

Rutland County Council

Catmose, Oakham, Rutland, LE15 6HP

Telephone 01572 722577

Email democraticservices@rutland.gov.uk

Ladies and Gentlemen,

A meeting of the **AUDIT AND RISK COMMITTEE** will be held in the Council Chamber, Catmose, Oakham, LE15 6HP on **Tuesday, 27th June, 2023** commencing at 7.00 pm when it is hoped you will be able to attend. The meeting will also be available to view via Zoom at: <https://us06web.zoom.us/j/84557838423>

Yours faithfully

Mark Andrews
Chief Executive

Recording of Council Meetings: Any member of the public may film, audio-record, take photographs and use social media to report the proceedings of any meeting that is open to the public. A protocol on this facility is available at www.rutland.gov.uk/my-council/have-your-say/

Although social distancing requirements have been lifted there is still limited available for members of the public. If you would like to reserve a seat please contact the Democratic Services Team at democraticservices@rutland.gov.uk

A G E N D A

1. WELCOME AND APOLOGIES

2. MINUTES

To confirm the minutes of the Audit and Risk Committee held on 21st March 2023 and to receive an update on actions agreed in the minutes of the previous meeting.

(Pages 5 - 8)

3. APPOINTMENT OF VICE-CHAIRMAN

To appoint a Vice-Chair of the Committee for the 2023-24 municipal year

4. DECLARATIONS OF INTEREST

In accordance with the Regulations, Members are invited to declare any disclosable interests under the Code of Conduct and the nature of those interests in respect of items on this Agenda and/or indicate if Section 106 of the Local Government Finance Act 1992 applies to them.

5. PETITIONS, DEPUTATIONS AND QUESTIONS

To receive any petitions, deputations and questions received from Members of the Public in accordance with the provisions of Procedure Rules 93 and 94.

The total time allowed for this item shall be 30 minutes. Petitions, declarations and questions shall be dealt with in the order in which they are received. Questions may also be submitted at short notice by giving a written copy to the Committee Administrator 15 minutes before the start of the meeting.

The total time allowed for questions at short notice is 15 minutes of the total time of 30 minutes. Any petitions, deputations and questions that have been submitted with prior formal notice will take precedence over questions submitted at short notice. Any questions that are not considered within the time limit shall receive a written response after the meeting and be the subject of a report to the next meeting.

6. QUESTIONS WITH NOTICE FROM MEMBERS

To consider any questions received from Members of the Council in accordance with the provisions of Procedure Rule 95.

7. NOTICES OF MOTION

To consider any Notices of Motion from Members submitted under Procedure Rule 97.

8. STATEMENT OF ACCOUNTS 21/22 AND 22/23

To receive Report No.92/2023 from the Strategic Director for Resources.
(Pages 9 - 14)

9. ANNUAL INTERNAL AUDIT REPORT AND OPINION 22/23

To receive Report No.91/2023 from the Chief Internal Auditor.
(Pages 15 - 32)

10. INTERNAL AUDIT PROGRESS REPORT

To receive Report No.90/2023 from the Chief Internal Auditor.
(Pages 33 - 48)

11. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

To receive a verbal update from the Strategic Director of Resources.

12. STRATEGIC RISK REGISTER

To receive Report No.89/2023 from the Strategic Director of Resources.
(Pages 49 - 66)

13. ANY OTHER URGENT BUSINESS

To receive items of urgent business which have previously been notified to the person presiding.

14. DATE OF NEXT MEETING

Tuesday, 26th September 2023.

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DISTRIBUTION

MEMBERS OF THE AUDIT AND RISK COMMITTEE:

Councillor K Payne (Chair)

Councillor A MacCartney

Councillor R Powell

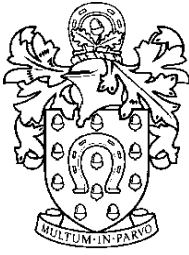
Councillor T Smith

Councillor S Lambert

Councillor R Ross

Councillor L Stephenson

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Rutland County Council

Catmose Oakham Rutland LE15 6HP

Telephone 01572 722577 Email governance@rutland.gov.uk

Minutes of the **MEETING of the AUDIT AND RISK COMMITTEE** held in the Council Chamber, Catmose, Oakham, LE15 6HP on Tuesday, 21st March, 2023 at 7.00 pm

PRESENT:	Councillor A Walters Councillor R Payne	Councillor P Ainsley
ABSENT:	Councillor E Baines Councillor W Cross	Councillor A MacCartney Councillor D Blanksby
OFFICERS PRESENT:	Rachel Ashley-Caunt Andrew Merry Kirsty Nutton David Ebbage Paul Harvey	Chief Internal Auditor Head of Finance Strategic Director for Resources S151 Officer Governance Officer Grant Thornton
IN ATTENDANCE:	Councillor K Payne	

1 WELCOME AND APOLOGIES

Apologies were received from Councillors A MacCartney, E Baines and J Fox. Councillor P Ainsley attended the meeting as the representative for Councillor J Fox.

2 RECORD OF MEETING

Consideration was given to the minutes of the meetings held on 6 December 2022.

It was moved by Councillor A Walters and seconded that the minutes of the 6 December meeting be approved.

RESOLVED

- a) That the minutes of the meetings held on 6 December 2022 be **APPROVED**.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 PETITIONS, DEPUTATIONS AND QUESTIONS

No petitions deputations or questions had been received.

5 QUESTIONS WITH NOTICE FROM MEMBERS

No questions with notice from Members had been received.

6 NOTICES OF MOTION

No notices of motion had been received.

7 STATEMENT OF ACCOUNTS

Report No.59/2023 was introduced by Kirsty Nutton, Section 151 Officer and Andrew Merry, Head of Finance. The report updated the committee on the latest position on the statutory Statement of Accounts (SoA) 2021/22, and an explanation as to why the Council had been unable to meet Regulation 10(2) of The Accounts and Audit Regulations 2015 which states that an authority should have published their audited accounts by November 2022.

It was highlighted to members the two issues that were affecting most councils nationally were Infrastructure Asset Valuations and Pension Fund Liabilities.

The Council continued to work with the external auditors to explore all options to address the outstanding issues. The Pension Liability issue also involved the Pension Fund Actuaries (Hymans), the information required to resolve the issue was not easily available and would be a complex process to undertake as this had never been required before.

It was confirmed to Members that once this information was obtained, and working alongside external audit, a more definitive timeline and agreed actions would be created on when the accounts would be presented to Committee.

Andrew Merry highlighted to Members that the difference on the Council's accounts could be between 5-10% of our Pension Fund Liability which would equate to between c£2m-c£4m, above the Council's materiality allowance advised by external audit. This issue was not yet resolved, and it was difficult to provide a definitive timeline on this due to third party bodies being involved also ie Leicestershire County Council Pension Fund.

Members asked for a potential timeline for when the accounts could be presented to the Committee. Once officers received the appropriate answers around the issues, the report would be ready to go but as it was a national issue, it would be highly unlikely to receive the accounts before the election.

The Chair, following discussions with other Members asked that consideration was given to the membership of the committee post-election, to ensure the committee at that time had the confidence and knowledge to sign off the accounts, and was comprised of appropriate willing members.

RESOLVED

That the Committee:

- a) **NOTED** the progress update on the 2021/22 Audited Accounts.

8 INTERNAL AUDIT UPDATE

Report No.55/2023 was introduced by Rachel Ashley-Caunt, Chief Internal Auditor.

The report updated the Committee on the progress made in delivering the 2022/23 Annual Audit Plan and outcomes from audit assignments completed since the last Committee meeting. At the time of the report, 100% of the audit plan was either complete or in progress and further reports had been finalised in relation to the Housing Benefits System, Performance Management, safer recruitment in schools and children missing from care. All of those received an opinion of satisfactory assurance or above.

The only area of delay on the Audit Plan was in relation to the Highways Maintenance Contract, as there had been delays with receiving the relevant information, it was highlighted that it may not be finalised by the end of March.

It was highlighted that within the Implementation of Audit Recommendations, there had been 6 marked actions as closed since the last meeting. Currently 14 actions which were overdue but only one fell into the high priority category and over 3 months overdue. More details on them were in Appendix D to the report.

Any actions that had not been finalised at the time of this report would be fed back to Members as part of Annual Internal Audit Report.

Members congratulated officers on the comprehensive report and were happy to see the number of green ratings within the assurance and findings.

RESOLVED

That the Committee:

- a) **NOTED** the Internal Audit update report.

9 INTERNAL AUDIT PLAN 23-24

Report No.56/2023 was introduced by Rachel Ashley-Caunt, Chief Internal Auditor.

The report provided the Committee with a proposed plan of Internal Audit work for the 2023/24 financial year, and the Internal Audit Charter, for formal review and approval.

The Internal Audit Plan set out the assignments that would be delivered by the Internal Audit team during the financial year. In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Plan was risk based and developed with input from senior management and the Audit & Risk Committee.

To ensure that the Internal Audit activities were consistently focused upon the Council's key risks, the plan would remain subject to ongoing review by the Chief Internal Auditor throughout the year and would be subject to regular consultation with senior management.

No significant changes had been proposed to the way that the audit service would be delivered to but one amendment was highlighted to Members on the assurance

ratings. The existing mid-range assurance was currently satisfactory, this would now be a moderate assurance. The definitions to those assurances had also been updated to be made clearer and to align it with the Risk Management Framework.

The only other amendment was to the organisational impact opinions. Previously the levels were major, moderate and minor. It was proposed to change them to High, Medium and Low. This would also align them with the Risk Management Framework.

Members welcomed the change in terminology and that an audit would take place on the commissioning of leisure services after recent events within Oakham.

It was moved by Councillor A Walters and seconded that the recommendations be approved. Upon being put to the vote, the motion was unanimously carried.

RESOLVED

That the Committee:

- a) **APPROVED** the proposed audit plan allocations for 2023/24.
- b) **APPROVED** the Internal Audit Charter and Strategy.
- c) **DELEGATED** authority for the Strategic Director of Resources, in consultation with the Chair of the Audit and Risk Committee, to agree amendments to the plan during the financial year, if required.

10 ANY OTHER URGENT BUSINESS

There were no items of urgent business.

11 DATE OF NEXT MEETING

Tuesday, 27th June 2023

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The Chair declared the meeting closed at 7.40pm.

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AUDIT AND RISK COMMITTEE

27 June 2023

STATEMENT OF ACCOUNTS 2021/22 & 2022/23

Report of the Strategic Director for Resources

Strategic Aim:	A modern and effective Council	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Portfolio Holder for Resources	
Contact Officer(s):	Kirsty Nutton, Strategic Director for Resources (s.151 Officer)	01572 758159 KNutton@rutland.gov.uk
	Andrew Merry, Head of Finance (ds.151)	01572 758 152 AMerry@Rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee:

- 1) Notes the process for the draft 2022/23 Statement of Accounts and external audit
- 2) Notes the progress update on the 2021/22 Audit Accounts
- 3) Notes the timescales for the Annual Governance Statement

1 PURPOSE OF THE REPORT

- 1.1 This report updates the committee on the latest position on the statutory Statement of Accounts (SoA) 2021/22 following the delays in finalising the external audit.
- 1.2 It confirms the position of the Councils draft Statement of Accounts for 2022/23 and the next steps required to take this from a draft document to finalising.
- 1.3 It outlines the process for the Annual Governance Statement which forms part of the Statement of Accounts documents once considered and approved by this Committee.

2 BACKGROUND

- 2.1 The production of timely Statement of Accounts, which is free from material error, is a key test of the robustness of the financial processes and underpins the financial standing of an organisation. The Council has achieved this through the publication of the draft Statement of Accounts by the statutory deadline for both years 2021/22 and 2022/23 which this report considers.
- 2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) set out the practices in the Code of Practice (the Code) and are followed in the preparation of the Statement of Accounts each year.
- 2.3 Legislation requires the Council to consider and approve its Accounts at a meeting of either full Council or a Committee of the Council. For Rutland County Council (RCC) this is completed by this Audit & Risk Committee.
- 2.4 In recent years, in acknowledgement of the exceptional circumstances brought about by the pandemic and the subsequent change in workloads for Council officers as part of the government's national response, the statutory deadlines were amended and additional time for both officers and auditors provided. However, the original deadlines as set out in legislation have reverted for Council officers in relation to the 2022/23 Accounts.
- 2.5 As a result of the action outline above, the 2022/23 Accounts must be signed and certified by 31 May 2023 by the Council's Section 151 Officer / Chief Finance Officer (Strategic Director for Resources), in accordance with the Accounts and Audit Regulations 2015. The Council's Section 151 officer has responsibility for certifying that the Accounts present fairly the financial position of the Council as at 31 March of each financial year.
- 2.6 The Council is no longer required to formally share the draft Statement of Accounts 2022/23 in advance of the results of the external audit. However, the Council considers it best practice for members to be able to review and comment on the draft accounts. As such it was shared with the Chair of this Committee and all Council members prior to the formal external audit.
- 2.7 The draft accounts were published on the Council's website in accordance with the statutory deadline. This draft will be subject to external audit by Grant Thornton (GT). It is particularly noteworthy that RCC was one of only 94 Councils (43 Upper Tier, 51 Districts) that published by the statutory deadline. This represents a national completion rate of 30%.
- 2.8 Once the audit is concluded, the Council's Section 151 officer must recertify the accounts and the Committee is required to approve the Accounts by no later than 30 September following, and in the knowledge of, the audit findings.
- 2.9 The current plan for the 2022/23 external audit is for a small team from GT to complete elements of their planning work, with the aim to select samples by the end of June. The formal and full audit is then scheduled to commence the beginning of October, to be complete by the end of the 2023 calendar year.

3 LOCAL EXTERNAL AUDIT DELAYS 2021/22

3.1 As previously reported to this Committee, 23 March 2023, the Council has experienced delays with the 2021/22 audit with two national issues extending the period of delay:

- Infrastructure asset valuations – the Council has applied the resulting accounting guidance to its accounts and submitted this to the external auditors
- Pension Fund Liabilities – due to the delays the estimates used to value the funds assets and liabilities (net liabilities) can be updated for the actual results experienced in the Fund. This task however is outside the direct control of Rutland County Council as the fund is administered by Leicestershire County Council and requires the expertise of Actuaries. The Council have received the approach to be taken by the external auditors and has requested the relevant information from the Funds Actuaries. Agreement of timescales from the actuaries for the receipt of this information is required.

3.2 The managers of RCC's external auditors are to attend this Committee and will be able to provide a verbal update and provide the Committee with further information and clarification where necessary.

4 NATIONAL EXTERNAL AUDIT DELAYS

4.1 The Government's Public Accounts Committee have recognised the situation and in 2021 the Committee reported that the "system of local government audit in England was close to breaking point, reinforcing concerns about councils' ability to budget effectively. Subsequently, in October 2022, the Committee reported that the pandemic had exacerbated existing failures in the local audit market, with a minority of Local Government audits in England and Wales completed by the target dates in 2019-20 and 2020-21." The Committee has questioned senior officials at the Department for Levelling Up, Housing and Communities (DLUHC), the Department for Business, Energy and Industrial Strategy (BEIS) and the Financial Reporting Council on the latest picture in local public audit, and progress implementing the findings of the 2019 Redmond Review.

4.2 In a similar vein the Committee for Levelling Up, Housing and Communities have an inquiry "Financial Reporting and Audit in Local Authorities is examining "a range of issues relating to the purpose, understanding and impact of financial reporting and audit in local authorities. It will scrutinise the role of audit in local accountability and democracy and the extent to which accounts provide a clear picture of the financial sustainability and resilience of a local authority."

5 ANNUAL GOVERNANCE STATEMENT

5.1 The production of the Annual Governance Statement (AGS) forms part of the closure of accounts process. It is not a financial exercise but represents a

corporate overview of the processes and procedures adopted by the Council to manage its affairs and meet the statutory requirements as set out in the Accounts and Audit Regulations 2015.

5.2 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- The Council's policies are implemented in practice;
- High quality services are delivered efficiently and effectively;
- The Council's values and ethical standards are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Its financial statements and published information are accurate and reliable; and
- Human, financial and other resources are managed efficiently and effectively.

5.3 This report is in the process of being drafted for consideration at the next Committee meeting in September. This will be advance of the formal approval of the 2022/23 Statement of Accounts as outlined in 2.9. The AGS is signed by the Leader and the Chief Executive Officer following review by this Committee.

6 CONSULTATION

6.1 Under the Local Audit and Accountability Act 2014, and the Accounts and Audit Regulations 2015 the public are able to view and comment on the accounts between 1 June until 12 July 2023¹.

7 ALTERNATIVE OPTIONS

7.1 None this report is to note progress for 2021/22 external audit, and next steps for the draft 2022/23 Statement of Accounts.

8 FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications arising from this report, however due to the additional work being undertaken by the external auditors it is likely that a fee increase will be requested by the auditor. Any increase will be subject to consideration and agreement by Public Sector Audit Appointments (PSAA) who the Council has used as part of the national scheme that is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt in.

¹ Link to the Pubic Notice for 2022/23 - [Statement of accounts | Rutland County Council](#)

9 LEGAL AND GOVERNANCE CONSIDERATIONS

9.1 There are no legal implications arising from this report.

10 DATA PROTECTION IMPLICATIONS

10.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

11 EQUALITY IMPACT ASSESSMENT

11.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

12 COMMUNITY SAFETY IMPLICATIONS

12.1 There are no community safety implications.

13 HEALTH AND WELLBEING IMPLICATIONS

13.1 There are no health and wellbeing implications.

14 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

14.1 This report updates the Committee on the status of the 2021/22 and 2022/23 Statement of accounts.

15 BACKGROUND PAPERS

15.1 The following are links to the relevant associated papers:

- [2021/22 Delay of the Audited Statement of Accounts, 23 March 2023, Item 7.](#)
- [Statement of Accounts, Rutland County Council website for previous years Statement of Accounts and draft documents relating to 2021/22 and 2022/23](#)
- ['Urgent consultation on temporary changes to the code to resolve infrastructure assets reporting issues', CIPFA website, 12 May 2022](#)
- [Timeliness of local auditor reporting, Public Accounts Committee, UK Parliament website](#)
- [Financial Reporting and Audit Local Authorities, Levelling Up, Housing and Communities Committee, UK Parliament website](#)

16 APPENDICES

16.1 There are no appendices to this report, with links to the draft Statement of

Accounts, and Public Inspection Notice provided above.

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577

AUDIT AND RISK COMMITTEE

27 JUNE 2023

ANNUAL INTERNAL AUDIT REPORT AND OPINION 2022/23

Report of the Chief Internal Auditor

Strategic Aim:	All		
Exempt Information	No		
Cabinet Member(s) Responsible:	Cllr A Johnson, Portfolio Holder for Resources		
Contact Officer(s):	Rachel Ashley-Caunt, Chief Internal Auditor	Tel: 07799 217378 rashley-caunt@rutland.gov.uk	
Ward Councillors	N/A		

DECISION RECOMMENDATIONS

That the Committee:

1. Notes the Annual Internal Audit Report and Opinion for 2022/23.

1 PURPOSE OF THE REPORT

- 1.1 To provide the Committee with the Annual Internal Audit Report and Opinion for 2022/23, in line with the Public Sector Internal Audit Standards.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Public Sector Internal Audit Standards (the Standards) require the Chief Internal Auditor to provide an annual Internal Audit report and opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment) that can be used by the organisation to inform its Annual Governance Statement. This report provides a copy of the Annual Report which contains the annual opinion and the basis for this, for the Committee's attention.
- 2.2 Based upon the work undertaken by Internal Audit during 2022/23, the Chief Internal Auditor's overall opinion on the Council's control environment is that Satisfactory Assurance can be given that there is generally a sound system of internal control, designed to meet the organisation's objectives and that controls are generally operating effectively in practice. However, no systems of control can provide

absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

2.3 Appendix A to this report provides a copy of the Annual Report which includes the detailed Opinion on the Council's control framework for 2022/23 and the basis for this opinion.

2.4 The report includes details of the delivery of the Internal Audit Plan for 2022/23 and achievement of the service's performance indicators. The team has delivered 100% of the agreed assignments from the Internal Audit Plan for the year and performed well against expected standards and customer feedback.

3 CONSULTATION

3.1 Not applicable.

4 ALTERNATIVE OPTIONS

4.1 Not applicable.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this report.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The annual Internal Audit report forms part of the evidence that supports the Council's Annual Governance Statement and provides assurance over the adequacy and effectiveness of the Council's internal controls to manage the key risks and inform risk management arrangements.

6.2 There are no legal implications arising from this report

7 DATA

7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

8.1 There are no equality implications

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 The Annual Internal Audit Report and Assurance Opinion for 2022/23 are provided for the Committee's review and to inform the Annual Governance Statement.

12 BACKGROUND PAPERS

12.1 There are no additional background papers to the report

13 APPENDICES

13.1 Appendix A: Internal Audit Annual Report and Opinion 2022/23

Large Print or Braille Version of this Report is available upon request – Contact 01572 7225



**Annual Internal Audit Report and Opinion
2022/23**

1. Introduction and context

- 1.1 This report outlines the audit work carried out by the Internal Audit Service for the year ended 31st March 2023.
- 1.2 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, compliance and governance processes.
- 1.3 Internal audit is a statutory requirement for local authorities, in accordance with:
- Section 151 of the Local Government Act 1972 – which requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs; and
 - The Accounts and Audit Regulations 2018 (England) – which state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.4 The Council's internal audit service has been delegated to North Northamptonshire Council and is led by the Chief Internal Auditor, employed by North Northamptonshire Council. Internal audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, Corporate Leadership Team (which includes the Section 151 Officer), and the Chair of the Audit and Risk Committee. Internal auditors have no direct operational responsibility or authority over any of the activities audited and the Internal Audit Charter sets out how independence and objectivity is maintained and evidenced.
- 1.5 The Public Sector Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1 and takes into account other sources of assurance, as appropriate. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 1.6 As such, the Annual Report contains:
- the Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
 - a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
 - a statement on the extent of conformance with the Standards.

2. Head of Internal Audit Opinion 2022/23

2.1 Based upon the work undertaken by Internal Audit during the year, the Chief Internal Auditor's overall opinion on the Council's system of internal control is set out below:

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2022/23. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2022/23 – see definition of assurance opinions in section 4.1 of this report. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

Financial control

Controls relating to the key financial systems which were reviewed during the year were all concluded to be operating at a level of Satisfactory Assurance or above, with 100% receiving opinions of Good or Substantial Assurance.

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2022/23. Directorate level risk registers have been subject to review during the year, with support from the Council's insurance provider, and the Strategic Risk Register was reported to the Audit and Risk Committee in September 2022. Rolling risk register reviews were introduced by Internal Audit in 2022/23 and have received positive feedback from the Audit and Risk Committee on the value of this work, in giving assurance over the effectiveness of risk management arrangements.

Internal control

For the audits completed by the Internal Audit service in 2022/23 and finalised at the time of reporting, 94% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit and Risk Committee. Based on the audit findings, an opinion of Limited Assurance was given on compliance with controls for Home to School Transport. This reflected that the controls had not been consistently applied during the 2022/23 financial year, primarily due to staff vacancies. The organisational risk associated with this was assessed as Major, given the potential safeguarding risks associated with this service. Management agreed an action plan to address the findings and this will be subject to follow up work in 2023/24 – at the time of producing the annual report, a key 'High' priority action has been completed and progress has been made in relation to all actions. An opinion of Limited Assurance has also been given in relation to compliance on the Highways Maintenance Contract, as controls agreed following previous audits have yet to be fully

embedded in some areas of the contract management. This, again, has been attributed to changes in staff and covering for vacancies/periods of maternity leave. Actions arising from these audits will be subject to ongoing follow up by Internal Audit in 203/24.

Of the agreed management actions due for implementation during 2022/23, 65% had been completed during the year.

There have been no incidences during 2022/23 where the internal audit team have highlighted a fundamental risk or weakness and management have sought to accept the risk, rather than agree an appropriate action.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

- 2.2 The basis for this opinion is derived from an assessment of the individual opinions arising from assignments undertaken throughout the year from the risk-based Internal Audit plan. Assurances from other sources have also been taken into consideration, where appropriate.
- 2.3 The assessment has taken account of the relative materiality of areas highlighted for improvement and management's progress in addressing any control weaknesses.

3. Summary of findings

2.4 All final reports have agreed action plans, dates and responsible officers, where required. The audit opinions arising from the work of Internal Audit are summarised in Table 1, split by assurance area.

Table 1 – Summary of audit opinions 2022/23:

Area	Substantial	Good	Satisfactory	Limited	No
Financial systems	7	1	-	-	-
Key corporate controls and policies	-	5	3	-	-
Corporate objective: Protecting the vulnerable	-	3	7	-	-
Corporate objective: Delivering sustainable development	-	1	-	1	-
Corporate objective: Customer focused services	-	2	1	1	-
ICT reviews	-	-	2	-	-
Total	7	12	13	2	-
Summary	21%	35%	38%	6%	-
Summary (2021/22) for comparison	25%	56%	19%	-	-

2.5 The Internal Audit team's work has been targeted upon areas of identified risk and has sought to support service areas in identifying and prioritising areas for improvement.

4. Review of audit coverage

Audit opinion on individual audits

- 4.1 The Committee is reminded that the following assurance opinions were assigned during 2022/23, in accordance with the Internal Audit Charter:

Table 2 – Assurance categories:

Level of Assurance	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment. The control environment has substantially operated as expected and either no, or only minor, errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment. The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment. The control environment has mainly operated as intended although errors have been detected.
Limited	There are significant control weaknesses that present a high risk to the control environment. The control environment has not operated as intended and significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. The control environment has fundamentally broken down and is open to significant error or abuse.



















- 4.2 All individual reports represented in this Annual Report are final reports, unless otherwise stated. As such, the findings have been agreed with management, together with the accompanying action plans.

Summary of audit work

- 4.3 Table 3 details the assurance levels resulting from all audits undertaken in 2022/23 and the date of the Committee meeting at which the outcome of the audit was presented.
- 4.4 All completed assignments have been delivered in accordance with the agreed audit planning records and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of finalised audit opinions 2022/23:

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Financial systems – providing assurance that the Council has made arrangements for the proper administration of its financial affairs				
Debtors	Substantial ●	Substantial ●	Minor ●	June 2023
Main accounting	Substantial ●	Substantial ●	Minor ●	June 2023
Treasury management	Substantial ●	Substantial ●	Minor ●	June 2023
Housing benefit	Substantial ●	Good ●	Minor ●	March 2023
Key corporate controls and policies				
Contract procedure rule compliance	Good ●	Good ●	Minor ●	June 2023
Social care debt recovery	Satisfactory ●	Satisfactory ●	Minor ●	November 2022
Performance management	Good ●	Good ●	Minor ●	March 2023
Business continuity management	Satisfactory ●	Good ●	Minor ●	June 2023
Corporate objective: Protecting the vulnerable				
Corporate parenting	Satisfactory ●	Satisfactory ●	Minor ●	September 2022
Readiness for CQC inspections	Satisfactory ●	Satisfactory ●	Minor ●	June 2023
Children missing from care	Good ●	Satisfactory ●	Minor ●	March 2023

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
MiCare services	Good 	Good 	Minor 	September 2022
Safer recruitment in schools	Satisfactory 	Satisfactory 	Moderate 	June 2023
Corporate objective: Delivering sustainable development				
Highways maintenance contract (draft)	Good 	Limited 	Moderate 	June 2023
Corporate objective: Customer focused services				
Home to school transport	Good 	Limited 	Major 	June 2023
Taxi licensing	Satisfactory 	Good 	Moderate 	November 2022
ICT risk related reviews				
IT asset management	Satisfactory 	Satisfactory 	Minor 	June 2023

4.5 Audit outcomes have been reported to the Audit and Risk Committee during the 2022/23 financial year.

Implementation of agreed management actions

4.6 Internal Audit follow up on progress made against all agreed actions arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a regular basis and report updates at every Audit and Risk Committee meeting.

4.7 A total of 28 agreed actions have been implemented by officers during 2022/23, which represents 65% of the actions which were due for implementation.

4.8 Details of the implementation rate for the agreed management actions during 2022/23 are provided in Table 4, as at 31st March 2023.

Table 4 - Implementation of agreed management actions due in 2022/23:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and implemented	1	13	14	28 (65%)
Agreed and due within last 3 months , but not implemented	1	5	1	7 (16%)
Agreed and due over 3 months ago , but not implemented	1	5	2	8 (19%)
Total	3	23	17	43 (100%)
Agreed and not yet due for implementation	2	11	5	18

4.9 A full overview of overdue actions is provided in Table 5.

Table 5 - Summary of overdue recommendations at 31st March 2023

Audit	Audit Year	High		Medium		Low	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Asset management	21/22	1	1	2	2	-	-
Home to school transport	22/23	-	-	-	1	-	-
Corporate parenting	22/23	-	-	2	1	-	-
Budgetary control	21/22	-	-	-	-	2	-
Cyber security	21/22	-	-	1	-	-	-
Health & safety	21/22	-	-	-	-	1	-
Planning income	21/22	-	-	-	1	-	-
Totals		1	1	5	5	3	1

Performance

- 5.1 It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and Members via its programme of work and also offers constructive support and advice to assist the Council in new areas of work.
- 5.2 Since 1st April 2022, the Council’s internal audit service has been delegated to North Northamptonshire Council. During this year, a number of successful recruitment campaigns have resulted in the appointment of auditors from a variety of backgrounds which will serve to strengthen the depth and breadth of the team. The team have built effective working relationships with service areas and seek to continue to build upon the positive feedback and reputation built to date.
- 5.3 In April 2023, the Internal Audit service had issued draft or final reports on approximately **85%** of the in-house assignments from the 2022/23 Audit Plan – with some assignments delayed at management request, or due to delays in receiving evidence. All reports have been issued as at the time of producing the annual report.
- 5.4 In order to seek feedback on the quality of the internal audit work, customer satisfaction surveys are issued following the conclusion of audit assignments. The feedback received on audits delivered during the 2022/23 year is summarised in table. Of the feedback received 97% rated the elements of the service as either ‘good’ or ‘outstanding’. The communication during audit assignments was noted as receiving particularly high feedback in 2022/23, with 38% of respondents rating the communication as ‘outstanding’.

Table 5 – Customer satisfaction survey results

Aspects of audit assignments	Outstanding	Good	Satisfactory	Poor
Design of assignment	25%	63%	13%	-
Communication during assignments	38%	63%	-	-
Quality of reporting	29%	71%	-	-
Quality of recommendations	29%	71%	-	-

Internal Audit contribution in wider areas

- 5.5 Key additional areas of Internal Audit contribution to the Council in 2022/23 are set out in Table 6:

Table 6 – Internal Audit contribution

Area of Activity	Benefit to the Council
Introducing rolling risk register reviews.	Providing the Audit and Risk Committee with assurances over the risk register entries and risk management arrangements. This also gives Internal Audit an insight into the

Area of Activity	Benefit to the Council
	risks identified and areas where assurance is needed.
Ad hoc advice and assistance.	Assistance with ad-hoc queries and advice. Raising the profile of Internal Audit with service leads to increase the effectiveness of the service.
Sharing advice and fraud alerts.	Pro-active counter fraud support and learning from other authorities.
Maintaining a fraud reporting mailbox to enable concerns to be raised directly with Internal Audit.	Supporting the Council in its Counter Fraud strategy and reinforcing a zero-tolerance culture.
Support for the development on new processes and systems - providing "critical friend" advice to ensure that effective controls are built in at the outset.	Supporting the Council to strengthen its control environment at the earliest opportunity.
Maintaining good working relationships with External Audit.	Maximising value of audit resources.

Professional Standards

5.6 The Public Sector Internal Audit Standards (PSIAS) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

5.7 The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

5.8 Since 1st April 2022, the Internal Audit service has been delegated to North Northamptonshire Council and the Quality Assurance and Improvement Plan is overseen by the current Chief Internal Auditor to support ongoing development, in line with the Standards. Assessment against the Standards will be embedded in the delivery of the service and ongoing development work. An external assessment must be completed at least every five years and the timing of the first external assessment will be agreed with the s151 Officer and Chair of the Audit and Risk Committee. The Institute of Internal

Auditors are currently conducting a review of Standards with a view to introducing new Global Internal Audit Standards, which may introduce some changes to the requirements. The approach to external assessments should be informed by the outcome of this review.

- 5.9 A self-assessment by the Chief Internal Auditor confirms that the service is operating in general conformance with the Standards. The Quality Assurance and Improvement Plan for the Internal Audit team for the year ahead includes developing work on a Data Analytics Strategy for the audit service; and raising the profile of the internal audit service.
- 5.10 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2022/23 and no auditors have reviewed systems/controls which they have been responsible for delivering. Every member of the Internal Audit team completes an annual declaration of any interests which could present a conflict of interest and confirmation of acceptance of the code of ethics.

Appendix 1: Limitations

Limitations inherent to the Internal Audit's work:

Internal Audit work has been performed subject to the limitations outlined below:

Opinion

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit and Risk Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

Internal control

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

Future periods

Our assessment of controls relating to the areas audited is for the period 1st April 2022 to 31st March 2023. Historic 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, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

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

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities.

However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

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AUDIT AND RISK COMMITTEE

27 June 2023

INTERNAL AUDIT UPDATE

Report of the Chief Internal Auditor

Strategic Aim:	All		
Exempt Information	No		
Cabinet Member(s) Responsible:	Cllr A Johnson, Portfolio Holder for Resources		
Contact Officer(s):	Rachel Ashley-Caunt, Chief Internal Auditor	Tel: 07799 217378 rashley-caunt@rutland.gov.uk	
Ward Councillors	N/A		

DECISION RECOMMENDATIONS

That the Committee:

1. Notes the Internal Audit update report (Appendix A).
2. Approves the proposed amendment to the 2023/24 Internal Audit plan to postpone the audit of Adult Social Care Data Quality and reallocate the 12 audit days to a follow up audit of Home to School Transport.

1 PURPOSE OF THE REPORT

- 1.1 To provide the Committee with a copy of the 2023/24 annual Internal Audit plan and provide an update on the progress made in delivering the 2023/24 planned assignments.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Delivery of Internal Audit plan

- 2.1.1 The 2023/24 Internal Audit plan was approved by the Audit and Risk Committee in March 2023, in line with the Public Sector Internal Audit Standards. The development of the plan was informed by consultation with the Committee and senior management and was designed to provide risk based coverage.
- 2.1.2 The progress made to date in delivering the 2023/24 audit plan is set out in Appendix

A. At the time of reporting, 27% of the planned assignments are underway. The outcomes of completed audits will be reported to the Audit and Risk Committee throughout the financial year.

2.2 Implementation of Recommendations

2.2.1 Internal Audit request that officers provide updates on all open audit actions on a monthly basis.

2.2.2 There are 15 actions which are overdue for completion. There is currently one action rated as 'High' priority which has been overdue for implementation by more than three months – as such, full details of this action are provided in Appendix C.

Review of the planned coverage

2.2.3 The Internal Audit plan must remain subject to ongoing review throughout the year to ensure that it focuses on the Council's key risks and reflects changes in the risk environment. At this point, an amendment to the planned coverage is recommended, based on outcomes of 2022/23 audit work. The audit of Home to School Transport resulted in an opinion of Limited Assurance for control compliance and, as such, a follow up audit in 2023/24 is recommended. This is intended to provide the Committee with assurances over actions taken in light of the audit findings.

2.2.4 The approved 2023/24 Internal Audit plan also includes an audit on Adult Social Care data quality. This audit had been prioritised for the planned coverage due to the implications for the Care Quality Commission (CQC) inspection regime. It is noted, however, that the audit on readiness for the CQC inspection regime in March 2023 provided assurances over work underway in relation to data collation and quality. As such, some assurances can be taken from this work and an audit in 2023/24 may be considered of a lower priority.

2.2.5 It is, therefore, recommended that the audit of adult social care data quality be postponed to 2024/25 and that the 12 audit days be reallocated to a follow up audit of Home to School Transport.

3 CONSULTATION

3.1 No formal consultation required.

4 ALTERNATIVE OPTIONS

4.1 The Committee is asked to note the report. No alternative options are proposed.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications directly arising from this report.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The Audit and Risk Committee is responsible for oversight of the work of Internal Audit including approving the annual Audit Plan and satisfying itself that the plan provides assurance over the Council's control framework and key risks. It is also responsible for gaining assurance that internal audit is complying with internal audit

standards.

6.2 There are no legal implications arising from this report.

7 DATA

7.1 A Data Protection Impact Assessment (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

8.1 There are no equality implications

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 The latest update report, provided in Appendix A, includes the 2023/24 Internal Audit plan and progress made to date. The Committee plays an important role in the oversight of Internal Audit work.

12 BACKGROUND PAPERS

12.1 There are no additional background papers to the report.

13 APPENDICES

13.1 Appendix A: Internal Audit Update Report

13.2 Appendix B: Implementation of Audit Recommendations

13.3 Appendix C: 'High' priority recommendations overdue by more than three months

13.4 Appendix D: Limitations and responsibilities

Large Print or Braille Version of this Report is available upon request – Contact 01572 72257

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Rutland County Council

Internal Audit Update

June 2023

Introduction

- 1.1 Internal audit has been commissioned to provide 360 audit days to deliver the 2023/24 annual audit plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Risk Committee to scrutinise the performance of the internal audit team and – of equal significance – to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the committee with the information, on progress in delivering planned work and on performance of the Internal Audit service, which it requires to engage in effective scrutiny.

Performance

2.1 Will the Internal Audit Plan for 2023/24 be delivered?

Internal Audit is set the objective of delivering at least 90% of the plan to draft report stage by the end of March 2024. At the time of reporting, work on 27% of planned assignments is underway.

2.2 Are audits being delivered to budget?

Internal Audit is on target to deliver the Audit Plan within the 360 days budget. Any overruns on individual assignments are typically managed within the overall budget.

2.3 Are clients satisfied with the quality of the Internal Audit assignments?

Customer satisfaction questionnaires are issued on completion of audits. No feedback has been received during the year to date.

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

The status of each planned assignment, as at the time of reporting, is provided in Table 1. All assignments planned for the first quarter of the financial year are underway and progressing well.

2.5 Are any changes required to the audit plan coverage, in light of the changing risk environment?

Since the audit plan for 2023/24 was developed, the 2022/23 audit review of Home to School Transport was completed and resulted in an opinion of Limited Assurance. As such, it is recommended that a follow up audit on Home to School Transport be included in the 2023/24 audit plan coverage.

To incorporate an additional follow up audit of Home to School Transport, and remain within the allocated 360 audit days, it is recommended that the audit of Adult Social Care data quality be postponed to 2024/25. This 12 day audit had been included in the plan given the implications for the new Care Quality Commission (CQC) regime. It is, however, noted that an audit on readiness for the CQC regime was concluded in

the last quarter of 2022/23 and this provided assurance that the Council has been working with the East Midlands Association of Directors of Adult Social Services (ADASS) group to design a dataset that is aligned to CQC requirements. The indicators in the dataset have been aligned to the four quality statements and include adult social care, finance and HR data. The East Midlands ADASS regional data group carried out a pilot with Q3/4 2021/22 data. Running alongside this, there is a 'use of data' project taking place. As such, assurances can be taken from this work and this reduces the requirement for further audit coverage in 2023/24. An internal audit review may be of greater value in 2024/25.

2.6 Are clients progressing audit recommendations with appropriate urgency?

Since the last Audit and Risk Committee meeting, ten audit actions have been closed as implemented. At the date of reporting, there are 15 audit actions which remain overdue for implementation – one of the overdue actions is of a 'high priority' rating and over three months overdue. See Appendix B and Appendix C for further details.

Table 1: Progressing the annual audit plan

KEY
Current status of assignments is shown by ●

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Financial systems												
Creditors	15	-	●									Q4
Payroll	15	-	●									Q4
Local taxation	15	-	●									Q4
Corporate governance and counter fraud												
Risk management (consultancy support and real time assurances)	18	1			●							All year
Ethical governance – advisory support	10	-	●						Advisory			As required
Contract Procedure Rules compliance	8	-	●									Q4
Key corporate controls and policies												
Information governance	15	-		●								Q2
Cyber security	15	-	●									Q2
Budgetary control	10	-	●									Q3
Grant claim verification	17	3			●							As required

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Corporate Objective: Protecting the vulnerable												
Quality assurance in Childrens Social Care	12	5				●						Q1
Early years providers	15	1		●								Q2
Continuing healthcare funding	15	-	●									Q3
Adult social care data quality	12	-	●									Q2
Fostering	12	-	●									Q3
Adult safeguarding	12	10					●					Q1
Corporate Objective: Vibrant communities												
Private sector housing enforcement	12	-	●									Q3
Special educational needs and disabilities (SEND)	12	-	●									Q4
Corporate Objective: Delivering sustainable development												
Local plan development	15	-	●									TBC
Highways maintenance contract procurement	12	-	●									Q3
Corporate Objective: Customer focused services												
Transformation – advisory support	15	-	●						Advisory			As required




Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Commissioning of leisure services	12	1		●								Q1
Other Assurances												
Client Support (Committee support, training, client liaison, advice/assistance, follow ups)	35	7										
Internal Audit Management & Development	31	6										
TOTAL	360	34										

Notes

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

Compliance Assurances		
Level	Control environment assurance	Compliance assurance
Substantial ●	There is a sound system of internal control to support delivery of the objectives.	The control environment is operating as intended with no exceptions noted which pose risk to delivery of the objectives.
Good ●	There is generally a sound system of internal control, with some gaps which pose a low risk to delivery of the objectives.	The control environment is generally operating as intended with some exceptions which pose a low risk to delivery of the objectives.
Moderate ●	There are gaps in the internal control framework which pose a medium risk to delivery of the objectives.	Controls are not consistently operating as intended, which poses a medium risk to the delivery of the objectives.
Limited ●	There are gaps in the internal control framework which pose a high risk to delivery of the objectives.	Key controls are not consistently operating as intended, which poses a high risk to the delivery of the objectives.
No ●	Internal Audit is unable to provide any assurance that a suitable internal control framework has been designed.	Internal Audit is unable to provide any assurance that controls have been effectively applied in practice.




Organisational Impact

Level		Definition
High		The weaknesses identified during the review have left the Council open to a high level of risk. If the risk materialises it would have a high impact upon the organisation as a whole.
Medium		The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a medium impact upon the organisation as a whole.
Low		The weaknesses identified during the review have left the Council open to low risk. This may have a low impact on the organisation as a whole.

Category of Recommendations

The Auditor prioritises recommendations to give management an indication of their importance and how urgent it is that they be implemented. By implementing recommendations made managers can mitigate risks to the achievement of service objectives for the area(s) covered by the assignment.

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Priority		Impact & Timescale
High		Requires actions to avoid exposure to substantial risks in achieving objectives for the area.
Medium		Requires actions to avoid exposure to significant risks in achieving objectives for the area.
Low		Action recommended to enhance control or improve operational efficiency.

Appendix B: Implementation of Audit Recommendations

	High priority recommendations		Medium priority recommendations		Low priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and implemented since last Committee meeting	1	33%	4	28%	5	63%	10	40%
Actions due within last 3 months, but <u>not implemented</u>	1	33%	5	36%	2	25%	8	32%
Actions due <u>over 3 months</u> ago, but <u>not implemented</u>	1	33%	5	36%	1	12%	7	28%
Totals	3	100%	14	100%	8	100%	25	100%

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Appendix C: High priority audit recommendations overdue by more than three months

Audit Title and Year	Service Area	Outstanding Action	Status Update	Officer	Original Date	Revised Date (if provided)
Asset Management 2021/22	Places	<p>Tenancy schedule</p> <p>An up to date record of all properties, current tenants and terms should be consistently maintained. This should enable:</p> <ul style="list-style-type: none"> • Forward planning for tenancies reaching the end of their term; • Budget forecasting of expected income reflecting exact details of current leases/licences and income due; • Consistent information in the case of changes in personnel or planned absence of key officers. <p>It is acknowledged that manual spreadsheet records introduce an element of risk and a bespoke system for maintained all property records may assist in this, subject to a cost benefit analysis.</p>	<p>A new database is being produced. Officers made the decision to build and implement the compliance module first as that is the one that would have the greatest impact on the requirements to safely manage our assets.</p> <p>Beta testing of the Compliance Module in early June has identified some issues. Contractor is rectifying these and further testing due to commence in late June. Current expectation is that system will then go live in July. Estates Module will then follow in Aug/Sept 2023.</p>	Head of Property Services	30/09/2022	September 2023

Appendix D: Limitations and responsibilities

Limitations inherent to the internal auditor's work

Internal Audit undertakes a programme of work agreed by the Council's senior managers and approved by the Audit and Risk 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 assignments; or were not brought to the consortium's attention. As a consequence, the Audit and Risk Committee should be aware that the audit opinion for each assignment might have differed if the scope of individual assignments was extended or other relevant matters were brought to Internal Audit's attention.

Internal control

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

Future periods

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

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

Responsibilities of management and internal auditors

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

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

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AUDIT AND RISK COMMITTEE

27 June 2023

STRATEGIC RISK REGISTER

Report of the Strategic Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Portfolio Holder for Resources.	
Contact Officer(s):	Kirsty Nutton, Strategic Director for Resources (s.151 Officer)	01572 758159 KNutton@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That the Committee:

- 1) Notes the content of the updated Strategic Risk Register (Appendices A and B) and the actions underway to address the risks.

1 PURPOSE OF THE REPORT

- 1.1 To present the Strategic Risk Register to the Committee and provide assurance that strategic risks are being adequately managed.

2 CONTEXT

- 2.1 Risk is unavoidable, and it forms an important part of life that allows us all to move forward and develop. As an organisation it can impact in many ways, whether financially, politically, on our reputation, environmentally or to our service delivery. Effective risk management optimises the balance between risk and control, providing sufficient protection from harm, without stifling the Council's development.
- 2.2 The Council's overriding attitude to risk is to operate in a culture of creativity and innovation, in which risks are identified in all areas of the business, are understood and proactively managed, rather than avoided. Risk management therefore needs to be at the core of the Council and our key partners. As such

the Council needs to have the structures and processes in place to ensure the risks and opportunities of daily Council activities are identified, assessed and addressed in a standard way. This will enable the Council to not only to meet the needs of the community today, but also be prepared to meet future challenges.

2.3 The Council's main aims in relation to risk management are to:

- i. Ensure that appropriate systems are in place to help identify, evaluate and make a conscious choice about how to deal with the risks that it faces
- ii. Ensure that mechanisms exist to track and report business risks on an ongoing basis
- iii. Embed risk management into the culture of the organisation in terms of how it operates and makes decisions
- iv. Adopt a systematic approach to risk management as an integral element of business planning and performance management
- v. Raise awareness of the need for risk management by all those connected with delivery of the Council's services (including partners and contractors)

3 STRATEGIC RISK REGISTER

3.1 The Risk Register has been reviewed and updated as at June 2023. The dashboard at Appendix A summarises the key movements since it was last presented at Audit and Risk in September 2022. The full register is included in Appendix B.

3.2 Directorate Risk Registers are in place and the Internal Audit work plan for the year includes completing assurance reviews for this area, as approved by this Committee 21 March 2023:

Corporate governance and counter fraud

Risk management: To provide support on maintenance of the Council's risk registers and quarterly testing on a sample of controls within the registers to inform real time assurances to the committee on the assumptions underpinning the risk scoring.

4 CONSULTATION

4.1 None required.

5 ALTERNATIVE OPTIONS

5.1 This report provides an opportunity for the Audit and Risk Committee to review the Register therefore there are no alternative options for this recommendation.

6 FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications arising from this report, but the Committee should note that the failure to manage risks effectively could have

a financial impact on the Council.

- 6.2 As part of the Medium-Term Financial Strategy the Council will adopt a Reserves Strategy. As part of this Strategy an assessment will be undertaken as to the possible risk exposure for the Council alongside the likelihood of occurrence. This assessment will be kept under review as the budget setting process is completed and will form part of the S151 / Chief Finance Officers 'Section 25 Robustness of Estimates' assessment on the adequacy of reserves.
- 6.3 The Committee should also note that addressing risk issues may require investment of resources.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

- 7.1 As set out in the terms of reference within the constitution, this Committee has responsibility to provide assurance of the adequacy of the Risk Management framework and control environment.
- 7.2 There are no legal implications arising from this report.

8 DATA PROTECTION IMPLICATIONS

- 8.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

10 COMMUNITY SAFETY IMPLICATIONS

- 10.1 There are no community safety implications.

11 HEALTH AND WELLBEING IMPLICATIONS

- 11.1 There are no health and wellbeing implications.

12 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 12.1 The Committee's role is to monitor the effective development and operation of risk management and corporate governance. The Risk Register sets out the strategic risks facing the Council and demonstrates how they are being managed.
- 12.2 The Internal Audit plan includes an allocation of time throughout the year to review the controls and actions outlined in this report as part of mitigating the risks.

13 BACKGROUND PAPERS

13.1 The following are links to the relevant Risk Management papers:

- [Risk Management Policy, as agreed at Audit & Risk Committee, 5 April 2022, Item 9.](#)
- [Strategic Risk Register report, as noted at Audit & Risk Committee, 27 September 2022, Item 12.](#)
- [Internal Audit work plan, as agreed at Audit & Risk Committee, 21 March 2023, Item 9.](#)

14 APPENDICES

14.1 Appendix A: Risk Dashboard

14.2 Appendix B: Strategic Risk Register

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577

Appendix A. Risk Dashboard

<p>Number of Risks</p> <p>10</p>	<ul style="list-style-type: none"> • No new risks have been added since the last review. • The score for Risk 73 which is about corporate capacity has been reduced. Vacancy levels continue to be around 30 and there is concern in particular around care workers. However, the Council ensures relevant skills and capacity are available to deliver services via the use of temporary Agency workers whilst recruitment is undertaken, or consultants are brought in when specialist work is required. This shows that risk mitigations are being actively deployed on a timely basis. • 15 new actions have been added across the identified strategic risks • 10 actions have been closed covering Risks 3, 5, 76, 73, 74 • Updates and progress are provided in Appendix B.
<p>Risks added since last review</p> <p>0</p>	
<p>Risks removed since last review</p> <p>0</p>	
<p>Number of open actions</p> <p>15</p>	
<p>Actions added since last review</p> <p>15</p>	
<p>Actions completed since last review</p> <p>10</p>	

Appendix B. Strategic Risk Register

Key to symbols/terms used within the report

Risk Score:

Inherent Risk – the likelihood / impact of the risk without taking any controls and actions in place into consideration.

Residual Risk – the likelihood / impact of the risk taking the controls and actions RCC have put in place into consideration.

Summary of risks – (for risk matrices see final page of this report)

Risk ID:	Risk Title:	Inherent Risk Cat.	Residual Risk Cat.	Movement since last review
3	Failure to deliver key services should a significant business interruption occur	High	Medium	No change
4	Failure to Safeguard (Children) and a child is significantly abused, hurt, or dies.	High	Medium	No change
5	Failure to Safeguard (Adults) and an adult is significantly abused, badly hurt or dies.	High	Medium	No change
76	Failure to address increasing SEND costs and provide an inclusive learning offer	High	Medium	Reduction
7	Failure to put in place plans to support growth with appropriate infrastructure	Medium	Low	Reduction
78	Failure to achieve expectations of customers across key service areas.	Low	Low	Increase
10	Failure to protect the health and safety of employees and members of the public	High	Low	No change
73	There is a risk we cannot deliver key/new priorities due to a lack of resources caused by retention / recruitment issues, budget or too big a corporate workload (including additional requirements from Government).	High	High	Reduction
74	There is a risk that the Council is not financially stable in the medium term (as evidenced by the gap in MTFP)	High	High	Reduction
79	Risk that the Council does not have procurement and commissioning capacity and capability to secure the best possible financial and other outcomes	Medium	Medium	No change

Actions:

All actions have a three letter code defined as follows:

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 3	Risk Title: Failure to deliver key services should a significant business interruption occur	
Owner: Strategic Director for Places	Actions <ul style="list-style-type: none"> • [IMP] – Testing of Business Continuity Plans (BCPs) <ul style="list-style-type: none"> ○ Added – March 2022 ○ To be arranged with Resilience Partnership pre-September 2022 ○ Revised – testing to be deferred pending LRF review of business continuity support ○ Leadership team to review BCPs 	Controls <ul style="list-style-type: none"> • A Major Incident Plan has been prepared • Specific recovery plans are in place and have been updated • Business Continuity documents have been uploaded to a secure website (Resilience Direct) • Contract procedure rules include the requirement for managers to consider the impact of contractor failure and mitigate the risks appropriately • Business Continuity arrangements audited by Internal Audit and more recently by Resilience Partnership and new plan addresses key learnings • Preparations completed for dealing with concurrent events • Periodically test the Plan through LRF based exercise
Inherent Score: 16		
Residual Score: 12 ↔		
Date Risk Added: September 2016		
Last Review Date: June 2023		
PREVIOUS ACTIONS (REMOVED OR CLOSED) CLOSED - Cyber Security Resilience considered at Audit & Risk Committee in September 2022. Actions identified undertaken. Work undertaken now forms Business As Usual activity.		
Comments: Civil Contingencies means the LRF are considering support arrangements the best time for an exercise, with the most recent exercise undertaken in March 2023. The Corporate Leadership Team took part in the multi-agency exercise with feedback and learning provided to the LRF, and the Council updating the list of equipment required in a variety of incidents as well as a review and update of the information likely to be accessed. Business continuity plans are in place for all critical services within the Council, however these require testing. A new business continuity officer is being funded and will be employed by the Resilience Partnership, recruitment is underway. The officer will be responsible for overseeing the Councils BCPs and monitoring updates. BCPs are scheduled to be reviewed twice yearly at CLT, the next session is in September 2023.		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 4	Risk Title: Failure to Safeguard (Children) and a child is significantly abused, hurt, or dies.	
Owner: Strategic Director for Children & Families	Actions <ul style="list-style-type: none"> • [IMP] NEW Implement the Independent Review of Social Care recommendations once Government response received (expected December 22) <ul style="list-style-type: none"> ○ Added Sept 22 ○ Due to be completed – Jan 2024 	Controls <ul style="list-style-type: none"> • Processes and procedures in place to protect the most vulnerable • Ensuring we have sufficient competent, trained staff to safeguard children and there is no unallocated work • Clear practice standards in place so staff know what is expected of them and effective training to allow them to deliver high quality practice. • Children’s services improvement plan in place and subject to monthly scrutiny by the Improvement Board. • High quality management oversight of all Children’s Social Care practice. • Comprehensive Performance Management and Quality Assurance framework in place. • Sign of Safety model in place
Inherent Score: 20		
Residual Score: 12 ↔		
Date Risk Added: September 2016		
Last Review Date: June 2023		
PREVIOUS ACTIONS (REMOVED OR CLOSED)		
Comments: The government response to the Independent Review of Social Care can be found on the link below: https://www.gov.uk/government/consultations/childrens-social-care-stable-homes-built-on-love The results of the consultation and the Government’s response will be published on GOV.UK September 2023. The OFSTED focused visit took place in January 2023 with a focus on child in need and child protection practice. The resulting letter said “Social workers and their managers know their children well. Most children are safer as a result of the help they receive.” The areas of social work practice to improve are: <ul style="list-style-type: none"> • The robustness of management oversight so that shortfalls in visits to children and social work supervision are prevented. • The effectiveness of the quality assurance measures in informing improvements. • The quality of assessments. In response we have updated our development plan for children’s services with a particular focus on achieving consistent good quality practice in assessments and planning and strengthened our frontline management and supervision of child in need and child protection work. 		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 5	Risk Title: Failure to Safeguard (Adults) and an adult is significantly abused, badly hurt or dies.	
Owner: Strategic Director for Adult Services & Health	<p>Actions</p> <ul style="list-style-type: none"> • [PRE] Preparing for Care Quality Commission Inspection of Local Authority Social Care. Completion of Self-Assessment tool when available. <ul style="list-style-type: none"> ○ Added: 21 March 2022 ○ Target date: 31 March 2022 ○ Revised date 31 March 2023 (when it comes into force). ○ Preparation is ongoing and as from October 2022 a CQC readiness team will oversee action. • [PRE] Implement changes to Liberty Protection Safeguards (issued in March) for implementation in 2023 <ul style="list-style-type: none"> ○ Added: 21 March 2022 ○ Target date: End September 2022 ○ Revised date September 2023. Awaiting guidance. ○ Awaiting confirmation of a revised implementation date 	<p>Controls</p> <ul style="list-style-type: none"> • Processes and procedures in place to protect the most vulnerable. • Scrutiny and overview from the Safeguarding Boards. • Monthly performance and financial monitoring by senior offices and updates to Cabinet. • High quality, timely information contained within case files. • Clear practice standards in place so staff know what is expected of them. • Management oversight recorded on file alongside regular supervision. • Effective training of staff. • Comprehensive Performance Management and Quality Assurance framework in place. • Annual audits now in place on an ongoing basis to ensure quality and effectiveness of service is maintained. • Workforce changes to provide a complex lives worker, across teams, providing further resilience and professionalism to safeguarding • Extra social worker added to P&S to support increased safeguarding referrals/duty work, on a fixed one-year contract
Inherent Score: 15		
Residual Score: 9 ↔		
Date Risk Added: September 2016		
Last Review Date: June 2023		
PREVIOUS ACTIONS (REMOVED OR CLOSED)		
CLOSED - Refresh LLR Safeguarding Adults Board Business Plan – completed (available on Leicestershire Adult Safeguarding Board website)		
<p>Comments: *The Care Act 2014 (Section 42) requires that each local authority must make enquiries, or cause others to do so, if it believes an adult is experiencing, or is at risk of, abuse or neglect. An enquiry should establish whether any action needs to be taken to prevent or stop abuse or neglect and if so, by whom.</p> <p>There will be Care Quality Commission (CQC) oversight of Local Authorities’ commissioning of adult social care, which will be introduced through the Health and Care Bill. This will be applied from 1 April 2023.</p> <p>The Liberty Protection Safeguards will provide protection for people aged 16 and above who are or who need to be deprived of their liberty in order to enable their care or treatment and lack the mental capacity to consent to their arrangements. The Liberty Protection Safeguards were introduced in the Mental Capacity (Amendment) Act 2019 and will replace the Deprivation of Liberty Safeguards (DoLS) system.</p>		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 76	Risk Title: Failure to address increasing SEND costs and provide an inclusive learning offer	
Owner: Strategic Director for Children & Families	Actions <ul style="list-style-type: none"> • [IMP] NEW: Delivering Better Value programme grant and implementation plan to be completed: <ul style="list-style-type: none"> ○ Due for completion end of June 2023 ○ Funding received to support implementation plan – September 2023 • [IMP] : Development of new early years pathway for those with additional needs <ul style="list-style-type: none"> ○ Added September 2022 ○ Due for completion June 2024 ○ Consultation with early years sector underway • [IMP] NEW: Strengthen strategic partnership governance of SEND system in Rutland. <ul style="list-style-type: none"> ○ Added June 2023 ○ Due for completion September 2023 	Controls <ul style="list-style-type: none"> • SEND recovery plan in place and actioned. • Monitoring by officers – regular scrutiny of performance data, finance and outcomes. • SEND Programme Board scrutinises progress of SEND recovery plan. • Continue to expand our In-County special education options (UCC provision is now open) for children with SEND so more children are educated closer to home. • Support and enable our Early Years Settings to meet the needs of all children and families so all Rutland families have access to early education which meets identified needs. • Inclusion partnerships and mainstream plus provision in place
Inherent Score: 15		
Residual Score: 9 ▼		
Date Risk Added: October 2019		
Last Review Date: June 2023		

PREVIOUS ACTIONS (REMOVED OR CLOSED)

CLOSED: New secondary mainstream plus provision now in place (10 places targeted at children with additional needs without an EHCP) from September 2022.

CLOSED: Preparation for Delivering Better Value Programme and Phase 1 completed

Comments: The increased demand and rising costs for supporting children with SEND is still a national issue and the Department for Education has published its SEND/AP improvement plan:

<https://www.gov.uk/government/publications/send-and-alternative-provision-improvement-plan>

There is a 2 year national change programme associated with this which RCC will be fully engaged in to ensure reforms are implemented well.

The Council is also part of the Delivering Better Value in SEND programme which provides dedicated support and funding to help local authorities with substantial, but less severe, deficit issues to reform their high needs systems; we fit this profile. A grant submission and implementation plan will be completed by the end of June 2023 which should lead to a £1m grant to enable us to implement the necessary changes and development to address the growth of the deficit on the high needs block.

A joint OFSTED/CQC Area SEND Inspection took place in May 2023 which was positive about the outcomes we are achieving for our children with SEN/D in Rutland. This will be published in July 2023.

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 7	Risk Title: Failure to put in place plans to support growth with appropriate infrastructure	
Owner: Strategic Director for Places	Actions <ul style="list-style-type: none"> • [IMP] New IDP to be developed alongside new Local Plan <ul style="list-style-type: none"> ○ Added October 2021 ○ Due for completion December 2024 ○ Update – working group is overseeing all Local Plan work • [IMP] Governance framework for CIL spending to be developed. <ul style="list-style-type: none"> ○ Added June 21 ○ Due for completion December 2021 ○ Update – Governance framework to be presented in November 2022 • [IMP] Infrastructure priorities to be agreed for spending <ul style="list-style-type: none"> ○ Added October 2021 ○ Due for completion March 2022 ○ Revised – December 2024 – intention is to go create a 10 year capital plan which goes beyond infrastructure for development purposes but also whatever else Members may want to achieve. We expect to align this to the IDP work noted above. ○ Update: Interim position to be agreed whilst longer term work is progressed. Report expected in November to confirm priorities. 	Controls <ul style="list-style-type: none"> • Existing plan in place – Infrastructure Delivery Plan • Infrastructure requirements identified linked to CIL. • Key infrastructure requirements are monitored on a regular basis e.g. School Places. • Specific projects in place to meet specific need including; <ul style="list-style-type: none"> ○ OEP – Employment/business growth. ○ Schools – expansion of Catmose planned • Balances of s106 and CIL being held until used • Infrastructure funding statement published annually in December • Projects managed in accordance with the Council’s project management policy •
Inherent Score: 12		
Residual Score: 6 ▼		
Date Risk Added: November 2016		
Last Review Date: June 2023		
PREVIOUS ACTIONS (REMOVED OR CLOSED) None		
Comments: The Council were successful in its bid submission for Levelling up Bid funds (jointly with Melton) for c£23m.		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 78	Risk Title: Failure to achieve expectations of customers across key service areas.	
Owner: Leadership Team	Actions <ul style="list-style-type: none"> • [IMP] Customer Services strategy to be refreshed as part of Corporate Plan work (including review of current arrangements) <ul style="list-style-type: none"> ○ Updated timescale - September 2023 ○ Transformation project to consider customer arrangements ○ Work on service standards being progressed • [IMP] External website continues to be used as a platform to transform the customer experience as identified in the Transformation project review. <ul style="list-style-type: none"> ○ Updated timescale - September 2023 ○ Transformation project to consider customer arrangements 	Controls <ul style="list-style-type: none"> • Customer KPIs in place across key service areas. • External feedback in areas like Better Care Fund/Social Care. • Customer Service Standards in place. • Complaints, compliments and comments recorded and analysed. • Access to Council services available through various channels. • Website team in place and new website planned for December. • MyAccount is now launched
Inherent Score: 6		
Residual Score: 6 ▲		
Date Risk Added: October 2019		
Last Review Date: June 2023		
PREVIOUS ACTIONS (REMOVED OR CLOSED) None		
<p>Comments: New arrangements for Customer Service Team were implemented in February. The use of MyAccount continues to be well received with over 3,500 registered users. Small initiatives being undertaken pending Transformation work.</p> <p>New website has been successfully launched. Inherently designed so that our customers have the best experience finding and using our services online. It is a way for residents to access information more quickly and easily, particularly from smartphones. Work continues to extract benefits from this communication channel.</p>		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 10	Risk Title: Failure to protect the health and safety of employees and members of the public	
Owner: Strategic Director for Places To be transferred to Strategic Director for Resources	Actions <ul style="list-style-type: none"> • [IMP] H&S Corporate framework to be implemented <ul style="list-style-type: none"> ○ Update: Corporate H&S Group to assess implementation status – this work is ongoing. Internal Audit doing a health check review. 	Controls <ul style="list-style-type: none"> • Joint safety committee in place that reviews internal risk reports such as RIDDOR. • Contract procedure rules require contract managers to take due regard of health and safety when procuring contracts. • Managers complete risk assessments for service activities and review annually. • Mandatory health and safety training for all staff • Rolling programme of audits ongoing. • Internal H&S group set up and working • Annual report to Council on Health and Safety
Inherent Score: 20		
Residual Score: 6 ↔		
Date Risk Added: September 2016		
Last Review Date: June 2023		
PREVIOUS ACTIONS (REMOVED OR CLOSED) None		
Comments: H&S framework includes various aspects such as training, performance reporting, risk assessments, display screen equipment (DSE) assessments. Various elements have been completed such as DSE assessments, reporting to Joint Safety Committee. Internal Audit undertook a review of H&S framework (Satisfactory opinion).		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 73	Risk Title: There is a risk we cannot deliver key / new priorities due to a lack of resources caused by retention / recruitment issues, budget or too big a corporate workload (including additional requirements from Government).	
Owner: Leadership Team	Actions <ul style="list-style-type: none"> • [IMP] Refresh of salary benchmarking for Heads of Service and Director posts – Q4 of 2023/24 • [IMP] A model of Service Workplans to be introduced in 2023-24 as part of our financial management strategy – will assist prioritisation aligned to Corporate Strategy and workload management. • [IMP] Framework agreement in place with a Managed Service Provider to facilitate sourcing of Agency/interim workers where needed to cover urgent gaps/capacity. • [IMP] People Strategy being developed in 2023-24 to include focus on recruitment and retention – help to reduce turnover and retain capacity. • [IMP] Review Leadership and Management skills development to identify key skill gaps – develop programmes and initiatives to improve capability and capacity. • [IMP] Quarterly reporting to CLT on key workforce issues and pressures to track and monitor risks and pressures points; identify actions. 	Controls <ul style="list-style-type: none"> • Specific recruitment plans in place. • Provision for supplements in place. • Use of external agencies/partners as approved by CLT • Applicant Tracking System in use, allowing Human Resources to manage the recruitment process better. • Awareness of where there are issues • Review of Retention and Recruitment completed by HR • Business Continuity arrangements • Request for Resources from Cabinet/Council • Using funding received to bring in support
Inherent Score: 20 ▲		
Residual Score: 15 ▼		
Date Risk Added: September 2019		
Last Review Date: June 2023		
PREVIOUS ACTIONS (CLOSED OR REMOVED) CLOSED - Consideration to be given for Corporate mechanism/dashboard for understanding capacity - details will be included in the Corporate performance report CLOSED - Project teams to consider Resource needs for upcoming projects and pressures (NB: new burdens funding could be received) for financial outturn – requests were included in Outturn report but was reference was made to further requests potentially being necessary. CLOSED - Corporate strategy and service commitments to be tested for deliverability and workload issues – this has been as far as possible		
Comments: The Council is continuing to experience resource pressures with on average 30 vacancies at any time. With additional funding, support has been secured from external firms for some projects. But we are still experiencing challenges in bringing in extra support. The position is fluid. There is a national shortage of health and care workers at all levels and this is particularly acute in care settings. This is impacting local services e.g., both Council and private sector have gaps resulting in care packages being handed back and care providers stopping their contracts with us. We are working with HR to try and be creative, make roles as attractive as possible but we are not confident that this will solve the problem. Progress on the implementation of projects and performance levels including any potential impact on delivery times arising from staffing issues is shared in the Performance Report.		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 74	Risk Title: There is a risk that the Council is not financially stable in the medium term (as evidenced by the gap in MTFP)	
Owner: Strategic Director for Resources	Actions <ul style="list-style-type: none"> • [IMP] Direction of travel regarding transformational opportunities for service delivery to achieve financial sustainability to be presented to Cabinet in Summer 2023. • [IMP] Enhanced budget setting process based on Cash Limit allocations on which to design an affordable service over the medium-term budget setting period. Design to include: <ul style="list-style-type: none"> ○ Transformational solutions ○ Key performance indicators aligned to the Corporate Strategy ○ Identified investment opportunities to help deliver long term financial sustainability. • [IMP] develop a Reserve Strategy as part of the Medium Term Financial Plan (MTFP) to provide clear indication of how reserves will be used. • [IMP] develop a series of Financial Health Indicators for the MTFP to provide warnings where agreed financial strategy is at risk of delivery. • [PRE] to manage in year financial performance managing demand, and mitigating budget pressure risks. • [PRE] deliver the saving initiatives identified in the MTFP. • [PRE] identify further saving and income generating, additional grant receipt opportunities during the year. 	Controls <ul style="list-style-type: none"> • Medium Term Financial Plan (MTFP) in place • Members adhering to minimum General Fund balances in budget setting • Members understand the need to raise Council Tax • All increases in budget scrutinised to ensure they meet policy objectives and performance standards. • Lobbying for additional funding ongoing including meeting with Minister and MP • Various controls reviewed and continued where appropriate to bring actual expenditure in line with budget where overspends are forecast (e.g. review of recruitment, agency staff etc) • Robust financial performance management of the ongoing Revenue budget throughout the year • Enhanced monitoring and reporting of financial performance with management action taken and risk mitigations for emerging budget pressures • Ongoing project work to assess financial impact of future financial reforms feeding into the funding strategy and changes to service delivery where necessary • Enhanced budget setting process where service provision is designed within the affordability envelope (adoption of Cash Limits)
Inherent Score: 24		
Residual Score: 15 ▼		
Date Risk Added: September 2019		
Last Review Date: June 2023		
PREVIOUS ACTIONS (CLOSED OR REMOVED) CLOSED - Agree financial objectives and priorities and implications as part of budget setting for the 2023/24 financial year. Cabinet recommended, and Council approved, the Financial Sustainability Strategy (FSS) in October 2022 and November 2022 respectively. CLOSED – MTFP and FSS updated for budget updates brought about by inflationary pressures on supplies and services, contract extensions, investment income assumptions, and a delay to the Fair Funding for social care. CLOSED – Initial transformation work for identification of opportunities completed		
Comments: Regular review of this risk and the changing economic climate is incorporated into the monthly budgetary control process and reported to the Leadership Team and Cabinet on a regular basis to ensure timely management action.		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Risk ID: 79	Risk Title: Risk that the Council does not have procurement and commissioning capacity and capability to secure the best possible financial and other outcomes	
Owner: Strategic Director for Law & Governance	Actions <ul style="list-style-type: none"> • [IMP] Upskill internal team capacity to support more effective commissioning, alongside Service Level Agreement with Welland Procurement Unit for tender procurement support • [IMP] Develop tools to support the commissioning process prior to embarking on any procurements • [PRE] Develop and implement streamlined processes for procurement to create efficiencies in process • [IMP] Update training for all staff on commissioning support and procurement processes to enable self-serve for low value, low risk procurements 	Controls <ul style="list-style-type: none"> • Council has access and support from Welland Procurement • Commissioning team in place covering all Directorates • Other external support is being brought in to supplement in house resource on key procurements e.g. waste management • External reviews of commissioning have indicated the Council does obtain good results e.g. adult placements • Project Teams are in place with all key procurement activity e.g. Leisure, Waste Management, Highways • Lessons learnt include investing in understanding needs and therefore commissioning intentions rather than the process of contracting / procurement
Inherent Score: 12		
Residual Score: 8 ↔		
Date Risk Added: January 2021		
Last Review Date: June 2023		
PREVIOUS ACTIONS (CLOSED OR REMOVED) None		
Comments: Actions updated and amended to reflect current position and take into account challenges identified within the Transformation workstream. The new Procurement Bill currently in Parliament will have an impact of future procurement processes, we are awaiting statutory guidance on its implementation.		

[IMP] – An action that will improve the likelihood/impact of the risk once the action is completed.

[PRE] – A preventative action, which will not improve the risk but will prevent it from getting worse.

Inherent Risk Score plotted on the Risk Matrix

Impact ↑	Most Severe	4				• 3	• 4 • 10 • 73	• 74
	Major	3				• 7 • 79	• 5 • 76	
	Moderate	2			• 78			
	Minor	1						
			1	2	3	4	5	6
			Extremely Unlikely	Unlikely	Low	More likely that not	Very Likely	Extremely Likely
			Likelihood →					

Residual Risk Score plotted on the Risk Matrix

Impact ↑	Most Severe	4						
	Major	3			• 5 • 76	• 3 • 4	• 73 • 74	
	Moderate	2			• 7 • 78 • 10	• 79		
	Minor	1						
			1	2	3	4	5	6
			Extremely Unlikely	Unlikely	Low	More likely that not	Very Likely	Extremely Likely
			Likelihood →					

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