



26 March 2025

AUDIT AND ETHICS COMMITTEE – 3 APRIL 2025

A meeting of Audit and Ethics Committee will be held at 6pm on Thursday 3 April 2025 in Committee Room 1 at the Town Hall, Rugby.

Dan Green
Acting Chief Executive

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.

To confirm the minutes of the meetings held on 6 February 2025.

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. 2023/2024 Audit Findings Report and Management Responses.
5. 2024/2025 External Audit Plan .
6. Internal Audit Plan 2025/26.
7. Committee Work Programme 2025/2026.
8. Internal Audit Progress Update.
9. 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. Limited Assurance Internal Audit Report.
2. Contract Standing Orders – Corporate Assurance Manager.
3. Whistleblowing Investigation (Verbal Update).
4. Whistleblowing Incidents – Standing Item – to receive any updates.
5. 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, Democratic Services Officer, at lucy.kirbyshire@rugby.gov.uk. Any specific queries concerning reports should be directed to the listed contact officer.

AGENDA MANAGEMENT SHEET

Report Title: 2023/24 Audit Findings Report and Management Responses

Name of Committee: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance and Performance, Legal and Governance

Ward Relevance: ALL

Prior Consultation: None

Contact Officer: Jon Illingworth Chief Officer Finance and Performance jon.illingworth@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):
 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 presented to help the committee plan its work.

Summary: This report presents the final version of the Audit Results Report for 2023/24 and the management responses to the recommendations made.

Financial Implications: None as a direct result of this report.

Risk Management/Health and Safety Implications: There are no direct Risk Management/Health and Safety implications for this report.

Environmental Implications: There are no direct environmental implications for this report.

Legal Implications: There are no direct legal implications for this report.

Equality and Diversity: There are no direct equality and diversity implications for this report.

Options: The management responses are a summary of the action officers will take to address the points raised. There are no options to consider, however the committee could request alternative courses of action

Recommendation: The management responses to the recommendations included in the 2023/24 Audit Findings Report be approved.

Reasons for Recommendation: Officers have considered the recommendations made in the 2023/24 Audit findings report and have presented management responses summarising how the team intends to deal with the recommendations made.

Audit and Ethics Committee - 3 April 2025

2023/24 Audit Findings Report and Management Responses

Public Report of the Chief Officer - Finance and Performance

Recommendation

The management responses to the recommendations included in the 2023/24 Audit Findings Report be approved.

1. BACKGROUND

- 1.1. An initial Draft Audit Findings report for 2023/24 was presented to the Committee on 12 December 2024. The 2023/24 accounts and an updated audit findings report were presented to the Committee on 6 February 2025. Subsequent to the meeting on 6 February 2025 the accounts were finalised on 24 February 2025.
- 1.2. Although there were a number of recommendations in both versions of the report already considered by the Committee, it was agreed that the management responses would be reported to this meeting to allow for any final recommendations and to give officers time to formulate responses to all recommendations.
- 1.3. The management responses are shown at Appendix A.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Subject Matter: 2023/24 Audit Findings Report and Management Responses

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 I: Internal control recommendations

We set out here the recommendations we have identified to date during the course of our audit. The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work will be reported separately in our Auditor’s Annual Report.

Assessment	Issue	Recommendation	Management response
Significant deficiency	<p>Timeliness of property valuations</p> <p>The valuation of land, buildings and council dwellings was not finalised until September 2024, almost four months after the publication of the draft accounts. This meant that the audit team were unable to begin the testing in this area as planned and that audit adjustments were process by management following the draft accounts being presented for audit.</p>	<p>Management should ensure they engage with valuers early and the final report is available in time with their closedown and financial statements preparation timetable.</p>	<p>The issues for 2023/24 largely related to the fact that a new supplier was procured and the contract began later than expected. Work is already in place to ensure that information is received in a more timely way.</p>
Other deficiency	<p>Journals with blank descriptions</p> <p>Per our understanding of the Council’s control environment, the finance system should not allow creation and approval of journals with blank line descriptions. However, three journals were identified with blank line descriptions. From testing of these journals, it was identified that the system does allow ‘blank descriptions’ but these should be identified by the authorising officer and corrected before final posting.</p>	<p>Management should strengthen the journals control environment and ensure journals are not posted with blank line descriptions.</p>	<p>Additional controls are in place in which the approver will ensure that there are no blank entries.</p>

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Appendix I: Internal control recommendations

Assessment	Issue	Recommendation	Management response
Other deficiency	<p>Corporate risk register</p> <p>It would be helpful to understand the initial risk rating and then the mitigating controls/actions to reduce the risk level where possible. The mitigated risk rating should also then be included. At the moment it shows the previous level and the current risk level without understanding why it has changed.</p>	<p>Management should review the risk register and assess whether it can be improved.</p>	<p>Management believes that the risk register is sufficient for the requirements and includes comprehensive details of controls and improvements made</p>
Other deficiency	<p>Fixed asset register</p> <p>The fixed asset register was not updated in a timely manner, and we experienced difficulties agreeing the register to the PPE note and valuation reports.</p>	<p>Management should review the fixed assets register to ensure it is updated in a timely way following the valuation exercise undertaken. They should also ensure that accumulated depreciation is written back as appropriate and all valuation movements taken to the revaluation reserve and CIES are easily identifiable.</p>	<p>During 2024/25 A consultant has been employed to undertake a transformation review of the FAR/reporting process, the results of this work will start to appear from 2024/25 closedown onwards</p> <p>Year end timetabling will be amended to ensure that this takes place. If the systems allow it, reports will be pre programmed to run to ensure that key dates are not missed.</p>
Other deficiency	<p>Timeliness of reports from HRA and Housing system reports</p> <p>As part of our debtors testing and HRA income testing, there have been multiple instances where management haven't been able to obtain the system reports as of 31 March 2024 due to it being a live system.</p>	<p>Management should download reports in a timely manner and keep sufficient records of them so that it provides strong audit trail.</p>	

Appendix I: Internal control recommendations

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Assessment	Issue	Recommendation	Management response
Other observations	<p>Bank reconciliation</p> <p>As part of our bank reconciliation testing, we have tested a reconciling item which is a receipt on bank statement not in the cash book. Upon evaluation of evidence provided, we note that the item has been received in the bank and recorded as a receipt in the general ledger. This is due to management including feeder reports as reconciling items in the bank reconciliation.</p> <p>This process meant that the sample we have tested appeared twice in the bank reconciliation; 1) as a receipt on bank statement not in cash book (reduction on bank balance), and 2) as a receipt in cash book not on bank statement (addition on bank balance). While the impact of the item on the bank reconciliation is nil, we deem that the process can be improved so transactions are not treated as reconciling items when they are not.</p>	<p>Management should review the existing bank reconciliation process and assess whether it can be simplified.</p>	<p>A review of was started in December with the aim of making the process more automated where possible. This has been slightly delayed due to staff turnover.</p>

Appendix I: Internal control recommendations

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Follow up of prior year recommendations – raised by Grant Thornton

As part of our work, we have followed up on control weaknesses and recommendations either raised in last year’s report or carried forward from prior reports. Where these have not been addressed by the Council, we have provided an update below.

Assessment	Issue and Recommendation	2023/24 Update	Management response
Other deficiency	<p>Quality review of financial statements</p> <p>During the audit we noted several disclosure errors in the financial statements that were communicated to management and corrected. Upon reflection we noted that these deficiencies occurred due to weakness in the financial statements’ preparation and review processes.</p> <p>The Council should ensure they do a thorough quality check of the financial statements ahead of publishing the statements and presenting for audit.</p>	<p>As new auditors we have experienced the same issue. We therefore consider that this has not been fully addressed, and we consider this deficiency to remain open.</p>	<p>RBC was one of only a small number of councils to submit draft accounts by 31 May 2023 and also 31 May 2024. When reporting to AEC it has been identified that roundings will not be looked at until the final document. District Councils do not have the same resources as upper tier authorities. With the extended deadline for producing accounts to 30 June it recognises the challenged facing finance teams. For 2024/25 the team is working to the same 31 May deadline and the month of June used for quality reviews.</p>

Appendix I: Internal control recommendations

Other deficiency

Minimum revenue provision

The Minimum Revenue Provision is 1.75% of opening Capital Financing Requirement (excluding HRA Items). We have checked the calculations as accurate and whilst this is below 2%, it is only just below this level.

The MRP should be set at 2% of CFR to avoid not having sufficient funds available for capital expenditure/ capital finance repayments in the future.

As new auditors, we have identified the same issue. We therefore consider that this has not been fully addressed, and we consider this deficiency to remain open.

The management response for the 2023/24 action was ... "The MRP policy is based on an annuity method and this . The CFR is a combination of HRA and General Fund. As discussed with the team during the audit . MRP represents 5.88% of the General Fund financing requirement. A working paper was provided to the audit team. " the response for 2024/25 is the same

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

Assessment	Issue	Recommendation	Management response
Other deficiency	<p>Windows Active Directory</p> <p>We confirmed that the IT team review accounts on at least a quarterly basis to look for disabled leaver accounts that should have been deleted. However, this process is not documented, deeming this control ineffective.</p> <p>A lack of periodic review of user access could result in inappropriate, excessive or unauthorised access being available to users/leavers.</p>	<p>We recommend the quarterly review of accounts to be formally documented, whereby evidence is retained to show the review conducted, required actions (such as removing an active leaver) and evidence to show actions have been resolved in a timely manner.</p>	<p>It should be pointed out that leavers are dealt with on an immediate basis via a service desk ticket generated by the HR system when a leaver is marked. So controls are in place and auditable for an individual. The reference here is a general review of all marked leavers/disabled accounts missed - A scheduled task has been setup within the Service Desk system to ensure the work is recorded.</p>

Appendix II: IT control recommendations

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Other deficiency

Finance

It has been confirmed that no formal user access reviews conducted.

A lack of periodic review of user access could result in inappropriate, excessive or unauthorised access being available to users/leavers.

We recommend that formally documented user access reviews are carried out, on an at-least annual basis, with documentation recorded and maintained for a clear audit trail and evidence.

Through the established process access is restricted when an officer leaves the organisation. Access to the ledger is restricted by password and licenses are only provided with line manager recommendation. Although the risks identified are unlikely to materialise the process will be mapped.

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

Assessment	Issue	Recommendation	Management response
Other deficiency	<p>Finance It has been confirmed that a change was developed and pushed to live without approval or confirmation of successful test.</p> <p>Changes to programs and/or other aspects of the IT environment can be made without appropriate requests, impacting, approvals thus increasing the risk of unauthorised changes being deployed to the production environment.</p>	We recommend that changes should be approved by management before they are pushed to the live environment.	As a result of a change in personnel this will be considered, however this may not be appropriate in all cases
	<p>Finance It has been confirmed that the user responsible for developing a change was also responsible for deploying the change.</p> <p>Inappropriate access to develop and to deploy changes increases the likelihood of any change management process being circumvented resulting in unauthorised changes being deployed to the production environment.</p>	We recommend that the organisation segregates duties where the user responsible for making a change to the finance system should not be responsible for implementing the change.	Given the size of the organization, segregation of duties is on occasion challenging

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

Assessment	Issue	Recommendation	Management response
Other observations	The Council does not have a risk-based Cyber Security Strategy in place. Additionally, risks documented within the Risk Register do not document additional controls for cyber related risks.	<p>The Council should implement a cyber security strategy to address and mitigate risks or improve cyber security measures or incorporate these within the existing IT and Digital Services Strategy. This could set out goals and ambitions, include future cyber risks, measures to mitigate potential risks. For example, consideration of advancement of AI.</p> <p>Additionally, the Council could add clear actions to help mitigate cyber risks identified on the risk register. These should be dated, with progress checked.</p>	<p>Cyber Security strategy will be incorporated into the IT Policy/Strategy as appropriate.</p> <p>The statement regarding risk is not correct – Cyber Attack is covered in the IT Operational risk register with current and appropriate controls and references in place.</p>
Other observations	The Council do not have a Supplier Assurance Questionnaire to perform risk assessment of cyber threats related to outsourcing or third-party service provisions. It was informed by key contacts that most contracts are awarded via CCA frameworks. However, evidence was not provided of due diligence completed as part of the framework. As such, this cannot be confirmed.	In addition to the Council's existing controls of including security clauses within contracts, the Council should conduct a security assessment as part of due diligence activities prior to onboarding new suppliers / signing contracts with third parties. This will help to ensure that these third parties have appropriate security controls in place prior to onboarding. Regular reviews should be undertaken of suppliers following onboarding to confirm that these requirements are still in place.	<p>IT will develop their contract requirements that are in place to cover cyber provision, however this is normally covered under backup and recovery and having adequate protection.</p> <p>However, due diligence and proof would need to be evidenced by the Service Manager procuring the contract.</p>

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Assessment	Issue	Recommendation	Management response
Other observations	The Council do not report on the response to addressing the cyber security risks and threats to senior management, executive levels, or relevant governance groups.	A reporting mechanism and process should be created for reporting on Cyber Threats and Risks. This should include; what information is reported, reporting frequency, and to whom. Regular meetings should take place with senior management, executive levels, and other relevant governance groups to discuss Cyber threats and risks. Meeting Minutes should be created to document the discussion and actions that may come as a result of this.	IT has incident reporting in place already; this covers any incident cyber or otherwise and is reported to Leadership Team and is available to all staff via the SharePoint portal. An Information governance group is in place within the council, again with a mechanism to report to Leadership Team as appropriate. There is no need to have a separate meeting or group or otherwise, this would be a duplication of resources, given its members already sit on the existing groups.

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

Other observations

The Council have up-to-date policies in place. Whilst, the Council are planning to implement Cyber Security test, training, and awareness programmes, this is not yet in place. As such, completion monitoring cannot be evidenced.

Mandatory Cyber Security training should be provided to all staff as expected through the Cyber test, training, and awareness programmes. Address key topics such as Threats, Phishing, Ransomware, Incident reporting. A process should be implemented to ensure the completion of training. For example, informing line managers, email reminders. Non-completion rates should be reported on and communicated to relevant groups. The results of the simulation and awareness training on cyber security that is being implemented in April 2024, should be reported on to the Leadership and Management Team, as expected.

Cyber Security and Awareness training has been implemented.

Key: **Significant deficiency** in internal control **Other deficiency** in internal control **Other observations**

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

Assessment	Issue	Recommendation	Management response
Other observations	The Council have not been including VAT invoices where the transaction dates differ to the invoice dates. Previously, this is manually adjusted however, this process has not occurred from November 2023. The impact of this is in 2023/24 is £151k.	The Council should implement a process and associated control to ensure the VAT is recovered in a timely manner.	The reporting mechanism for VAT that produces the schedules used for VAT claims will be reviewed in the first quarter of 2025/26 to see if they can be amended to pick up the transactions currently excluded. If this is not possible a process will be documented and implemented to ensure excluded items are picked up separately. A voluntary disclosure will be submitted to HMRC to reclaim the amounts previously missed from claims.
Other observations	The Council have a Disaster Recovery plan that covers Loss of Key Site, and Loss of Data Centre. There is no Cyber Incident Response Plan in place. It was informed by key contacts that one of the scenarios within the Disaster Recovery Plan is a cyber-attack. However, documentation was not provided to evidence and confirm this.	<p>The Council should implement a Cyber Incident Response Plan. This could include; asset mapping, roles and responsibilities, escalation criteria, response steps, post incident activity.</p> <p>The response plan should be regularly tested with multiple testing types to identify strengths and gaps. Lessons learned should be documented post incident and after tests.</p>	<p>Disagree. Documentation was provided. The Disaster and Recovery plan covers loss of system whatever the reason, cyber or otherwise and the procedure/process for recovery remains the same. The plan only needs to be referenced and be Cyber specific should that threat, loss or process to recovery be different.</p> <p>The recovery process was and has also been tested with our third party provider.</p>

Appendix II: IT control recommendations

We set out here the recommendations we have identified as part of our Technology Risk review.

AGENDA MANAGEMENT SHEET

Report Title: External Audit Plan 2024/25

Name of Committee: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance and Performance, Legal and Governance

Ward Relevance: ALL

Prior Consultation: None

Contact Officer: Jon Illingworth Chief Officer Finance and Performance jon.illingworth@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):
 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 presented to help the committee plan its work.

Summary: The External Audit Plan 2024/25 has been developed by the appointed external auditor (Azets) and sets out the proposed external audit work and fee relating to the annual audit at Rugby Borough Council.

Financial Implications: The current proposed fee excluding IFRS16 work is £0.171m and is subject to

Public Sector Accounts Authority (PSAA) approval.

Risk Management/Health and Safety Implications:	There are no Risk Management/Health and Safety 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:	None
Recommendation:	The updated External Audit Plan and fee for 2024/25 be approved.
Reasons for Recommendation:	The External Audit Plan 2024/25 proposes an appropriate level and scope of external audit work to audit the statement of accounts and give an opinion on the Council's value for money arrangements. Appointed Auditor's work, communication of their findings and the charges relating to their work are currently governed by Public Sector Audit Appointments, the National Audit Office and the Financial Reporting Council.

Audit and Ethics Committee - 3 April 2025

External Audit Plan 2024/25

Public Report of the Chief Officer - Finance and Performance

Recommendation

The External Audit Plan and fee for 2024/25 be approved.

1. BACKGROUND

- 1.1. Azets, the Council's appointed external auditor, has submitted their External Audit Plan and fee proposal for the 2024/25 annual audit (attached at Appendix 1) following consultation with the Chief Officer – Finance and Performance.
- 1.2. A representative from Azets will attend the meeting and present the plan.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Subject Matter: External Audit Plan 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



Rugby Borough Council

External audit plan

Year ended 31 March 2025

April 2025



Your key team members

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Introduction

Adding value through the audit

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

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Rugby Borough Council ('the Council') for the year ended 31 March 2025 for those charged with governance.

The core elements of our work include:

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

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

Auditor responsibilities

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

We are also required to:

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

Introduction

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

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

Auditor responsibilities (*....continued*)

We will issue our Audit Findings Report and an Auditors Annual Report to the Audit Committee setting out the findings from our work.

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

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

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

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

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

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

Council responsibilities

The Council has responsibility for:

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

Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

General approach

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

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

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

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

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

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

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

Audit scope and general approach

Materiality

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

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. **The basis for our assessment of materiality for the year is set out on page 18**

Any identified errors greater than our trivial threshold (£62,000) will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

Accounting systems and internal controls

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

Specialised skill or knowledge required to complete the audit procedures

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

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of property valuations, should the need arise during the course of the audit.

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

- The Active Directory
- General ledger – Agresso Unit4

Audit scope and general approach

Significant changes in the financial reporting framework

There has been one significant change in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'CIPFA Code'). The new standard relating to IFRS 16 Leases issued in January 2016 has now been adopted for implementation within the 2024/25 Code.

Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council or its group structure. We have not been made aware of any significant changes in the functions or activities of the other components in the Council's group.

Going concern

Management responsibility

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

Going concern

Auditor responsibility

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

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

Audit scope and general approach

Related party transactions

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

During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Additional procedures for the NAO

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

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

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

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

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

Our assessment, at the planning stage, of materiality for the year ended 31 March 2025 was calculated as follows:

	Council £'000	Explanation
Overall materiality for the financial statements	1,240	Our initial assessment is based on approximately 2% of gross revenue expenditure as disclosed in the 2023/24 annual report and accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Council. The financial statements are considered to be materially misstated where total errors exceed this value
Performance materiality	740	60% of overall materiality. Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial threshold	62	5% of overall materiality. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit

Significant risks of material misstatement

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

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

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

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

Significant risks of material misstatement

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

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

Identified risk	Planned audit procedures
<p>Fraud in revenue recognition (rebutted) Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240.</p> <p>Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the fact that:</p> <ul style="list-style-type: none"> • there is little opportunity available to manipulate income; • there is limited incentives to manipulate income; and • the Council's existing transactions do not provide a significant opportunity to manipulate income between years in any meaningful way or to adopt aggressive recognition policies. <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Revenue recognition: Low 	<p>Whilst we have rebutted the risk of fraud in income recognition, we will perform the below procedures based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Documenting our understanding of the Council's systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code; • Substantively testing material income streams using analytical procedures and sample testing of transactions recognised for the year; and • Perform substantive testing on income transactions at and around the year end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period.

Significant risks of material misstatement

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

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

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

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Valuation of council dwellings and other land and buildings (key accounting estimate) Revaluation of council dwellings, other land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated.</p> <p>The council carries out a rolling programme of revaluations to ensure all property, plant and equipment required to be measured at fair value is revalued at least every five years and council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates. The last full revaluation was in 2023/24 financial year.</p> <p>Management have engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025.</p> <p>The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates.</p> <p>These valuations represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings and other land and buildings as a significant risk.</p> <p>We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Council dwellings, other land and buildings (valuation): High 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of management’s valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor’s expert; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Valuation of the defined pension fund net liability/asset (key accounting estimate) An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code.</p> <p>The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates.</p> <p>This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. This has been noted as very high due to the findings identified in the prior year audit relating to the valuation of the pension asset/liability.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Defined pension fund net liability/asset (valuation): Very high 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluating managements processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council's share of the investment valuations in the audited pension fund accounts'; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Other risks of material misstatement

Other identified risks

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

Identified risk	Planned audit procedures
<p>Implementation of IFRS 16</p> <p>IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025.</p> <p>The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a medium risk.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Lease liabilities and right of use assets following implementation of IFRS 16 (valuation and completeness): Medium 	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Perform a walkthrough of the council's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Review the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard; • Review all material leases to ensure that the lease liabilities and right of use asset have been correctly valued; • Assess the Councils processes for identifying leases and determining whether they are in scope for IFRS 16; • Recalculating lease liabilities and right of use assets based on the lease agreements and contracts held by the Council; • Evaluate whether Right of Use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

Other risks of material misstatement

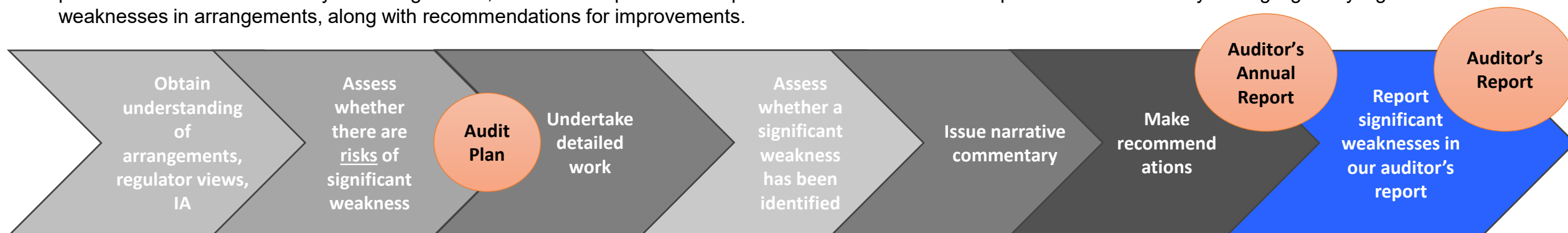
Other material balances and transactions

Under International Standards on Auditing, “irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure”. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as those adopted for the risks identified in this report.

Value for money

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

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.



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

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

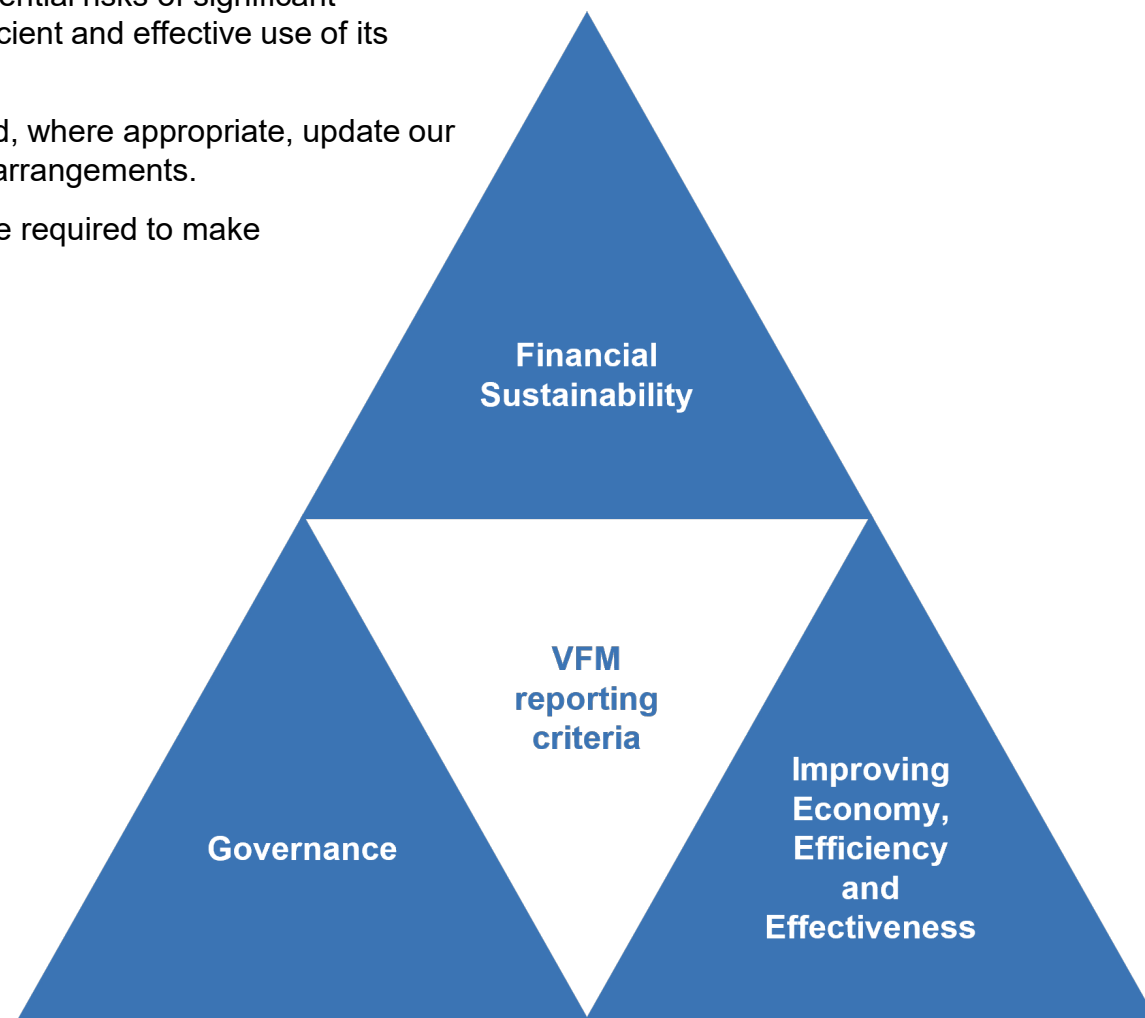
Value for Money

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

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

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

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



Value for Money arrangements

Risks of significant weakness in VFM arrangements

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

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

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

Criteria	Potential risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	None identified at planning stage	We have not at this stage identified any risks of significant weakness that require specific audit procedures.
Governance	None identified at planning stage	We have not at this stage identified any risks of significant weakness that require specific audit procedures.
Improving economy, efficiency and effectiveness	None identified at planning stage	We have not at this stage identified any risks of significant weakness that require specific audit procedures.

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

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Laura Hinsley	Laura.Hinsley@azets.co.uk
Engagement Manager	Reshma Ravikumar	Reshma.Ravikumar@azets.co.uk
In-charge auditor	Mohamed Raqib Ebrahim	Mohamed.Raqib.Ebrahim@azets.co.uk

Timetable

Event	Date
Planning and risk assessment	Feb – Mar 2025
Reporting of plan to Audit and Ethics Committee	3 April 2025
Interim audit	Apr 2025
Year end audit	Jul – Sep 2025
Publication of draft accounts	30 June 2025
Reporting of Audit Findings (ISA260)	Sep 2025
Auditor's Annual Report (AAR)	Sep 2025
Target date of approval of accounts	Sep 2025
Accounts publication deadline (as specified in the Accounts and Audit (Amendment) Regulations 2024)	27 February 2026

Our expectations and requirements

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

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

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

Independence, objectivity and other services provided

Auditor independence

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

Other services

No other services were provided by Azets to the Council.

Fees

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

Our estimated fee (excluding VAT) is as follows:

Audit fee	2024/25 £
Base fee for the audit of the Council financial statements (as set out in the fee scales issued by PSAA)	171,487
IFRS16: work needed to audit the new standard. PSAA have confirmed this work is not included in the above scale fee	TBC
Total audit fee for Rugby Borough Council	TBC

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on page 19 are met.

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

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

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AGENDA MANAGEMENT SHEET

Report Title: Internal Audit Plan 2025-26

Name of Committee: Audit and Ethics Committee

Date of Meeting: 3 April 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

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):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but

Summary: The report presents the 2025/26 internal audit plan part year 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:	To approve the 2025/26 part Internal Audit Plan
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit & Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 3 April 2025

Internal Audit Plan 2025/26

Public Report of the Chief Officer - Finance and Performance

Recommendations

To approve the 2025/2026 part Internal Audit Plan.

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 Finance & Performance and the Audit & 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, Corporate 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 Internal Audit Plan covering approximately six months of the 2025/26 financial year 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 Finance & 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 400 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

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.

2.6 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 & 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 – 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 5 days.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Subject Matter: 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
Appendix A	Internal Audit Plan for part of 2025/26

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 PLAN 2025/26

1 April 2025

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).

- 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 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.
- 4.2 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.
- 4.3 From the Audit Universe, the results of audits undertaken, reviews of the current risks and assurances the Individual Annual Plans have been developed.
- 4.4 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.
- 4.5 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.

- 4.6 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, although at this time only covers part of the year. With the Central Midlands Audit Partnership (CMAP) taking on the role of Corporate Assurance Manager from the 1 April 2025 this part plan will assist the Corporate Assurance Manager to produce the Annual Assurance Statement at year end.
- 5.3 The CMAP once in post will further develop the 2025/26 to take advantage of their other contracts which will facilitate benchmarking and looking at best practice when undertaking internal audit work. This will enable the 2025/26 audit plan to be finalised and reported to the next A & E Committee.

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
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
All	Project Management	Projects are planned and managed to secure the most efficient and managed delivery	Assurance that projects are initiated with the relevant services involved. Projects are managed effectively involving key managers at the relevant stages of planning and delivery. Progress and outturn reports ensure delivery and success of the projects.	High	17

Area	Audit Title	Rationale/ Risk	Potential Coverage	Risk Rating	No of Days
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 if fundamental to achieving good governance and control	A review of the Councils control documents and to evidence there is 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
Finance/HR /Services	Consultancy Expenditure	Poor Value for Money, failure to achieve intended outcomes. The Council might not have robust systems of governance that ensure fairness, accountability and transparency.	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	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	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

Area	Audit Title	Rationale/ Risk	Potential Coverage	Risk Rating	No of Days
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	17
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		20
			Total Audit Days		315

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.		15
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 management assistance.		15
Management			Managing the team, attending meetings, assisting with Insurance and projects.		40
				Total	120
				Overall Total	435

AGENDA MANAGEMENT SHEET

Report Title: Committee Work Programme 2025/26

Name of Committee: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance and Performance, Legal and Governance

Ward Relevance: ALL

Prior Consultation: None

Contact Officer: Jon Illingworth Chief Officer Finance and Performance jon.illingworth@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):
 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 presented to help the committee plan its work.

Summary: This report asks Councillors to endorse the work plan for the committee for the 2025/26 council year.

Financial Implications: There are no financial implications for this report.

Risk Management/Health and Safety Implications:	There are no Risk Management/Health and Safety 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:	None
Recommendation:	It is recommended that the committee considers and agrees their work programme for the next council year.
Reasons for Recommendation:	The delivery of this work programme will enable the committee to have assurance through audit conclusions and findings that the council's risk management and governance arrangements are functioning properly. It will give chance for the committee to review any identified weaknesses in arrangements and monitor progress in addressing these.

Audit and Ethics Committee - 3 April 2025

Committee Work Programme 2025/26

Public Report of the Chief Officer - Finance and Performance

Recommendation

It is recommended that the committee considers and agrees their work programme for the next council year.

1. INTRODUCTION

- 1.1. In accordance with good practice, the committee should consider and regularly review its work programme for the Council year to ensure that all matters it is required to consider by the Constitution are duly reported.
- 1.2. The committee may wish to propose further reports on additional topics relevant to the committee's terms of reference.

2. WORK PROGRAMME FOR THE 2025/26 COUNCIL YEAR

- 2.1. A draft work programme for 2025/26 is set out in the attached Appendix A. The work programme includes standing items for every meeting and items considered less frequently.
- 2.2. Additional items will be placed on the work programme through the course of the year as the result of changing requirements, reports requested by members and items the officers recommend.

3. Member training and development

- 3.1. Members recently attended Treasury Management training provided by the council's consultants. Regular training on this issue will continue to be provided. Throughout the year officers will liaise with the committee and if there are identified training opportunities this will be fed into the work programme for the year.

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Subject Matter: Committee Work Programme 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

Audit & Ethics Committee

Work Programme 2025/26

Meeting	Item
June/July 2025	Standing Items:
	Internal Audit Progress Report
	Whistle Blowing incidents *
	Fraud and Corruption Issues *
	Work Programme
	Annual Report of Internal Audit & Head of Audit opinion 2024/25
	Limited Assurance Audit Reports (if any to report)*
	Draft Statement of Accounts 2024/25
	Draft Annual Governance Report 2024/25
	Annual Treasury Management Report 2024/25
September 2025	Standing Items:
	Internal Audit Progress Report
	Whistle Blowing incidents *
	Fraud and Corruption Issues *
	Work Programme
	Limited Assurance Audit Reports (if any to report)*
	External Auditors Report to those charged with Governance 2024/25 **
	Final Annual Governance Report 2024/25 **
	Final Statement of Accounts 2024/25 **
	Mid year risk management update
December 2025	Standing Items:
	Internal Audit Progress Report
	Whistle Blowing incidents *
	Fraud and Corruption Issues *
	Work Programme
	Limited Assurance Audit Reports (if any to report)*
	Treasury Management Mid-Year Report
February 2026	Standing Items:
	Internal Audit Progress Report
	Whistle Blowing incidents *
	Fraud and Corruption Issues *
	Work Programme
	Risk Management Strategy 2026/27
	Draft Internal Audit Plan 2026/27

	Limited Assurance Audit Reports (if any to report)*
	2025/26 Accounting Policies
	Treasury Management & Capital Strategies for 2026/27
March/April 2026	Standing Items:
	Internal Audit Progress Report
	Whistle Blowing incidents *
	Fraud and Corruption Issues *
	Work Programme
	Final Internal Audit Plan 2026/27
	External Audit Plan 2025/26 Accounts
	Limited Assurance Audit Reports (if any to report)*
	Year end risk management update

Items marked * are expected to be taken in the Private part of the meeting

Items marked ** may be combined into one report. They may also be delayed to December or February 2026 and an external audit update report provided instead. This will depend on the progress made by the External Auditor.

AGENDA MANAGEMENT SHEET

Report Title: Internal Audit Progress Update

Name of Committee: Audit and Ethics Committee

Date of Meeting: 3 April 2025

Report Director: Chief Officer - Finance and Performance

Portfolio: Finance, Performance, Legal and Governance

Ward Relevance: None

Prior Consultation: Chief Officer - Finance and Performance, Strategic Risk Management Group (SRMG)

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):
 Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
 Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
 Residents live healthy, independent lives, with the most vulnerable protected. (HC)
 Rugby Borough Council is a responsible, effective and efficient organisation. (O)
[Corporate Strategy 2021-2024](#)
 This report does not specifically relate to any Council priorities but is presented to help the committee exercise its duties.

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:	To approve the changes to the 2024/25 audit plan.
Reasons for Recommendations:	To comply with the requirements of the terms of reference of the Audit & Ethics Committee, and to discharge the Committee's responsibilities under the Constitution.

Audit and Ethics Committee - 3 April 2025

Internal Audit Progress Update

Public Report of the Chief Officer - Finance and Performance

Recommendations:

To approve the changes to the 2024/25 audit plan.

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 25th 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.

The following audits have been deleted from the 2024/25 audit plan and those highlighted include as priority audits in the 2025/26 audit plan. The other two

(Legal Services and Car Parking and Enforcement) are low risk audits and will remain in the audit universe but are not included as audits for 2025/26.

- 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.

3.2 In addition, following discussions with the Chief Officers the following audits will be undertaken early in 2025/26 and should therefore it is recommended that these be cancelled from the 2024/25 audit plan:

Project Management
Consultancy Expenditure

Name of Meeting: Audit and Ethics Committee

Date of Meeting: 3 April 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

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 PROGRESS
UPDATE**

3 April 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:

- 10 Audits have been finalised with an assurance opinion.
- 2 Statements have been issued rather than full reports
- 2 draft reports have 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 12 -15 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 60% of management actions since 2022 have been implemented by the agreed implementation date, with a further 25% implemented late, giving an overall implementation rate of 85%.

A summary analysis of progress on implementation of audit recommendations is shown at pages 16 and 17.

At the time of reporting there are 36 agreed management actions for which implementation is overdue, 2 of which are regarded as High risk, 25 regarded as Medium risk and 9 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 18 to 26 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.(100%)	12 audits completed- (57%) 2 drafts with management - (10%) 7 reviews in progress - (33%) Total – 100%
Timeliness	Timeliness of Reporting – Average time taken to issue draft reports following fieldwork completion	8.5 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	25.4 days
Effectiveness	Implementation of Agreed Actions – Percentage implemented.	85% (since 2022/23) at the time of reporting there are 36 recommendations which are past their agreed implementation date out of 279 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 & Ethics committee meeting there has been one audit completed and report issued and 7 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	Final Report issued January 2025
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	Audit to be deferred to 2025/26

<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 50% 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	Draft Report issued awaiting response
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	Final Report issued March 2025
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 75% complete
Housing	Tenant Arrears	Assurance that recharges are accurate and complete, and correctly reflect the Council's expenditure incurred when carrying out repairs. Assurance that there are appropriate arrangements in place to maximise the collection of outstanding income.	MEDIUM	March 25	Fieldwork just started
Finance/ Services	Capital Programme	Assurance that appropriate arrangements are in place to ensure delivery of the programme on time, and in a way which secures Value for Money.	MEDIUM	Jan 25	Fieldwork Complete
HR/Finance	Flexitime	Assurance that there are adequate checks and monitoring by managers and HR to prevent or identify any potential misuse. Staff flexi-time system is managed to overcome any abuse or manipulation of records	MEDIUM	Feb 25	Fieldwork at 25%
IT	Software Licences	Assurance that there are adequate arrangements and controls over the issue and use of software and associated licenses.	MEDIUM	December	Fieldwork at 50%
HR/Services	Absence Management	Assurance that policy and procedures are appropriately designed, and consistently applied to ensure that absence is effectively managed	MEDIUM	December	Draft report issued awaiting response
HR	HR Capability and Disciplinary	Assurance that there is a consistently embedded and effective framework in place for managing capability and disciplinary. Analysis of cases to establish whether there are any recurring themes, how the Council learns lessons from such cases, and how they are used to reinforce the values and behaviours framework.	MEDIUM	Feb 25	Fieldwork at 25%

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
Procurement	Medium	Substantial		5		5
Risk Management	High	Limited	4	5		9
Waiting lists and s106 nominations	Medium	N/A				
Travellers - Woodside	High	N/A				

Brief summary of reports completed

Treasury Management – Substantial Assurance

There were 1 High, 7 Medium and 1 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 5 Medium and 3 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 3 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 5 Medium risk and 2 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 2 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 3 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 3 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

Tere were 3 Medium risk and 1 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.

Procurement – Substantial Assurance

There were five medium recommendations.

The importance of contract management is recognised by the Council and is reflected in the comprehensive Financial Instructions, Procurement Guidelines and Contract Standing Orders which are available to all staff via the Council website. However there needs to be clarity on what is required in terms of quotes and tenders at specific values. At present it could be read that quotes should be obtained for expenditure of £10 whereas the intention is for anything over £7500 to have three formal quotes and anything lower having reasonable proof of value for money. The move to having scanned copies will ensure that relevant documentation is retained but only if officers comply.

There are comprehensive systems are in place which are operated effectively to ensure that goods and services are supplied in a timeframe that meets the Council's requirements. However, there are still a number of issues with officers not adhering to them.

Risk Management – Limited Assurance

There were four high risk and five medium risk recommendations.

The review highlighted the following key issues:

While the Risk management Strategy is a good document, from the audit review undertaken, at an operational level, much of its content is not complied with.

Risks in the Risk Registers are not always clear in that they contain a mixture of risks, vulnerabilities, threats, causes etc. They are also on the shelf documents rather than being dynamic and continuously maintained and used.

As the Risk Registers did not contain many risks there was little evidence that risks are being properly appraised or used to drive forward organisational improvements.

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								Audit to be deferred to 2025/26 at request of the CO
Treasury Management	12						✓		
Capital Programme	12				✓				
Fees & Charges/ Income shortfalls	12						✓		
Council Tax	17						✓		
Agency Staff	17						✓		
Fraud									
Risk Management	25						✓		

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
Flexitime	20			✓					
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								Audit Cancelled
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								Audit Cancelled
Domestic Waste	17								Audit Cancelled
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								Audit Cancelled
Emergency Planning / Business Continuity	17								Audit Cancelled
Project Management	17								Audit to be deferred to 2025/26 at request of the CO
Local Plan Delivery	12						✓		
Follow-ups	30								
Additional Support									

Assignment	Budget (days)	Not Started	Planning	Field Work In Progress	Field Work Complete	Draft Report	Final Report	Assurance Rating	Comments
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	Voids Review	0	0	3	5	7	1	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	0	2	4	5	2	1	14
2023/24	Corporate Credit Cards	0	0	0	0	9	0	9
2023/24	Ethical Governance	0	1	0	4	4	0	9
2023/24	Fleet Management	0	0	9	4	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	0	0	0	1	0	1
2023/24	Benn Hall	0	1	9	0	2	0	12

2023/24	PRS	0	0	3	3	0	3	9
2023/24	Corporate H & S	1	7	2	0	7	0	17
2023/24	Sundry Debts	0	2	9	0	2	1	14
2023/24	Homelessness Grants	2	0	3	1	4	0	10
2023/24	Assets - Statutory Compliance	1	0	11	1	0	0	13
2023/24	Systems Resilience	0	0	1	0	1	0	2
2023/24	Bereavement Services	3	1	1	0	0	0	5
2024/25	Council Tax	4	1	2	0	1	0	8
2024/25	Fees & Charges	1	2	0	0	0	0	3
2024/25	IT & Digital Services Service Delivery	2	0	1	0	0	0	3
2024/25	Local Delivery Plan	0	1	1	0	0	0	2
2024/25	Agency Staff	6	0	1	0	0	0	7
2024/25	Procurement	5	0	0	0	0	0	5
2024/25	Staff Welfare	1	2	1	0	0	0	4
2024/25	Treasury Management	4	3	2	0	0	0	9
2024/25	Internal Constitution	3	0	0	0	0	0	3
	Totals	34	36	101	41	57	10	279

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: 12 March 2025









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	<p>Update from Housing Advice & Benefits Manager (D Khan):</p> <p><i>The benefits team is currently reviewing resources for the proposed merger of the benefits and the revenues teams. Currently we are developing a dedicated workstream using existing resources & planning for additional team resource & resilience to help the team meet the requirements of this action alongside other key service requirements.</i></p> <p>I will have more detail on what this is and looks like next month after the bens and revs merger has gone to cabinet</p>	19-Feb-2025	 High Risk	Housing Benefits Team Leader





Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
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	<p>07 Jan 2025 Update requested from Finance</p> <p>30 Oct 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.</p> <p>16 Aug 2024 The Housing Services Manager has confirmed that this was completed for Housing Services during the latest rent setting. 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.</p>	15-Jan-2025	 High Risk	Housing Services Manager; Finance Manager
Benn Hall 2023/24	As part of a wider review of income and expenditure coding., introduce a new income code for income derived from Performing Rights Society (PRS) deductions so that this is transparent and the VAT is correct.	28-Feb-2025	The Benn Hall Manager has advised that there is no further update on this at present. They will have a new Finance Business Partner from April and will be progressing it with them.	24-Feb-2025	 Medium Risk	Benn Hall Manager; Finance Business Partner
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	11 Feb 2025 Email sent to CCIM, CO Comms & Digital and CO Legal & Governance asking if there's any more information.	17-Feb-2025	 Medium Risk	CO Legal & Governance




Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
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. See description.	31-Aug-2024	05 Mar 2025 Interim Corporate Assurance Manager (CH) has advised that he has raised this with the CO for F&P.	10-Mar-2025	 Medium Risk	Corporate Assurance 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	Update provided by S&R Manager - The project is being assigned to the team to find the best way to conduct H&S audits, once confirmed they will start the audits.	20-Jan-2025	 Medium Risk	S&R Manager
Corporate Health and Safety 2023/24	Consider whether health and safety refresher training should be provided to all staff.	01-Oct-2024	The S&R Manager has advised that they are waiting for an update to the H&S software which should have been completed in October but has been delayed. HR are currently running a project regarding the e-learning system and S&R may use this as it also gives reminders and set refreshers. However, this will be implemented on a corporate basis.	20-Jan-2025	 Medium Risk	S&R Manager
Corporate Health and Safety 2023/24	Ensure that the Duty Holder register is completed and cascaded to staff	01-Aug-2024	08 Jan 2025 Update requested from S&R Manager 04 Sep 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.	14-Jan-2025	 Medium Risk	S&R 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 Jan 2025 Update requested from S&R Manager	14-Jan-2025	 Medium Risk	S&R Manager


Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
			04 Sep 2024 The S&R Manager has advised that this is awaiting the completion of Recommendation 12 before it can be progressed.			
Corporate Health and Safety 2023/24	Bereavement Services to review and update their H&S risk assessments.	01-Sep-2024	The Bereavement Services Manager has advised that she has a member of staff reviewing the H&S risk assessments currently and they should be completed by the end of February.	18-Feb-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	04 Mar 2025 The CO for Legal & Governance has advised that they are in the process of appointing an external firm to undertake this review. This is a shift from the previous approach of a contractor. He hopes to provide another update before 3rd April. He has advised that in terms of DPO support he has discussed this with the Acting Chief Executive Officer and expects that RBC can seek support from WCC. A review will take place but he wants to ensure that there is no duplication so will be discussing the findings of this audit with the Communications, Consultation and Information Manager.	10-Mar-2025	 Medium Risk	Communications, Consultation and Information 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	04 Mar 2025 The CO for Legal & Governance has advised that they are in the process of appointing an external firm to undertake this review. This is a shift from the previous approach of a contractor. He hopes to provide another update before 3rd April. He has advised that in terms of DPO support he has discussed this with the Acting Chief Executive Officer and expects that RBC can seek support from WCC. A review will take place but he wants to ensure that there is no duplication so will be discussing the findings of this audit with the Communications, Consultation and Information Manager.	10-Mar-2025	 Medium Risk	Communications, Consultation and Information Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Data Protection / Records Management 22/23	Management to create and distribute a Data Retention Policy.	01-Nov-2024	04 Mar 2025 The CO for Legal & Governance has advised that they are in the process of appointing an external firm to undertake this review. This is a shift from the previous approach of a contractor. He hopes to provide another update before 3rd April. He has advised that in terms of DPO support he has discussed this with the Acting Chief Executive Officer and expects that RBC can seek support from WCC. A review will take place but he wants to ensure that there is no duplication so will be discussing the findings of this audit with the Communications, Consultation and Information Manager.	10-Mar-2025	 Medium Risk	Communications, 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	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	Communications, 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	04 Mar 2025 The CO for Legal & Governance has advised that they are in the process of appointing an external firm to undertake this review. This is a shift from the previous approach of a contractor. He hopes to provide another update before 3rd April. He has advised that in terms of DPO support he has discussed this with the Acting Chief Executive Officer and expects that RBC can seek support from WCC. A review will take place but he wants to ensure that there is no duplication so will be discussing the findings of this audit with the Communications, Consultation and Information Manager.	10-Mar-2025	 Medium Risk	Communications, Consultation and Information Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Data Protection / Records Management 22/23	Management to review and update the required policies.	01-Nov-2024	04 Mar 2025 The CO for Legal & Governance has advised that they are in the process of appointing an external firm to undertake this review. This is a shift from the previous approach of a contractor. He hopes to provide another update before 3rd April. He has advised that in terms of DPO support he has discussed this with the Acting Chief Executive Officer and expects that RBC can seek support from WCC. A review will take place but he wants to ensure that there is no duplication so will be discussing the findings of this audit with the Communications, Consultation and Information Manager.	10-Mar-2025	 Medium Risk	Communications, Consultation and Information 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	10 Jan 2025 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.	15-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

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
Sundry Debts 2023/24	Review the Sundry Debt process to include...cont...	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 24/25	Reinstate regular checks on the work completed by the Revenues Team and determine how these can be recorded.	01-Nov-2024	Revenues Manager has advised that it would be quarterly for experienced staff. For new staff members they would do a higher sample % and more regular (weekly). He also said they would look to put this in place once they have completed the annual billing.	27-Feb-2025	 Medium Risk	Revenues Manager
Fees and Charges 24/25	Conduct an end-to-end review of Fees and Charges to ensure that the process is clear and fully documented and includes aspects such as competitive benchmarking, system/spreadsheet reconciliations and communication between departments. Charges levied for all areas should be examined to make sure that they are appropriate and included on the schedule.	28-Feb-2025	Email sent to Finance Manager requesting update or contact name for updates as he is leaving – No response received.	07-Jan-2025	 Medium Risk	Finance Manager
Fees and Charges 24/25	Produce a process guide to document the procedures for updating fees and charges on Paye.net and the website. Train	28-Feb-2025	Email sent to Finance Manager requesting update or contact name for updates as he is leaving. No response received	07-Jan-2025	 Medium Risk	Finance Manager

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
	other officers to update these systems to provide resilience.					
Staff Welfare 24/25	Determine whether Wellbeing Action Plans are still appropriate and whether they should be promoted to all staff and in what way. Communicate the approach to take to managers.	01-Mar-2025	Employee Relations Lead advised that she will check with her team but believes this links to another of the audit's action (SW24/25.01)	19-Feb-2025	 Medium Risk	Employee Relations Lead
Treasury Management 24/25	Meeting minutes of Full Council should clearly evidence discussion of the Treasury Management Strategy and Prudential Indicators. Formal approval of these should be carried out by Full Council in line with CIPFA Guidance and Treasury Management Practices. Meeting minutes should clearly reflect approval of each. Recommendations to Council will include specifics to approve the TMS & TMP	28-Feb-2025	Reminder sent to CO for F&P that this has a due date of the end of Feb.	31-Jan-2025	 Medium Risk	Lead Accountant - Treasury
Treasury Management 24/25	It should be ensured that the Council's Constitution and TMPs are consistent in respect of treasury management governance arrangements i.e. approval and reporting, and that	28-Feb-2025	Reminder sent to CO for F&P that this has a due date of the end of Feb.	31-Jan-2025	 Medium Risk	Lead Accountant - Treasury

Audit	Title	Due Date	Latest Note	Latest Note Date	Risk Rating	Responsible Manager
	<p>requirements are in line with CIPFA TM Code of Practice. Although the Councils Constitution delegates responsibility to Cabinet and Audit & Ethics Committee in future the Council will align with the CIPFA Code of Practice</p>					
Treasury Management 24/25	<p>The TMS going forward should:</p> <ul style="list-style-type: none"> • Include greater detail in respect of the governance arrangements for treasury management functions. • Make clear the limits (value and time) that may be invested in international banks i.e. whether the limits for Non-UK Government counterparties should be applied or those for Banks & Building Societies. • Include a specific section for Prudential and Treasury Indicators. Each indicator to be clearly titled and numbered i.e. reflecting the CIPFA Code indicator number and include a clear narrative. • Include all Prudential Indicators as required by the Prudential Code and CIPFA Code of Practice on TM. 	28-Feb-2025	Reminder sent to CO for F&P that this has a due date of the end of Feb.	31-Jan-2025	 Medium Risk	Lead Accountant - Treasury