0	0	5
2022/23	Right to Buy	0	1	1	0	2	0	4
2022/23	Section 106 Agreements	0	0	3	0	0	0	3
2022/23	Systems Resilience	0	0	2	0	2	2	6
2022/23	Data Protection/Records Management	0	7	0	1	1	0	9
2022/23	Counter Fraud Framework	0	1	2	2	0	0	5
2022/23	Growth Hub Grants	0	0	2	1	0	0	3
2022/23	Impact Assessments	0	0	0	0	1	1	2
2023/24	Housing Rents	3	2	4	2	2	1	14
2023/24	Corporate Credit Cards	0	0	0	0	9	0	9
2023/24	Ethical Governance	0	3	0	4	2	0	9
2023/24	Fleet Management	1	0	9	3	0	0	13
2023/24	Complaints & FOI Requests	0	1	7	0	7	1	16
2023/24	Housing Benefits	0	2	3	1	0	0	6
2023/24	Fuel Usage	0	1	0	0	0	0	1
2023/24	Benn Hall	1	1	9	0	1	0	12

2023/24	PRS	3	0	3	3	0	0	9
2023/24	Corporate H & S	1	10	2	0	4	0	17
2023/24	Sundry Debts	0	3	9	0	1	1	14
2023/24	Homelessness Grants	3	3	3	1	0	0	10
2023/24	Assets - Statutory Compliance	1	0	11	1	0	0	13
2023/24	Systems Resilience	0	1	1	0	0	0	2
2023/24	Bereavement Services	3	2	0	0	0	0	5
2024/25	Council Tax	4	2	2	0	0	0	8
2024/25	Fees & Charges	3	0	0	0	0	0	3
2024/25	IT & Digital Services Service Delivery	2	0	1	0	0	0	3
2024/25	Local Delivery Plan	1	1	0	0	0	0	2
2024/25	Agency Staff	7	0	0	0	0	0	7
	Totals	35	42	95	37	43	6	258

Notes:

Extended time: This is where the Corporate Assurance and Improvement Manager had agreed an extension to the original timescale.

Out of time: This is where the action was implemented later than the agreed timescale.

Audit Recommendations High/Medium Overdue






Report Author: Pamela Thomas







Generated on: 15 January 2025














RPMS



Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Housing Benefits 2023/24	Consider how the identified overpayments where nothing has been put in place to recover the funds could be followed up regularly to ensure that recovery action is instigated in a timely manner.	01-Jul-2024	09/01/2025 Benefits Team Leader confirmed that no progress made on recommendation as the work backlogs have increased due to a combination of staffing issues, a rise in incoming work and prep for annual billing and uprating work. The DWP have requested a clearance plan for the backlog as their speed of processing target for change of circumstances has not been met and so all of this work has to take precedence. Agency staff are now covering the vacant positions and a further attempt to recruit is taking place this month.	09-Jan-2025	■ High Risk	Benefits Team Leader
Housing Rents 2023/24	Ensure there is resilience in the Rent Setting process by training other people to complete the rent calculations/service charge estimates and upload them to the system.	31-Dec-2024	07/01/2025 Update requested from Finance 30/10/2024 The Lead Accountant has confirmed that as rent setting is about to begin, he is intending to train other people to complete the rent calculations. 16/08/2024 The Housing Services Manager has confirmed that this was completed for Housing Services during the latest rent setting. The Lead Accountant has confirmed that for Finance, they are about to start the new year's rent setting and will be training 2-3 people. He anticipates that this will be completed by the end of December.	15-Jan-2025	■ High Risk	Housing Services Manager/Finance Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Bereavement Services 2023/24	Appropriate signage should be installed to warn any visitors of the dangers with the pond.	31-Dec-2024	The Greenspace & Biodiversity Manager has advised that signage has been ordered and will be installed in due course.	15-Jan-2025	 Medium Risk	Greenspace & Biodiversity Manager
Complaints and Freedom of Information Requests 2023/24	Determine the process for responding to and recording complaints from Councillors.	01-Jan-2025	Update requested from Chief Officer for Legal & Governance 15/10/2024, chased 30/10/2024. Email from Senior Legal Officer 08/11/2024 requesting details which were sent. Chased again 20/11/2024. 30/08/2024 Chief Officer for Legal & Governance advised that a workshop with members taking place on the 2nd/3rd September. This is with a view to formulating a new complaint process and code of conduct. A report is expected to be taken to members by December full Council. Date moved to end of December.	26-Nov-2024	 Medium Risk	Chief Officer for Legal & Governance
Counter Fraud Framework 22/23	To ensure that the Counter-fraud culture is embedded across the Council, fraud awareness training should take place and capture all relevant staff.	31-Aug-2024	Update from RG - The new suite of training programmes did not include Counter Fraud so looking now to source from an external provider.	13-Nov-2024	 Medium Risk	Interim Corporate Assurance Manager
Corporate Health and Safety 2023/24	Once resourcing issues are resolved, instigate regular monitoring by S&R of reports of incidents, accidents, near misses and acts of violence & aggression	01-Jul-2024	08/01/2025 Update requested from Safety & Resilience Manager 04/09/2024 The S&R Manager has advised that she has a new Senior Safety & Resilience Officer and the returning former Senior Safety & Resilience Officer both starting during September with the reporting and monitoring ready to be utilised once they join RBC.	08-Jan-2025	 Medium Risk	Safety & Resilience Manager
Corporate Health and Safety 2023/24	Instigate regular oversight/monitoring by S&R to ensure that monitoring of adherence to H&S policies, procedures and risk assessments is completed by all areas	01-Nov-2024	08/01/2025 Update requested of Safety & Resilience Manager 04/09/2024 S&R Manager advised that she is planning to instigate regular H&S audits of service areas on SHE. This is waiting on the employment of the new Senior Safety & Resilience Officers as discussed in recommendation 1.	08-Jan-2025	 Medium Risk	Safety & Resilience Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Corporate Health and Safety 2023/24	Consider whether health and safety refresher training should be provided to all staff.	01-Oct-2024	08/01/2025 Update requested from S&R Manager 04/09/2024 The S&R Manager advised that the E-Learning Platform for H&S is being upgraded and will be providing all courses with a refresher period that can be set. This will ensure that the content is revisited by staff on the appropriate timescale. She is looking for this to be completed by the end of October.	08-Jan-2025	 Medium Risk	Safety & Resilience Manager
Corporate Health and Safety 2023/24	Ensure that all staff who complete Health & Safety risk assessments receive Health & Safety risk assessment training and consider providing refresher training.	01-Aug-2024	08/01/2025 Update requested from S&R Manager 04/09/2024 The S&R Manager has chased this with managers and there are still 15 that haven't completed it yet. She will be chasing again and copying in Chief Officers where needed.	08-Jan-2025	 Medium Risk	Safety & Resilience Manager
Corporate Health and Safety 2023/24	Ensure that the Duty Holder register is completed and cascaded to staff	01-Aug-2024	08/01/2025 Update requested from S&R Manager 04/09/2024 Due to the workload of the S&R Manager this is still ongoing, but she is looking to complete it by the end of September.	08-Jan-2025	 Medium Risk	Safety & Resilience Manager
Corporate Health and Safety 2023/24	Instigate regular checks to ensure use of the Duty Holder Register to inform staff training and management responsibilities	01-Nov-2024	08/01/2025 Update requested from S&R Manager 04/09/2024 The S&R Manager advised that this is awaiting the completion of Recommendation 12 before it can be progressed.	08-Jan-2025	 Medium Risk	Safety & Resilience Manager
Corporate Health and Safety 2023/24	Bereavement Services to review and update their H&S risk assessments.	01-Sep-2024	10/01/2025 The Bereavement Services Manager advised that she believes the risk assessments have all been reviewed but will double check and confirm on her return at the end of January.	10-Jan-2025	 Medium Risk	Bereavement Services Manager
Data Protection / Records Management 22/23	Management to ensure the creation of a Data Classification Policy and that this is distributed to all relevant staff via a communications exercise.	01-Nov-2024	The CO for Digital & Comms has put together a business case to hire a Data Protection Specialist contractor for 12 months to resolve issues around Data Protection and update the relevant policies. They were due to start in November, with a plan to have reviewed the policies by the end of January. However, authorisation to appoint a contractor is pending a decision from the CO for Legal & Governance.	14-Jan-2025	 Medium Risk	Communication Consultation and Information Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Data Protection / Records Management 22/23	An annual exercise should be performed requiring Information Asset Owners to review the Record of Processing Activities spreadsheets and confirm that the information is still up-to-date and valid.	30-Jun-2024	As above	14-Jan-2025	 Medium Risk	Communication Consultation and Information Manager
Data Protection / Records Management 22/23	Management to create and distribute a Data Retention Policy.	01-Nov-2024	As above	14-Jan-2025	 Medium Risk	Communication Consultation and Information Manager
Data Protection / Records Management 22/23	Management should ensure a regular, at least annual, process is introduced requiring that Information Asset Owners review retention periods for the data they own and ensure these are accurate and up to date.	01-Nov-2024	As above	14-Jan-2025	 Medium Risk	Communication Consultation and Information Manager
Data Protection / Records Management 22/23	Management to create a Data Disposal Policy/ procedure. This could potentially be incorporated into the recommended Data Retention Policy.	01-Nov-2024	As above	14-Jan-2025	 Medium Risk	Communication Consultation and Information Manager
Data Protection / Records Management 22/23	Management to review and update the required policies.	01-Nov-2024	As above	14-Jan-2025	 Medium Risk	Communication Consultation and Information Manager
Ethical Governance 2023/24	Audit and Ethics Committee ToR to be reviewed on a biennial basis to ensure up to date and fit for purpose. Consideration be given to having a separate ToR document that sits outside the Constitution, that would ease the review/update process.	01-Oct-2024	The Senior Legal Officer has advised that he has reviewed the ToR as part of a larger piece of work and a paper has been taken to the Audit & Ethics Working Group. He believes the updated ToR should be taken to Council, as part of that larger piece of work, by March. However, he has considered the part of the recommendation regarding splitting the ToR from the Constitution and has determined that it should remain as part of the Constitution and not separate to it. He also commented that he would expect the ToR to be updated as and when	15-Jan-2025	 Medium Risk	Chief Officer for Legal & Governance

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
			laws/statutes change, rather than on a regular review timetable.			
Ethical Governance 2023/24	The Employee Code of Conduct to be reviewed and updated. Responsibility for this to be clearly assigned and formally documented. Once completed this should be cascaded to officers.	01-Oct-2024	The Senior Legal Officer has confirmed that the Employee Relations Lead has created a new version of the Employee Code of Conduct. The Senior Legal Officer is currently working to include it in the updated version of the Constitution, which is likely to be presented to Council in February.	15-Jan-2025	 Medium Risk	Chief Officer for Legal & Governance
Fuel Usage 2023/24	Managers will be made aware of the fuel report and the need to monitor the fuel usage.	30-Nov-2024	09/01/2025 - Update requested from Waste Services Manager 25/11/2024 Waste Services Manager has advised that this is in progress and has almost been completed. She requested an extension to the 30/11/2024 which has been agreed by the Interim Corporate Assurance Manager.	09-Jan-2025	 Medium Risk	Waste Services Manager
Licensing 22/23	To address the GDPR requirements for accuracy & data minimisation, the Licensing Team should consider a data validation exercise on records to ascertain if data should still be held on individual & if so, verify it is still accurate.	30-Aug-2024	The Licensing & Parking Manager has advised that all personal licences are valid for a lifetime therefore the licences issued are correct. They are accurate as they are linked to premises licences, premises would not be able to operate without the correct information displayed. New personal licence applications are being processed via the new system and data continues to be accurate. The old data is recorded in an appropriate manner on the old system which they have review access, and on a spreadsheet as a safety net. Based on this he feels the action is complete.	10-Jan-2025	 Medium Risk	Licensing & Parking Manager
Right to Buy	Procedure notes & process map be updated to reflect current processes and systems; recommend that processes are extended to incorporate the legal process. Procedures should include timescales that all depts involved in the process need to work toward	30-Sep-2024	The Housing Services Manager has advised that this has been drafted but due to the complexity needs to be reviewed and edited before it can be published.	15-Jan-2025	 Medium Risk	Housing Services Manager
Sundry Debts 2023/24	Ensure that the two charge rates for Lifeline are included in the Fees and Charges document and agreed by the members. Adjust	31-Dec-2024	The Housing Services Manager has advised that she has requested that GSM lifeline fees are included in the Fees and Charges document and that they are charged appropriately going forward. She is waiting	15-Jan-2025	 Medium Risk	Housing Services Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
	the fees charged to Lifeline customers with a GSM unit going forward		on confirmation from Finance that this has been done and will check in with them to review the progress.			
Sundry Debts 2023/24	Review the Sundry Debt process to include a) the communication with and involvement of service areas in raising and collecting outstanding debts and b) the appropriateness of the reporting and KPIs provided to leadership and Cabinet. Identify improvements and instigate and progress an action plan to manage any changes identified.	31-Dec-2024	The Revenues Manager has advised that a review is underway with the Transformation team looking at the end-to-end process. An electronic request form is being created to go into SharePoint for future use.	16-Jan-2025	 Medium Risk	Revenues Manager
Council Tax 2024/25	Reinstate regular checks on the work completed by the Revenues Team and determine how these can be recorded.	01-Nov-2024	08/01/2025 Update requested from Revenues Manager 07/11/2024 Revenues Manager advised that this is still ongoing at present.	08-Jan-2025	 Medium Risk	Revenues Manager

AGENDA MANAGEMENT SHEET

Report Title:	Draft Internal Audit Plan 2025/26
Name of Committee:	Audit and Ethics Committee
Date of Meeting:	6 February 2025
Report Director:	Chief Officer - Finance and Performance
Portfolio:	Finance, Performance, Legal and Governance
Ward Relevance:	None
Prior Consultation:	Chief Officer - Finance and Performance Leadership Team
Contact Officer:	Chris Harris Interim Corporate Assurance Manager chris.harris@rugby.gov.uk
Public or Private:	Public
Report Subject to Call-In:	No
Report En-Bloc:	No
Forward Plan:	No
Corporate Priorities: (C) Climate (E) Economy (HC) Health and Communities (O) Organisation	<p>This report relates to the following priority(ies):</p> <p><input type="checkbox"/> Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)</p> <p><input type="checkbox"/> Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)</p> <p><input type="checkbox"/> Residents live healthy, independent lives, with the most vulnerable protected. (HC)</p> <p><input checked="" type="checkbox"/> Rugby Borough Council is a responsible, effective and efficient organisation. (O)</p> <p>Corporate Strategy 2021-2024</p> <p><input type="checkbox"/> This report does not specifically relate to any Council priorities but</p>
Summary:	The report presents the draft 2025/26 internal audit plan for review and approval subject to any changes.
Financial Implications:	No implications arising directly from this report.

Risk Management/Health and Safety Implications:	If the internal audit plan does not cover the key risks to the Council the quality of the assurances it provides about the control framework would be compromised.
Environmental Implications:	None
Legal Implications:	No implications arising directly from this report.
Equality and Diversity:	No implications arising directly from this report.
Options:	None
Recommendations:	The report be noted.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit and Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 6 February 2025

Draft Internal Audit Plan 2025/26

Public Report of the Chief Officer - Finance and Performance

Recommendations

The report be noted.

1. Background

- 1.1 The Public Sector Internal Audit Standards require the Internal Audit Plan to be reviewed and approved by the 'Audit Committee'. The Internal Audit Plan should be developed based upon an evaluation of the Council's key risks.

2. Internal Audit Plan

- 2.1 The Internal Audit Plan is designed to support the provision of an annual Internal Audit Opinion. The basis for forming this opinion is as follows:
- An assessment of the design and operation of the systems underpinning Governance, Assurance and Risk Frameworks and supporting processes; and
 - An assessment of the range of individual opinions arising from the risk-based assignments, which will be reported throughout the year.
- 2.2 The Internal Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer/Chief Officer for Finance and Performance and the Audit and Ethics Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.3 The internal audit plan has been developed using the long list of potential areas for internal audit review (the "audit universe") which has been reviewed and updated, by identifying key risks from the following sources:
- Risk Management Framework, Strategic and Operational Risk Registers;
 - The Corporate Strategy and Delivery Plan;
 - Financial Statements;
 - The results of internal audit work carried out during the last 4 years;

- Cumulative knowledge and experience; and
 - Ongoing stakeholder engagement during 2024/25.
- 2.4 The long list of potential audits formed the basis of stakeholder discussions with the Leadership Team from which the planned audit coverage is refined and prioritised. Leadership Team also provided details of additional areas of risk/concern which would benefit from internal audit assurance work and/or consultative support. The draft Internal Audit Plan is included at Appendix A and covers a broad range of areas including financial risks, IT risks, fraud risks, governance and ethics risks, corporate/strategic risks, and operational/ service risks.
- 2.5 The Chief Officer for Finance and Performance and the Interim Corporate Assurance Manager have reviewed the level of resources required to deliver the proposed risk based Internal Audit Plan. The level of resources required to deliver the plan for a period of at least six months has been assessed at 478 days (previous – 2024/25 full year was 707 days). The level of resources required was calculated on a prudent basis, taking into account:
- Management time
 - Training and development
 - Sickness
 - Annual leave and bank holidays
 - Administrative time
- 2.6 The reason for a shorten plan at this time for 2025/26 is to enable a smooth handover to the new Corporate Assurance Manager who will be in post from 1 April 2025 but will need time to get up to speed with managing the audit service at Rugby Council.
- 2.7 The Council has appointed an external contractor, Lighthouse Consulting Ltd, to deliver the IT audits. The contractor is also available where necessary to help deliver non-IT audits; this helps to ensure the service is resilient and able to adapt to changing circumstances.
- 2.8 The Audit Plan is flexible, and members can request amendments to the audits included.

3. Arrangements for Approving In Year Changes to the Internal Audit Plan

- 3.1 The Public Sector Internal Audit Standards require the Audit and Ethics Committee to act as the 'Gate Keeper' to any significant changes to the Internal Audit Plan. It may be necessary during the year to change the Plan in response to emerging risks and to ensure that internal audit work adds the maximum value and remains aligned with the needs of the organisation.
- 3.2 Before authorising changes to the Internal Audit Plan, the Committee would need to be satisfied that such a change would not impact, negatively, on the ability for Internal Audit to provide an adequate level of assurance to the Council. In previous years the Committee agreed that, due to the timing of meetings, and to avoid delays in completion of audit work, it was more appropriate to grant the Chief Officer for Finance and Performance delegated

authority to approve such changes in consultation with the Chair. Such decisions were then subject to approval by the Committee at the subsequent meeting. It is proposed that this arrangement be continued for 2025/26.

- 3.3 In this context, significant changes to the Internal Audit Plan are regarded as any alteration in the allocation of resources of more than five days.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 6 February 2025

Subject Matter: Draft Internal Audit Plan 2025/26

Originating Department: Finance and Performance

DO ANY BACKGROUND PAPERS APPLY ☐ YES ☐ NO

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

☐ Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A



APPENDIX A

INTERNAL AUDIT ANNUAL PLAN

2025/26

RIGHT FOR RUGBY

INTERNAL AUDIT PLAN 2025/26

1. INTRODUCTION

- 1.1 The role of Internal Audit is best summarised through its definition within the Public Sector Internal Audit Standards (PSIAS) as:
“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”.
- 1.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives
- 1.3 The aim of Internal Audit’s work programme is to provide independent and objective assurance to management, in relation to the business, activities, systems or processes under review that:
- the framework of internal control, risk management and governance is appropriate and operating effectively; and
 - risk to the achievement of the Council’s objectives is identified, assessed and managed to a defined acceptable level.
- 1.4 The Internal Audit Plan provides the mechanism through which the Corporate Assurance Manager (Chief Internal Auditor) can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

2. CONFORMATION WITH STANDARDS

- 2.1 The Internal Audit Plan 2025/26 has been prepared in recognition of the responsibilities of the Chief Financial Officer under S.151 of the Local Government Act 1972 and the Accounts & Audit Regulations 2015 and in accordance with the Public Sector Internal Audit Standards 2013 (the Standards). (NOTE – The Institute of Internal Auditors have recently updated their Global Internal Audit Standards which Local Authorities follow. CIPFA will therefore be updating its Public Sector Internal Audit Standards which will take effect from the 1 April 2025)
- 2.2 The Standards require the Chief Internal Auditor to develop and maintain a risk-based strategy for delivering the internal audit service.

3. COUNCIL RISK

- 3.1 The corporate risks assessed by the Council are a key focus of our planning for the year to ensure it meets the assurance needs and contributes to the achievement of the objectives.
- 3.2 We will monitor the corporate and operational risk registers closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

4. DEVELOPING THE ANNUAL INTERNAL AUDIT PLAN

- 4.1 **For 2025/26 the audit plan only covers the first six months or so of the financial year. This is to enable the new arrangements for internal audit to become embedded and to give time for the new Corporate Assurance Manager to undertake the needs and requirements for internal audit for the rest of 2025/26.**
- 4.2 In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the organisation's goals.

4.3 The Audit Universe has been used as the Strategic plan with the intention of covering all areas within 3 years, However the availability of resources have limited the achievement of this so that some areas have yet to be reviewed.

4.4 From the Audit Universe, the results of audits undertaken, reviews of the current risks and assurances the Individual Annual Plans have been developed.

4.5 Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the council.

4.6 Internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.
We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.

In compiling the Internal Audit Plan for 2025-26 we considered any audit that was not completed as part of the Annual Plan for 2024-25 and reviewed the Audit Universe for completeness.

4.7 In addition, there are some annual exercises that are not included in the plan such as assistance with and review of the Annual Governance Statement, as well as ad-hoc investigations, anti-fraud initiatives and consultations.

5. ANNUAL INTERNAL AUDIT PLAN 2025-26

5.1 Based on the above principles, the risk factor, consideration of current and new initiatives during the forthcoming year and liaison with key stakeholders, the Internal Audit Plan 2025-26 has been prepared as detailed below.

5.2 This Plan is endorsed by the Chief Officer Finance & Performance (Section 151) and the Corporate Assurance Manager (Chief Internal Auditor) as being sound, robust and sufficient to safeguard the Council's internal control framework and sufficient to assist the Corporate Assurance Manager to produce an Annual Assurance Statement at year end.

INTERNAL AUDIT PLAN 2025/26

<u>Area</u>	<u>Audit Title</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating</u>	<u>No of Days</u>
Operations	Parks and Open Spaces	Council priority to enhance local, open spaces to make them places where people want to be, might not be achieved.	Assurance that the service is being run efficiently and effectively.	MEDIUM	12
Ops & Trade	Domestic Waste	The Domestic Waste operations do not provide an effective service in line with strategy.	Assurance that the domestic waste operations are managed effectively and meet the council's targets and requirements.	MEDIUM	17
Legal Services	Legal Services	Risk register highlights risks of failure to deliver prompt service and to meet deadlines.	Assurance that services are prioritised and workload managed efficiently and effectively to meet deadlines and any regulatory requirements.	LOW	12
Regulatory	Car Parking and Enforcement	Risk of financial loss, reputational damage, complaints, adverse media coverage.	Assurance that income is accounted for correctly and in full.	LOW	12
Regulatory	Emergency Planning and Business Continuity	Councils is unable to deal with a major natural disaster	Assurance that the emergency planning arrangements are sufficiently robust and adequate to meet major incidents.	Medium	17
Regulatory	Corporate Health & Safety	Substantial damage to the Council in the event of a serious incident e.g. reputation, finance, fatality, loss of building.	Assurance that appropriate policies and procedures are in place and operated effectively, and that appropriate staff training, monitoring and remedial action is taken where necessary.	High	17

<u>Area</u>	<u>Audit Title</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating</u>	<u>No of Days</u>
Regulatory	Climate Change and Carbon Management	The Council might not achieve net zero carbon footprint by 2030.	Assurance that effective arrangements are in place to ensure that the Council achieves the aims set out by the Climate Emergency Working Group.	High	17
Financial	Creditors	Operational risk register highlights risk of incorrect payments, late payments, and fraud.	Accuracy and timeliness of payments, system accuracy, recovery of duplicate payments, accuracy of accounting records.	Medium	17
Financial	Budget Setting & Monitoring	Risk register highlights risk of significant budget setting errors.	Assurance that the budget setting process is robustly designed to mitigate the risk of significant error. Assurance that budget monitoring is sufficiently robust to identify and address any in year financial pressures.	Medium	12
Financial	Treasury Management – Follow up	Risk of financial losses on investments, higher than necessary debt, and insufficient cash.	A follow up of the recommendations made in the 2024/25 audit	Medium	12
Governance	Contract Standing Orders and Financial Regs. Instructions	Compliance with Council procedures is fundamental to achieving good governance and control	A review of the Council's control documents and to evidence their compliance through interview and testing	Medium	17
Operations	Performance management and data quality	Risk of ineffective management, failure to achieve outcomes, inappropriate targeting of resources.	Assurance the Council's performance management framework is fit for purpose, and that data is accurate, complete and timely.	Medium	17

<u>Area</u>	<u>Audit Title</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating</u>	<u>No of Days</u>
Operations	Housing Repairs Stock Control, Handyman and Voids – follow up	New system. Robust stock control procedures are fundamental to ensure that the service runs efficiently, that material costs are appropriately controlled, and that opportunities for theft or fraud are minimised.	Assurance that appropriately designed and embedded stock control and stock taking procedures are in place.	Medium	12
Operations	Warden Services	Risk of reputational damage if a quality service is not delivered.	Assurance that the service is being run efficiently and effectively.	Low	12
Operations	Fleet Management Follow -up	Risk of loss of operator's licence, significant area of expenditure, risk of accidents if vehicles are poorly maintained.	Compliance with operator licence regulations, value for money, planning of the fleet to ensure that operational needs are met, compliance with safety standards including vehicle checks and maintenance, purchasing and disposals. To include a review of controls around fuel usage, and assurance that the WSU garage is being run in a way which secures value for money in compliance with procedure rules.	Medium	12
Operations	Streetscene	Operational risk register highlights the risk of deterioration of assets.	To provide assurance that the process for assessing and collection income is efficient and effective.	Medium	12

<u>Area</u>	<u>Audit Title</u>	<u>Rationale/ Risk</u>	<u>Potential Coverage</u>	<u>Risk Rating</u>	<u>No of Days</u>
Operations	Grounds Maintenance	Risk of misuse of equipment, injury to staff and public	To review the controls around the use and maintenance of plant and equipment	Medium	12
Operations	WSU follow up to Make UK	Risk of injury to staff.	Health & Safety measures and application	High	12
Digital	IT Helpdesk	Fundamental back office service. Ineffective service could lead to service disruption.	Assurance that the helpdesk service is managed efficiently and effectively, within its agreed level of resources, in a way which meets the needs of the Council.	Medium	15
Digital	Artificial Intelligence	Artificial intelligence (AI) is becoming more prevalent in business operations, but it also poses new risks. In 2025, businesses must be prepared to deal with the ethical and legal implications of AI, including issues related to privacy, bias, and accountability	Assurance that there are appropriate policies and guidance for the use and application of AI.	Medium	12
Financial	Economic Uncertainty	Economic uncertainty is always a concern for businesses, and in 2025, businesses must be prepared to deal with the impact of economic uncertainty on their operations. This includes being prepared for changes in interest rates, inflation, and currency fluctuations	Assurance that there are arrangements in place to support residents and businesses when possible, in the event of further costs of living increases or interest changes.	Medium	17
			Follow-ups		30
			Total Audit Days		325

Additional areas of support					
Annual Governance Statement		Statutory requirement under the Accounts and Audit Regulations 2021	Assurance that the Council operates a robust framework of corporate governance, in accordance with the "Delivering Good Governance in Local Government" framework		5
National Fraud		The Council participates in the National Fraud Initiative, in line with its Counter Fraud Strategy	Ongoing co-ordination of the review of data matching, and assurance that investigations are conducted where required		10
Advice		The earlier any significant risks are identified, the sooner they can be considered and any further changes in control implemented.	Ongoing ad hoc advice to senior management and officers in relation to the control environment. This will include a review of the new Medium Term Finance Strategy, once developed.		20
Investigation		In line with the public interest and the Council's zero tolerance approach to fraud, bribery and corruption, as set out in the Strategy.	Provision of independent investigatory support, in relation to allegations or suspicions of fraud, bribery and/ or corruption.		20
Contingency			An allowance to enable unforeseen events to be absorbed without the need to revise the approved audit plan. This represents the application of sound project management.		15
Insurance / Risk Management			Assistance with Insurance claims processing and risk registers management.		26
Management			Managing the team, attending meetings, assisting with Insurance and projects,		57
Total					153
Overall Total					478