

AUDIT COMMITTEE

NOTICE AND AGENDA

For a meeting to be held in the Penn Chamber, Three Rivers House, Northway, Rickmansworth on Thursday, 26 September 2024 at 7.30 pm

Members of the Committee:-

Councillors:

Tony Humphreys (Chair)
Lisa Hudson
Sara Bedford
Khalid Hussain
David Major

Keith Martin (Vice-Chair)
Ian Morris
Ciaran Reed
Mike Sims

*Joanne Wagstaffe, Chief Executive
Wednesday, 18 September 2024*

The Council welcomes contributions from members of the public on agenda items at the Audit Committee meetings. Details of the procedure are provided below:

For those wishing to speak:

Members of the public are entitled to register and identify which item(s) they wish to speak on from the published agenda for the meeting. Those who wish to register to speak are asked to register on the night of the meeting from 7pm. Please note that contributions will be limited to one person speaking for and one against each item for not more than three minutes.

In the event of registering your interest to speak on an agenda item but not taking up that right because the item is deferred, you will be given the right to speak on that item at the next meeting of the Committee.

Those wishing to observe the meeting are requested to arrive from 7pm.

In accordance with The Openness of Local Government Bodies Regulations 2014 any matters considered under Part I business only of the meeting may be filmed, recorded, photographed, broadcast or reported via social media by any person.

Recording and reporting the Council's meetings is subject to the law and it is the responsibility of those doing the recording and reporting to ensure compliance. This will include the Human Rights Act, the Data Protection Legislation and the laws of libel and defamation.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence and to note the presence of any substitute members.

2. MINUTES

(Pages 5
- 8)

To confirm as a correct record the minutes of the meeting of the Audit Committee held on 25 July 2024.

3. RISK MANAGEMENT STRATEGY

(Pages 9
- 28)

The Risk Management Strategy was last reviewed in March 2022 and is reviewed every two years. Audit Committee is asked to consider the latest revision of the Councils Risk Management Strategy before it is presented to the Council's Policy and Resources Committee.

Recommendation:

That Audit Committee recommend the adoption of the updated Risk Management Strategy to Policy and Resources Committee.

4. STATEMENT OF ACCOUNTS UPDATE SEPTEMBER 2024

(Pages
29 - 44)

This report sets out the latest position for external audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23 and 2023/24 including an update of the expected backstop arrangements.

Recommendation:

To note the update in relation to the 2020/21, 2021/22, 2022/23 and 2023/24 external audits.

5. FINANCIAL BUDGETARY RISK REPORT

(Pages
45 - 46)

This report advises the Committee on the latest position in respect of the evaluation of financial risks facing the Council for discussion and any recommendations or comments they wish to make.

Recommendation:

That the Committee review the risk register and make any comments it wishes to make against individual risks.

6. TRDC SIAS PROGRESS REPORT AGAINST THE 2024-25 AUDIT PLAN FOR 26 SEPTEMBER 2024

(Pages
47 - 84)

To consider the Internal Audit Update Report which details progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2024/25 as at 13 September 2024, proposed amendments to the plan, implementation status of all agreed audit recommendations from 2019/20 onwards and an update on performance management as at 13 September 2024.

Recommendations:

- i. Note the Internal Audit Progress Report for the period to 13 September 2024.

- ii. Approve amendments to the Audit Plan as at 13 September 2024.
- iii. Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in appendices 3 to 6.
- iv. Agree removal of implemented audit recommendations (appendices 3 to 6).

7. AUDIT COMMITTEE WORK PROGRAMME

(Pages
85 - 88)

This report sets out the Audit Committee's latest work programme to enable the Committee to make updates as required.

Recommendation:

That the Committee consider and makes necessary changes to its' Work Programme.

General Enquiries: Please contact the Committee Team at
committeeteam@threerivers.gov.uk

This page is intentionally left blank

THREE RIVERS DISTRICT COUNCIL

At a meeting of the Audit Committee held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 25 July 2024 from 7.30 - 7.52 pm

Present: Councillors Tony Humphreys (Chair)

Raj Khuroya and Ciaran Reed

Officers in Attendance:

Alison Scott, Director of Finance
Robert Thurlow, Chief Accountant
Sharon Keenlyside, Interim Senior Democratic Services Office

External in Attendance:

Allan Cooper, Shared Internal Audit Service (SIAS)

AC8/23 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Lisa Hudson, Keith Martin, Abbas Merali and Tom Smith.

AC9/23 DECLARATIONS OF INTEREST

There were none.

AC10/23 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 30 May 2024 were confirmed as a correct record and signed by the Chair of the meeting.

AC11/23 ANNUAL FRAUD REPORT 2024

Alison Scott, Director of Finance, presented the annual report which informed Members of the work of the Fraud Service for the financial year 2023-2024 and to date, and provided updates on progress and developments.

A Member commented on paragraph 2.1.11 of the report and asked if the limited engagement with the Department of Work and Pensions (DWP) was a Hertfordshire specific problem or a sector wide issue. The Director of Finance informed Members that it was a sector wide issue.

The Chair asked if there had been any fraudulent activity with the Business Energy Grant. The Director of Finance told Members that Three Rivers took a very proactive approach to fraud and had not picked up on any fraud yet. It would be confirmed to Committee if any were found.

RESOLVED: to note the Annual Fraud Report 2024.

AC12/23 TREASURY MANAGEMENT ANNUAL REPORT

Rob Thurlow, Chief Accountant, presented the Treasury Management Annual Report, a mandatory requirement by regulations issued under the Local Government Act 2003.

The Chief Accountant drew to Members attention, incorrect figures in the Table at 1.21 where the value for Investments should read £25.348m and the value for Net Investments should read £17.348m. The Table at 2.9.1 also had incorrect figures where banks balances of £2.392m were omitted which meant that the total for Treasury Investments and all Investments were incorrect and should read £25.348m and £30.958m respectively.

The Chief Accountant informed Members that the Council had complied with all limits and budgetary parameters set out in the strategy with one exception: a technical breach of investment limits with the Council's bank. On one night last year, £20.2m was held against the counterpart limit of £10m because of a hardware issue, resulting in a technical failure of Lloyds online banking system This meant that the Council was unable to execute agreed deposits with the UK Debt Management Office and penalty charges were incurred in addition to loss of interest. Lloyds had compensated the Council in full so there had been no financial impact.

Income from internally managed investments through the year was equivalent to 4.78%.

RESOLVED: that the Committee noted the Treasury Management Annual Report.

AC13/23 SHARED INTERNAL AUDIT SERVICE (SIAS) BOARD ANNUAL REPORT

Alan Cooper, Shared Internal Audit Service (SIAS), presented the SIAS Board Annual Report. The report was a summary view which included Three Rivers District Council (TRDC) as well as other partners and was presented for information.

The Chair enquired about the net deficit due to increased use of audit partners and cost pressures from the Local Government pay settlement.

Alan Cooper explained that it was due to challenges with recruitment and was expected to be a one-off net deficit having now resolved the recruitment issues. The cost of using the co-sourced partner was a lot higher than when SIAS used their own internal auditors. The cost pressures from the Local Government pay settlement was expected to be something that had occurred last year only and was not ongoing.

RESOLVED: that the Committee noted the Shared Internal Audit Service's (SIAS) Board Annual Report.

AC14/23 INTERNAL AUDIT UPDATE

Alan Cooper, SIAS, presented the regular progress report which set out the status of the delivery of the current years' Internal Audit Plan, presented changes to the plan (approved by the Committee in March), gave the implementation status of previously agreed audit recommendations from 2019/20 onwards and gave an update on performance management information.

A Member enquired about recommendation 1 on page 55 which recommended that the Council review the systems used to maintain records of Council owned properties as he thought that the issue had been resolved. The Director of Finance explained that there were two sources of asset information at present. The asset register was used for the statement of account purposes which the external auditor referred to at a previous meeting and any issues were now resolved. There was a new asset management system being introduced and some data still needed to be transferred to the new system.

A Member enquired about the deadline for the annual review of debtor accounts now that the date of the new deadline had passed.

Alan Cooper, SIAS, explained that the service had concluded that there was no material risk and due to resources were not going to put this into practice. The recommendation was more of an advisory.

RESOLVED: that the Committee noted the Internal Audit Update.

AC15/23 AUDIT COMMITTEE WORK PROGRAMME

The Audit Committee Work Programme was noted.

CHAIR

This page is intentionally left blank

**Audit Committee
26 September 2024**

PART I

**Risk Management Strategy
(ADCCC)**

1 Summary

- 1.1 The Risk Management Strategy was last reviewed in March 2022 and is reviewed every two years. Audit Committee is asked to consider the latest revision of the Councils Risk Management Strategy before it is presented to the Council's Policy and Resources Committee.
- 1.2 This strategy has been reviewed and agreed by the Councils Risk Management Group, and Corporate Management Team.

2 Details

- 2.1 The effective management of risk is a key component to demonstrating good corporate governance and is fundamental to sound management practices and informed decision-making.
- 2.2 The strategy is broken down into nine headings;
- Purpose Of The Strategy
 - Our Vision And Objectives
 - Background
 - Risk Management Strategy Objectives
 - Key Features Of The Risk Management Framework Page 9
 - Risk Appetite And Tolerance
 - Types Of Risk
 - Identification Of Risks Within Committee Reports
 - Roles And Responsibilities
- 2.3 The strategy aims to embed effective Risk Management principles across all areas of the Council.
- 2.4 The Risk Management Strategy has been updated to include our current Corporate Framework Objectives and old objectives removed.
- 2.4.1 In Section 6, the Risk Appetite and Tolerance description has been amended to include that there is a clear understanding that the activities with a high or very high-risk score may still go ahead, with appropriate mitigations. Each risk will be assessed and scored separately, and an appropriate treatment plan will be agreed.
- 2.4.2 The wording around risk scores in the Risk Appetite and Tolerance section has been amended to ensure it is clear the score is the residual risk score, after mitigations have been put in place, and not the inherent risk score.
- 2.5 In section 9, references to Heads of Service have been amended to Corporate Management Team (CMT).

3 Options and Reasons for Recommendations

3.1 The Audit Committee is responsible for monitoring the effectiveness of the authority’s risk management arrangements. Therefore, Audit Committee is asked to comment on and recommend the Risk Management Strategy to the Policy and Resources Committee.

4 Policy/Budget Reference and Implications

4.1 The recommendations in this report are within the Council’s agreed policy and budgets. The relevant policy is entitled Risk Management Strategy and was originally agreed on 5 November 2018.

5 Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications

5.1 None specific.

6 Recommendation

6.1 That: Audit Committee recommend the adoption of the updated Risk Management Strategy to Policy and Resources Committee.

Report prepared by:

Phil King, Data Protection and Resilience Manager

Jamie Russell, Resilience and Risk Officer,

Data Quality

Data sources: n/a

Data checked by: n/a

Data rating: Tick

1	Poor	
2	Sufficient	X
3	High	

Background Papers

APPENDICES / ATTACHMENTS

Risk Management Strategy.

Three Rivers District Council

Risk Management Strategy

July 2024

Contents

1. Purpose Of The Strategy	2
2. Our Vision And Objectives	2
3. Background	2
4. Risk Management Strategy Objectives	3
5. Key Features Of The Risk Management Framework	4
6. Risk Appetite And Tolerance	6
7. Types Of Risk.....	9
8. Identification Of Risks Within Committee Reports.....	9
9. Roles And Responsibilities	10
Appendix A.....	12
Appendix B.....	14
Appendix C	15

1. Purpose Of The Strategy

- 1.1 Three Rivers District Council is a complex organisation, delivering a range of priorities against a backdrop of financial constraint and the need to demonstrate continuous improvement, efficiency, and customer focus. The management of risk, including the risk bought about by opportunity, is essential to ensure the achievement of our objectives.
- 1.2 The effective management of risk is a key component to demonstrating good corporate governance.
- 1.3 Employing a systematic approach to identifying, analysing, and mitigating risks enables the Council to strike a balance between embracing innovation and maintaining prudent risk management.
- 1.4 This strategy aims to establish a structured framework for the Council's risk management practices. By improving the management of risk, we will be better able to achieve our objectives and ensure best value in the services we provide.

2. Our Vision And Objectives

- 2.1 The Council's vision is "Three Rivers: A great place to live, work and visit".
- 2.2 The four objectives in the Framework are outlined below, and we shall work with public, private, and voluntary services to achieve these.
 - 1) Provide responsive and responsible local leadership.
 - 2) A great place to do business.
 - 3) Sustainable Communities.
 - 4) Net Carbon Zero and Climate Resilient.
- 2.3 The full Framework can be found [here](#).

3. Background

- 3.1 Effective risk management is fundamental to sound management practices and informed decision-making.
- 3.2 Risk management is embedded within both the Council's project management and decision-making frameworks.
- 3.3 This strategy outlines the Council's ongoing commitment to enhancing its risk management protocols, aligning with its overarching objectives of demonstrating robust corporate governance and prudent corporate management.
- 3.4 Definitions.
 - **Risk** is the effect of uncertainty on objectives. Effect can be positive as well as negative and is the combination of the likelihood of an event occurring and its consequences.
 - The process that is used to manage risk is known as **Risk Management**.
 - **Risk Appetite** is the amount and type of risk that an organisation is prepared to pursue, retain, or take. This is not just concentrating on the negatives, but also the benefits that taking calculated risks can bring to achieving our priorities.
 - The level of risk the Council is prepared to expose itself to is known as the **Risk Tolerance**.

- **Control Measures** are the actions taken to mitigate the likelihood and impact of a risk.

4. Risk Management Strategy Objectives

- 4.1 The objectives of the Council's risk management strategy are:
- 4.1.1 To identify and assess potential risks that could impact the organisation's objectives, projects, or operations.
 - 4.1.2 To evaluate the likelihood and potential impact of identified risks on the organisation, allowing for informed decision-making and prioritisation of resources.
 - 4.1.3 To develop and implement strategies to mitigate, minimise, or eliminate identified risks to an acceptable level, thereby reducing the likelihood of negative consequences.
 - 4.1.4 To recognise and capitalise on opportunities that may arise from effectively managing risks, such as innovation, strategic partnerships, or competitive advantages.
 - 4.1.5 To ensure compliance with legal, regulatory, and industry standards, thereby reducing the organisation's exposure to legal liabilities and reputational risks.
 - 4.1.6 To build organisational resilience by proactively addressing potential threats and vulnerabilities, enabling the organisation to adapt and thrive in a dynamic environment.
 - 4.1.7 To provide decision-makers with accurate and timely information regarding risks, enabling them to make well-informed decisions that align with organisational vision, objectives, and values.
 - 4.1.8 To foster a culture of accountability and transparency within the organisation, where individuals and teams take responsibility for managing risks within their areas of responsibility.
- 4.2 Good risk management is the key to the Council achieving all its objectives.
- 4.2.1 Additionally, it is a legal obligation - the Accounts and Audit Regulations 2006 state that the Council must publish an Annual Governance Statement alongside the Annual Statement of Accounts, detailing its risk management arrangements.
 - 4.2.2 The objectives of a Risk Management Strategy are typically achieved through several key actions and processes.
 - 4.2.3 Use various techniques such as risk assessments, brainstorming sessions, historical data analysis, and expert input to identify potential risks across all areas of the organisation's operations, projects, and objectives.
 - 4.2.4 Using Risk Assessments to evaluate the likelihood and potential impact of identified risks, using qualitative or quantitative methods to prioritise risks based on their severity and significance to the organisation.
 - 4.2.5 Develop and implement strategies and controls to reduce, mitigate, or eliminate identified risks to an acceptable level. This may involve implementing internal controls, contingency plans, risk transfer mechanisms (such as insurance), or process improvements.
 - 4.2.6 Continuously monitor and review the effectiveness of risk management activities, ensuring that risks are managed appropriately and in accordance with the organisation's risk tolerance and objectives. Regular reviews allow for adjustments to risk management strategies as the organisation's risk landscape evolves.
 - 4.2.7 Establish clear communication channels to ensure that risk information is

effectively communicated across the organisation. This includes reporting on risk exposures, mitigation efforts, and risk management performance to relevant stakeholders: Joint Leadership Team, Senior Leadership Team, Corporate Management Team, Members, employees, and external partners.

- 4.2.8 Integrate risk management considerations into decision-making processes at all levels of the organisation. This ensures that risks and opportunities are considered when making strategic, operational, and project-related decisions, helping to maximise value and minimise potential negative impacts.
- 4.2.9 Provide training and awareness programs to employees at all levels of the organisation to build a risk-aware culture and ensure that individuals understand their roles and responsibilities in managing risks effectively.
- 4.2.10 Adopt a culture of continuous improvement within the organisation by regularly reviewing and refining risk management practices and processes based on lessons learned, best practices, and changing internal and external factors.

5. Key Features Of The Risk Management Framework

- 5.1 The risk management process entails identifying, evaluating, and continuously managing risks to reduce them to an acceptable level, whenever feasible. However, not all risks can be mitigated adequately. In such cases, the focus shifts to ensuring robust controls and conducting regular monitoring. It is essential to ensure that control measures are proportionate to the risks they aim to mitigate.
- 5.2 Heads of Service and Project Leads have the responsibility to continually identify risks, maintain, review Operational Service, and Project Risk Registers.
- 5.3 Risk consideration is also integral to reports submitted to Committees. Officers with delegated decision-making authority must ensure thorough risk assessment when exercising this authority.
- 5.4 The Council maintains a Strategic Risk Register, which captures high-level strategic risks. A strategic risk is defined as one that could significantly hinder the achievement of one or more objectives outlined in the Corporate Framework.
- 5.5 The risk management cycle involves several key stages, as outlined below. Detailed procedures for scoring and recording risks are provided in Appendix A and Appendix B.
 - 5.5.1 **Stage 1: Identify the Risks**
 - 5.5.1.1 Outlining risks faced by the organisation in pursuit of its objectives and priorities.
 - 5.5.1.2 Maintaining a Strategic Risk Register, cataloguing major strategic risks to the Council.
 - 5.5.1.3 Maintaining a Financial and Budgetary Risk Register, noting significant financial risks to the Council.
 - 5.5.1.4 Managing departmental Operational Risk Registers, listing service-specific risks for each department.
 - 5.5.1.5 Recording project risks in Project Risk Registers.
 - 5.5.1.6 Incorporating risks impacting goal attainment in the risk management segment of all committee reports.
 - 5.5.2 **Stage 2: Assess and Score the Risks**

5.5.2.1 After identifying potential risk areas, the impact and likelihood are assessed to generate an **inherent** risk score, reflecting the risk without any mitigating measures. See Appendix A for the impact and likelihood scoring matrix.

5.5.2.2 Having evaluated the risk without controls in place, list the key controls / actions that will reduce the risk of non-achievement. Re-evaluate using the risk matrix to arrive at the **residual** risk score.

5.5.2.3 This whole risk process records the controls that are required to be put in place to reduce the likelihood of the risk occurring and the impact upon Council objectives and will include such actions as:

Tolerate	<p>The Council may tolerate a risk where:</p> <ul style="list-style-type: none"> • The risk is effectively mitigated by internal controls, even if it is high. • The risk cannot be mitigated cost effectively. • The risk allows for greater benefits. <p>These risks must be monitored, and contingency plans should be put in place in case the risks occur.</p>
Treat	<p>The aim of addressing a risk is to proceed with the associated activity while reducing the risk to an acceptable level. This is achieved by implementing control measures, either through containment actions (which decrease the likelihood or severity of a risk and are applied proactively) or contingency actions (implemented after the risk occurs to minimize its impact, requiring prior planning).</p>
Terminate	<p>Doing things differently and therefore removing the risk. This is particularly important in terms of project risk. This may be difficult to achieve with the Council's strategic risks.</p>
Transfer	<p>Transferring some aspects of the risk to a third party, for example by insurance or paying a third party to take the risk.</p>

5.5.2.4 Positive risks are called **opportunities** and have the following possible actions.

Enhance	Take actions to increase the likelihood and / or impact of the opportunity
Exploit	Take actions to ensure the opportunity will happen and the impact will be realised
Share	With a partner, supplier, etc and in so doing, share the use of resources, technology, etc.
Reject	Take no action

5.5.3 Stage 3: **Recording the Risks**

Each risk needs to be allocated an accountable risk owner to take responsibility for managing the risk, ensuring controls remain effective and

actions are taken. The Risk Register Template is at Appendix B.

5.5.4 Stage 4: **Monitoring and reporting**

5.5.4.1 Based on the risk score, risks are categorised as red, amber, or green. Risks scoring nine or above after mitigation must be actively monitored in the relevant risk register. Risks scoring between 12 and 16 should be brought to the Corporate Management Team for quarterly monitoring.

5.5.4.2 Heads of Service must review their operational risk registers quarterly, while project managers should review project risk registers at every project board meeting.

5.5.4.3 The Strategic Risk Register will be annually reported to the Policy and Resources Committee, and the Financial and Budgetary Risk Register will be reported to the Audit Committee on a quarterly basis.

5.5.4.4 Operational Risk Registers, included in each department's Service Plans, are reported to the relevant Service Committee annually.

6. **Risk Appetite And Tolerance**

6.1 Risk management goes beyond avoiding risks entirely. The Council acknowledges that embracing calculated, responsible, and informed risks is essential for fostering innovation and maximising value for money. Therefore, the risk management process is centred around managing risks to maintain an acceptable level.

6.2 Every decision made by the Council carries inherent risks, and it is crucial to acknowledge that articulating a level of risk tolerance is necessary to leverage positive benefits while mitigating negative consequences for the Council.

6.3 Risk appetites range from being risk-averse to risk-hungry. While a risk-averse approach actively avoids risks, it may also hinder innovation. On the other hand, a risk-hungry stance embraces innovative approaches, potentially leading to greater long-term benefits despite higher inherent risks.

6.4 Risk appetite varies depending on the nature of risks and services involved. It is not a uniform concept that can be applied equally to all situations.

6.5 The matrix provided serves as a tool for managers during project evaluation and decision-making processes, aiding in clarifying the levels of risk the Council is willing to take, accept, or tolerate.

6.6 Establishing a clear risk appetite offers several benefits:

6.6.1 It highlights instances where risks might be overly managed, or opportunities underutilised.

6.6.2 Discrepancies between risk appetite and existing control levels can be addressed by refocusing controls on priority areas.

6.6.3 The Council communicates its risk tolerance levels transparently after implementing control and risk mitigation measures.

6.6.4 Decision-making becomes more focused and aligned with organisational objectives.

The table below sets out the Council's current risk appetite with residual risk scores

IMPACT	LIKELIHOOD			
	1 Remote (≤ 5%)	2 Unlikely (6 – 20%)	3 Likely (21 – 79%)	4 Very Likely (≥ 80%)
4 (Catastrophic)	4 Low	8 High	12 Very High	16 Very High
3 (Critical)	3 Low	6 Medium	9 High	12 Very High
2 (Significant)	2 Low	4 Low	6 Medium	8 High
1 (Marginal)	1 Low	2 Low	3 Low	4 Low

6.6.5 The objective of risk management is to minimise risks to a level just below the risk appetite line (depicted as a thick black line above). This entails implementing sufficient controls to reduce the risk to an acceptable level, finding a balance between excessive or insufficient control measures.

6.6.6 In some circumstances a risk that has a residual score above the thick black line may still be acceptable if sufficient and appropriate mitigation is in place.

Risk Appetite Matrix

	1 Averse	2 Cautious	3 Open	4 Hungry
	Avoidance of risk and uncertainty is a key driver in decision making	There is a general preference for safe options that have a low degree of inherent risk and may only have limited potential for reward	All potential options are considered, and the decision will be the course of action that is likely to result in successful delivery and an acceptable level of reward – which will include value for money	Eager to innovate and explore novel options that offer a potentially higher level of reward, but with a higher level of inherent risk
Risk category	Examples of behaviours when taking decisions			
Reputation	Minimal tolerance of any activity that could lead to press scrutiny of the Council	Tolerance is limited to decisions where there is little chance of significant reputational repercussions for the Council should there be a failure	Appetite to take decisions where there is a potential to expose the Council to scrutiny but only if appropriate measures have been taken to minimise exposure	Appetite to take decisions that are likely to bring scrutiny of the Council, but the potential benefits outweigh the risks
Operational & Policy Delivery	Defensive approach which aims to defend or protect rather than create or innovate. Tight management controls and oversight with limited devolved decision. General avoidance of system or technological developments	Tendency to stick to the status quo with innovation avoided unless necessary. Decision making with senior management. Systems / technology developments are limited to protection of current operations.	Innovation is supported, with demonstrable improvements in management control. Systems and technological developments are considered to enable operational delivery. Responsibility for non-critical decisions may be devolved.	Innovation is pursued – there is a desire to challenge current working practices. Innovative technologies are viewed as a means of improving operational delivery. Management is by trust rather than tight control and authority is devolved.

7. Types Of Risk

7.1 Categories of risk identified by the Council are as follows:

Impact Classification	Service disruption	Financial loss	Reputation	Failure to meet legal obligation	People
4 Catastrophic Impact	Total loss of service	> £500k	Adverse national media coverage / many complaints	Litigation, claim or fine > £500k	Fatality of one or more clients or staff
3 Critical Impact	Major service disruption	£100k - £500k	Adverse local media coverage / several complaints	Litigation, claim or fine £100k - £500k	Severe injury, permanent disablement of one or more clients or staff
2 Significant Impact	Service disruption	£25k - £100k	Local public interest / some complaints	Litigation, claim or fine £25k - £100k	Major injury to an individual
1 Marginal Impact	Minor service disruption	< £25k	Isolated complaints	Litigation, claim or fine < £25k	Minor injury to less than 5 people

8. Identification Of Risks Within Committee Reports

8.1 Decisions should be recorded by the author of the report in the section "Potential Risks" as follows:

Nature of Risk	Consequence	Suggested Control Measures	Response (<i>treat, tolerate, terminate, transfer</i>)	Risk Rating (<i>combination of severity and likelihood</i>)

- 8.2 If any risk, even after implementing control measures, scores eight or higher, provide a detailed explanation in the report regarding why you recommend that the risk should be accepted, or detail plans to transfer the risk.
- 8.3 Outline the procedure for continuous monitoring of all listed risks and specify the circumstances under which termination may be considered.
- 8.4 For risks scoring eight or more after implementing controls, ensure they are documented in the relevant risk register and flag them for review by the Corporate Management Team for potential inclusion in the strategic risk register.

9. Roles And Responsibilities

<p>The roles and responsibilities of all those involved in the risk management process can be summarised as follows:</p>	<p>Role</p>
<p>Chief Executive and Directors / Associate Directors</p>	<ul style="list-style-type: none"> • Leads on the wider corporate governance agenda, of which risk management is a part. • Signs off the annual Governance and Assurance Statements. • Ensures that risks are fully considered in all strategic decision making and that the Risk Management Strategy helps the Council to achieve its objectives and protection of its assets.
<p>Data Protection & Resilience Manager</p>	<ul style="list-style-type: none"> • Lead officer for risk management. • Owner of risk management strategy. • Chairs Officer Risk Management Group.
<p>Joint Leadership Team (JLT)</p>	<ul style="list-style-type: none"> • Ensures the Council manages risk effectively through the development of a comprehensive Risk Management Strategy. • Monitors progress against strategic and cross-cutting risk action plans. • Attends risk management training as appropriate. • Lead Member for Resources acts as Risk Champion.
<p>Corporate Management Team (CMT)</p>	<ul style="list-style-type: none"> • Ensure the Council manages risk effectively in each service within the agreed corporate strategy. • Participate in relevant risk management training sessions. • Promote the principles of sound risk management throughout their Service. • Report potential strategic risks to the Corporate Management Team, and oversee all risks associated with their Service. • Ensure comprehensive consideration of risks in the decision-making process. • Conduct regular reviews of risks, with a minimum frequency of quarterly assessments. • Appropriately manage risks in any projects and partnerships they oversee or participate in. • Ensure that reports, policies, or procedures within their oversight incorporate relevant connections to risk management.
<p>Officer Risk Management Group (RMG)</p>	<p>The purpose of the group is to ensure the Risk Management Strategy is seen as a key element of the Councils strategic and service planning process, with particular focus on</p> <ul style="list-style-type: none"> • Strategic, operational and project risk registers • Resilience plans • Monitoring and reporting procedures. • Review and updating procedures. • Specification of standards • Provision of appropriate training • Protection of core information systems and infrastructure • Risk management within partnerships.

Audit Committee	<ul style="list-style-type: none"> • Considers and reviews the Council’s risk management strategy. • Conducts quarterly assessments of the Council’s budgetary and financial risks. • Conducts annual assessments of the Council’s operational risk registers. • Participates in relevant risk management training sessions. • Oversees the efficiency of the authority’s risk management protocols. • Seeks confirmation that steps are being taken regarding risk-related matters highlighted by auditors and inspectors.
All members	<ul style="list-style-type: none"> • Responsibility to understand the strategic risks the authority faces, to oversee the effective management of these risks by officers. • Ensure that all identified risks have been considered in decision-making. • Seek clarification from report authors and/or lead Members if risks are not specifically shown in report.
Insurance Officer	<ul style="list-style-type: none"> • Oversee the day-to-day administration of the insurance function, including claims management. • Track and analyse claims data, providing relevant insights to Heads of Service and Managers to proactively manage risk and reduce the frequency of claims.
Project managers and managers of Partnerships	<ul style="list-style-type: none"> • Use the project risk register template to identify and manage their risks. • Report their risks to the appropriate partnership/project board on a regular basis. • Ensure that their risks are included in the appropriate risk register.
Employees	<ul style="list-style-type: none"> • Manage risk effectively in their job. • Attend risk management training as appropriate.

Appendix A

SCORING RISK

The impact and likelihood of any risk is evaluated on a scale of 1 – 4, with the product of the two representing the risk score.

Very Likely -----> Remove LIKELIHOOD	Low 4	High 8	Very High 12	Very High 16
	Low 3	Medium 6	High 9	Very High 12
	Low 2	Low 4	Medium 6	High 8
	Low 1	Low 2	Low 3	Low 4
	IMPACT Low -----> Unacceptable			

The interpretation of the scores is as follows:

Likelihood	Classification
4	Very Likely (≥80%)
3	Likely (21-79%)
2	Unlikely (6-20%)
1	Remote (≤5%)

Impact Classification	Service disruption	Financial loss	Reputation	Failure to meet legal obligation	People
4 Catastrophic Impact	Total loss of service	> £500k	Adverse national media coverage / many complaints	Litigation, claim or fine > £500k	Fatality of one or more clients or staff
3 Critical Impact	Major service disruption	£100k - £500k	Adverse local media coverage / several complaints	Litigation, claim or fine £100k - £500k	Severe injury, permanent disablement of one or more clients or staff
2 Significant Impact	Service disruption	£25k - £100k	Local public interest / some complaints	Litigation, claim or fine £25k - £100k	Major injury to an individual
1 Marginal Impact	Minor service disruption	< £25k	Isolated complaints	Litigation, claim or fine < £25k	Minor injury to less than 5 people

Overall Risk Score

The overall risk score can be interpreted as follows:

Risk Score	Description
12 – 16	Very High – risk must be reduced through planned actions
8 – 9	High risk – take further action to manage the risk and reduce its impact and/or likelihood
6	Medium risk – consider further action
1 – 4	Low risk – monitor to ensure it remains low

RISK REGISTER

Date risk added to register	Risk ref	Risk owner	Category	Risk description	Comment	Likelihood score (inherent)	Impact score (inherent)	Inherent risk score	Risk controls	Risk control owners	Likelihood score (residual)	Impact score (residual)	Residual risk score	Risk direction	Action plan	Action plan owners	Action plan completion dates	Comments on last risk review
<i>dd/mm/yy</i>	<i>Unique reference number</i>	<i>Who is responsible for the risk?</i>	<i>Strategic, Operational or Financial</i>	<i>What is the risk?</i>	<i>Any other information about the risk, e.g. cause/trigger, consequences, etc</i>	<i>What is the likelihood score with no controls in place? 1=≤5% 2=6-20% 3=21-79% 4=≥80%</i>	<i>What is the impact score with no controls in place? 1=marginal 2=significant 3=critical 4=catastrophic</i>	<i>Likelihood X Impact</i>	<i>List existing controls</i>	<i>Who is responsible for the current controls</i>	<i>What is the likelihood score with the controls in place? 1=≤5% 2=6-20% 3=21-79% 4=≥80%</i>	<i>What is the impact score with no controls in place? 1=marginal 2=significant 3=critical 4=catastrophic</i>	<i>Likelihood X Impact</i>		<i>What further controls can be used to reduce the risk further or maintain the current residual score?</i>	<i>Who is responsible for implementing and monitoring the action plan?</i>	<i>When will items on the action plan be completed?</i>	<i>What has changed since the risk was last reviewed?</i>

DOCUMENT INFORMATION
Approval of Document

	Name	Job Title	Date
Prepared by:	Jamie Russell	Resilience and Risk Officer	June 2024
Checked & reviewed by:	Phil King	Data Protection and Resilience Manager	July 2024
Approved by:	Pending - Audit Committee		
	Pending - Policy & Resources Committee		
Date Document is due for Review:	September 2026		
Version:	1.0		
Purpose of Document Issue:			

Distribution List

Organisation	Name	Format and quantity issued
TRDC	Risk Management Shared Folder	Electronic x 1
TRDC	Website	Electronic x 1
TRDC	Intranet	Electronic x 1

Amendment and Revision Record

Version	Purpose of Issue	Date
1.0		

This page is intentionally left blank

AUDIT COMMITTEE – 26 SEPTEMBER 2024

PART I – DELEGATED

Statement of Accounts Update (DoF)

1 Summary

- 1.1 This report sets out the latest position for external audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23 and 2023/24 including an update on the expected backstop arrangements.

2 Detail

2.1 External Audit of the Statement of Accounts 2020/21, 2021/22 and 2022/23

- 2.1.1 Previous updates to this Committee have set out the previous government's proposal to introduce backstop dates to address the audit backlog across English Councils and it was noted that the timing of the general election had resulted in this not being taken forward in the originally anticipated timeframe. On 30 July, the newly appointed Minister of State for Local Government and English Devolution wrote to councils setting out the intention to lay secondary legislation to implement the backstop proposals.

- 2.1.2 The backstop for all accounts up to and including 2022/23 is proposed to be 17 December 2024 with a further five backstop dates as follows:

- 2023/24: 28 February 2025
- 2024/25: 27 February 2026
- 2025/26: 31 January 2027
- 2026/27: 30 November 2027
- 2027/28: 30 November 2028

- 2.1.3 Although the backstop is subject to parliamentary approval, EY have written to councils setting out the arrangements for meeting the backstop date of 17 December for all accounts up to and including 2022/23. Officers are in the process of providing the information requested.

- 2.1.4 As previously reported, the backstop arrangements will result in the external audit opinion on the accounts for 2020/21, 2021/22 and 2022/23 being disclaimed.

- 2.1.5 The accounts for 2020/21, 2021/22 and 2022/23 will be authorised for reissue in October and a new period of public inspection will be undertaken. This is to ensure that all audit adjustments from 2019/20 are reflected in the accounts on which the audit opinion is given.

2.2 External Audit of the Statement of Accounts 2023/24

- 2.2.1 The 2023/24 statement of accounts will be reissued, alongside the 2021/22 and 2022/23, statements at the end of September. This will incorporate final amendments to opening balances from prior years, the final valuation received from the pension fund actuary in relation to the Council's pension asset and liability, and the valuations for the Council's fixed assets which were not available when the original draft was published at the end of May. The external audit will take place during October and November.
- 2.2.2 As previously discussed at Committee, the audit opinion is likely to be disclaimed for 2023/24 as a result of the disclaimed opening balances. An element of qualification is likely to run through the accounts for at least a further year (impacting the 2024/25) as assurance is rebuilt. Officers will continue to work with Azets to limit the impact as far as possible. However, our ability to influence this will be limited by guidance issued by the National Audit Office (NAO), Financial Reporting Council (FRC) and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 2.2.3 Depending on the progress of the 2023/24 audit, it may be necessary to arrange an additional meeting of the Audit Committee in February to receive the report of the external auditors and approve the statement of accounts.

2.3 Arrangements for future years

- 2.3.1 The letter from the Minister of State for Local Government and English Devolution also set out the new government's proposal that, subject to parliamentary approval, the deadline for the production of draft accounts should be extended from 31 May to 30 June for the financial years 2024/25 to 2027/28. The objective is to give those preparing accounts more time to ensure they are high-quality. This change is welcomed and reflects feedback provided by Officers to the consultation on the backstop arrangements.
- 2.3.2 The letter also notes that the action to address the backlog will not provide a long-term solution to the 'wider, broken audit system,' and indicates that the government plans to move forward with 'significant reform' of the audit system.

2.4 Audit Fee Consultation 2024/25

- 2.4.1 The Council has opted in to the national scheme for external auditor appointments. The external audit fee is set annually by the Public Sector Auditor Appointments Limited (PSAA) in the organisation's capacity as an 'appointing person' under the provisions of the Local Audit and Accountability Act and the Local Audit (Appointing Person) Regulations 2015.
- 2.4.2 The consultation on the 2024/25 audit fee was launched on 12 September 2024 and is attached at Appendix 4. The proposed fee increase is 9.5% on the 2023/24 scale fee to cover the additional work required under revised standards and a contractual inflationary increase payable to firms for 2024/25. This follows substantial increases for 2023/24.

- 2.4.3 The PSAA have committed to write to all opted-in bodies during the consultation period to set out their expected scale fee. Once confirmed, the increase in fees will be incorporated into the budget for 2025/26 onwards through the budget setting process. There may be additional costs associated with the backstop arrangements. These will be subject to agreement through the fee variation process overseen by the PSAA.

3 Policy/Budget Reference and Implications

- 3.1 The recommendations in this report are within the Council's agreed policy and budgets.

4 Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications

- 4.1 None specific.

5 Recommendation

The Audit Committee is recommended to:

- Note the update in relation to the 2020/21, 2021/22, 2022/23 and 2023/24 external audits.

Report prepared by: Hannah Doney, Head of Finance

Data Quality

Data sources: None used in the preparation of the report

Background Papers

Statement of Accounts report to Audit Committee March 2024

APPENDICES / ATTACHMENTS

Appendix 1 – Letter from Minister of State for Local Government and English Devolution to Councils – 30 July 2024

Appendix 2 – PSAA Consultation on Audit Fees for 2024/25

This page is intentionally left blank



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

Minister of State
2 Marsham Street
London
SW1P 4DF

To All Chief Executives, Chief
Financial Officers, Local Authority
Leaders and Local Audit Firm Partners

30 July 2024

Dear all,

ACTION TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND

I am writing to you today to inform you that I have, today, provided Parliament with a written update on the decisive action I have taken to tackle the local audit backlog in England. The statement can be found here: <https://questions-statements.parliament.uk/written-statements/detail/2024-07-30/hcws46>.

Effective local audit ensures transparency and accountability for public money spent on these vital services and builds public confidence. The Government inherited a broken local audit system in England, with a significant and unacceptable backlog of unaudited accounts, which will likely rise again to around 1,000 later this year. This situation undermines trust and transparency in the way taxpayers' money is being spent. The delays that were seen under the last government mean that local bodies and their auditors cannot focus on up-to-date accounts, where assurance is most valuable.

To tackle the backlog, I intend to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates:

Financial Year	Backstop date
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

Subject to parliamentary approval, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. A new suite of guidance is planned by the NAO and Financial Reporting Council (FRC) on these measures, and we continue to work with other organisations to consider what guidance would be most constructive and helpful for local bodies.

We expect that there will be full assurance, with “clean” opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue ‘disclaimed’ audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable, however, given the scale of the failure in the local audit system the Government inherited meant that we have had to take this difficult decision to proceed. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance.

The Ministry will continue to work with the FRC and other key organisations across the local audit sector to support local bodies, auditors and the wider world to understand what the different types of modified opinions mean. As I set out in my statement, local bodies should not be unfairly judged based on disclaimed or modified opinions caused by the introduction of backstop dates that are largely beyond their control and auditors will be expected to clearly set out the reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

The Government will communicate the necessity of these steps and emphasise the context for modified or disclaimed opinions and all the key organisations. This will include some Q&A drop-in sessions followed by a webinar. Dates and invitations for these will be circulated shortly, and I hope you will all be able to attend to hear directly about the measures.

I recognise the commitment and hard work of all your finance teams to continue and strengthen their essential work to produce high quality accounts in a timely manner. I also recognise the commitment and hard work of auditors working to provide quality external assurance, as we move to restore a system of high-quality, timely financial reporting and audit, while managing the impact of this in a sustainable way.

It is my aspiration, and one I know is also supported by all the key organisations in the audit world, that it is in the public interest for the audit system for local public bodies in England to recover as quickly as possible once the backlog has been cleared. This means disclaimed opinions driven by backstop dates should in most cases be limited to the next two years (up to and including the 2024/25 backstop date of 27 February 2026), with only a small number of exceptional cases, due to specific individual circumstances, continuing thereafter.

This action to tackle the backlog, while vital, does not provide a long-term, sustainable solution to the wider, broken local audit system. The Government will need to undertake significant reform to overhaul the system, as we committed to in our manifesto. This will allow us to get the house in order, open the books, and repair the foundations of local government, and I will work with partners over the coming months to explore how best to achieve this.

Finally, I know the hard work is often unseen and too often not acknowledged, can I ask that you relay my appreciation to finance teams, key audit partners and others for the work they have done so far in what has been an extremely demanding period, and for the work they will do in the coming months and years.



Jim McMahon OBE MP

Consultation on the 2024/25 audit fee scale

**Opted-in local government, fire, police and
other bodies**

12 September 2024

Public Sector Audit Appointments Limited (PSAA) was incorporated by the Local Government Association (LGA) in August 2014. PSAA is a not-for-profit company limited by guarantee without share capital. The company's sole member and guarantor is the Improvement and Development Agency (IDeA), which is a subsidiary of the Local Government Association (LGA). PSAA is operationally independent of both organisations. PSAA's financial statements are not consolidated into the LGA's as neither the IDeA nor the LGA exercise control over PSAA or benefit from its results and financial performance.

In July 2016, the Secretary of State for Housing Communities and Local Government specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the [Local Audit and Accountability Act 2014](#) and the [Local Audit \(Appointing Person\) Regulations 2015](#).

Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme.

Contents

Summary	2
Responding to the consultation	3
The 2024/25 fee scale	3
Introduction	3
2024/25 fee scale elements.....	4
Summary of Proposal	6
Additional information.....	6
Statement of responsibilities	6
Value added tax	7
Next steps	7

Summary

- 1 This consultation invites comments on PSAA's proposals for setting the fee scale for 2024/25 audits of opted-in bodies.
- 2 We are required under local audit regulations to consult on and set the 2024/25 fee scale by the end of November 2024. Audit work under this fee scale is likely from March 2025 to February 2026 under the dates proposed in a [statement on the local audit backlog](#) published by the Ministry of Housing, Communities and Local Government (MHCLG) in July 2024.
- 3 In summary, our 2024/25 fee scale proposals include a 9.5% increase on the 2023/24 scale fees to cover the additional audit work required under revised standards and a contractual inflationary increase payable to audit firms for 2024/25.
- 4 The new audit work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud). We are also proposing to update the scale fees for 130 (24%) 2024/25 audits where there are confirmed changes in ongoing audit work since we set current scale fees. Incorporating fee increases into scale fees provides more certainty and without this consolidation such changes would be payable as fee variations.
- 5 Our strong view is that work on reforming accounting and auditing frameworks must reduce the volume of local audit work needed to deliver a more proportionate Code of Audit Practice (Code) compliant audit. We have welcomed the actions MHCLG is proposing to address the deeply concerning level of delayed local audit opinions and expressed our strong support for the Government's commitment to overhaul the local audit system to enable bodies and taxpayers to get better value for money.
- 6 We recognise the significant financial and wider pressures on opted-in bodies and understand that additional audit fees are an unwelcome additional budgetary pressure, but the specific changes in audit requirements in our fee scale proposal require substantial additional audit work. Our [information paper](#) for 2023/24 audits identifies the impact of changes in standards and provides information on how opted-in bodies and auditors can work together to mitigate the amount of additional audit work needed.
- 7 The Government has acknowledged that the local audit system is broken, evidenced by the backlog. MHCLG's statement above sets out the immediate action to be taken with the Financial Reporting Council (FRC), the National Audit Office (NAO) and the wider system to address the backlog and put local audit onto a more sustainable footing. A [letter to local government bodies](#) also emphasises the importance of the planned actions, which include a backstop to clear outstanding unaudited accounts up to and including financial year 2022/23 (with disclaimed audit opinions if necessary) and a series of further backstops to enable the system to recover. The actions needed to resolve the backlog require secondary legislation, expected to be in place soon.
- 8 The need to clear the backlog with widespread disclaimed audit opinions is a painful reminder of the consequences of the broken local audit system. We are also acutely aware of the fundamental need for a fully functioning supply market that will provide options for alternative auditor appointments when needed, and competition for future contracts.
- 9 More detail on the 2024/25 fee scale proposals is set out in the next section of this consultation. We are running a webinar for opted-in bodies on Tuesday 1 October from 1pm

Consultation on 2024/25 audit fee scale

to 2.30pm to support the consultation (paragraph 38 provides more information).

- 10 Our Board will consider consultation responses carefully before publishing the final 2024/25 fee scale on our website by 30 November 2024.

Responding to the consultation

We welcome comments on the proposals in this consultation. Please provide your feedback at:

<https://www.surveymonkey.com/r/H7VQW38>

The consultation will close on **Thursday 10 October 2024 at 5pm.**

The 2024/25 fee scale

Introduction

- 11 The Local Audit (Appointing Person) Regulations 2015 and the Local Audit (Appointing Person) (Amendment) Regulations 2022 require that PSAA, as an appointing person, must specify the scale or scales of fees for the audit of the accounts of opted-in authorities before 1 December of the financial year to which the scale of fees relates.
- 12 We consult in September so that our fee proposals are based on the latest information available and to provide opted-in bodies with their proposed fees for budget planning.
- 13 We expect that our 2024/25 fee scale consultation will run in parallel with MHCLG's actions to implement measures to address the audit backlog. MHCLG's July statement sets out the Government's intention to lay secondary legislation to support the backlog measures. The Comptroller and Auditor General will publish a new Code of Audit Practice by April 2025 and may also issue separate guidance endorsed by the FRC on audit work under the backlog measures. Total 2024/25 audit fees for a body (scale fee plus fee variations) will depend on the audit work required under the backlog measures and the circumstances of each opted-in body.
- 14 We will assess the impact on audit fees when guidance is available and will provide further information as soon as we can. The MHCLG statement sets out the principles for audit fees:
 - if auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, and the body is due to pay the applicable fee, including where there is a modified or disclaimed opinion; and

Consultation on 2024/25 audit fee scale

- if an auditor has collected audit fees in part or in full, and the backstop date means that the total work done represents less than the fee already collected, then the auditor must return the balance and refund the body the appropriate amount.
- 15 We set the fee scale each year based on the income we require to meet our own and the audit contract costs. Periodically we return any surplus to opted-in bodies by means of a distribution or reduction in future fees, once it is clear the surplus is no longer needed to discharge our responsibilities.

2024/25 fee scale elements

- 16 We propose that the 2024/25 fee scale should include the following elements:

A The scale fees set for 2023/24

PLUS:

- B Additional fees for changes in audit requirements (revised ISA 315 and linked work on ISA 240) using standard fees for differing body types
- C Adjustments for specific opted-in bodies, where updated information is now available
- D A contractual adjustment of 3.4% for inflation

- 17 Further information on each element is provided below.

A The scale fees set for 2023/24

- 18 We use the previous year's scale fees as the starting point for the next year and then consider any necessary adjustments.

B Changes in audit requirements (revised ISA 315 and linked work on ISA 240)

- 19 Audit requirements have grown in recent years due to increased regulatory challenge on audit quality, updated auditing and financial reporting standards, and the move to a VFM arrangements commentary, with an impact on audit fees. If a change is substantial and we can reliably estimate the additional fees, we will incorporate them into a fee scale.
- 20 We commission external independent technical research each year to contribute to our work on understanding the impact on audit fees of changes to the Code and financial reporting standards. From a complete list of expected changes, the research focuses detailed work on those requirements that have a significant impact on audit work and fees. The results of this work are included in the autumn [information paper](#) we publish each year to support fee discussions between opted-in bodies and auditors.
- 21 We have determined the additional fees to consolidate into the 2024/25 fee scale for revised ISA (UK) 315 (risks of material misstatement) and the related impact of ISA (UK) 240 (fraud). We are proposing standard fees for groups of bodies, as provided for in local audit regulations. The table below provides a list of the additional fees:

Additional standard fees to be consolidated for work on ISA 315 and 240

Body type	Standard fee
Metropolitan district council, London borough, unitary authority, county council	£15,690
District council	£9,410
Police and Crime Commissioner	£4,710

Consultation on 2024/25 audit fee scale

Body type	Standard fee
Chief Constable	£4,710
Fire authority	£7,058
Pension fund audit	£7,840

- 22** The proposed additional standard fees are based on the extra work required, approved fee variations for the first year of application (2022/23), and discussions with our contracted firms and public audit providers. The standard fees are equivalent to an average increase of 5% in total 2024/25 scale fees for all opted-in bodies. We only include additional fees in the fee scale when we have reliable information on the actual impact of a change in audit requirements. The fee scale does not include a contingency element, as this would mean opted-in bodies paying more than is necessary for their auditor to deliver a Code-compliant audit in years when additional requirements do not apply.
- 23** In a small number of exceptional cases where there are significant elevated risks, we are proposing higher additional fees based on the estimated additional work needed. We will review these cases once 2024/25 audit work has been completed and may adjust where needed in the next fee scale.
- 24** We have proposed the additional fees for 2024/25 on the basis that we will only consider subsequent requests from auditors for further fee variations for this category of work in exceptional cases.
- 25** The research considered other changes in audit requirements applicable for the first time for 2024/25, including IFRS 16 (Leasing) and ISA (UK) 600 (group financial statements). We concluded that we are unable to consolidate additional fees into the fee scale at this point as the fees for individual bodies will be highly dependent on a body's arrangements and the level of work required. We will need to evaluate the viability of incorporating additional fees in a future fee scale once we have enough information.

C Adjustments for specific opted-in bodies

- 26** The impact of delayed audit completions has meant that information to set the fee scale has not been complete, and in some cases has been missing for multiple years. Where the need for additional or reduced recurrent work is now clear from approved fee variations, we need to update scale fees. This has the benefit of providing clarity on expected fees before audit work is undertaken and reduces the need for ongoing fee variations.
- 27** We have considered information available since we published the 2023/24 fee scale in November 2023 and have identified 130 audits (24%) where fee increases or reductions are required for recurrent audit work.
- 28** We have also reviewed the bodies we identified as special cases when we set the 2023/24 fee scale and considered whether the additional fee adjustment remains appropriate. We have identified a small number of additional special cases from 2024/25.

D Adjustment for inflation

- 29** Our audit contracts provide for a 3.4% inflationary increase for 2024/25 audits, based on the ONS annual CPI rate published prior to 1 April 2024. The increase applies to 2024/25 scale fees and the hourly rates for additional work submitted as fee variations.

Consultation on 2024/25 audit fee scale

2024/25 additional fee hourly rates

	Partner/ Director	Senior Manager/ Manager	Senior Auditor	Other staff
2024/25 audits	£428	£236	£153	£117

Summary of Proposal

30 In summary, we propose that the fee scale for 2024/25 will be built up as follows:

2024/25 fee scale: proposed elements
A The scale fees for 2023/24
Plus:
B Fees for significant changes in audit requirements (ISA 315 and related ISA 240 requirements), using standard fees based on body type
C Adjustments for specific opted-in bodies
D Adjustment for inflation

31 We will write to each opted-in body during the consultation period setting out their expected scale fee based on these elements. The example below illustrates how the scale fee will be made up:

Calculation example – 2024/25 scale fees

Example (unitary council)	
1) 2023/24 scale fee	£313,800
2) Add: changes in audit requirements – new requirements of ISA (UK) 315 (risks of material misstatement) and related work on ISA (UK) 240 (fraud), not included in the fee scale	£15,690
3) Add/remove: changes in ongoing fee variations (specific bodies only, not applicable to all audits)	£3,452
4) Subtotal 2023/24 scale fees plus recurring additional fees	£332,942
5) Contractual indexation (3.4% of subtotal)	£11,320
Total scale fee for 2024/25	£344,262

Additional information

Statement of responsibilities

32 The [statement of responsibilities of auditors and audited bodies](#) sets out the expectations on which scale fees are based. The statement effectively represents the terms of engagement between appointed auditors and opted-in bodies and summarises their respective responsibilities.

Consultation on 2024/25 audit fee scale

- 33 Scale fees are based on the expectation that opted-in bodies can provide the auditor with complete and materially accurate financial statements and supporting working papers within agreed timeframes. Local fee variations may be needed where a body is unable to fulfil these requirements.
- 34 The statement of responsibilities also applies to auditors. Additional audit costs that arise due to auditors not meeting expectations in relation to their responsibilities are ineligible for a fee variation.

Value added tax

- 35 Individual audit fees under the 2024/25 fee scale do not include value added tax (VAT), which will be charged at the prevailing rate, currently 20%, on all work done.

Next steps

- 36 We welcome comments from opted-in bodies and other stakeholders on the proposals outlined in this consultation. The closing date for comments is 5pm on Thursday 10 October 2024.
- 37 Please respond to the consultation using the survey provided:
<https://www.surveymonkey.com/r/H7VQW38>
- 38 We are running a webinar for opted-in bodies on Tuesday 1 October from 1pm to 2.30pm to support the consultation. If you are a s151 Officer or an Audit Committee Chair and have not received your invitation please [contact us](#) to find out how to register.
- 39 Information about this consultation and the 2024/25 fee scale is [available on our website](#).
- 40 If you have any questions about the consultation please send them to:
workandfeesconsultation@psaa.co.uk.
- 41 We will consider carefully the responses to this consultation in setting the 2024/25 fee scale, which we will publish by 30 November 2024.
- 42 If you have comments about the way the consultation has been conducted, these should be sent by email to generalenquiries@psaa.co.uk.

This page is intentionally left blank

PART I – DELEGATED

FINANCIAL AND BUDGETARY RISKS (DoF)

Summary

- 1.1 This report advises the Committee on the latest position in respect of the evaluation of financial risks facing the Council for discussion and any recommendations or comments they wish to make.

Details

- 2.1 Following the change in Government it is becoming increasingly clear that public spending will remain under pressure and that local government is unlikely to benefit from an increase in central government support. Recent public sector pay increases have also been higher than expected and the 2024-25 pay award is yet to be settled. The Council continues to be at risk from the 2023 business rate revaluation and decisions about business rate pooling for 2025/26 have yet to be made.

Options and Reasons for Recommendations

- 3.1 The recommendations allow the Committee to review the financial risks faced by the Council and record any comments it wishes to make in respect of individual risks.

Policy/Budget Reference and Implications

- 4.1 The recommendations in this report are within the Council's agreed policy and budgets.

Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Public Health, Customer Services Centre, Communications & Website, Risk Management and Health & Safety Implications

- 5.1 None specific.

Recommendation

- 6.1 That the Committee review the risk register and make any comments it wishes to make against individual risks.

Report prepared by: Alison Scott, Director of Finance

Data Quality

Data sources: Budget Monitoring Reports & Budget setting report (Liberal Democrat)

Data checked by: Head of Finance.

Data rating:

1	Poor	
2	Sufficient	
3	High	√

APPENDICES / ATTACHMENTS

Appendix 1 - Financial Risk Register

This page is intentionally left blank



Three Rivers District Council Audit Committee Progress Report 26 September 2024

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 13 September 2024
- Approve amendments to the Audit Plan as at 13 September 2024
- Agree changes to the implementation date for 5 audit recommendations (paragraph 2.5) for the reason set out in Appendices 3 to 6
- Agree removal of implemented audit recommendations (Appendices 3 to 6)

Contents

- 1 Introduction and Background
 - 1.1 Purpose of Report
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 Audit Recommendations
 - 2.6 Proposed Audit Plan Amendments
 - 2.7 Audit Plan Delivery Progress

Appendices

- 1 Progress against the 2024/25 Audit Plan
- 2 2024/25 Audit Plan Projected Start Dates
- 3-6 Progress against Outstanding Internal Audit Recommendations
- 7 Assurance and Priority Levels
- 8 Global Internal Audit Standards – Briefing Paper

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2024/25 as at 13 September 2024.
 - b) Proposed amendments to the approved 2024/25 Annual Audit Plan.
 - c) Implementation status of all previously agreed audit recommendations from 2019/20 onwards.
 - d) An update on performance management information as at 13 September 2024.

Background

- 1.2 The work of internal audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.
- 1.3 The 2024/25 Annual Audit Plan was approved by Audit Committee on 21 March 2024.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS, the most recent of which was brought to this Committee on 25 July 2024.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 At 13 September 2024, 34% of the 2024/25 Audit Plan days had been delivered (calculation excludes unused 'To Be Allocated'). Appendix A provides a status update on each individual deliverable within the audit plan.
- 2.2 The following 2023/24 has not yet been finalised and is awaiting management response.

Audit Title	Date of Draft Report	Assurance Level	Number and Priority of Recommendations
Sundry Debtors	09/05/24	Reasonable	2 Medium 3 Low

The following 2024/25 final report has been issued since July 2024 Audit Committee.

Audit Title	Date of Issue	Assurance Level	Number and Priority of Recommendations
Homelessness	Sept '24	Substantial	None

All Priority Audit Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when agreed by Management. This includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.
- 2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at 12 July 2024, with full details given in appendices 3 to 6:

Year	Number of Recommendations	Implemented	Not yet due	Outstanding & request made for extended time or no update provided	% implemented
2019/20	37	36	1	0	97%
2020/21	25	25	0	0	100%
2022/23	44	43	1	0	98%
2023/24	36	26	5	5	72%

- 2.5 Since July 2024 Audit Committee, extension to implementation dates have been requested by action owners for 5 recommendations as follows:
- Two from the 2023/24 Taxi Licensing audit, with revised target dates of 31 October and 31 December 2024 respectively (both were 30 August 2024).
 - One from the 2023/24 Watersmeet audit, with a revised target date of 30 September 2024 (was 31 August 2024).
 - One from the 2023/24 Cyber Security audit, with a revised target date of 31 January 2025 (was 1 October 2024).
 - One from the 2023/24 Benefits audit, with a revised target date of 30 September 2024 (was 31 July 2024).

Proposed 2024/25 Audit Plan Amendments

- 2.6 The following changes to the 2024/25 Three Rivers and Shared Services Audit Plans have been agreed with Management:

- The allocation of 10 days under Assurance Mapping in the Shared Services Audit Plan has been reallocated to increase the existing TRDC and WBC client specific Assurance Mapping exercises by 5 days each. This better reflects the structure of the Risk Management processes within the Councils.

Reporting of Audit Plan Delivery Progress

- 2.7 To help the Committee assess the current position in terms of progress against the projects in the 2024/25 Audit Plan, an analysis of agreed start dates is shown at Appendix 2. Dates have been agreed with management and resources allocated accordingly.
- 2.8 The 2024/25 Annual performance indicators and targets were approved by the SIAS Board in March 2024. Actual performance for Three Rivers District Council (including the Shared Services Plan) against the targets that are monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target to 13 Sept 2024	Actual to 13 Sept 2024
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	37% (75 / 201 days)	34% (69 / 201 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2024	90%	22% (4 out of 18 projects to draft)	22% (4 out of 18 projects to draft)
3. Planned Projects – percentage of actual completed projects to Final report stage against planned completed projects by the production of the HoA Annual Report	100%	N/A	N/A – reported annually within the Chief Audit Executive’s annual report and opinion.
4. Client Satisfaction – percentage of client satisfaction questionnaires returned at ‘satisfactory overall’ level (minimum of 39/65 overall)	95%	100%	100% (based on three received in 2024/25)

Performance Indicator	Annual Target	Profiled Target to 13 Sept 2024	Actual to 13 Sept 2024
5. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	N/A (No high priority recommendations made)

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2024/25 Head of Assurance’s Annual Report:

- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance’s Annual Report** – presented at the Audit Committee’s first meeting of the civic year.

Global Internal Audit Standards

2.10 A briefing paper on the revised Global Internal Audit Standards that are required to be implemented by SIAS by 1 April 2025 is attached at Appendix 8. Members should note that the Standards guide the worldwide professional practice of internal auditing, are principle-based, and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the Standards are guiding principles that enable effective internal auditing, including the role and function of an audit committee.

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 13 SEPTEMBER 2024

2024/25 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Key Financial Systems									
Council Tax (Shared Services Plan)						10	SIAS	0	Allocated
Business Rates (Shared Services Plan)						10	SIAS	0.5	In Planning
Payroll (Shared Services Plan)						12	SIAS	0	Allocated
Procurement Cards (Shared Services Plan)						6	SIAS	0	Allocated
Treasury Management System Implementation Design (Shared Services Plan)						4	SIAS	0	Allocated
Operational Audits									
Democratic Services						8	SIAS	0	Allocated
Disabled Facilities Improvement						8	SIAS	7.5	Draft Report Issued
Public Health Funerals						8	SIAS	7.5	In Fieldwork
Homelessness	Substantial	0	0	0	0	8	SIAS	8	Final Report Issued
Asset Management System (inc Garages Follow Up)						8	SIAS	2	Terms of Reference Issued
Parks, Open Spaces and Woodland Management Plan						8	SIAS	7.5	Draft Report Issued
Community Safety						8	SIAS	0	Allocated
Corporate Services									

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 13 SEPTEMBER 2024

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
SARs, EIRs and FOI Requests						9	SIAS	0	Allocated
Embedded Project Assurance						6	SIAS	1	In Planning
Grant Certifications									
SHDF Wave 2.1 Grant						1	SIAS	0.5	In Fieldwork
IT Audits									
IT Project Management (Shared Services Plan)						10	BDO	2	Terms of Reference Issued
Service Desk Contract Management (Shared Services Plan)						8	BDO	7	Draft Report Issued
Cyber Security (Shared Services Plan)						15	BDO	0	Allocated
To Be Allocated									
Unused Contingency (Shared Services Plan)						3	N/A	0	To Be Allocated
Follow-Up Audits									
Follow-up of outstanding audit recommendations						8	N/A	4	Through Year
Strategic Support									
2025/26 Audit Planning						5	N/A	0	Quarter 4
Audit Committee						8	N/A	3.5	Through Year

APPENDIX 1 INTERNAL AUDIT PLAN 2024/25 – UPDATE ON POSITION AS AT 13 SEPTEMBER 2024

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Head of Internal Audit Opinion 2023/24						3	N/A	3	Complete
Monitoring and Client Meetings						7	N/A	3	Through Year
SIAS Development & Global Internal Audit Standards						3	N/A	2	Through Year
Assurance Mapping - TRDC						10	N/A	1	In Fieldwork
Assurance Mapping – Shared Services Plan						0	N/A	0	Cancelled
2023/24 Projects Requiring Completion									
2023/24 Projects Requiring Completion (5 days TRDC plan / 5 days Shared Services Plan)						10	N/A	9.5	TRDC - Complete / Shared Services Plan - In Progress
TRDC TOTAL						121		55.5	
SHARED SERVICES TOTAL						83		14	
COMBINED TOTAL						204		69.5	

Key to recommendation priority levels:

C = Critical, H = High, M = Medium, L = Low

APPENDIX 2 2024/25 AUDIT PLAN PROJECTED START DATES

Apr	May	Jun	July	Aug	Sept
Disabled Facilities Improvement (Draft Report Issued)	IT Service Desk Contract Management (shared services plan) (Draft Report Issued)	Embedded Project Assurance (In Planning)	SHDF Wave 2.1 Grant (In Fieldwork)	Public Health Funerals (In Fieldwork)	Business Rates (shared services plan) (In Planning)
Parks, Open Spaces and Woodlands Management Plans (Draft Report Issued)			Homelessness (Final Report Issued)		IT Project Management (shared services plan) (Terms of Reference Issued) (moved from February 2025 to September 2024)

Page 56

Oct	Nov	Dec	Jan	Feb	Mar
	Council Tax (shared services plan)	Payroll (shared services plan)	Cyber Security (shared services plan)	Community Safety	
	Asset Management Systems – Garages (Terms of Reference Issued) (moved from June to November 2024)	Procurement Cards (shared services plan)	Treasury Management System Implementation Design (shared services plan)		
		Democratic Services	SARs, EIRs and FOI Requests		

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend that the Council review the systems used to maintain records of Council owned properties.	Medium	<p>Position (July 2023) Garage data has been loaded and reconciled and the Property Management system is being used for the management of garages – reports and processes have been provided.</p> <p>The GIS link has been applied and is currently being tested.</p> <p>Recruitment for a temporary staff member has commenced and once in place will continue with the data collection for the commercial properties.</p> <p>Position (September 2023) GIS link is working. The temporary Officer has been appointed and will start to load the commercial property data. A full procedure has been created to ensure consistency. Full training will be given. Financial data is being collated to compliment the PMS. On target for completion 31st January 2024</p> <p>Position – November 2023 The Temporary Property Data Analyst is currently engaged in collating data in connection with the Council's commercial property portfolio. The work remains on target for completion 31st January 2024.</p> <p>Position – March 2024 Garage data implementation has now been completed and the system is being used for garage purposes (it should be noted that this is a new system, and issues are being addressed as they arise).</p>	Head of Property Services / Property & Legal Services Teams	31 January 2024	*	<p>31 August 2024</p> <p>30 November 2024</p>

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 58			<p>Mapping data is still being analysed, and is progressing well, led by the Council's GIS Officer. A GIS link is being added to the Trace system, and delays on this completion are due to TRDC-specific requirements being considered. The primary assets have been uploaded onto Trace, in the form of freehold and subsequent leasehold interests. These two systems together will form the basis for asset ownership and associated enquiries. Deed Packets will be retained.</p> <p>The postholder of the Temporary Property Data Analyst left the Council at the end of February 2024 and at the time of writing the post is vacant, however, the closing date for internal applicants is 15 March 2024.</p> <p>As has been stated previously, the completion of this task is largely reliant upon available resources. The extension to the deadline is required to complete the task, based upon the dedicated resources available.</p> <p>Position – July 2024 The garage data is performing as planned. The finance system and rent collection data are now closely aligned, rectifying a significant system error. The direct debit payment system and PMS data are functioning well, with monthly reports verifying occupancy levels across the garage estate. Minimal officer input is needed for full alignment.</p>				

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20							
Final report issued October 2019							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 59			<p>Reports, including occupancy data, can be extracted from the PMS system, enabling quick filling of garage vacancies. Errors flagged with Trace are mostly administrative.</p> <p>The Estate Surveyor will meet with the GIS Officer next week to discuss mapping. The GIS link for loaded assets needs fine-tuning to pinpoint exact locations, which will then link to the land ownership section.</p> <p>The Temporary Property Data Analyst post remains vacant after three recruitment attempts. The Property Services Team is reviewing how to capture and upload the final PMS data. Completion of this task is deferred until November 2024 due to the lack of dedicated resources, although it is hoped that this work will be completed prior to November.</p> <p>Position – September 2024 With the garage estate now largely performing as expected, this is now considered ‘business as usual’</p> <p>Extracting reports for the data that exists in the system is also complete. Obviously, the more data that exists in the system, the more useful those reports will become.</p> <p>The linkage of data to the GIS system is largely concluded. Only new assets that are acquired or when new data layers need to be prepared, will there be a need for any changes.</p>				

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2019/20 AUDIT PLAN

Property (Rent and Lease Administration) 2019/20

Final report issued October 2019

Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>As before, the Temporary Property Data Analyst post remains vacant. The Property Team are hoping to address this vacancy, by seeking support for a new role temporary within the Team which will assign responsibility for administering and updating the system to that role. In the meantime, the Estates Surveyor will keep rental and tenant data up to date, pending the appointment of additional resources to capture and upload data from the wider asset base. Completion of the full data input task is deferred until August 2025 due to the lack of dedicated resources. If capacity allows, we will attempt to input data in periodically.</p>				

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2020/21 AUDIT PLAN

Debtors 2020/21 Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	Consideration should be given to an annual review of debtor accounts to identify duplicate or dormant for deletion or deactivation.	Low	<p>Position – July 2023 The list has been generated and there are 2252 accounts to check. Each one must be checked individually before it can be decided if the duplicate entry can be deleted. Work has commenced on the checking / deletion. We are allocating a little resource to this each week as BAU work is extremely high currently so it will take some time to check all 2,000 accounts.</p> <p>Position – September 2023 Revenues Manager 12.09.23 This recommendation is a low priority, and we continue to be under resourced, which means the focus on housekeeping projects is not as high as we would like. This is progressing slowly because it needs to be managed around BAU. Some further analysis of the reports from Finance is needed because some customers should have multiple account references, where, for example they are being billed for different services, such as Rent, Trade Waste, or for multiple units if they are a larger business.</p> <p>Position – November 2023 We have limited resource in the Recovery Team and BAU work takes precedence, but we continue to review these accounts.</p> <p>Position – March 2024 We have been unable to check many cases during Q4 due to clearing BAU work before entering the annual billing period. Dedicated resource of 46 Hrs per week (2 part-time officers) has now been allocated to the</p>	Recovery Team Leader, Revenues Manager and Finance.	31 August 2021	✓	<p>31 October 2021</p> <p>31 October 2022</p> <p>31 December 2022</p> <p>30 June 2023</p> <p>31 December 2023</p> <p>31 March 2024</p>

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2020/21 AUDIT PLAN

Debtors 2020/21							
Final report issued June 2021							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 62			<p>work to complete the first review of duplicate cases by the end of Q1 2024/25.</p> <p>Position – July 2024 No update received from action owner.</p> <p>Position – September 2024 This recommendation should be closed down as this audit report is now 4 years old and was a consideration not an issue to be resolved. This does not pose a risk to the Council from a financial standpoint. There is a lack of control over the raising of SD Invoices via multiple routes, therefore this type of review will never be completed. There is insufficient resource within the Recovery Department to manage this in addition to keeping on top of BAU and concentrating on collections activity. The resource we had planned to dedicate to this piece of work was not available and other areas of SD work takes priority. Should the Audit Committee feel this is still a relevant action, then the responsibility should be considered for transfer to the Finance Team to monitor and manage newly created account references on the E-Financials software as this is a bill raising function and not a debt recovery function.</p>				

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2022/23 AUDIT PLAN

Council Tax 2022/23 Final report issued May 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	<p>TRDC should ensure that a review of debt outstanding is conducted, and decisions taken regarding whether or not to proceed for write-offs.</p> <p>Subsequently, write-offs should be conducted at regular intervals going forward.</p> <p>The 'How and Why to put a write off code on a Council Tax Account' procedure should include version control to ensure that it is reviewed periodically.</p>	Medium	<p>A review of all outstanding debt will be completed during 2023/24.</p> <p>March 2024 - Ongoing</p> <p>All outstanding write-offs have been cleared since this report was written and on-going write-offs will be reviewed once a quarter.</p> <p>Agreed. Our quality team will get a version control sheet added.</p> <p>Position – July 2023 The review of all debt is underway, and this will include looking at debts suitable for write-off.</p> <p>The write-offs for Q1 are being prepared.</p> <p>Version control has been added to all procedures.</p> <p>Position – September 2023 Revenues Manager 12.09.23 The team continue to identify and put forward cases for write off where appropriate.</p> <p>Position – November 2023 Q1 write-offs have been prepared and await sign-off. Q2 write-offs are being prepared.</p> <p>Position – March 2024 Q1 and 2 for Council Tax being reviewed and processed. S/Debt write-offs identified during 2023/24 to date have been processed.</p>	Revenues Manager/Data Performance Manager	31 March 2024	✓	

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2022/23 AUDIT PLAN

Council Tax 2022/23							
Final report issued May 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Any further write-off's identified for 203/24 will be processed after annual billing and processed before 31 March 2024.</p> <p>Position – July 2024 No update received from action owner.</p> <p>Position – September 2024 The write offs for Q1 have been prepared for sign off and processing during</p>				

Business Continuity Planning 2022/23							
Final report issued July 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	An agreed plan for regular Business Continuity training should be scheduled to ensure all staff with business continuity responsibilities have received all the necessary training and support to be able to fully perform their duties.	Medium	<p>Agreed. Tabletop exercise will be undertaken in Q1 of 2024</p> <p>Position (November 2023) On target to complete by March 2024.</p> <p>Position – March 2024 Service Continuity Plans are being reviewed and updated. A table-top exercise to validate the plans will be undertaken in summer 2024.</p> <p>Position – July 2024 All Service Continuity Plans and the Business Continuity Plan have been reviewed and updated. A table-top exercise is being planned and will take place in Summer 2024.</p> <p>Position – September 2024</p>	Emergency Planning & Risk Manager	31 March 2024	*	31 October 2024

APPENDIX 5 OUTSTANDING RECOMMENDATIONS FROM THE 2022/23 AUDIT PLAN

Business Continuity Planning 2022/23							
Final report issued July 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			The table-top exercise is being prepared and a date is being arranged.				

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Taxi Licensing 2023/24							
Final report issued September 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	We recommend that fees should be reconciled monthly between Idox and the finance system.	Low	<p>This had already been raised with the digital team and finance prior to the audit.</p> <p>Officers will continue to liaise with finance to ensure that payee details are transferred to the payment system to ensure reconciliation can be achieved.</p> <p>Position – November 2023 Officers are continuing to liaise with finance to ensure that payee details are transferred to the payment system to ensure reconciliation can be achieved.</p> <p>Position – March 2024 Officers are continuing to liaise with finance to ensure reconciliation.</p> <p>Position – July 2024 Officers meeting finance on 10 July to discuss further details to achieve the recommendation.</p> <p>Position – September 2024 Meeting held with Digital Team and Finance in August. Agreed that more information needs to be moved across to the payment system and that we need to run a monthly report to ensure payments are being reconciled.</p> <p>Currently testing whether it works for DBS payments. If successful, greater information will be brought across for other licence types.</p>	Lead Licensing Officer	30 April 2024	*	28 June 2024 30 August 2024 31 October 2024

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Taxi Licensing 2023/24 Final report issued September 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
04	We recommend that the service should undertake a data cleansing exercise on an annual basis to ensure they are only keeping necessary information.	Low	<p>We will discuss further with the relevant officer and review the retention policy.</p> <p>When a licence has been surrendered, we are required to keep the record if the driver has issues that could be of interest or concern to another licensing authority.</p> <p>Position – November 2023 To be reviewed with the Data Protection Officer and potentially delete and securely dispose of all files that are not required.</p> <p>(Retain files indefinitely where there is information that should be shared with other authorities such as any enforcement action that has been taken by Three Rivers).</p> <p>Position – March 2024 To be discussed with the Data Protection Officer within the next month and then to review process.</p> <p>Position – July 2024 To be discussed with the Data Protection Officer within the next month and then to review process.</p> <p>Position – September 2024 Agreed via CMT that all departments will be reviewing data retention schedules with Data Protection Officer over the next few months.</p>	Lead Licensing Officer	30 April 2024	*	28 June 2024 30 August 2024 31 December 2024

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

IT Operations 2023/24							
Final report issued December 2023							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>An over-arching policy for problem and incident management should be developed. The policy document should define:</p> <ul style="list-style-type: none"> The scope of incident and problem management Guidelines for incident and problem management operations Guidelines to decide urgency level Roles and responsibilities of incident/problem manager, team structure, RACI Matrix Service Level Agreements (SLAs) Deliverable mapping (reports and meetings) Life cycle of a problem and incident and the monitoring activities. <p>This policy should be approved and made available to all members of staff.</p>	Medium	<p>We have most of the component parts listed under 'Recommendation' captured within other ICT policies.</p> <p>This policy will be completed in full for the target date of March 2024.</p> <p>Position – March 2024 This policy change is on target for the end of March.</p> <p>Position – July 2024 This policy has yet to be completed. The policy will be complete by the end of September 2024.</p> <p>Position – September 2024 Policy and Intranet communications are drafted and ready for approval at IT Steering group late September. This will then be communicated to staff by 1 October 2024.</p>	Service Delivery Manager	31 March 2024	*	1 October 2024

Page 68

Watersmeet Theatre 2023/24							
Final report issued February 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01	We recommend staff members complete training to ensure they are aware of how to access and enter wastage on the 'Epos' system.	Low	<p>The following staff can enter wastage on EPOS:</p> <ul style="list-style-type: none"> Front of House Manager Operations & Events Manager 	Front of House Manager	31 March 2024	✓	31 August 2024

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Watersmeet Theatre 2023/24 Final report issued February 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 69	We recommend the stock records show who performed the checks. In addition, we recommend the theatre ensure there are a segregation of duties between checking the physical stock, inputting the figures into the system, and reconciling the stock.		<ul style="list-style-type: none"> • Venue Technician • General Manager • Duty Front of House Managers <p>Bar Attendants and volunteers are not authorised to put enter wastage. Any wastage is to be put aside and verified by an authorised person listed above and entered on the EPOS system.</p> <p>Action: The bar training guide will be updated to clarify this process.</p> <p>Action: Front of House Manager will complete monthly physical stock checks. Operations & Events Manager will enter figures into EPOS system and reconcile.</p> <p>(During periods of leave an alternative member of staff will carry out one of these roles to ensure two people are involved in the process.)</p> <p>Action: A stock management procedure will be created setting out this process.</p> <p>Position – July 2024 Bar training guide has been updated and is now being passed to staff at training sessions. A paper copy is now in the bar and available for all staff to see.</p> <p>Monthly stock check now taking place with segregation of duties.</p> <p>A stock management procedure has been drafted. Completion including staff training will</p>				

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Watersmeet Theatre 2023/24 Final report issued February 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>be completed by 30th Aug 2024. Delay due to all bar staff availability for training.</p> <p>Position – September 2024 Stock management procedure in place and staff training has been completed.</p>				
02	We recommend that the licence transfer process be conducted as soon as possible to ensure the theatre's records are current.	Low	<p>The Watersmeet General Manager completed the training required to apply for his Personal Licence on 7 February, has applied for his Personal Licence and is awaiting it to be issued. Once issued an application to change the DPS will be made to transfer DPS from the Head of Customer Experience to the Watersmeet General Manager.</p> <p>Position – July 2024 Application for licence completed. Issue with Personal licence delayed due to printing issues at Bucks County Council. Documents now being completed for the transfer of DPS.</p> <p>Position – September 2024 The General Manager's Personal Licence has arrived and the DPS documents to be submitted on return from leave 3rd week of September.</p>	Head of Customer Experience until DPS transferred and then General Manager	30 April 2024	*	<p>31 August 2024</p> <p>30 Sept 2024</p>

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Emergency Planning 2023/24							
Final report issued April 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
01	We recommend that the Council develop and undertake regular testing of the Emergency Plan and Incident Control Centre. All testing exercises should be recorded and maintained.	Medium	<p>We plan to run a testing exercise for the Emergency Plan and Incident Control Centre now that we have recruited to the Resilience and Risk Officer Post. This will be after the officer training is updated.</p> <p>Position – July 2024 On target.</p> <p>Position – September 2024 On target.</p>	Data Protection and Resilience Manger and Risk and Resilience Officer	31 December 2024		
02	<p>We recommend that the Council update the training log as soon as possible and ensure a system is in place to maintain the training log and notify individuals who have not completed training.</p> <p>We recommend the service determine the frequency of officer refresher training and establish who will deliver the training.</p>	Medium	<p>The training log is under review by the Resilience and Risk Officer, new volunteer recruitment is also underway. The Volunteer and Training log will also be reviewed by CMT annually. We can continue to use HCC if suitable to deliver the training, other external providers may also be used.</p> <p>The Introduction to Emergency Planning for Corporate Management Team will take place first, this will take place by September 2024.</p> <p>A plan will be written with details of the training opportunities available for the different roles annually and reported to CMT.</p> <p>Position – July 2024 On target.</p> <p>Position – September 2024 On target.</p>	Data Protection and Resilience Manger and Risk and Resilience Officer	30 September 2024 Other training will be organised and booked throughout Summer/Autumn by December 2024.		

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Emergency Planning 2023/24							
Final report issued April 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	<p>We recommend for the service to clarify the review dates within the plan to align with best practice.</p> <p>We recommend (as the plan is checked, reviewed, and approved by the Data Protection and Resilience Manager) that the plan is reviewed by the Risk Management Group and agreed by Corporate Management Team to ensure sufficient oversight of the plan.</p> <p>We recommend that where changes are made to the plan, that these are consistently reported to the Risk Management Group and then agreed by Corporate Management Team including a periodic update to Corporate Management Team.</p> <p>During the next review, we recommend the Emergency Plan includes details regarding communication contingency arrangements, whereby senior management will be contacted via their work mobile using the Council's internal system (8x8). The plan should also state that a WhatsApp group has also been created using senior managements' personal mobiles (all phone numbers are listed in the contact directory).</p>	Medium	<p>The Emergency Plan is due to be reviewed in June 2024. It is updated every year and a more in depth review every two years.</p> <p>Plans will be approved by Corporate Management Team and reviewed by the Risk Management Group. This includes any amendments.</p> <p>Virtual System for ICC will be included in the Emergency Plan review in June 2024.</p> <p>Reception Centre Plan Review was last reviewed in February 2022. A review takes place every year of reception centres and key holders. The plan will be reviewed by July 2024.</p> <p>Position – July 2024 On target.</p> <p>Position – September 2024 Reception Centre Plan has been updated and agreed by CMT. All other actions are on target.</p>	Data Protection and Resilience Manger and Risk and Resilience Officer	<p>30 September 2024</p> <p>30 September 2024</p> <p>30 September 2024</p> <p>31 July 2024</p>	<p>✓</p>	

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Emergency Planning 2023/24							
Final report issued April 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
	We recommend that the Reception Centre Plan undergoes a formal review as soon as possible.						

Cyber Security 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
02	<p>The Councils should conduct phishing campaigns on a regular basis, such as quarterly or bi-annually, to ensure ongoing assessment and reinforcement of employee awareness and response capabilities.</p> <p>Targeted training and educational materials should be provided to members of staff before and after each phishing campaign.</p> <p>Metrics to measure the effectiveness of each phishing campaign should be established, including employee engagement, phishing detection rates, and response times.</p> <p>Regular reporting on these metrics will enable ongoing evaluation of the Council's phishing resilience and identification of areas for improvement.</p>	Medium	<p>Investigate appropriate resources for Phishing campaigns and introduce on at least a 6 monthly basis.</p> <p>Position – July 2024 Investigations on-going.</p> <p>Position – September 2024 Phishing campaign tool identified, including a comparative exercise with another tool, budget identified, sharing the costs between WBC and TRDC. Procurement route identified through G Cloud. Awaiting timeline from supplier for implementation and deployment, expect this to be a 3 month implementation, therefore are requesting a final extension to end of January 2025.</p>	<p>Director of Performance & Partnerships (WBC)</p> <p>Director of Finance (TRDC)</p>	31 July 2024	*	<p>1 October 2024</p> <p>31 January 2025</p>

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Cyber Security 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
03	<p>The Councils should adopt the principle of least privilege and carefully evaluate the specific permissions and privileges required by each service account to perform its intended functions.</p> <p>Where possible, use dedicated service accounts with only the minimum necessary privileges required for their respective tasks.</p> <p>Implement strong authentication mechanisms, such as multi-factor authentication, and regularly review and update permissions to ensure they align with business requirements.</p>	Medium	<p>We will review all service accounts and contact vendors to confirm each service account permission requirements, and remove the elevated permissions where possible.</p> <p>If a service account does require the elevated permissions and cannot be changed, a confirmation email from the vendor with an explanation will be provided.</p> <p>Position – July 2024 The review of the service account is currently in progress with the following update.</p> <ul style="list-style-type: none"> 5 accounts have been confirmed and cannot be removed due to the permission requirement, these accounts belong to the Infrastructure members of the team. 2 accounts have been identified and will be removed post to CAB approval. 11 accounts are still under investigation and require confirmation from relevant third parties, waiting on response from relevant third parties. <p>Position – September 2024</p> <ul style="list-style-type: none"> Out of 18 accounts 9 do require domain admin permission, 5 accounts belong to Infrastructure team and 4 accounts have been confirmed by the vendor. 6 accounts have now been removed from the domain admin group and 3 remaining account will require further investigation. This recommendation is on track 	Infrastructure & Security Manager	31 October 2024		

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Cyber Security 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			for completion by end of October 2024.				
04	<p>Management should address the anti-virus endpoints which do not have up-to-date anti-virus installed and review the endpoints which were not located on in the report to ensure that they are up-to-date.</p> <p>Additionally, there should be continuous monitoring in place for all devices connected on the network to be fully anti-virus protected</p>	Medium	<p>Re 3 devices identified without Trellix antivirus signatures</p> <p>These are in our loop stock and unissued / not on the network. When issued as a replacement or to a starter, they will be reimaged with all updates including Trellix.</p> <p>Re 7 devices were found to be with Trellix antivirus signatures were not identified in the Councils' IT estate.</p> <p>2 of these devices are the EPO servers for the Trellix console, which the infrastructure manager has confirmed are protected by ESET.</p> <p>The remaining 5 are end-user devices – 4 of which are now in compliance and 1 device which has been removed from the AD.</p> <p>To further strengthen our management of endpoint devices:</p> <ul style="list-style-type: none"> • We have reports running in SCCM to show any devices without Trellix installed • We have implemented Qualys to provide a high level of endpoint vulnerability management <p>We have submitted a revised Acceptable Use Policy which includes an instruction that if a device has not been attached to the network for over 45 days, it is disabled. The policy has been approved by our ITSG (IT Steering Group) and we anticipate will be fully approved</p>	Service Delivery Manager	31 October 2024	✓	

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Cyber Security 2023/24 Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
Page 76			by senior management in both councils by autumn 2024. Position – July 2024 Qualys is monitored daily to measure endpoint vulnerability management and a log is maintained daily of the total vulnerabilities by severity. Since January, the number of vulnerabilities has fallen from in excess of 19k to 5.5k as at 08 July. While all severities are being reduced (1-5, 5 being the most critical), we are focussing now on Sev 5 vulnerabilities as advised by infrastructure, with the Sev 5s being addressed from the highest to lowest subcategory (CVSS score) – NB to mitigate by highest risk. A separate log is maintained daily of Sev 5 vulnerabilities by subcategory Qualys The revised Acceptable Use Policy was approved by senior management in both councils by April and is now fully operational. SCCM and Datto are used to monitor presence and compliance of AV. A daily report of this will be in place by the end of July. Position – September 2024 This is now complete as follows: Trellix syncs with Active Directory constantly – a task runs from the Trellix console every 2 hours to deploy Trellix where not installed, and/or deploy the latest version to the device.				

APPENDIX 6 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Cyber Security 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
			<p>Any unmanaged devices on the Trellix console are a legacy of not having connected to the network. Once the device connects to the network, Trellix updates as above.</p> <p>A daily report is in place which is reviewed within daily Business as usual tasks.</p>				

Benefits 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Revised Deadline
01 Page 77	We recommend that uncollectable housing benefit overpayments are written-off at regular intervals through the year.	Medium	<p>Agreed</p> <p>Position – July 2024 No update received from action owner.</p> <p>Position – September 2024 Agree with the recommendation and we will do these quarterly.</p>	Revenues Manager	31 July 2024	*	30 Sept 2024

APPENDIX 7 ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation Priority Levels		
Priority Level	Definition	
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

The change from the International Professional Practices Framework to the Global Internal Audit Standards

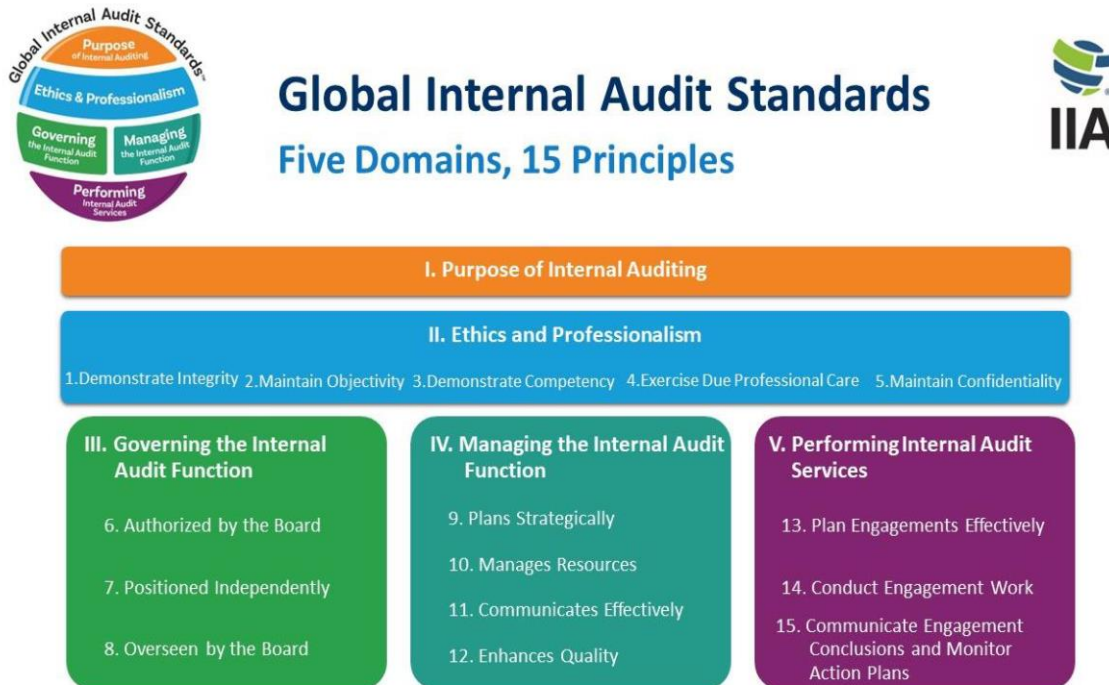
1. Following consultation during 2023, the Global Institute of Internal Auditors (the GIIA) published a set of new Global Internal Audit Standards (GIAS) in January 2024. The GIAS are due to come into effect from January 2025, although this has been extended to April 2025 for the UK public sector to align with the new financial / municipal year and internal audit reporting requirements.
2. The previous International Professional Practices Framework (IPPF) was separated into categories for mandatory and recommended guidance. The new 2024 GIAS have incorporated the recommended guidance into the mandatory requirements to aid practitioners in accessing and understanding the information. This has also led to the previous Code of Ethics, Core Principles, and Implementation guidance under the umbrella of the new Standards. The image below (from the consultation papers) encapsulates this change.



3. New to the 2024 GIAS are the setting of Topical Requirements. They are intended to assist the internal audit function by providing structure and consistency in covering governance, risk, and control over specified areas. These requirements will be published during 2024 and will be mandatory when Internal Audit scope an audit in these topical areas.
4. Although mandatory, there is a comply or explain approach when auditing, or choosing not to audit, an area where topical requirements have been published. They are not a requirement to perform any engagement, nor are they a step-by-step approach to the execution of the Internal Audit engagement. The topical requirements include a tool to help internal audit document the rationale for including or excluding certain requirements.
5. To date, one Topical Requirement has been published on Cyber Security. Others being developed include:
 - a) Organisational Governance
 - b) Fraud Risk Management
 - c) Information Technology Governance
 - d) Sustainability: Environment, Social and Governance

- e) Third-party Management
- f) Performance Audits (Public Sector specific)

The Global Internal Audit Standards – Domains and Principles



6. The GIAS are arranged into five Domains (sections), as also outlined in the image above:

- I. Purpose of Internal Auditing
- II. Ethics and Professionalism
- III. Governing the Internal Audit Function
- IV. Managing the Internal Audit Function
- V. Performing Internal Audit Services

7. There are five domains, with the first two being the foundations which apply across all other domains. Domain III is around governing internal audit, is therefore the most relevant to the Audit Committee and includes essential conditions that the Audit Committee needs to follow. Domain IV is around leading the internal audit function and therefore is the focus of the Chief Audit Executive (aka the Head of Internal Audit). Finally, Domain V is focused on performing internal audit engagements.

8. The 5 domains include 15 Principles (as also outlined in the image above) and 53 individual standards to support these. Each standard includes:

- a) Requirements – mandatory practices for internal audit
- b) Considerations for implementation – common and preferred practices to consider when implementing the requirements.
- c) Examples of evidence of conformance – examples to demonstrate that the requirements have been implemented.

9. This new structure while meaning the document is now in the region of 100 pages long, is easy to dip in and out of and bring all relevant material to one place, rather than having to read across different documents.
10. The review has not just been structural. There are new requirements and clarifications. These are aimed to raise the bar for the profession across the globe in the private and public sector, however, in the UK and Ireland (and EU) the distance from current practice to the new GIAS is not as great as in other parts of the world. This is especially the case for public sector internal audit teams in the UK that ‘generally conformed’ with the Public Sector Internal Audit Standards (PSIAS) enshrined in the Accounts and Audit Regulations 2015. The PSIAS were themselves based on the IPPF.

Key Changes

11. The table below illustrates some of the key changes in the GIAS:

Area	Term	Definition / Change / Narrative
Glossary	Board	<p>Collective noun and is defined in the glossary as below:</p> <p><i>‘Highest-level body charged with governance, such as:</i></p> <ul style="list-style-type: none"> • <i>A board of directors.</i> • <i>An audit committee.</i> • <i>A board of governors or trustees.</i> • <i>A group of elected officials or political appointees.</i> • <i>Another body that has authority over the relevant governance functions.</i> <p><i>In an organisation that has more than one governing body, “board” refers to the body or bodies authorised to provide the internal audit function with the appropriate authority, role, and responsibilities.’</i></p> <p>In the UK public sector, this is generally deemed to be the Audit Committee or equivalent.</p>
Glossary	Root Cause	<p>Core issue or underlying reason for the difference between the criteria and condition of an activity under review. See Domain V below.</p>
Domain I	Purpose of Internal Auditing	<p><i>‘Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based,</i></p>

		<p><i>and objective assurance, advice, insight, and foresight.’</i></p> <p>Internal auditing enhances the organisation’s:</p> <ul style="list-style-type: none"> • Successful achievement of its objectives. • Governance, risk management, and control processes. • Decision-making and oversight. • Reputation and credibility with its stakeholders. • Ability to serve the public interest.
Domain II	Code of Ethics	<p>Essentially the Code of Ethics with some further expansion pulling from Implementation Guidance. Introduction of the term ‘Professional Courage’ and ethics training as a consideration for implementation, but CIAs MUST complete 2 CPEs of ethics training every year. Also ‘professional courage’ as an appraisal objective.</p> <p>Professional courage is a new term. This is not about internal auditors seeking to speak directly with the board on areas they are worried about, but having professional discussion and using escalation protocols as appropriate to ensure that the message reaches the board as appropriate. Part of this is about ensuring that internal audit functions are aware of what ethical standards are expected, which is why ethical training is key part of this.</p>
Domain III	Governing the Internal Audit Function	<p>Domain III covers the governance of Internal Audit and represents a significant change. Although it covers areas that were in the previous IPPF, the new GIAS go further and explicitly lay out essential requirements, principles and standards with which Senior Management and the Board (Audit Committee) must conform. See separate section at paragraph 12 below.</p>
Domain IV	Managing the Internal Audit Function	<p>The Internal Audit Strategy principle sits in here, and the need to develop and implement an internal audit strategy.</p> <p>It should be noted that SIAS already has a Strategy approved by the SIAS Board. This is being revisited to ensure that it conforms with the GIAS.</p>

<p>Domain V</p>	<p>Performing the Internal Audit Services</p>	<p>This is largely the same as the previous IPPF / PSIAS. The term root cause in here has been an area of discussion amongst internal auditors.</p>
------------------------	--	---

12. The images below depict the three principles and nine standards of Domain III, being that most relevant to Audit Committees and senior management.



UK Public Sector Update

13. The GIAS will form the basis for internal auditing for the UK public sector and the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) are carrying out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use. This is especially relevant for Domain III. The consultation material is due for issue by September 2024 at the latest, with a consultation period of eight weeks.

14. Having regard to the points raised by respondents, the IASAB will prepare final material for application in the UK public sector together with guidance on transition. Subject to approval by the Relevant Internal Audit Standards Setters (including Treasury, CIPFA and others), these will be issued later in 2024 to allow sufficient time for preparation for implementation. The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance which line up with the financial year. Until then, the existing PSIAS based on the old International Professional Practices Framework and enshrined in the Audit and Account Regulations 2015 will continue to apply.

15. The PSIAS require an External Quality Assessment (EQA) to be completed every five years, and this continues to be a requirement of the GIAS. Those local authorities with an EQA due in 2024 must complete these prior to the GIAS implementation date of 9 January 2025 and can request an additional readiness assessment against the new GIAS. Those with an EQA date due in 2025 can opt to bring this forward for conduct under the existing PSIAS on the grounds outlined or keep to the planned date but must have completed sufficient engagements under the new standards prior to being assessed. The next SIAS EQA is due in July 2026, thereby providing sufficient time to embed and evidence compliance with the new standards.

Actions and Next Steps

16. SIAS have, and will continue to, participate in consultation around the GIAS.
17. We have been attending professional body (Chartered IIA, CIPFA) and network (Chief Auditors Network, HCCIAG, LAG) webinars, training, and discussions to make sure we learn from colleagues and understand what is proposed, timeframes, the implications for SIAS and how we ensure we conform with the GIAS.
18. We have reviewed guidance and template documents available on the Chartered IIA member web pages and are working through the GIAS self-assessment tools available from the professional body to identify gaps, actions and exceptions.
19. As noted at paragraph 10, there are not a significant number of requirements for SIAS to implement from scratch and most of the work relates to revisiting and updating (where necessary) our documentation, processes, procedures, approaches, and methodologies to ensure that they conform with the GIAS. We have sought to link this as closely as possible to the normal delivery and reporting cycles to the SIAS Board and partner Audit Committees. To this end, partner Audit Committees have already received our updated and revised Internal Audit Mandate and Internal Audit Charter for approval in the May / June reporting cycle.
20. We will report on implementation and conformance with the GIAS, including areas of deliberate non-conformance, to the SIAS Board and our partner Audit Committees as part of our annual self-assessment accompanying the annual assurance opinion and our Internal Audit Charter. This forms part of the May / June Audit Committee cycle. We will inform the SIAS Board and partner Audit Committees should any material impediments to implementation arise ahead of the key UK public sector implementation date of 1 April 2025.

AUDIT COMMITTEE – 26 SEPTEMBER 2024

PART I – DELEGATED

COMMITTEE'S WORK PROGRAMME

(DoF)

1 Summary

1.1 This report sets out the Audit Committee's latest Work Programme to enable the Committee to make updates as required.

2. Details

2.1 The Audit Committee meets five times per financial year between 1 April and 31 March. The work programme is presented at each meeting of the Committee to enable any changes to be made and to provide Members with updated information on future meetings.

2.2 The work programme includes a rolling annual training programme which is delivered prior to each committee. The following topics form the programme:

- Role of the Audit Committee
- Statement of Accounts
- Treasury Management
- Internal Audit
- Risk Management

2.3 Additional 'deep dive' training is arranged for members of the committee ahead of approval of the audited Statement of Accounts.

2.4 The following items are standing items on the agenda and are presented at each meeting of the Committee:

- Internal Audit Report – SIAS Audit Client Manager
- Financial and Budgetary Risks – Head of Finance
- Committee Work Programme

2.5 The programme of ad hoc reports scheduled to be presented to this Committee in the next 12 months is shown in the table below:

Financial Year 2023/24		
Date	Report	Officer Responsible
28 November 2024	TRAINING: Treasury Management <ul style="list-style-type: none"> • Treasury Management Mid-Year Report 2024/25 • Draft Capital Strategy and Treasury Management Strategy Statement 2025/26 • External Auditor Plan 2025/26 • Standing Items 	Director of Finance Director of Finance Director of Finance External Auditors
24 March 2025	TRAINING: Internal Audit <ul style="list-style-type: none"> • Approval of the 2023/24 Statement of Accounts • External Audit Report 2023/24 • Accounting Policies 2024/25 • Risk Management Framework • Standing Items 	Client Audit Manager Director of Finance External Audit Director of Finance Emergency Planning and Risk Manager
Financial Year 2024/25		
29 May 2025 (may need to move to end of June)	TRAINING: Statement of Accounts <ul style="list-style-type: none"> • Treasury Management Annual Report 2024/25 • SIAS Annual Assurance Statement & Internal Audit Annual Report • Approval of the draft Statement of Accounts 2024/25 and Annual Governance Statement • Standing Items 	Director of Finance Director of Finance Client Audit Manager Director of Finance

29 July 2025	<p>TRAINING: Role of the Audit Committee</p> <ul style="list-style-type: none"> • Fraud Annual Report • SIAS Board Annual Report • Standing Items 	<p>Director of Finance</p> <p>Fraud Manager Client Audit Manager</p>
--------------	--	--

3 Options/Reasons for Recommendation

3.1 The recommendation allows the Committee to determine its work programme.

4 Policy/Budget Implications

4.1 The recommendations in this report are within the Council’s agreed policy and budgets.

5 Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, Website and Risk Management Implications

5.1 None specific.

6 Recommendation

6.1 That the Committee consider and makes necessary changes to its Work Programme.

Background Papers

Reports and minutes – Audit Committee

Report prepared by: Alison Scott – Director of Finance

This page is intentionally left blank