

# Agenda

<b>Meeting name</b>	<b>Meeting of the Audit and Standards Committee</b>
<b>Date</b>	<b>Tuesday, 22 March 2022</b>
<b>Start time</b>	<b>6.30 pm</b>
<b>Venue</b>	<b>Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire LE13 1GH</b>
<b>Other information</b>	<b>This meeting is open to the public</b>

Members of the Audit and Standards Committee are summoned to the above meeting to consider the following items of business.

**Edd de Coverly**  
**Chief Executive**

## Membership

<b>Councillors</b>	D. Pritchett (Chair)	J. Illingworth (Vice-Chair)
	P. Chandler	C. Fisher
	A. Hewson	E. Holmes
	P. Posnett MBE	M. Steadman
	T. Webster	

**Quorum:** 5 Councillors

<b>Meeting enquiries</b>	Democratic Services
<b>Email</b>	democracy@melton.gov.uk
<b>Agenda despatched</b>	Monday, 14 March 2022

No.	Item	Page No.
1.	<b>APOLOGIES FOR ABSENCE</b>	
2.	<b>MINUTES</b> To confirm the minutes and exempt minutes of the meeting held on 18 January 2022.	1 - 8
3.	<b>DECLARATIONS OF INTEREST</b> Members to declare any interest as appropriate, in respect of items to be considered at this meeting.	9 - 10
4.	<b>INTERNAL AUDIT PROGRESS REPORT</b> The Chief Internal Auditor to submit a report to update Members on the progress made in delivering the 2021/22 Internal Audit Plan and key findings arising from audit assignments completed.	11 - 32
5.	<b>INTERNAL AUDIT PLAN 2022/23</b> The Chief Internal Auditor to submit a report providing Members with a copy of the draft Internal Audit Plan for 2022/23 and the Internal Audit Charter for review and formal approval, in line with the requirements of the Public Sector Internal Audit Standards.	33 - 54
6.	<b>WHISTLEBLOWING POLICY &amp; UPDATE REPORT</b> The Monitoring Officer to submit a report seeking approval of a revised Whistleblowing Policy, which is required to comply with legislation and forms part of the Council internal governance controls.	55 - 76
7.	<b>RISK MANAGEMENT UPDATE MARCH 2022</b> The Director for Corporate Services to submit a report providing an update on the risk management arrangements and outlining the current significant risks which have been captured on the recent review of the Council's Strategic Risk Register by the Senior Leadership Team.	77 - 92
8.	<b>URGENT BUSINESS</b> To consider any other items that the Chair considers urgent.	

# Minutes

<b>Meeting name</b>	<b>Audit and Standards Committee</b>
<b>Date</b>	<b>Tuesday, 18 January 2022</b>
<b>Start time</b>	<b>6.30 pm</b>
<b>Venue</b>	<b>Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire LE13 1GH</b>

## Present:

**Chair** Councillor D. Pritchett (Chair)

**Councillors**

J. Illingworth (Vice-Chair)	P. Chandler
C. Fisher	A. Hewson
E. Holmes	P. Posnett MBE
M. Steadman	T. Webster

**Officers**

- Director for Corporate Services
- Director for Housing and Communities (Deputy Chief Executive)
- Assistant Director for Governance & Democracy
- Revenues and Benefits Manager
- Head of Internal Audit
- Democratic Services Officer (SE)
- Democratic Services Officer (CR)

Minute No.	Minute
107	<p><b>Apologies for Absence</b> There were no apologies for absence. Councillor Bains was not present at the meeting.</p>
108	<p><b>Minutes</b> The minutes of the meeting held on 30 November were confirmed.</p>
109	<p><b>Declarations of Interest</b> There were no declarations of interest.</p>
110	<p><b>Internal Audit Progress Report</b> Rachel Ashley-Caunt, Head of Internal Audit introduced the report, the purpose of which was to update Members on the progress made in delivering the 2021/22 Internal Audit Plan and key findings arising from audit assignments completed.</p> <p>Ms. Ashley-Caunt highlighted key sections of the report, advising that a full copy of the report was at Appendix A:</p> <ul style="list-style-type: none"> <li>• All Internal Audit assignments (including current status/outcomes) for the financial year were set out at Appendix 1. There had been 1 further audit (on Asset Management Leases) finalised since the last Committee meeting (on 30 November 2021) and the key findings were summarised at section 2.5 of the report. The Council's portfolio of properties generated over £300k income per annum (excluding the Cattle Market, which had been considered separately in previous years) and the audit had reviewed arrangements relating to managing the portfolio, ensuring leases were in place and that tenant relationships were managed effectively. There were known inconsistencies in some of the procedures and an Action Plan had been implemented to deliver against the areas required. This was a 'work in progress' at the time of the audit. There were a number of leases which needed to be updated and plans were in place to address this. Internal Audit had made recommendations to strengthen some of the controls such as holding a central record for tenancies and to improve the Council's Key Performance Indicators to ensure effective income recovery monitoring. Internal Audit had issued a satisfactory assurance opinion and minor organisational risk based on the work being undertaken.</li> <li>• There was 1 amendment to the Internal Audit Plan in relation to the Housing Revenue Account (HRA) Business Plan (detailed at section 2.7 of the report), which had been discussed at a previous meeting of the Committee. This audit would be deferred to 2022/23 and that Internal Audit review the Council's recharges for mobile phone fees, which had been highlighted as an area of financial pressure/risk.</li> <li>• An update on the implementation of audit recommendations was detailed at Appendix 3. There were 25 overdue actions, 4 of which were high priority and detailed at Appendix 4.</li> </ul> <p>During discussion, the following points were noted:</p>

- Members noted that it was usual practice to undertake rent review processes alongside lease renewals. Ms. Ashley-Caunt confirmed that this work was now being undertaken as part of recovery of income, in line with the latest (out of date) agreements, even though these were no longer valid. Income had been recovered but perhaps not at the full market rate applicable had rent reviews been undertaken.
- Landlord's Health and Safety 2019/20 had been an overdue high priority action for some time. Asbestos management was an important strand of the Council's responsibilities as a landlord. There had been a review of approximately 400 historic asbestos surveys, which confirmed that they complied with requirements. The Council had undertaken 30 new surveys and had identified a need for a further 100 surveys. Improvements to the Council's Housing Asset Management systems would facilitate efficient electronic records and future oversight.
- Following this meeting, the Director for Housing and Communities would confirm with the Chair how many Council properties contained asbestos.

**RESOLVED** that the Committee

- 1) **NOTED** the report and progress made by the Internal Audit team in the delivery of the Audit Plan;
- 2) **APPROVED** the proposed amendment to the Audit Plan – to postpone the audit of the HRA Business Plan until 2022/23 and reallocate the audit days to deliver pro-active contingency work and support.

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**2019/20 Housing Benefit Subsidy Claim**

Michelle Howard, Director for Housing and Communities introduced the report, the purpose of which was to provide Members with a summary of the 2019/20 Housing Benefit Audit.

Mrs. Howard highlighted that this external audit enabled the Council to check the robustness of the processes in place to ensure that eligible households were supported to receive appropriate payments towards their rental costs and that any risks of error were minimised. Any errors identified during sample testing in the subsidy claim made to the Department for Work and Pensions (DWP) resulted in a more thorough investigation. The report detailed the findings of the assessment and its financial impacts. The overall impact was negligible and there was no retrospective change to be made to the claim.

Nick Sach, Revenues and Benefits Manager advised that the total amount for the Council's subsidy claim to the DWP for certification was £5,393,360. The amount identified as being overpaid was £9,011 and the amount identified as being underpaid was £9,105, resulting in an increased payment of £94 for September 2021. The audit process involved sample testing of top level expenditure cells and if errors were identified as part of this initial testing, further 40 plus testing was then undertaken to review further cases.

The Chair commented that the findings represented positive progress made since 2019.

Dawn Garton, Director for Corporate Services advised that there had been a steady improvement. The errors were small and reducing year on year. There needed to be at least 2 error free years before Auditors ended the extended testing.

During discussion the following points were noted:

- Mr. Sach clarified that as part of sample testing, External Audit identified an error that resulted in the Council overpaying by £9,011 and as part of the same testing it was also identified that the Council underpaid by £9,105. These errors were offset with the exception of £94 (resulting in the increased payment for September 2021).

**RESOLVED** that the Committee **NOTED** the findings of the 2019/20 Housing Benefits Audit and action being taken in response to the audit findings.

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### **Counter Fraud Update Report**

Rachel Ashley-Caunt, Head of Internal Audit introduced the report, the purpose of which was to provide Members with a 6 monthly update on counter fraud activity.

Ms. Ashley-Caunt confirmed:

- The Council's counter fraud risk was monitored through its Risk Register.
- There was planned work on local taxation fraud, which would give some assurance around compliance areas.
- Internal Audit would support the Monitoring Officer in reviewing, updating and promoting the Whistleblowing Policy.
- Internal Audit provided support and assistance for pre and post payment checks for Covid-19 business grants (prepayment checks were in progress for the latest tranche of grants).
- The Council had updated its website and created a new webpage to provide a clear mechanism for the public to report frauds.

The Chair advised that he was reviewing detailed risk information, which he had received from Ms. Ashley-Caunt. The Council would publicise and provide information on fraud during the next financial year.

**RESOLVED** that the Committee **NOTED** the latest counter fraud activity.

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### **Provision of Internal Audit Services**

Dawn Garton, Director for Corporate Services introduced the report, the purpose of which was to advise Members on the Internal Audit Service Specification.

Mrs. Garton apologised that Members had not been issued the exempt paper (Appendix A – Service Specification) with their hard copy agenda packs. Electronic copies of the exempt paper had been provided, copies had been emailed to Members earlier in the day and hard copies were before Members at the meeting.

Mrs. Garton advised that a report on the continued delegation of the Internal Audit service was considered by the Committee at its last meeting (on 30 November

2021) and Members requested sight of the underlying Service Specification (as detailed at Appendix A). The document set out managing and monitoring the delivery of the service and sits underneath a delegation agreement, which would be shared with the Chair before being signed.

The Chair highlighted that review of the Service Specification formed part of the Committee fulfilling its responsibility for managing the Internal Audit service. He would ensure that the necessary control was in place and would provide Members with assurance on this.

**EXCLUSION OF THE PUBLIC**

**RESOLVED** that the Public be excluded during the consideration of the following item of business in accordance with Part 1 of Schedule 12A of the Local Government Act 1972 (Access to Information : Exempt Information) under paragraph 1.

There was a brief discussion on Appendix A and this is set out in the exempt minutes.

**RESOLVED** that the Committee **APPROVED** the Service Specification for the provision of internal audit services.

114	<b>Urgent Business</b> There was no urgent business.
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The meeting closed at: 7.20 pm

Chair

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Advice on Members' Interests

### PERSONAL AND NON-PECUNIARY INTERESTS

If the issue being discussed affects you, your family or a close associate more than other people in the area, you have a personal and non-pecuniary interest. You also have a personal interest if the issue relates to an interest you must register under paragraph 9 of the Members' Code of Conduct.

**You must state that you have a personal and non-pecuniary interest and the nature of your interest.** You may stay, take part and vote in the meeting.

### PERSONAL AND PECUNIARY INTERESTS

If a member of the public, who knows all the relevant facts, would view your personal interest in the issue being discussed to be so great that it is likely to prejudice your judgement of the public interest and it affects your or the other person or bodies' financial position or relates to any approval, consent, licence, permission or registration then **you must state that you have a pecuniary interest, the nature of the interest and you must leave the room\***. You must not seek improperly to influence a decision on that matter unless you have previously obtained a dispensation from the Authority's Audit and Standards Committee.

### DISCLOSABLE PECUNIARY INTERESTS AND OTHER INTERESTS

**If you are present at any meeting of the Council and you have a disclosable pecuniary interest in any matter to be considered or being considered at the meeting, if the interest is not already registered, you must disclose the interest to the meeting. You must not participate in the discussion or the vote and you must leave the room.**

You may not attend a meeting or stay in the room as either an Observer Councillor or \*Ward Councillor or as a member of the public if you have a pecuniary or disclosable pecuniary interest\*.

### BIAS

If you have been involved in an issue in such a manner or to such an extent that the public are likely to perceive you to be biased in your judgement of the public interest (bias) then you should not take part in the decision-making process; you should leave the room. **You should state that your position in this matter prohibits you from taking part.** You may request permission of the Chair to address the meeting prior to leaving the room. The Chair will need to assess whether you have a useful contribution to make or whether complying with this request would prejudice the proceedings. A personal, pecuniary or disclosable pecuniary interest will take precedence over bias.

In each case above, you should make your declaration at the beginning of the meeting or as soon as you are aware of the issue being discussed.\*

\*There are some exceptions – please refer to paragraphs 3.12(2) and 3.12(3) of the Code of Conduct

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## Internal Audit Progress Report

<b>Corporate Priority:</b>	All
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	Not applicable
<b>Exempt Information:</b>	No

### 1 Summary

- 1.1 The report updates Members on progress made in delivering the 2021/22 Internal Audit Plan and key findings arising from audit assignments completed

### 2 RECOMMENDATION

That Committee:

- 2.1 Note the report and progress made by the Internal Audit team in the delivery of the Audit Plan.

### 3 Reason for Recommendations

- 3.1 To inform the committee on progress made by Internal Audit on plan delivery and outcome of assignments.

### 4 Background

- 4.1 The Audit and Standards Committee approved the Audit Plan for 2021/22 at the meeting in March 2021.

## **5 Main Considerations**

- 5.1 The progress achieved to date in delivering the 2021/22 Audit Plan is set out in Appendix A. At the time of reporting, 100% of planned assignments are either complete or in progress and a further four audit reports have been finalised.
- 5.2 The key findings of the audit assignments completed to date are provided within Appendix A.
- 5.3 At the date of reporting, there are 20 agreed management actions which are overdue for implementation. Further details are provided in Appendix A.

## **6 Consultation**

- 6.1 Not applicable.

## **7 Next Steps – Implementation and Communication**

- 7.1 The regular update reports from Internal Audit should allow the Committee to develop independent assurance about the quality of the Council’s internal control framework.

## **8 Financial Implications**

- 8.1 There are no financial or other resource implications arising directly from this report.

**Financial Implications reviewed by: Director for Corporate Services**

## **9 Legal and Governance Implications**

- 9.1 Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”

**Legal Implications reviewed by: Monitoring Officer**

## **10 Equality and Safeguarding Implications**

- 10.1 There are no equalities or safeguarding implications arising directly from this report.

## **11 Community Safety Implications**

- 11.1 There are no community safety implications arising directly from this report.

## **12 Environmental and Climate Change Implications**

- 12.1 There are no environmental and climate change implications arising directly from this report.

### **13 Other Implications (where significant)**

13.1 There are no other implications arising directly from this report.

### **14 Risk & Mitigation**

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

### **15 Background Papers**

15.1 Not applicable

### **16 Appendices**

16.1 Appendix A: Internal Audit Update – March 2022

<b>Report Author:</b>	<b>Rachel Ashley-Caunt</b> , Chief Internal Auditor
<b>Report Author Contact Details:</b>	07824 537900 RAshley-Caunt@rutland.gov.uk
<b>Chief Officer Responsible:</b>	<b>Dawn Garton</b> , Director for Corporate Services
<b>Chief Officer Contact Details:</b>	01664 502444 DGarton@melton.gov.uk

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MELTON BOROUGH COUNCIL

INTERNAL AUDIT UPDATE

MARCH 2022



## ***Introduction***

- 1.1 The delegated internal audit service for Melton Borough Council has been commissioned to provide 235 audit days to deliver the 2021/22 Annual Audit Plan and undertake other work commissioned by the client.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the Audit and Standards Committee to scrutinise the performance of the Internal Audit Team and to satisfy itself that it is receiving appropriate assurance about the controls put in place by management to address identified risks to the Council. This report aims to provide the Committee with details on progress made in delivering planned work, the key findings of audit assignments completed since the last Committee meeting, updates on the implementation of actions arising from audit reports and an overview of the performance of the Consortium.

## ***Performance***

### **2.1 Will the Internal Audit Plan for 2021/22 be delivered?**

Internal Audit is set the objective of delivering at least 90% of the Internal Audit plans to draft report stage by the end of March 2022.

At the time of reporting, 100% of the Audit Plan is either complete or in progress, with remaining assignments being actively delivered in March 2022.

Progress on individual assignments is shown in Appendix 1.

### **2.2 Are audits being delivered to budget?**

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

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

Responses received to the Customer Satisfaction Questionnaire are summarised in Appendix 2.

### **2.4 Is the Internal Audit team achieving the expected level of productivity?**

As at the time of reporting, the team had been delivering 94% productivity, against the target set of 90%.

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

Since the last committee meeting, the following audits from the 2021/22 audit plan have been finalised:

## **Procurement compliance**

The Council's Contract Procedure Rules (CPRs) are designed to ensure probity and value for money when procuring goods, works or services that meet the Council's needs and comply with legal requirements. Issues and shortcoming in procurement documentation has been reported by Internal Audit in previous years and have been reviewed again as part of the 2021/22 audit. The audit was carried out to provide assurance that officers are complying with the approved rules and practices. The scope of the audit was to test a sample of seven new contracts (one of under £50,000 and six over £90,000 in value) awarded during the 2021/22 financial year to date and confirm whether evidence of compliance with relevant CPR requirements (based on value/applicable threshold) was available. In three of the cases sampled, the contract was awarded via a formal tender and testing included evidence relating to advertising, completion of conflict of interest forms, evaluation processes and use of e-tendering systems for receipting and handling bids. In three cases, where an approved framework agreement was drawn upon, evidence was sought of compliance with relevant framework requirements. Testing also included a contract extension, where evidence of compliance with contractual requirements and Council procedure was sought.

To comply with the Local Government Transparency Code the Council publishes all expenditure over £500 on its website together with a link to the online contracts register. Concerns regarding the completeness and accuracy of the contracts register have been reported in previous years. As a result, last year's report included a recommendation to undertake a periodic review and verification of the contracts register. At the time of this year's audit the work to implement the recommendation was ongoing, with a process having been developed, officers trained and the first verification exercise underway. Consequently, Internal Audit review of expenditure reports for 2021/22 and comparison to the contracts register identified a continued number of discrepancies due to this new process being in the early stages of implementation. However, it is expected that this issue will be resolved once the new procedure is fully operational and embedded. Internal Audit will continue to monitor progress and improvements at future audits.

Current CPRs were updated in May 2021 and can be accessed by all staff on the intranet, together with a detailed procurement toolkit and templates. Annual refresher training is provided to relevant staff covering procurement awareness, CPR requirements and Framework compliance. In addition, procurement reminders and tips have been published on the intranet and in Corporate Messenger, together with updated articles and reminders throughout 2021 and into 2022. Audit testing indicates that these initiatives are having a positive effect. Significant improvements in the level of compliance with the Council's procurement controls were identified this year. Testing of a sample of seven new contracts found that 100% were awarded in line with the CPRs, with two compliance issues related to sealing of contracts and publishing of an award notice. Testing of one contract extension confirmed that the extension was allowed within the original contract and therefore fully complied with contract procedure rules; although the extension agreement documentation could not be located by officers, following a change in personnel, and as such could not fully evidence compliance with internal procedures. Saving of documentation in a central location, as recommended by Internal Audit in previous years, would mitigate this risk.

No formal recommendations have been made this year as prior year recommendations have been implemented and good progress is being made with improvements made and this is indicated by the higher level of compliance demonstrated through the testing than previous years. The continuation of training and awareness initiatives should help to ensure that these improvements are sustained going forward.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
<b>Control environment</b>	Good	●
<b>Compliance</b>	Good	●
<b>Organisational impact</b>	Minor	●

### Performance and risk management framework

The Council's Performance and Risk Management Framework sets out the Council's approach to managing performance and risk as it seeks to ensure delivery of its Corporate Strategy priorities, as well as ensuring effective service performance and organisational governance. It provides Members with visibility and assurance regarding the Council's approach to performance and risk management and how that supports policy and budgetary development. The scope of the audit was to seek assurance that the framework is sufficiently designed and implemented effectively – by seeking evidence that it is aligned to the Council's strategic aims and objectives, clearly defined and communicated, and applied consistently at a corporate and service level.

Overall, the Performance and Risk Management Framework is concise, clear, and consistent in structure and content. It enables the Council to make effective, well-informed and timely decisions which focus on the outcomes expressed in the corporate strategy.

Audit review confirmed the framework provides clarity about how the performance management system works, raises awareness and understanding of performance management and explains how the various components of performance all fit together. Roles and responsibilities are outlined to ensure accountability and transparency.

It is evident that the management of risks to objectives being achieved is an essential part of the Council's performance management framework. Risk management is embedded throughout the organisation ensuring that both operational and strategic risks are captured, assessed, managed and reviewed. However there is scope for more regular, and potentially in depth, risk reporting at Audit and Standards Committee, with a move to six monthly reports already agreed.

No formal recommendations were made as a result of this audit. Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
<b>Control environment</b>	Good	●
<b>Compliance</b>	Good	●
<b>Organisational impact</b>	Minor	●

### **Covid 19 recovery**

In responding to the pandemic local authorities have had to develop new ways of working to support local communities and businesses and ensure that services continue to be delivered whilst safeguarding staff and local residents. The national lock-downs required the rapid establishment of local support systems, remote working arrangements and application of flexible governance and internal control arrangements. Now that national restrictions have been lifted councils are focusing on recovering to business as usual whilst remaining vigilant and ensuring any efficiencies associated with new working practices are retained. The scope of this audit included a limited review of the Council's initial response to the pandemic but focused primarily on management of the recovery stage, including re-establishing effective governance and internal control arrangements going forward.

Based on discussion with officers and review of documentation, it is evident that appropriate governance and decision making structures were put in place as part of the initial response to the pandemic, consistent with the Council's business continuity plans. Testing confirmed that effective arrangements were also in place for ensuring all decisions were properly recorded and reviewed where appropriate. Business continuity plans are currently being reviewed and refreshed to ensure they remain fit for purpose and take account of any lessons learned.

Arrangements for management of the recovery process are also sound. Governance structures were refined as the Council moved through recovery phases and were supported by comprehensive plans, good communications and effective performance management. These arrangements and associated recovery actions were found to be broadly consistent with the other councils in Internal Audit's client base, albeit the format and structure varies between authorities. The Council's arrangements for integrating recovery plans with wider corporate and service planning and improvement processes is a particular strength.

No significant new or increased risks have been identified arising from new ways of working, although management should continue to monitor these arrangements as the new hybrid working model becomes fully embedded and take appropriate action if any additional risks emerge.

No formal recommendations were made as a result of this audit.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

<b>Assurance Opinion</b>		
<b>Control environment</b>	Substantial	●
<b>Compliance</b>	Substantial	●
<b>Organisational impact</b>	Minor	●

## **Project management**

This report summarises the findings of a review of arrangements the Council has put in place to ensure that projects are managed effectively. The scope of the audit sought to confirm that the Project Management Toolkit introduced during 2019/20 included appropriate documentation and controls to minimise risk in the four areas summarised in the table below. Testing on the application of the Toolkit to a sample of 5 projects was undertaken on a high level basis to establish the extent to which the Toolkit is being applied to project management in practice. Projects selected for testing were:-

- Asset Development Programme
- Replacement Financials System
- Rail Connectivity
- NPS Integrated Housing System
- Food Enterprise Centre

The project management methodology and associated Toolkit prepared by the IT Programme Manager (who at the time was employed in a project management specific role) is a comprehensive process that satisfies all the requirements of internationally recognised methodologies such as PRINCE2. When implemented in full (such as in the case of the NPS Integrated Housing System, the Replacement Financials System and the Asset Development Programme) it provides a consistent and effective audit trail of the project management process.

Testing of the sample of projects generally confirmed that primary documentation required by the methodology was completed to an appropriate standard. Copies of Project Charters and Business Cases were obtained to confirm that project costings were included, that outputs from the project were appropriately described and that success criteria were identified. The audit did, however, identify that documentation for the Food Enterprise Centre project was not completed to a sufficient standard. External support had been obtained for this project and, whilst actions had been taken to deliver the various aspects of the project, a number of improvements were required to documentation such as the Project Charter and Risk Register. At the time of reporting, a revised Project Charter had been drafted and provided to Internal Audit, with further improvements to documentation including Risk and Issue Logs, an updated Project Plan and the preparation of formal Highlight Reports being planned.

Testing of the sampled projects identified that where project risk registers were completed, the pro-forma document had been used and therefore an appropriate level of information had been recorded in respect of project risk management. It was noted there is currently no formal process that links the management of project risks to the Council's Corporate Risk Register and a recommendation has been made in regards to this.

The principal challenge is in ensuring that the methodology is applied consistently and appropriately to all projects, and that projects are sufficiently resourced with support and management roles to facilitate this compliance. The audit report recommends a review of the operation of the methodology through engagement with staff who have undertaken project management roles to establish what lessons can be learned from its practical application thus far to projects being implemented at the Council. This may identify opportunities to streamline processes where there may be duplication of effort in governance processes, as well as providing an opportunity to reflect on whether resourcing of project management and support is currently appropriate.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion		
Control environment	Substantial	●
Compliance	Good	●
Organisational impact	Minor	●

Members can request copies of all final Internal Audit reports from the Head of Internal Audit or Director for Corporate Services at any time.

**2.6 Are clients progressing audit recommendations with appropriate urgency?**

Since the last Audit and Standards Committee meeting, ten audit recommendations have been completed.

At the date of reporting, there are 20 agreed management actions which are overdue for implementation. An analysis of the implementation of actions is provided in Appendix 3. There is one action which was assessed as 'High' priority and has been overdue for more than three months – full details are provided in Appendix 4.

## Appendix 1: Progressing the Annual Internal Audit Plan

**KEY**  
Current status of assignments is shown by 

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Corporate Governance & Counter Fraud												
Procurement compliance	8	8						●	Good 	Good 	Minor 	See section 2.5
Risk and performance framework	10	9						●	Good 	Good 	Minor 	See section 2.5
Covid 19 recovery	14	14						●	Substantial 	Substantial 	Minor 	See section 2.5
Local taxation fraud	10	2.5			●							
Key Corporate Controls & Policies												
Key financial controls	15	13					●					
Project management	10	10						●	Substantial 	Good 	Minor 	See section 2.5
Starters and leavers	8	8					●					Awaiting responses
Procurement cards	8	8						●	Substantial 	Good 	Minor 	
Asset management – leases	8	8						●	Satisfactory 	Satisfactory 	Minor 	

Assignment	Budget	Actual	Not Started	Planning	Field Work Underway	Field Work Complete	Draft Report	Final Report	Control Environment	Compliance	Org Impact	Comment
Corporate Objective: Shaping places												
Land charges	10	10						●	Satisfactory ●	Satisfactory ●	Minor ●	
Planning service review	12	7				●						
Planning enforcement	10	8				●						
Corporate Objective: Helping People												
Temporary accommodation	12	11			●							
Intensive housing management service	10	1			●							Engaging with internal review in March 2022
Community grants	10	10						●	Good ●	Satisfactory ●	Minor ●	
Housing repairs	10	1.5			●							

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Assignment	Budget	Actual	Comments
Other Client Support			
Business grants / counter fraud support	12	9	
Mobile phone data analysis	12	10	

Assignment	Budget	Actual	Comments
Other Client Support			
Contingency	-	10	
Advice & Assistance	3	2	
Committee Work, Support & Annual Report	15	11	
Recommendation Follow-Up	3	2.5	
Client Meetings, AGS/NFI & External Audit, Audit Planning	15	10	
Internal Audit Management & Development	21	16	

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

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

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

#### Category of Recommendations

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

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

## **Appendix 2: Customer Satisfaction**

At the completion of each assignment, the Auditor issues a Customer Satisfaction Questionnaire (CSQ) to each client with whom there was a significant engagement during the assignment. The Head of Service and the Line Manager receive a CSQ for all assignments within their areas of responsibility. The standard CSQ asks for the client's opinion of four key aspects of the assignment. The responses received in the year to date are set out below.

<b>Aspects of Audit Assignments</b>	<b>N/A</b>	<b>Outstanding</b>	<b>Good</b>	<b>Satisfactory</b>	<b>Poor</b>
Design of Assignment	-	3	-	-	-
Communication during Assignments	-	3	-	-	-
Quality of Reporting	-	1	2	-	-
Quality of Recommendations	1	1	-	1	-
<b>Total</b>	<b>1</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>-</b>

**Appendix 3: Implementation of Audit Recommendations**

	'High' priority recommendations		'Medium' priority recommendations		'Low' priority recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Actions due and <b>implemented</b> since last Committee meeting	3	50%	5	46%	2	15%	10	<b>33%</b>
Actions due within last 3 months, but <b>not implemented</b>	2	33%	1	9%	3	24%	6	<b>20%</b>
Actions due <b>between 3 and 6 months</b> ago, but <b>not implemented</b>	-	-	1	9%	2	15%	3	<b>10%</b>
Actions due <b>over 6 months</b> ago, but <b>not implemented</b>	1	17%	4	36	6	46%	11	<b>37%</b>
Totals	6	100%	11	100%	13	100%	30	100%

**Appendix 4: 'High' Priority actions overdue for more than three months**

Audit Title and Year	Service Area	Issue / Outstanding Action	Latest update and reason for revised implementation timescale	Officer Responsible	Original Date	Revised Date
Effectiveness of Case Management Arrangements 2019-20	Housing & Communities	<p>Prepare a formal service specification</p> <p>Prepare a formal service specification or plan setting out the overall aims and objectives of the Intensive Housing Management Service (IHMS), expected outcomes and detailed description of the services provided. This should clearly distinguish between welfare and tenancy based services and how they are delivered to maximise effectiveness and value for money.</p>	<p>A review of the service was previously commissioned and findings shared with strategic leads. Unfortunately this review did not provide the required options appraisal to inform a revised service delivery model. This has been addressed through the development of a cross directorate project team now working to develop a revised service offer to support people to remain independent at home. This is being led by the interim strategic projects lead and will be informed by a full customer journey review across various services including housing options, IHMS, tenancy services and lifeline. SLT were briefed on the progress of this work w/c 17.01.22.</p> <p>The review will lead to future options being developed for member consideration. Scrutiny committee members have agreed to have a workshop session to support and shape development – the date of this is to be confirmed. An audit of the</p>	Director of Housing & Communities	30/11/2019	30/04/2022

Audit Title and Year	Service Area	Issue / Outstanding Action	Latest update and reason for revised implementation timescale	Officer Responsible	Original Date	Revised Date
			emerging service model is also scheduled to take place in March 2022, to ensure that it is robust and to provide assurance that it is designed in a way that can deliver the required outcomes.			

## ***Appendix 5: Limitations and Responsibilities***

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

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

#### ***Opinion***

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

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

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

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

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

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

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

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

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

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

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## Audit and Standards

22 March 2022

Report of: Chief Internal Auditor

### Internal Audit Plan 2022/23

<b>Corporate Priority:</b>	All
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	Not applicable
<b>Exempt Information:</b>	No

#### 1 Summary

- 1.1 The report provides Members with a copy of the draft Internal Audit Plan for 2022/23 and the Internal Audit Charter for review and formal approval, in line with the requirements of the Public Sector Internal Audit Standards.

#### 2 RECOMMENDATIONS

That Committee:

- 2.1 Review and approve the Internal Audit Plan for 2022/23 (Appendix A);
- 2.2 Approve delegated authority for the Director for Corporate Services, in consultation with the Chair of the Audit and Standards Committee, to agree amendments to the Plan during the financial year, if required;
- 2.3 Approve the Internal Audit Charter and Strategy (Appendix B).

#### 2 Reason for Recommendations

- 2.1 To approve the Internal Audit plan and charter, in line with the Public Sector Internal Audit Standards.

### **3 Background**

- 3.1 The Audit and Standards Committee is responsible for overseeing the delivery of the Internal Audit service.

### **4 Main Considerations**

#### **Basis for the plan**

- 4.1 The PSIAS (section 2000) state that the Chief Internal Auditor must “establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals” and “must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management (Senior Management Team) and the board (Audit Committee) for review and approval”.
- 4.2 In setting the annual Internal Audit Plan, the PSIAS require:
- a) The audit plan should be developed taking into account the organisation’s risk management framework and based upon a risk assessment process undertaken with input from senior management and the Audit Committee;
  - b) The audit plan should be reviewed and approved by an effective and engaged Audit Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
  - c) The Head of Internal Audit should consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add value and improve the organisation’s operations.
- 4.3 In order to ensure that the Audit Plan for 2022/23 addresses the Council’s key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:
- Reviewing the Council’s Risk Registers and Corporate Strategy;
  - Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
  - Identifying any other sources of assurance for each of the Council’s key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
  - Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
  - Discussion and consultation at the Audit and Standards Committee and Portfolio Holders on the planning process and areas where Members require assurances from Internal Audit during 2022/23. Members were invited to refer potential risk areas for coverage to the Chief Internal Auditor or Chair of the Audit & Standards Committee; and

- Meetings with members of Senior Leadership Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.
- 4.4 All potential audit coverage identified has then been risk assessed and prioritised for inclusion in the Audit Plan, in consultation with the Chair of the Audit & Standards Committee and Senior Leadership Team. This has been based on risk, other sources of assurance available and potential value added from a review during this period.
- 4.5 Following this consultation and review, a Draft Internal Audit Plan has been compiled and is provided in Table 1 of Appendix A. This list has been consulted upon with the Chair of the Audit and Standards Committee. If the risk environment changes during 2022/23 the Audit Plan can be amended and these assignments can be re-assessed for possible coverage.
- 4.6 To ensure that the Internal Audit activities are consistently focused upon the Council's key risks, the plan will remain subject to ongoing review by the Head of Internal Audit throughout the year and will be subject to regular consultation with senior management. To enable the Internal Audit team to be responsive and amend the planned activities to address any new or emerging risk areas as required, it is recommended that a mechanism be agreed to allow for changes to the Audit Plan between Audit and Standards Committee meetings. Any such amendments would be agreed by the Director for Corporate Services, in consultation with the Chair, and reported at the subsequent meeting of the committee.

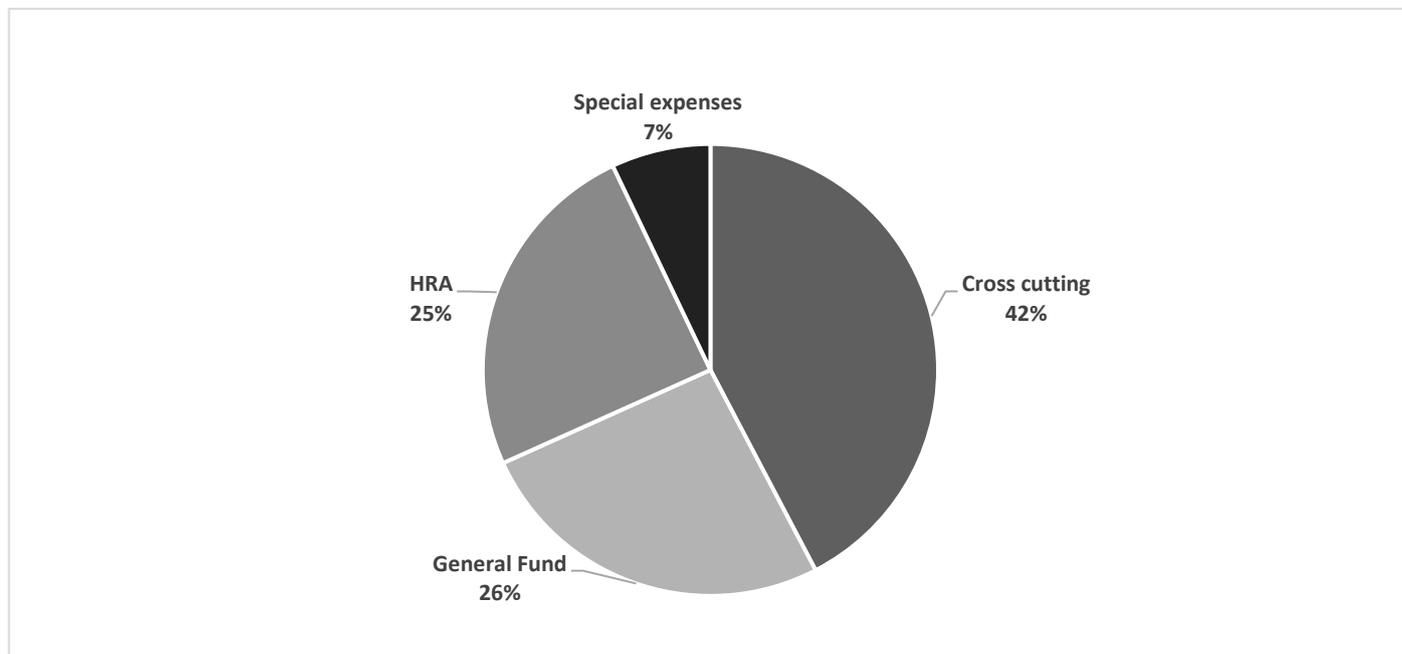
### **Plan coverage**

- 4.7 The plan includes a range of audit assignments which seek to add value and provide assurance. There is a requirement to conduct the fundamental coverage of key financial controls, governance and policy compliance on an annual basis as these must inform the annual Audit Opinion and provide the necessary assurances to the Council's s151 Officer.
- 4.8 In providing risk based assurances over the Council's processes and controls, a range of audits have been proposed which relate to key risk areas identified through consultation and review of risk registers. These will provide targeted reviews of areas where assurance over the design and effectiveness of controls is a priority.
- 4.9 To maximise the value added by Internal Audit's engagements, there is an increasing move towards providing "real time assurances". This reflects a need for Internal Audit to be engaged at the outset of key projects and emerging risks, rather than conduct retrospective audits of compliance. The Audit Plan for 2022/23 seeks to deliver this, where possible, and also provides flexibility to respond to such requests and ensure ongoing engagement with service areas. Some specific assignments within the plan, such as the Health and Leisure project, directly seek to adopt this approach of engagement in early stages to provide real time support and assurance.
- 4.10 In assessing priority areas for audit coverage, consideration is given to key risks where other sources of assurance are already available. An example would be budgetary control – this is a key financial system and relates to the Council's top strategic risks, but specific coverage in the 2022/23 audit plan has not been included. This is based on the assurances available from the established processes in place, the 2020/21 audit of budgetary control which received an opinion of Substantial Assurance and s151

Officer/senior management assurances as part of the Annual Governance Statement completion.

- 4.11 The coverage includes audits of areas funded by both the General Fund (general and special expenses) and the Housing Revenue Account (HRA). A number of the audits are cross cutting in this regard as they will cover activity relating to both areas. A breakdown of the proposed audit coverage (by days) across the areas is provided in Chart 1.

Chart 1: Audit plan coverage (days) per funding stream



- 4.12 In order to provide some flexibility and the opportunity to actively engage with, and support, the development of robust controls, governance mechanisms and risk management, an allocation of days for ad hoc advice has been included within the support days. This time can be used for ad-hoc queries and advice, in addition to providing some contingency and flexibility where emerging risks require prompt audit engagement. This will also provide the opportunity for regular dialogue between Internal Audit and the service leads, highlighting potential changes in risk profiles and raising the profile of the service with officers.
- 4.13 The Internal Audit service provides support and advice to the Council on counter fraud activity. The audit team do not deliver against a set counter fraud plan but are available to provide specialised support and guidance as needed. The Audit & Standards Committee receive six monthly reports on counter fraud activity and it is proposed that this will be expanded in 2022 to include a counter fraud plan for the Council, which will incorporate pro-active awareness work, internal audit coverage and steps taken by officers to address key fraud risks. The management and delivery of the plan will remain with the Council but Internal Audit can provide advice, as required.
- 4.14 Liaison with senior officers will continue throughout the year to ensure that the risks identified are consistent with their understanding and assessment of assurance and support needs and that this is reflective of the first and second lines of assurance within business areas. Any changes required to the plan based on a reassessment of risk or

alternative sources of assurance will be agreed with the s151 Officer, in consultation with the Chair of the Audit and Standards Committee and reported at the subsequent Committee meeting.

## **Internal Audit Charter and Strategy**

- 4.15 **Appendix B** to this report provide a copy of the Internal Audit Charter and Strategy. The Public Sector Internal Audit Standards define the internal audit charter as ‘a formal document that defines the internal audit activity’s purpose, authority and responsibility. The internal audit charter establishes the internal audit activity’s position within the organisation, including the nature of the chief audit executive’s functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities’.
- 4.16 No material amendments to the Charter and Strategy are proposed for 2022/23. The only administrative amendments made are to change all references to the Head of Internal Audit to the Chief Internal Auditor, to reflect the amended structure from 1<sup>st</sup> April 2022, and to reflect that the Chair of the Audit and Standards Committee receives copies of all finalised audit reports.

## **5 Consultation**

- 5.1 Not applicable.

## **6 Next Steps – Implementation and Communication**

- 6.1 The Internal Audit plan will form the schedule of work for the Internal Audit service for 2022/23 and regular progress reports will be brought to the Audit and Standards Committee throughout the financial year.

## **7 Financial Implications**

- 7.1 There are no financial or other resource implications arising directly from this report.

**Financial Implications reviewed by: Director for Corporate Services**

## **8 Legal and Governance Implications**

- 8.1 Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”

**Legal Implications reviewed by: Monitoring Officer**

## 9 Equality and Safeguarding Implications

9.1 There are no equalities or safeguarding implications arising directly from this report.

## 10 Community Safety Implications

10.1 There are no community safety implications arising directly from this report.

## 11 Environmental and Climate Change Implications

11.1 There are no environmental and climate change implications arising directly from this report.

## 12 Other Implications (where significant)

12.1 There are no other implications arising directly from this report.

## 13 Risk & Mitigation

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

## 14 Background Papers

14.1 Not applicable

## 15 Appendices

15.1 Appendix A: Internal Audit Plan 2022/23

15.2 Appendix B: Internal Audit Charter and Strategy

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**Draft Internal Audit Plan**  
**2022/23**  
**MELTON BOROUGH COUNCIL**

**Table 1: Draft Internal Audit Plan 2022/23**

Assurance Areas	Internal Audit Assignments (including assurances sought and basis for inclusion)	Audit days	Initial timing	Risk ref *1 or source	Corp *2 objective	Client lead
Corporate Governance & Counter Fraud	<b>Procurement compliance</b> To provide assurance over compliance with contract procedure rules in the purchasing of goods and services, to prevent fraud/corruption and secure value for money. To include both revenue and capital spend and to target higher risk areas identified in analytical review including HRA capital spend.	8	Q4	CRR07  Fraud risk register	5	SLT
	<b>Cyber security</b> To provide assurance over the controls in place to prevent, detect and respond to any potential cyber attacks, including arrangements for disaster recovery. This will be delivered for the Leicestershire ICT Partnership (LICTP) and outcomes shared with all partners.	20	Q2	SRR12	5	Director for Corporate Services
Key Corporate Controls and Policies	<b>Key financial controls</b> To provide assurance over the design and compliance with key controls across the Council's key financial systems – cyclical basis. To target key controls identified during the financial year based on any changes in risk profile, areas of weakness identified in prior years and time since last review.	15	Q4	CRR07  Fraud risk register	5	Director for Corporate Services
	<b>Fixed assets</b> To provide assurance over the recording, tracking and accounting for the Council's fixed assets, including valuations, verification and compliance with relevant accounting standards/policies.	10	Q1	Fraud risk register	5	Director for Corporate Services
	<b>Special expenses</b> To provide assurance over the accounting for use of special expenses and compliance with relevant policies/regulations/risk management.	12	Q1		5	Director for Corporate Services
	<b>Information governance</b> To provide assurance over the Council's management of risks associated with data security and compliance with regulatory requirements	15	Q2	SRR8	5	Director for Corporate Services
	<b>Business continuity management</b> To provide assurance over the Council's arrangements for maintaining service delivery in the case of an unplanned incident or disruption.	12	Q3	SRR9	5	Director for Growth and Regeneration

Assurance Areas	Internal Audit Assignments (including assurances sought and basis for inclusion)	Audit days	Initial timing	Risk ref *1 or source	Corp *2 objective	Client lead
Growth and Regeneration – risk based audit coverage	<b>Climate change strategy</b> To provide assurance over the delivery of the Council’s Climate Change strategy and use of budgets to fund the agreed priorities.	12	Q4	G&RR36	4	SLT
	<b>Licensing</b> To provide assurance over the management of this key Council service to ensure compliance with regulatory requirements and controls – including safeguarding checks in relation to taxi licensing.	12	Q1	G&RR14	1	Director for Growth & Regeneration
	<b>Health and Leisure project</b> To provide real time audit assurances in relation to this multi million pound project – including coverage on governance, risk management, grant usage and procurement. Potential scope to also provide assurances over the management of existing leisure assets.	12	Q3	G&RR10	3	Director for Growth & Regeneration
Housing & Communities – risk based audit coverage	<b>Landlord health and safety</b> To follow up on progress made since the last audit of this area and provide assurance over compliance with legal duties for conducting relevant safety inspections and servicing in tenanted properties.	15	Q3	H&CR9	2	Director for Housing & Communities
	<b>Management of the HRA</b> To provide assurance over the management of the housing service, including delivery of the HRA business plan and management of risks.	15	Q1	SRR7	2	Director for Housing & Communities
	<b>Right to buy</b> To provide assurance over measures put in place to ensure compliance with the Council’s processing of right to buy applications, including compliance with regulatory requirements and policy and exercising of fraud controls.	12	Q1	Fraud risk register	2	Director for Housing & Communities
	Contingency	10				
<b>Support to Melton Borough Council</b>	Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors and fraud risk/policy support.	35				
<b>Management and development</b>	Development and management of Internal Audit service in line with the Public Sector Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, service development and performance reporting.	20				
<b>Total days</b>		235				

\*1

**Risk reference key:**

SRR – Strategic risk register

H&CR – Housing & community risk register

G&RR – Growth & Regeneration risk register

CRR – Corporate risk register

\*2

**Corporate objectives:**

1. Excellent services positively impacting on our communities
2. Providing high quality council homes and landlord services
3. Delivering sustainable and inclusive growth in Melton
4. Protect our climate and enhance our natural environment
5. Ensuring the right conditions to support delivery (inward)
6. Connected and led by our community (outward)

## INTERNAL AUDIT CHARTER AND STRATEGY

## 1. INTRODUCTION &amp; CONTEXT

- 1.1. Internal Audit is required to maintain an Internal Audit Strategy and Charter. The core governance context for Internal Audit is summarised below:

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

A relevant authority must ensure that it has a sound system of internal control which— facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.

And that:

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

A relevant authority must, each financial year—

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

The Public Sector Internal Audit Standards (PSIAS) issued in April 2013 include the need for risk-based plans to be developed for internal audit and to receive input from management and the 'Board' (usually discharged by the Council's Audit and Standards Committee). The work of Internal Audit therefore derives directly from these responsibilities, including:

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

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

- 1.2. The purpose of the audit strategy and charter is to put in place an approach that will enable Internal Audit to deliver a modern and effective service that:

- Meets the requirements of the Public Sector Internal Audit Standards and the Accounts and Audit Regulations;
- Ensures effective audit coverage and a mechanism to provide independent and objective overall assurance in particular to Councillors and management;
- Provides an independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment;

- Identifies the highest risk areas of the Council and allocates available internal audit resources accordingly;
- Adds value and supports senior management in providing effective control and identifying opportunities for improving value for money; and
- Supports the S151 officer in maintaining prudent financial stewardship for the Council.

1.3. The following definitions apply throughout the Strategy and Charter:

- The Audit and Standards Committee – acts as the PSIAS defined Council ‘Board’.
- The Chief Internal Auditor – is the PSIAS defined ‘Chief Audit Executive’.
- Melton Borough Council’s Senior Leadership Team (SLT) – is the PSIAS defined ‘senior management’ team.
- Internal Audit – is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- Assurance Services – an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council - including financial, performance, compliance, system security and due diligence.
- Consulting Services – Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility - examples include counsel, advice, facilitation and training.

## 2. STRATEGY & VISION

- 2.1. Internal Audit will provide the public, Councillors and Council officers with confidence that Council operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. Where confidence is not possible the service will ensure that the implications and risks are understood to ensure proportionate action is taken. Internal Audit will be responsive to the Council’s needs and the risks to which the Council is exposed. The ‘Mission’ for Internal Audit is therefore:

‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’.
--

- 2.2. Internal Audit is not responsible for the control systems it audits. Responsibility for effective internal control rests with the management / executive of the Council. Directors and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve approved objectives / policy.
- 2.3. Internal Audit will provide a robust high quality audit service that delivers honest, evidenced assurance, by:
- Focusing on what is important

Deploying its resources where there is most value aligned to the corporate objectives and priorities, the processes to facilitate these and the key risks to their achievement, whilst ensuring sufficient assurance to support the Annual Governance Statement.

- Being flexible and responsive to the needs of the Council  
The Annual Plan will be reviewed quarterly enabling Audit resources to be redeployed as new risks emerge, with the agreement of senior management and the board.
- Being outward looking and forward focused  
The service will be aware of national and local developments and of their potential impact on the Council's governance, risk management and control arrangements.
- Providing Assurance  
There is value in providing assurance to senior managers and members that the arrangements they put in place are working effectively, and in helping managers to improve the systems and processes for which they are responsible.
- Balancing independent support and challenge  
Avoiding a tone which blames, but being resolute in challenging for the wider benefit of the Council and residents.
- Having impact  
Delivering work which has buy-in and which leads to sustained change.
- Enjoying a positive relationship with and being welcomed by the 'top table'  
Identifying and sharing organisational issues and themes that are recognised and taken on board. Working constructively with management to support new developments.
- Strengthening the governance of the Council  
Being ambassadors for and encouraging the Council towards best practice in order to maximise the chances of achieving its objectives, including the provision of consultancy and advice.

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

- Local Government / Public Sector
- The Council and its community

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

### 3. AUTHORITY

3.1. In accordance with PSIAS, the Chief Internal Auditor has full responsibility for the operation and delivery of the Internal Audit function including the production and execution of the audit plan

and subsequent audit activities. The annual audit plan will be agreed in consultation with relevant officers, the Audit and Standards Committee, and the Senior Leadership Team.

- 3.2. Internal Audit's authority is documented and defined within the Council's Constitution and Financial Regulations. Internal Audit's remit extends across the entire control environment of the Council.
- 3.3. Internal Audit has unrestricted access to all Council and partner records and information (whether manual or computerised systems), officers, cash, stores and other property, it considers necessary to fulfil its responsibilities. Internal Audit may enter Council property and has unrestricted access to all locations and officers without prior notice if necessary.
- 3.4. All Council contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to the Councils business held by contractors or partners.
- 3.5. All employees are required to assist the internal audit activity in fulfilling its roles and responsibilities.
- 3.6. The Audit Committee (as the Board) shall be informed of any restriction unduly placed on the scope of Internal Audit's activities which in the opinion of the Chief Internal Auditor prevent the proper discharge of IA functions.
- 3.7. The Chief Internal Auditor and individual audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.
- 3.8. To provide for independence the day to day management of the Internal Audit Service is undertaken by the Chief Internal Auditor who report to the Audit Committee. This accords with the Public Sector Internal Audit Standards which requires the Chief Internal Auditor to report to the very top of the organisation.
- 3.9. The Chief Internal Auditor has direct and unrestricted access to the Council's Chief Executive, Section 151 Officer, Directors, External Audit and Audit and Standards Committees at his/her discretion, including private meetings with the Chair of the Audit and Standards Committee.

#### 4. INDEPENDENCE & OBJECTIVITY

- 4.1. Independence is essential to the effectiveness of the internal audit service; so it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing or report content.
- 4.2. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. They will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 4.3. In addition to the ethical requirements of the various professional bodies, each auditor is required to sign an annual declaration of interest to ensure that the allocation of audit work avoids conflict of interest and declare any potential 'conflict of interest' on allocation of an audit. Any potential impairments to independence or objectivity will be declared prior to accepting any work.

- 4.4. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, 'approve' procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditor's judgment. Where auditors have previously been involved in any of these activities or consultancy work they will be prohibited from auditing those areas for at least 2 years. Where appropriate, audits are rotated within the team to avoid over-familiarity and complacency.
- 4.5. The Chief Internal Auditor will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit service.

## 5. HOW THE SERVICE WILL BE DELIVERED

- 5.1. Audit Planning - The audit plan guides the work of the service during the year. The planning principles are:
- Focusing assurance effort on the most important issues, the key obligations, outcomes and objectives, critical business processes and projects, and principal risks; pitching coverage therefore at both strategic and key operational aspects;
  - Maintaining up to date awareness of the impact of the external and internal environment on control arrangements;
  - Using a risk assessment methodology to determine priorities for audit coverage based as far as possible on management's view of risk in conjunction with other intelligence sources e.g. corporate risk register, audit risk scores;
  - Taking account of dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs, but recognising in a resource constrained environment there will be situations when not all needs can be met which is where risk management is key;
  - Being flexible so that the plan evolves through the year in response to emerging risks and issues;
  - Providing for the delivery of key commitments, such as work done in support of the External Auditor thus reducing the external audit fee, and to deliver governance and antifraud responsibilities; and
  - Including provision for responding to requests for assistance with special investigations, consultancy and other forms of advice from management and sources.
- 5.2. Annex A illustrates the Planning cycle and the processes through which individual assignments are undertaken, reports issued and opinions given.
- 5.3. The number of available audit days to the Internal Audit Service will be reviewed to be sufficient to enable the audit service to deliver the risk based plan in accordance with professional standards. This takes into account the fact that additional resource will be procured as and when necessary e.g. for technical IT audits, when significant resource is diverted through unplanned work. The focus on the high risk areas will reduce the overall coverage required.
- 5.4. In order to deliver the Annual Audit Plan at the required quality and professionalism we strive to ensure that the team has the required mix of skills and experience. The use of external experts e.g. IT auditors compared to employing or developing these expensive resources in house is constantly under review to ensure that the service delivers a high quality product at

best value for money. Future recruitment will take into account the expertise and skills required to fill any gaps within the current service.

- 5.5. The breadth of coverage within the plan necessitates a wide range of high quality audit skills. The types of audit work undertaken include:
- Risk based system audit
  - Compliance audit
  - IT audit
  - Procurement and contract management audit
  - Project and programme audits
  - Risk Management
  - Fraud/investigation work
  - Value for money audit
  - Control self-assessment techniques
  - Consultancy and advice
- 5.6. Internal Audit may procure external audit resource to enhance the service provision as necessary.
- 5.7. Internal Audit Annual Opinion - Each year the Chief Internal Auditor will provide a publicly reported opinion on the effectiveness of governance, risk and control, which also informs the Annual Governance Statement. This will be supported by reliable and relevant evidence gathered though all work undertaken by Internal Audit during the year.
- 5.8. Conduct of work - The principles of how we conduct our work are:
- Focusing on what is important to the Council and in the ultimate interests of the public;
  - Striving continuously to foster buy-in and engagement with the audit process;
  - Ensuring findings and facts reported are accurate and informed by a wide evidence base, including requesting information from ex-employees and other stakeholders where appropriate;
  - Ensuring that risks identified in planning are followed through into audit work;
  - Ensuring that the right skills and right approaches are in place for individual assignments;
  - Suggesting actions that are pragmatic and proportionate to risk, tailored for the best result and take into account the culture, constraints and the cost of controls;
  - Focusing as a rule on ensuring compliance with existing processes and systems and reducing bureaucracy rather than introducing new layers of control;
  - Being resolute in challenging; taking account of views, escalating issues and holding our position when appropriate;
  - Driving the audit process by agreeing deadlines, meeting these on our part, and escalating non-response promptly in order to complete our work; and
  - Having high standards of behaviour at all times.
- 5.9. Reporting - The reports produced by the service are its key output. The reporting principles are:
- Providing balanced evidence-based reports which recognise both good practice and areas of weakness
  - Reporting in a timely, brief, clear and professional manner
  - Ensuring that reports clearly set out assurance opinions on the objectives/risks identified in planning work

- Always seeking management's response to reports so that the final report includes a commitment to action
  - Sharing reports with senior management and members, identifying key themes and potential future risks so that our work has impact at the highest levels
  - Sharing learning with the wider organisation with a view to encouraging best practice across the Council.
- 5.10. A written report will be prepared and issued following the conclusion of each internal audit engagement, including follow up audits; unless in the opinion of the Chief Internal Auditor and Client lead a written report is unnecessary. Each report will:
- Provide an evidenced opinion on the adequacy of the governance, risk and control processes;
  - identify inadequately addressed risks and non-effective control processes;
  - detail agreed actions including explanation for any corrective action that will not be implemented;
  - provide management's response and timescale for corrective action
  - provide management's explanations for any risks that will not be addressed
  - Identify individuals responsible for implementing agreed actions
- 5.11. Senior Management shall ensure that agreed corrective actions are introduced.
- 5.12. All audits and follow ups receiving a weak or limited audit opinion will be highlighted to the Senior Leadership Team, and the Audit and Standards Committee. Regular reports to the Audit and Standards Committee shall highlight each weak / limited report until controls have been restored to satisfactory levels at least.
- 5.13. To assist the manager/reader in easily identifying the areas that are well managed and the significance of areas of concern, actions, objectives and overall assurance opinions are categorised using three key elements as summarised below (and set out in detail at Annex B):
- Assess and test the CONTROL ENVIRONMENT,  
Test COMPLIANCE with those control systems, and  
Assess the ORGANISATIONAL IMPACT of the area being audited.
- 5.14. Actions / Recommendations - Actions are categorised dependent on the risk as follows:

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

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

5.16. Quality Assurance – The Internal Audit function is bound by the following standards:

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

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

- An audit manual documenting methods of working;
- Supervision and review arrangements;
- Customer feedback arrangements;
- Quality Standards;
- Annual Internal review;
- Periodic external reviews;
- Performance measures, including:
  - Proportion of Plan completed, including spread of areas covered
  - Proportion of agreed actions implemented
  - Proportion of Weak / Limited Assurance opinion reports that improve to at least satisfactory as at follow up
  - Productive/direct time as a % of total time
  - Customer satisfaction levels

5.18. The completion of every assignment shall be monitored against:

- end to end time

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

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

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

- ongoing performance monitoring;
- an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards;
- an external assessment at least once every five years by a suitably qualified, independent assessor;
- a programme of Continuous Professional Development (CPD) for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies;
- the Chief Internal Auditor holding a professional qualification (current Chief Internal Auditor is a member of CIMA) and being suitably experienced; and
- encouraging, and where appropriate acting on, Customer feedback.

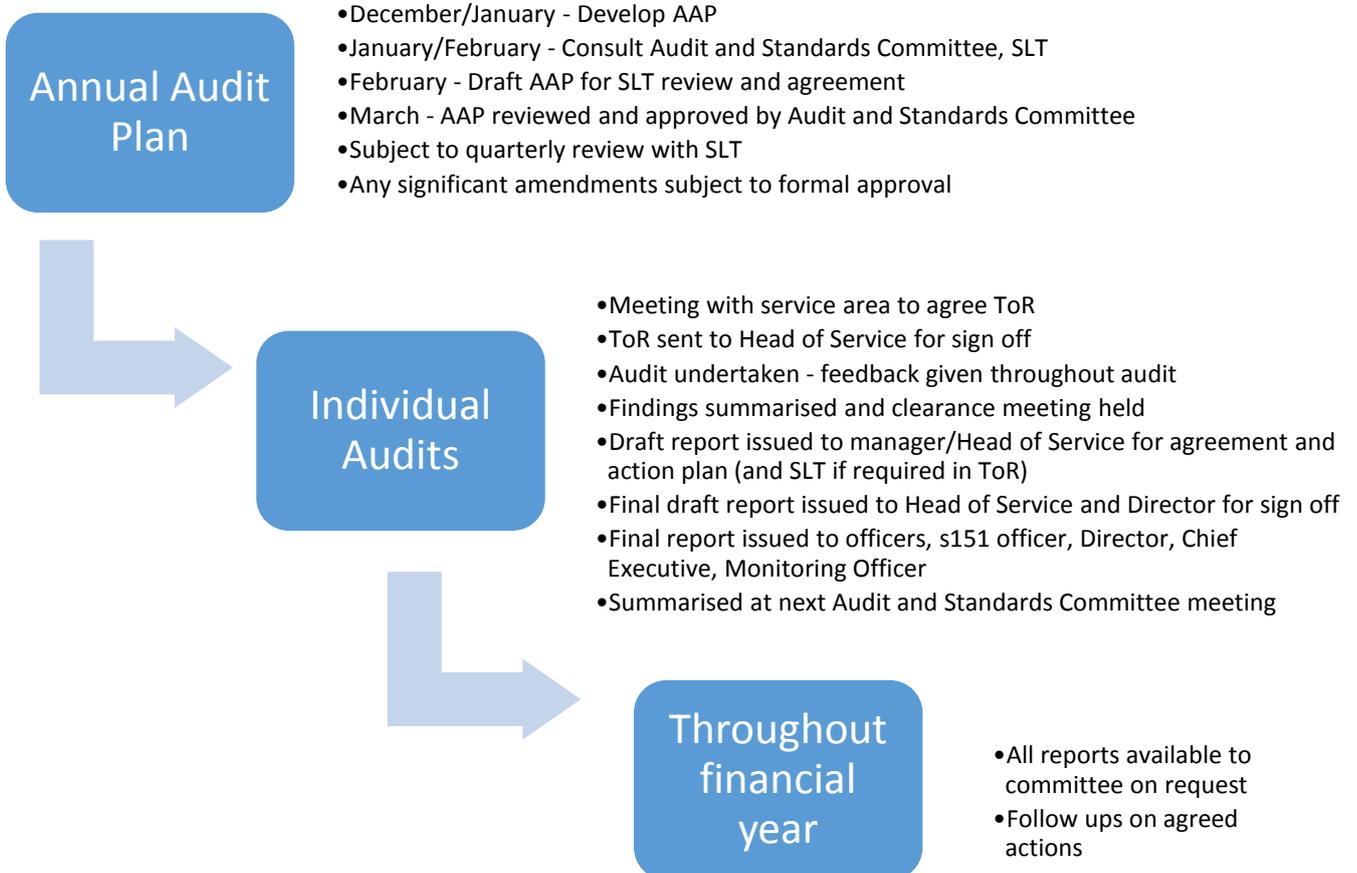
## 6. COUNTER-FRAUD and ASSOCIATED ISSUES

6.1. The Chief Internal Auditor will ensure that all work is undertaken and all staff are conversant with the Council's Anti-Fraud policies and culture, including:

- Counter Fraud and Corruption policy
- Whistleblowing policy
- Anti-Money Laundering Policy

6.2. All Internal Audit staff will be alert to possibility of fraud during all work but are not responsible for identifying fraud.

**AUDIT PLANNING & DELIVERY PROCESSES**



**INTERNAL CONTROL ASSESSMENT**

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

<b>Compliance Assurance</b>	
<b>Level</b>	<b>Definitions</b>
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

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

Where specific compliance reviews are undertaken e.g. grant certification, the following definitions are used to assess the level of compliance in each individual reviewed, albeit each certification usually requires the Chief Internal Auditor and Director to formally certify compliance with grant conditions.

<b>Opinion for Compliance Audits – Levels of Compliance</b>	
<b>Level</b>	<b>Definitions</b>
High	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
Medium	There was general compliance with the agreed policy and/or procedure. Although errors have been identified there are not considered to be material.
Low	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

Individual audits are reported to relevant Head of Service and the Chair of the Audit and Standards Committee. Periodic summary reports are issued to the Audit and Standards Committee.

An Annual Audit Opinion is then constructed based upon the year's work and formally reported to the Senior Leadership Team, the Audit and Standards Committee and relevant stakeholders to inform the Annual Governance Statement and Accounts.

## Whistleblowing Policy and Update

<b>Corporate Priority:</b>	Ensuring the right conditions to support delivery
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	

### 1 Summary

- 1.1 This report seeks approval of a revised Whistleblowing Policy which is required to comply with legislation and forms part of the Council internal governance controls.

### 2 Recommendations

#### That Committee:

- 2.1 Note and endorse the revisions to the Whistleblowing policy; and

#### Recommend to Council:

- 2.2 To approve the revised Whistleblowing Policy to be effective immediately

### 3 Reason for Recommendations

- 3.1 The policy was last approved in 2019 and is due for review
- 3.2 It is good governance to ensure the Whistleblowing policy is reviewed regularly, up to date and fit for purpose.

## **4 Background**

- 4.1 'Whistleblowing' means the reporting by employees, workers, contractors or elected Members of suspected misconduct, illegal acts or failure to act within the Council. The aim of the Policy is to encourage employees and others who have serious concerns about any aspect of the Council's work to come forward and voice them.
- 4.2 The revised Policy is intended to enable those who become aware of suspected wrongdoing at the Council affecting some other person or service, to report their concerns at the earliest opportunity so that they can be properly investigated.

## **5 Main Considerations**

- 5.1 The Policy ensures that the Council has processes for dealing with Whistleblowing and that a consistent approach is taken across the Council to deal with concerns raised. It also ensures that the Council has adequate internal controls to promote good governance within the organisation.
- 5.2 Whistleblowing' is viewed by the Council as a positive act that can make a valuable contribution to the Council's efficiency and long-term success. The Council is committed to achieving the highest possible standards of service and the highest possible ethical standards in public life and in all of its practices and the Whistleblowing Policy helps to achieve this.
- 5.3 Whistleblowing differs from a complaint or a grievance in that the 'whistle-blower' will not usually be directly or adversely affected by the conduct complained and is normally acting as a witness to misconduct or malpractice that he or she has observed. The Whistle Blowing Policy is not intended to replace existing procedures.
- 5.4 The policy was written to take account of the Public Interest Disclosure Act 1998 which protects workers making disclosures about certain matters of concern, when those disclosures are made in accordance with the Act's provisions and in the public interest. The Public Interest Disclosure Act 1998 makes it unlawful for the Council to dismiss anyone or allow them to be victimised on the basis that they have made an appropriate lawful disclosure in accordance with the Act.
- 5.5 The policy has been reviewed and the following revisions have been made to provide further clarity:
- 5.5.1 Paragraphs 1.1 and 1.2 - legislative background and purpose of the policy;
  - 5.5.2 Paragraph 3.5, 3.6 and Chart 1 - the different ways concerns can be reported;
  - 5.5.3 Paragraphs 4.4 and 4.5 on protected disclosures;

- 5.5.4 Paragraph 6 – how to raise a concern including reference to the Charity Protect;
- 5.5.5 Paragraph 7 – how the council will respond;
- 5.5.6 Paragraph 9 – how the matter can be taken further

- 5.6 For ease of reference and transparency the relevant paragraphs have been highlighted.
- 5.7 The Monitoring Officer will maintain a Corporate Register containing all concerns that are brought to her attention. All officers allocated to look into a concern must ensure the Monitoring Officer is provided with sufficient details for the Corporate Register.
- 5.8 The Monitoring Officer will review the Corporate Register and produce a regular report for Audit and Standards Committee. The report will include a summary of the concerns raised, to which department they related, the post to which the concerns related (if not confidential) and any lessons learned. The report will not include any employee names. The aim of this is to ensure that the Council and/or the relevant department learns from mistakes and does not repeat them and consistency of approach across the departments. The Corporate Register together with the annual reports will be available for inspection by internal and external audit, after removing any confidential details.
- 5.9 A consultation took place with the Joint Staff Working Group on 03 March 2022. Two comments were made; both of which have been reflected in the draft policy attached.
  - 5.9.1 The first related to the mention of the charity Protect being earlier in the policy (see paragraphs 6.8.3 and 9.3); and
  - 5.9.2 The second comment related to providing some clarity to paragraph 6.5 to ensure it was clear that ‘any’ of the officers listed in paragraph 6.5 could be contacted.
- 5.10 No further comments have been received.

## **6 Options Considered**

- 6.1 Not to review the policy – this option is not recommended as it is prudent to ensure the policy is up to date and fit for purpose.
- 6.2 Not to have a policy – this option is not recommended as a Whistleblowing Policy helps protect public funds by giving officers who are acting in good faith the confidence to expose financial wrongdoing which is in the public interest

## 7 Consultation

7.1 In the drafting of the Whistleblowing Policy the following officers have be consulted:

7.1.1 Statutory Officers – Chief Executive, s.151 Officer, Monitoring Officer

7.1.2 The Leadership Team

7.1.3 The Head of Internal Audit

7.1.4 The Chair of Audit and Standards

7.1.5 Joint Staff Working Group

## 8 Next Steps – Implementation and Communication

8.1 Subject to approval by Council, the policy will be published on the Council's intranet and website

## 9 Financial Implications

9.1 An up to date and effective Whistleblowing Policy will help protect public funds by giving officers who are acting in good faith the confidence to expose financial wrongdoing as soon as it is discovered as well as acting as a deterrent to such misconduct.

9.2 The Council will face no additional costs if the Policy is adopted

**Financial Implications reviewed by: Director for Corporate Services**

## 10 Legal and Governance Implications

10.1 The Whistleblowing Policy sets out the arrangements by which the Council secures compliance with the Public Interest Disclosure Act and in combination with the Council's Anti-Fraud and Corruption and Anti Money-Laundering Policies, forms part of the system of internal controls required by Regulations 3 of the Accounts and Audit Regulations 2015 as well as being as one of the financial measures determined by the Section 151 Officer to enable the prevention and detection of fraud as required by Regulation 4 (4) of the Account and Audit Regulations 2015.

Legal Implications reviewed by: **Monitoring Officer**

## 11 Equality and Safeguarding Implications

11.1 There are no direct equalities and safeguarding implications as a result of this report

## 12 Community Safety Implications

12.1 There are no direct community safety implications as a result of this report.

## 13 Environmental and Climate Change Implications

13.1 There are no direct environmental and climate change issues as a result of this report.

## 14 Other Implications (where significant)

14.1 There are no other implications as a result of this report.

## 15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Not having an up to date policy	Low	Marginal	Low Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low		1		
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	The policy is presented to Committee every 3 years and reviewed internally annually

## 16 Background Papers

16.1 None

## 17 Appendices

17.1 Appendix A – Draft Whistleblowing Policy

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**Melton  
Borough  
Council**

# Whistleblowing Policy

DRAFT

Author:	The Monitoring Officer
Owner:	The Monitoring Officer
Version No:	1.0
Date:	January 2022

**CONTROL SHEET FOR Whistleblowing Policy**

<b>Location of Policy</b>	<b>MIKE / Website</b>
<b>Member Lead</b>	<b>Chair of Audit and Standards Committee</b>
<b>Equality Impact Assessment</b>	<b>N/A</b>
<b>Final Policy Approval Route</b>	<b>Council</b>
<b>Date Policy Approved</b>	
<b>Date Policy Due for Review</b>	<b>March 2025</b>

DRAFT

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## 1. Introduction

- 1.1 Whistleblowing law is located in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). The council is committed to the highest possible standards of openness, honesty, integrity and accountability. In line with that commitment we expect employees, and others we deal with, who have any serious concerns about any aspect of the council's work to come forward and voice those concerns.
- 1.2 Wherever possible, employees are encouraged to use relevant council procedures to report issues in an open and transparent way. However, it is recognised that some cases will have to proceed on a confidential basis. This policy makes it clear that you can report concerns without fear of victimisation, subsequent discrimination or disadvantage.
- 1.3 Employees are often the first to realise that there may be something seriously wrong within a Local Authority. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances employees may feel that it is easier to ignore the concern, rather than report what may just be a suspicion of malpractice.
- 1.4 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council encourages employees, Members and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. It is recognised that certain cases will have to proceed on a confidential basis.
- 1.5 Whistleblowing is the term used when someone who works in or for an organisation raises a concern about a possible fraud, crime, danger or other serious risk that could threaten customers, colleagues, the public or the organisation's own reputation. For example, instances of theft from the Council, accepting or offering a bribe, and failure by colleagues to adhere to Health & Safety directives could all be the subject of a whistle blow.
- 1.6 This policy makes it clear that concerns can be raised without fear of victimisation, subsequent discrimination or disadvantage.
- 1.7 This Whistleblowing Policy is intended to encourage and enable employees to raise concerns within the Council in person, rather than overlooking a problem or using other methods to report concerns. This policy applies to Council employees and other workers, including freelance staff, temporary and agency staff, trainers, volunteers, consultants, contractors, employees of another Local Authority with whom the Council has entered into joint working arrangements and Members. This policy also applies to all employees in organisations who work in partnership with the Council and suppliers who wish to raise a concern.

## **2. Aims and Scope of this Policy**

### **2.1 This policy aims to:-**

- 2.1.1 Encourage and enable any person to feel confident in raising serious concerns;
- 2.1.2 Clearly detail the ways in which such concerns should be raised;
- 2.1.3 Provide confidence to whistle-blowers that all referrals will be dealt with in line with this policy;
- 2.1.4 Describe how to take the matter further if a whistle-blower is dissatisfied with the Council's response; and
- 2.1.5 Reassure anyone making a referral that the Council will take all reasonable and practical steps to protect whistle-blowers from reprisals, harassment or victimisation.

### **2.2 Areas covered by the Whistleblowing Policy include:-**

- 2.2.1 criminal or other misconduct
- 2.2.2 breaches of the Council's Standing Orders or Financial Procedure Rules
- 2.2.3 contravention of the Council's accepted standards, policies or procedures
- 2.2.4 disclosures relating to miscarriages of justice
- 2.2.5 health and safety risks
- 2.2.6 damage to the environment
- 2.2.7 unauthorised use of public funds
- 2.2.8 fraud, bribery and corruption
- 2.2.9 sexual, physical and/or verbal abuse of any person or group
- 2.2.10 other unethical conduct
- 2.2.11 the concealment of any of the above

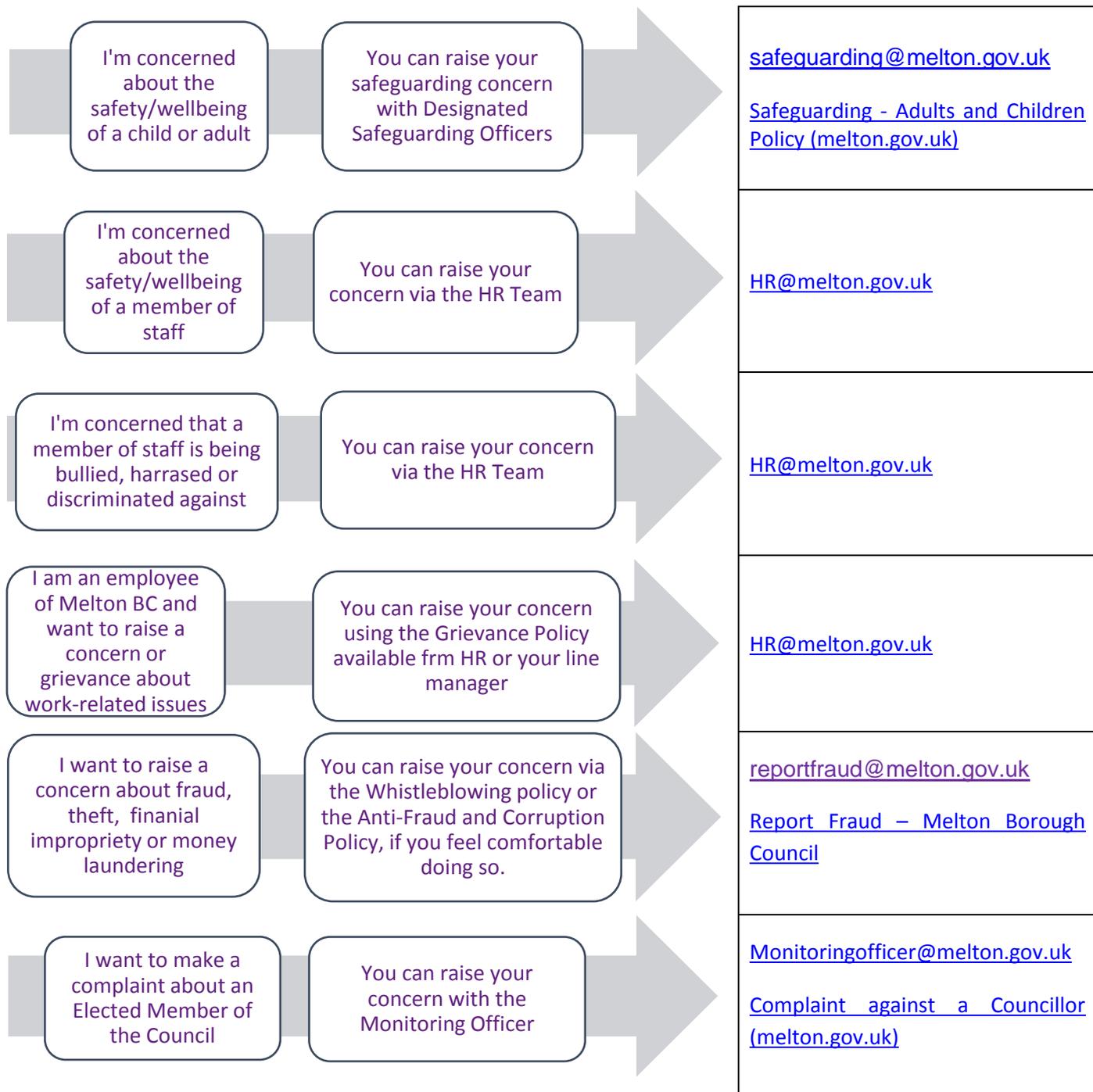
### **2.3 Any concerns about any aspect of service provision or the conduct of officers or elected Members of the Council, or others acting on behalf of the Council, can be reported under the Whistleblowing Policy where there is a public interest aspect. This may be about something that:-**

- 2.3.1 Makes you feel uncomfortable in terms of known standards, your experience or the standards you believe the Council subscribes to; or
- 2.3.2 Is against the Council's Constitution and policies; or
- 2.3.3 Falls below established standards of practice; or
- 2.3.4 Amounts to improper conduct.

### 3. When this Policy may not be appropriate

- 3.1 This policy is not a substitute for the Council's other policies and procedures on such matters as personal grievances, bullying and harassment, health and safety, safeguarding issues (children and/or adults), complaints or codes of conduct. It should also not be used to raise matters relating to an employee's own terms and conditions of service.
- 3.2 It is important to know the difference between a 'whistle blow' and a 'grievance.' A whistle blow has a public interest aspect to it, as it puts others at risk. A grievance by contrast has no public interest factors, as it is a complaint about a particular employment situation. A grievance should be reported using the Grievance Policy, not this policy. For example, a member of staff being formally interviewed on capability grounds, without previously having had any indication that their performance was not acceptable, may lead to a grievance complaint being made. Whilst a member of staff who observes colleagues sharing/selling confidential data to un-authorised others, should lead to a whistle blow.
- 3.3 The Policy is not to be used by members of the public to pursue complaints about services. These should be dealt with through the Councils Corporate Complaints Policy.
- 3.4 This Policy is not to be used by members of the public to pursue complaints against a Councillor's conduct. They should direct complaints in the first instance to the Monitoring Officer who will deal with their complaints under the Members Code of Conduct procedure.
- 3.5 There are many ways to raise specific concerns with the Council, and not all concerns will constitute wrongdoing which would be investigated via this Whistleblowing Policy.
- 3.6 The details in Figure 1 will help you determine the best route to raise your concerns. If you raise a concern through one of the wider policies referenced in Figure 1, that meets the criteria of whistleblowing under law (see section 4), you will still be protected by the law. If you wish to raise a specific whistleblowing issue, or if you are not sure what is the best route for reporting your concerns, you can email the dedicated whistleblowing email address [reportfraud@melton.gov.uk](mailto:reportfraud@melton.gov.uk). This mailbox will be monitored by Internal Audit who will ensure that referrals made to this address are considered via the appropriate process.

**Chart 1: Routes for raising concerns**



## 4. Safeguards against Harassment or Victimization

- 4.1 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. However, the Council will not tolerate any form of harassment or victimisation and will take appropriate action to protect persons who have made a disclosure.
- 4.2 The Council is committed to good practice and high standards and endeavours to be supportive of persons who raise concerns under this Policy. In all cases, the provisions of the Public Interest Disclosure Act 1998 (PIDA) will be adhered to.
- 4.3 The Public Interest Disclosure Act 1998 (PIDA) protects Council employees who report concerns from subsequent harassment, victimisation and other unfair treatment. The Enterprise & Regulatory Reform Act 2013 (ERRA) introduced a Public Interest test requirement on whistle blowers. In order to receive the protection of PIDA, whistle blowers will now have to show that they reasonably believe that the disclosure they are making is in the public interest.
- 4.4 Unlike disclosures by employees, PIDA does not offer legal protection for disclosures made by members of the public. However, the Council will take reasonable and appropriate action to protect the anonymity of members of the public when they make a disclosure.
- 4.5 If the matter only affects you, then it is not a disclosure covered by PIDA. However, it is likely to be covered by another corporate policy.
- 4.6 If it affects other people and if you believe that the disclosure relates to wrongdoing in one of the categories below then your disclosure likely is covered by PIDA:
- 4.6.1 criminal offences (for example, fraud, theft, or financial impropriety)
  - 4.6.2 failure to comply with a legal obligation
  - 4.6.3 miscarriages of justice
  - 4.6.4 endangering of someone's health and safety
  - 4.6.5 damage to the environment
  - 4.6.6 covering up wrongdoing in the above categories

## 5. Confidentiality and Anonymous Allegations

- 5.1 This policy encourages you to put your name to any allegation wherever possible and receive the protection of PIDA as anonymous complaints are likely to be difficult to deal with effectively.
- 5.2 The Council will do its best to protect your identity if you do not want your name disclosed and records of referrals will be handled in confidence. It must be recognised that in some cases the investigation process may reveal or allow individuals to infer the source of the information, and you may be asked to make a statement as part of evidence.
- 5.3 Concerns expressed anonymously will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include:
- Seriousness of the issue;
  - Credibility of the concern; and
  - Likelihood of being able to obtain the necessary information to corroborate an allegation.
- 5.4 At the appropriate point in any investigation, the subject of an allegation is likely to be made aware of the allegation so they may provide a defence. In these cases, the identity of the whistle-blower will be protected as much as is practically possible.

## 6. How to raise a Concern under this Policy

- 6.1 Wherever possible, employees are encouraged to use relevant council procedures to report issues in an open and transparent way. In the first instance, concerns from employees should normally be raised with their line manager, individually or as a group. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern in the first instance with their contact within the Council, usually the person to whom they directly report.
- 6.2 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If you feel you cannot raise their concern with your immediate manager or normal Council contact, you may feel a whistleblowing disclosure is the most appropriate option.
- 6.3 Concerns may be raised verbally or in writing. In order to enable the Council to review concerns effectively, whistle-blowers should give the background and history of the issue, giving relevant details such as names and dates if possible, and the reason why they are particularly concerned about the situation.
- 6.4 You may ask for a private meeting with the person to whom you wish to raise the concern. If you wish you can be accompanied, for example by your trade union/professional association representative or work colleague, at any meetings in connection with the concerns you have raised.

- 6.5 If you want to make a whistleblowing disclosure or discuss your concerns with any of the following officers:
- 6.5.6 **Chief Executive** - Edd de Coverly  
[edecoverly@melton.gov.uk](mailto:edecoverly@melton.gov.uk)  
07909 097949
  - 6.5.1 **Chief Finance Officer & S151 Officer** - Dawn Garton  
[dgarton@melton.gov.uk](mailto:dgarton@melton.gov.uk)  
07500 975289
  - 6.5.2 **Monitoring Officer** – Kieran Stockley  
[monitoringofficer@melton.gov.uk](mailto:monitoringofficer@melton.gov.uk)  
07881 510757
  - 6.5.3 **Head of Internal Audit** - Rachel Ashley-Caunt  
[rashley-caunt@melton.gov.uk](mailto:rashley-caunt@melton.gov.uk)  
07824 537900
  - 6.5.3 **HR and Communications Manager** - Sarah-Jane O'Connor  
[HR@melton.gov.uk](mailto:HR@melton.gov.uk)  
01664 502460
  - 6.5.7 Email [reportfraud@melton.gov.uk](mailto:reportfraud@melton.gov.uk)
- 6.6 Failing to raise the matter within the Council first may result in the disclosure being unprotected within the provisions of the Public Interest Disclosure Act 1998.
- 6.7 Employees who are in any doubt regarding the provisions of the Policy should contact Human Resources. Advice as to whether or how a matter should be raised should be sought by contacting one of the Whistleblowing Officers.
- 6.8 This policy is intended to provide employees with an avenue to raise concerns within the Council and be satisfied with the Council's response. If, however, an employee should feel dissatisfied with the Council's response and feel it right to take the matter further they can do so by contacting:
- 6.8.1 **External Auditors** – Ernst and Young (Hayley Clark)  
[HClark3@uk.ey.com](mailto:HClark3@uk.ey.com)  
0121 230 1216

- 6.8.2 the relevant professional body or regulatory organisation;
- 6.8.3 the whistleblowing charity 'Protect' (see note and paragraph 9.3 below)
- 6.8.4 the Trade Union
- 6.8.5 a Solicitor
- 6.8.6 the Police

**Note:** Protect can also be contacted should someone wish to seek independent advice about how best to raise a concern. Please note, seeking this independent advice does not constitute legal notification to the Council.

- 6.9 As outlined at 5.2 above, it should be noted that information presented during investigations may inadvertently allow the subject of an allegation to determine who is likely to have provided the information. Therefore, the Council cannot provide absolute guarantees that anonymity can always be protected.
- 6.10 Although you are not expected to prove the truth of any concern or allegation you raise, it will be necessary to demonstrate that there are sufficient grounds for concern to warrant further initial investigation. It is not necessary or appropriate for any person to undertake investigations into their concern prior to contacting the Council, as this may undermine any ultimate action to be taken, particularly if any police investigation is subsequently required.
- 6.11 To make a disclosure you can:
  - 6.11.1 email - [monitoringofficer@melton.gov.uk](mailto:monitoringofficer@melton.gov.uk)
  - 6.11.2 contact a named contact as detailed at paragraph 6.5 of this policy; or
  - 6.11.3 make a whistleblowing disclosure under the appropriate route outlined in figure 1.
- 6.12 Concerns may be raised normally in writing. Persons who wish to raise a concern should provide details of the nature of the concern or allegation in the following format:
  - 6.12.1 The background and history of the concern giving names, dates and places where possible
  - 6.12.2 The reason why you are particularly concerned about the situation.
  - 6.12.3 Submit any relevant evidence or documentation.
- 6.14 The earlier you express the concern the easier it is to take action.

6.15 Although you are not expected to prove beyond reasonable doubt the truth of an allegation, you will need to demonstrate to the person contacted that there are reasonable grounds for your concern.

## **7. How the Council will respond to a concern raised under this Policy**

7.1 The Officer with whom the concern was initially raised will respond in writing within ten working days:

7.1.1 acknowledging that the concern has been received;

7.1.2 indicating how it is proposed to deal with the matter;

7.1.3 stating whether any initial enquiries have been made; and

7.1.4 supplying information on what support is available and stating whether further investigations will take place and if not, why not.

7.2 Concerns raised under this Policy will be investigated by an investigating officer who will be appointed at the Council's discretion. Any allegations of fraud, corruption or financial impropriety will usually be investigated by Internal Audit, in line with the Council's Fraud Response Plan. Any allegations related to Member conduct may be handled by the Monitoring Officer.

7.3 It should be noted that if a whistle-blower is already the subject of disciplinary or redundancy procedures, that those procedures will not necessarily be halted as a result of raising a concern under this policy. Both disciplinary and whistleblowing processes would continue to apply.

7.4 When conducting the investigation, the investigating officer may involve: -

7.4.1 Internal Audit

7.4.2 Legal services

7.4.3 Human Resources

7.4.4 The Police (in some circumstances the Council will be required to inform the Police if there is reason to believe a criminal offence has been committed and may do so without informing the whistle-blower)

7.4.5 The external auditor

7.4.6 The Monitoring Officer

7.4.7 The Chief Finance Officer (s.151)

7.4.8 Any other person at the discretion of the investigating officer

7.5 The investigating officer should, in the first instance, determine whether it is appropriate to inform any employee who is the subject of a whistleblowing allegation. Guidance should be sought from the Monitoring Officer.

- 7.6 The investigating officer will make initial enquiries to decide whether an investigation is appropriate and, if so, what form it should take having regard to the law and the public interest.
- 7.7 If the investigating officer decides that a disciplinary investigation is the appropriate course of action to take, he/she will advise Human Resources who will instruct an appropriate person to conduct the disciplinary investigation and ensure that the investigation is carried out in accordance with the Council's Disciplinary Policy.
- 7.8 Some concerns may be resolved by agreed action without the need for investigation.
- 7.9 The Council will take steps to minimise any difficulties that persons may experience as a result of raising a concern. For instance, if he or she is required to give evidence in criminal or disciplinary proceedings the Council will arrange for advice to be given about the procedure (but not about what answers to give).
- 7.10 The Council accepts that persons need to be assured that the matter has been properly addressed. Subject to legal constraints, the Council will inform the whistle-blower of the progress and outcome of any investigation.
- 7.11 The Council openly encourages whistleblowing done in good faith. Anyone who makes an allegation in good faith, which is not subsequently confirmed by the investigation, will continue to have protection under this policy from victimisation or harassment.
- 7.12 Whistleblowing is an important part of organisational governance and must be treated as such. Appropriate action may be taken against an individual who makes malicious or vexatious allegations, which may be considered a disciplinary offence.

## **8. The Responsible Officer**

- 8.1 The Monitoring Officer has overall responsibility for the maintenance and operation of this Policy and will maintain a record of concerns raised and the outcomes. This record will be in a form which does not compromise confidentiality.
- 8.2 The Monitoring Officer will report as necessary to the Council.
- 8.3 The Monitoring Officer must be informed of the receipt of any concern raised under this Policy, how this is to be handled and the outcome, once the matter is concluded.
- 8.4 The Monitoring Officer will ensure:
- 8.4.1 that this policy is publicised via the Council's website and specifically

- 8.4.2 every new employee will be advised to familiarise themselves with the policy when joining the Council;
- 8.4.2 every contract or partnership arrangement will require the contractor to communicate the policy to their staff and adopt its provisions when working for the Council; and
- 8.4.3 all newly elected Members shall be provided a copy of the policy.

## **9. How the Matter Can Be Taken Further**

- 9.1 This Policy is intended to provide a process within the Council, through which appropriate persons may raise concerns. If at the conclusion of this process the person is not satisfied with any action taken or feels that the action taken is inappropriate, the following are suggested as further referral points:
  - 9.1.1 the Council's external auditor
  - 9.1.2 the Council's internal auditor
  - 9.1.3 Your Trade Union
  - 9.1.4 Your local Citizens Advice Bureau Relevant professional body or regulatory organisation
  - 9.1.5 A relevant voluntary organisation
  - 9.1.6 The Police
  - 9.1.7 Your Solicitor
- 9.2 Advice should be taken before making an external disclosure and the internal procedure should normally have been followed first.
- 9.3 If you feel you cannot approach anyone in the Council in the first instance, you may wish to report your concerns through Protect on 020 3117 2520 or contact the Protect Advice Line. Protect are an independent charity, and information provided to Protect is protected under the Public Interest Disclosures Act. Their lawyers provide confidential advice free of charge.
- 9.4 In taking advice from sources outside the Council, a person must ensure that, so far as possible, concerns are raised without confidential information being divulged.
- 9.5 If an individual wishes to complain to the Council about how the investigation of their concerns was carried out, they should address their complaint directly to either the Head of Internal Audit, the Monitoring Officer or the Chief Executive that a complaint has been made regarding a whistleblowing investigation. If one of those officers was involved in the original investigation they should not be the reviewing officer for the complaint. The reviewing officer will determine which service is best placed to deal with the complaint and appoint an appropriate officer to deal with the complaint. This is specific to whistleblowing investigations and separate to the Council's corporate complaints procedure.

- 9.6 Further to this policy, any individual has the right and responsibility to refer a concern to the Police if they suspect a criminal act.
- 9.7 The Council would not normally expect whistle-blowers to make disclosures to the press.

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## Audit and Standards

22 March 2022

Report of: Director for Corporate Services

### Risk Management Update March 2022

<b>Corporate Priority:</b>	Ensuring the right conditions to support delivery
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	No

#### 1 Summary

- 1.1 This report provides an update on the risk management arrangements and outlines the current significant risks that have been captured on the recent review of the Council's strategic risk register by the Senior Leadership Team.

#### 2 Recommendation

**That Audit and Standards Committee;**

- 2.1 **Note the content of the report and the updated Strategic Risk Register and associated risk management action plan, as attached at Appendix A.**

#### 3 Reason for Recommendations

- 3.1 Risk Management forms part of the Audit and Standards terms of reference who have formal responsibility for overseeing the Risk Management arrangements for the Council. It is important that members have awareness of the strategic risks that could impact on the Council and to review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.

#### 4 Background

- 4.1 The Strategic Risk Register captures the current significant risks and outlines mitigating actions. Members of the Audit and Standards Committee last reviewed this in September

2021. As part of the corporate performance reporting framework it has been agreed to update members on a 6 monthly basis.

- 4.2 Cabinet also have oversight of risk to ensure they have awareness of the strategic risks that could impact on the Council and to review the risk management arrangements in place and the activities that are being undertaken to mitigate those risks.
- 4.3 The council also maintains directorate risk registers to help manage those risks that are more service specific to support and manage service delivery. These are reviewed by directors and managers regularly as well as the Senior Leadership team to help inform any discussions around risks that may need to be escalated to the strategic risk register. Risks will be monitored at both a directorate and corporate level and then may move on the scoring matrix or between the different risk registers depending on level of risk or concern at the time. However, it is recognised risks are dynamic and can change depending on the latest information and actions taken and therefore are kept under review and mitigation modified accordingly.
- 4.4 Project risks are also managed through the council's project management framework with risk registers maintained for high profile projects which are regularly reviewed through project teams and programme boards.

## 5 Main Considerations

- 5.1 The Strategic Risk Register has been recently reviewed and updated by Senior Management to capture the current significant risks and outline mitigating actions. The risks are allocated by corporate category focus area.
- 5.2 A copy of the Strategic Risk Register is attached as Appendix A. This consists of a Risk Matrix which plots the risks being managed at this level along with the actual register itself which includes the current and target risk score, along with further details for each risk such as potential consequences, the controls in place and any action required. Members will note there are currently 12 risks being monitored at this level – 3 high risks, 7 medium risks and 2 green risks. In summary these are:

Category Focus	High	Medium	Low	Total
Place	0	2	0	2
Priorities	2	0	1	3
Service and Governance	1	5	1	7
<b>Total</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>12</b>

PLACE – those areas which directly impact our communities:

- Impact of Coronavirus (Covid-19) on the business and communities of Melton
- Inability to influence, secure and then maximise the benefit to Melton residents from Devolution, County Deal and UK Shared Prosperity Fund

PRIORITIES – those commitments made in our corporate strategy

- Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from the agreement with the County Council which seeks to support delivery

- Failure of the Housing Revenue Account Business Plan
- Uncertainties regarding future leisure provision in Melton (NEW RISK)

SERVICE AND GOVERNANCE – those areas which are associated with our service areas

- Failure to Secure financial stability in the medium term
- Future Provision of ICT services following end of outsourced contract
- Financial pressures undermining partnerships (integrated working)
- Failure of a key supplier e.g. Housing Repairs, Waste and Leisure
- General Data Protection Regulation (GDPR) compliance
- Council unable to manage impact of Coronavirus (Covid-19) on council services
- ICT Security Breaches

5.3 Summarised in the table below are the main risks that we would like to draw members attention to, based on the current risk score, changes to previous scoring or new risks that have been identified:

RISK	RATING	SCORE	MITIGATING ACTION/CHANGE
Failure of the Housing Revenue Account Business Plan	High	16  Previous Score (16)  ↔	<ul style="list-style-type: none"> <li>• This is managed as a key corporate priority with appropriate levels of resources being allocated through the Housing Improvement Plan.</li> <li>• Review of longer-term operational staffing changes has been put in place to enable the council to accelerate capital programme and maximise continued focus on compliance</li> <li>• HRA business plan to be presented to Cabinet April 2022</li> <li>• Clear communication is undertaken with key stakeholders to ensure that progress is communicated regularly.</li> </ul> <p>This was a new, consolidated risk added in March 2021 to reflect the next phase of developing the HRA roadmap for improvement following on from the previous risk around the council housing stock not being compliant with property health and safety standards. Whilst further work to address long term legacy issue and housing quality is required, the council has addressed the significant risks regarding compliance within its housing stock and can now focus on the longer term stock condition and decent homes improvement through the HRA business plan development.</p>

<p>Uncertainties regarding future leisure provision in Melton</p>	<p>High</p>	<p>16  NEW RISK</p>	<p>Contract management in place with SLM</p> <p>Dialogue between key teams and contractor on asset related issues to ensure remedial action on a case by case basis at Waterfield Leisure Centre (WLC).</p> <p>Ongoing work on health and leisure vision progressing (in line with corporate strategy commitment) and this is necessary to appropriately address this risk item over the medium to long term.</p> <p>Health and safety audit completed at WLC and follow up visit has been carried out as part of the Council's wide Health and Safety programme.</p>
<p>Failure to Secure financial stability in the medium term</p>	<p>High</p>	<p>24  Previous Score (24)  ↔</p>	<ul style="list-style-type: none"> <li>• Priorities agreed through Corporate Strategy</li> <li>• Maximising partnership working to deliver better outcomes at reduced costs</li> <li>• Regular review of Medium Term Financial Strategy and use of sensitivity analysis</li> <li>• Prioritise spending plans that will generate savings in return.</li> <li>• Continue to lobby government and other groups to ensure fair funding of Covid and ongoing funding.</li> <li>• Development of financial sustainability programme.</li> </ul> <p>Financial resilience remains a key risk to the authority which has been further stretched throughout the ongoing pandemic and highlighted in the recent review by the LGA.</p>

5.4 Since the last meeting the keys point to note from the table above and the risks attached are:

- There was a previous risk around the Instability and diversion of focus away from the Corporate Strategy created by the Devolution and Local Government Reorganisation debate which has been updated to reflect the latest position regarding the County Deal/Levelling Up agenda. A replacement risk around the inability to influence, secure and then maximise the benefit to Melton residents from Devolution, County Deal and UK Shared Prosperity Fund has been included as a medium risk.
- A new risk has been added in recognition of the work needed to develop options for Melton's Leisure Vision (identification of need for improved leisure facilities) whilst also managing and ensuring continued service delivery and customer satisfaction within the current ageing facilities. There have been some building related issues (including

showers having to be taken out of use for repair work) which risk creating reputational issues for the council and contract provider if not managed carefully. The associated challenges of managing ageing facilities mean that a continued focus on this through contract management, positive collaboration and ensuring corporate visibility are important.

- Covid has had a significant impact on the risk management arrangements of the Council with the continued high level risk being managed as outlined above focused on the community and business impact. In addition to this there is a separate risk on the risk register relating to managing the impact on Council services which was seen as more of a medium risk when first identified. Over the past 6 months the council has been able to continue to deliver the majority of services and with the opening up of the country this risk has been reduced to a lower risk. The financial impact of Covid has also contributed to the increase in the financial stability risk score due to the added funding pressures and future uncertainty.
- A risk around non-compliant and inefficient housing options and homelessness prevention service was added to the strategic risk register in September. Over the past 6 months positive and proactive action has been taken to enable improvement and change. This includes:
  - developing and consulting on a new allocations policy (due for cabinet sign off March 2022)
  - configuring and implementing a new homelessness case management and reporting system (including functionality to automatically populate a key Government data return on a quarterly basis)
  - significant progress to configure and test a new choice based letting IT system ahead of implementation
  - a greater focus on homelessness prevention
  - leadership changes including greater alignment with case management team and appointment of an experienced housing options lead officer
  - Engagement with DLUHC to discuss changes and improvements being made, with a detailed service analysis due later this year
  - Audit of temporary accommodation arrangements commissioned and currently underway to support continued improvement in this area of work
- Therefore, due to the reduced risk around this area it has been moved to down to the Housing and Communities directorate risk register where it is now assessed as a medium risk and will be managed at a more operational level.
- There was a previous risk associated with the failure to maintain Governance Framework which has now been moved to the service risk register for the Corporate Services Directorate to be managed at a lower level. A number of actions have been implemented to address this risk including further training and guidance, thus reducing the overall risk to the authority.
- The risk score around the failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any agreement with the County Council which seeks to support delivery has reduced from a medium to low risk following the agreement between LCC and Melton being finalised.
- The other risk scores have remained the same as a number of actions are still being worked through and have a longer timeline for implementation of mitigating actions

- 5.5 As referred to in para 4.3 the council also maintains directorate risk registers to help manage those risks that are more service specific to support and manage service delivery. Some of the directorate risks that are being managed within services for example are:
- Delivery of the asset development programme
  - Council housing stock not being compliant with property health and safety standards
  - HRA business processed including Right to Buy, housing systems and rent collection
  - Addressing the climate change agenda
  - Resource levels within teams to deliver services
  - Delivery of key projects with directorates
  - Management of key contracts such as repairs and waste
  - Fraud and corruption
  - Cemetery Provision
  - The risk posed to the community from the rising cost of living is being monitored and this could become a strategic risk moving forward.

### **Risk Management Review**

- 5.6 The current risk management strategy is due for review this year as part of the three-year review cycle. In light of this, officers have engaged both internal audit and Zurich Risk Management to help in this process.
- 5.7 Internal audit have undertaken a review of risk management across the council to provide assurance that the Council's performance and risk management framework has been sufficiently designed and implemented effectively. The review provided good assurance and found it was evident that the management of risks to objectives being achieved is an essential part of the Council's performance management framework. Risk management is embedded throughout the organisation ensuring that both operational and strategic risks are captured, assessed, managed and reviewed. Further detail is provided in the internal audit progress report elsewhere on this agenda.
- 5.8 Following on from this Zurich as the council Insurers have been engaged to undertake a review of the Risk Management Strategy and provide 'critical friend' support through their specialist risk engineering team. Through an assessment of the documentation, they will look to identify areas of strength to provide assurance and make recommendations for further improvement. The team will use their industry sector experience and knowledge to ensure that recommendations are aligned with current best practice standards.
- 5.9 Alongside, this Zurich will also be engaging with the chair as well as all members of this committee to help prepare a bespoke training session, for the first meeting of the new council year, designed to develop risk and resilience knowledge tailored to the organisation. The aim is to ensure the content of the training session is tailored to Member's requirements. The session will look to improve risk awareness, enhance knowledge, strengthen communication and decision making by ensuring Members have a consistent set of skills to understand strategic risks that may impact the organisation and how to manage them.

- 5.10 The overall aim is to present the findings of the review alongside an updated Risk Management Strategy at the committees September 2022 meeting.

## **6 Options Considered**

- 6.1 An alternative option is that Audit and Standards do not review the Strategic Risk Register. This is not considered a viable alternative as it is essential that members have strategic oversight of the organisation.

## **7 Consultation**

- 7.1 Cabinet will be review the updated strategic risk register in April at an informal meeting.

## **8 Next Steps – Implementation and Communication**

- 8.1 Senior Management will continue to monitor and update the Strategic Risk Register as appropriate and will report back to members later in the year with a further update.
- 8.2 Officers will work with the Zurich to support their review of the Risk Management Strategy alongside the preparation of the training event including liaison with members of this committee to help shape this.

## **9 Financial Implications**

- 9.1 There are financial implications from poor Risk Management however, with robust procedures these should be minimised or eradicated.
- 9.2 The Council's insurance contract contains provision for support on a range of risk management areas and the training and review of the risk management strategy can be contained within this provision therefore incurring no additional cost to the council.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 The Accounts and Audit Regulations 2015 Part 2 Section 3A(c) require the Council to have in place a 'sound system of internal control which includes effective arrangements for the management of risk'.
- 10.2 Failure to adequately address legal issues arising from any activity of the Council increases risk. Officers endeavour to ensure Members are adequately advised and projects properly implemented to ensure that Legal requirements are met.

**Legal Implications reviewed by: Monitoring Officer**

## **11 Equality and Safeguarding Implications**

- 11.1 There are no direct implications arising.

## **12 Community Safety Implications**

12.1 There are no direct implications arising.

## **13 Environmental and Climate Change Implications**

13.1 There are no direct implications arising.

## **14 Other Implications (where significant)**

14.1 There are no other implications arising.

## **15 Risk & Mitigation**

15.1 All risks are outlined in the risk register in Appendix A.

15.2 A summary of the risk register scoring matrix and assessment guidance is also included in Appendix A that officers have used when making their judgements on the likelihood and impact of each risk in order to identify the overall risk rating.

## **16 Background Papers**

16.1 There are no specific background papers

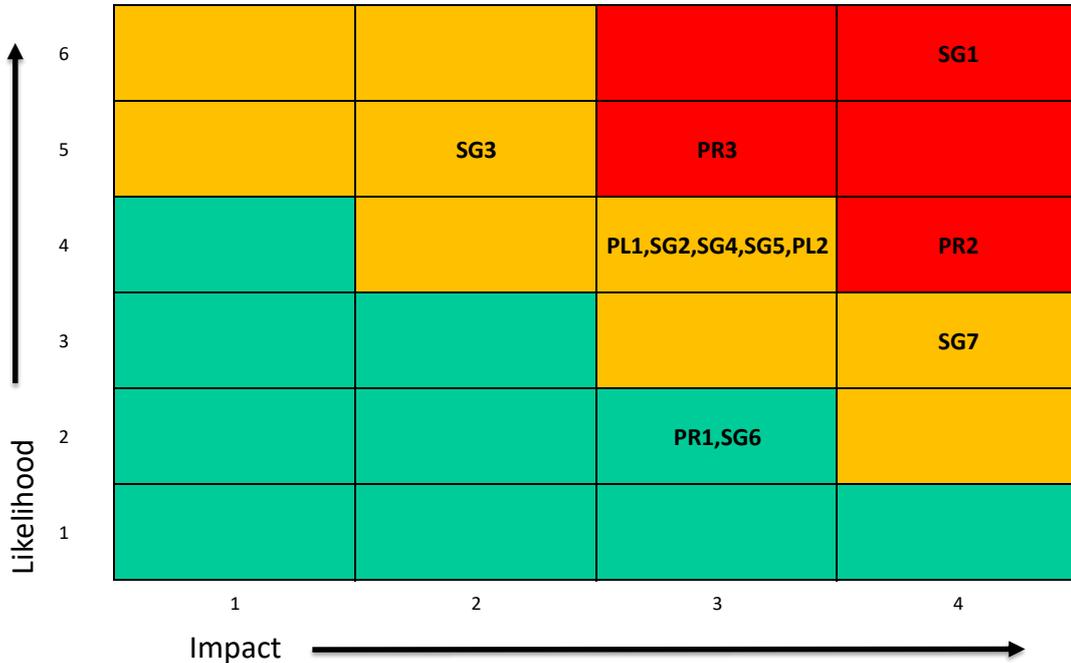
## **17 Appendices**

17.1 Appendix A - Strategic Register March 2022

<b>Report Author:</b>	<b>David Scott</b> , Corporate Services Manager
<b>Report Author Contact Details:</b>	01664 502448 dscott@melton.gov.uk
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<b>Chief Officer Contact Details:</b>	01664 502444 DGarton@melton.gov.uk



Risk Register



Risk Ref	Risk Description	Current Risk Rating	Target Risk Rating
PL1	Impact of Coronavirus (Covid-19) on the business and communities of Melton	12	8
PL2	Inability to influence, secure and then maximise the benefit to Melton residents from Devolution, County Deal and UK Shared Prosperity Fund	12	6
PR1	Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any agreement with the County Council which seeks to support delivery.	6	3
PR2	Failure of the Housing Revenue Account Business Plan	16	6
PR3	Uncertainties regarding future leisure provision in Melton	15	4
SG1	Failure to secure financial stability in the medium term	24	12
SG2	Future Provision of ICT services following end of current outsourced contract	12	9
SG3	Financial pressures undermining partnerships (integrated working)	10	8
SG4	Failure of a key supplier e.g. Housing Repairs, Waste and Leisure	12	9
SG5	General Data Protection Regulation (GDPR) compliance	12	6
SG6	Council unable to manage impact of Coronavirus (Covid-19) on council services	6	2

Risk Ref	Risk Description	Current Risk Rating	Target Risk Rating
SG7	ICT Security Breaches	12	8

# Risk Register

REF	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK VULNERABILITY AND CAUSE	RISK CONSEQUENCES	EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	TARGET RISK RATING (6-12mths) (See next tab for guidance)			RISK OWNER	CATERGORY FOCUS	RISK REVIEW DATE
					LIKELI HOOD	IMPACT	RISK RATING		LIKELI HOOD	IMPACT	RISK RATING			
PL1	<b>Impact of Coronavirus (Covid-19) on the business and communities of Melton</b>	Since the lockdown the economy has shrunk by 20%. Whilst the Furlough scheme helped protect jobs in the short term unemployment has increased and the number of claimants for universal credit in Melton has doubled. Over the coming years there will be greater financial, physical and mental health challenges and greater pressure on housing. Whilst the Council has provided considerable support to businesses in Melton through government grant schemes there is a risk that some businesses do not survive. Further risk of local and national lockdowns increase uncertainty and dent consumer confidence	Higher unemployment, greater dependency on welfare, impacts on physical and mental health, impacts on business survival rates, increased homelessness	The Council established recovery structures to fully assess impacts and identify appropriate responses, including 'people' and 'place' scrutiny task and finish groups which informed proposals and have reported to Cabinet. The Corporate Strategy has been reviewed to ensure it incorporates key recovery actions and was adopted in September 2020. The Council held a State of Melton debate in October 2021 and incorporated covid impacts and mitigations into its budget development process for 2022/23. The Council continues to work closely with partner agencies in the LRF to ensure response are co-ordinated and work to support our communities and businesses are joined up. The Council continues to provide rapid grant and rates relief support to businesses and eligible residents in response to any new restrictions or peaks in Covid infection in the local area.	4	3	12	The council continues to develop its town centre masterplan and is implementing measures through the Welcome Back Fund. Recommendations from the Place Task and Finish group have been agreed and are being taken forward	4	2	8	Chief Executive	PLACE	Jun-22
PL2	<b>Inability to influence, secure and then maximise the benefit to Melton residents from Devolution, County Deal and UK Shared Prosperity Fund</b>	It was anticipated that the government would publish a Devolution White Paper in September 2020. Due to the impact of coronavirus this was delayed and in the intervening period, the emphasis shifted to the Government's policy of Levelling Up. The Levelling Up White Paper was published in January 2022. It sets out 12 Missions which it seeks to achieve by 2030. 9 pathfinder locations were confirmed as having the opportunity to negotiate a County Deal. Leicestershire has been confirmed as one of the pathfinders. The White Paper has confirmed that any 'deals' will be with upper tier authorities only. It is currently unclear what any deal will include and the extent to which District Councils will have an opportunity to influence, contribute to and support it. It is therefore unclear how the benefits to Melton will at this stage be maximised.	Inability to achieve corporate objectives / In ability to secure additional funding to support priorities / Duplication of focus / Breakdown in relationships and partnerships.	The 7 District Council Leaders previously provided written support to the County Council's submission of a County Deal proposal and it is understood further discussions will now take place regarding the mechanisms through which the districts will be engaged and be able to support the development and delivery of proposals. The Levelling Up White Paper did though, not give formal status to district councils in any subsequent agreements and it is unclear whether the UK Shared Prosperity Fund would still be allocated to the Leicestershire districts if a County Deal is agreed	4	3	12	The District Council Leaders will continue to engage positively with colleagues from the County Council as the plans develop over the coming months. District Chief Executives and relevant officers will continue to work closely together on this agenda.	2	3	6	Chief Executive	PLACE	Jun-22
PR1	<b>Failure to deliver MMDR (in full or in part) and the financial and legal impacts on Melton Borough Council arising from any agreement with the County Council which seeks to support delivery.</b>	Funding from DFT withdrawn e.g. by change in Government, LCC refuse to accept this grant or the Housing Infrastructure fund for the southern section. LCC refuse to forward fund the required infrastructure. Failure to reach an agreement with the County Council for recovery of developer contributions. Developer contributions not realised. Judicial review and financial impacts on the Council arising as a consequence of any agreement entered into with the County Council.	Undermines the Melton Local Plan and broader growth aspirations. More pressure for Housing growth in rural areas. Reputational impact. Legal Challenge and financial implications which affect services and the Council's sustainability through any agreement with the County Council.	DFT has awarded £50m funding for the north and east sections and the business case to confirm the funding is due to be submitted by the County Council later in 2022. The Council has agreed and approved a Masterplan for the Northern SUE, and this has been subject to viability testing which the County Council has accepted. Alongside this the Council has agreed and approved a Masterplan for the Southern SUE and entered an Infrastructure Funding agreement with the County Council which has enabled them to accept the Housing Infrastructure Fund. Alongside this the Council has also adopted a Developer Contributions SPD. All this achieved within the timetable agreed with the County Council of December 2021. Project teams for both the North and South MMDR sections are progressing and it is hoped works will commence in the Spring on the northern section. MBC has secured capacity funding from Homes England and brought in a major projects planner to support delivery of the key applications for the North and Southern neighbourhoods.	2	3	6	Continue to work with LCC on the MMDR project and support delivery of the planning applications	1	3	3	Chief Executive	PRIORITIES	May-22

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PR2	<b>Failure of the Housing Revenue Account Business Plan</b>	Possible failure of the HRA BP include: outdated or unfit business plan; lack of stock condition information; failure to deliver capital programmes; failure to meet Decent Homes Standard; failure of compliance in respect of Health and Safety; failure to collect income due; incorrect assumptions used in BP, incomplete stock condition data and housing management system, lack of meaningful tenant engagement. Staffing changes create a key risk in leadership and continuity.	Council being non compliant and failing in the duty as a landlord; tenants being exposed to safety risk; potential financial, regulatory and reputational risks, inability to robustly plan to ensure decent and safe homes, impact of aspirations to develop new homes. Gaps in leadership and continuity.	Interim Business Plan has been in place for some time with significant improvements evidenced. Full stock condition survey completed and forms evidence base for the new HRA business plan. HRA business plan in development, with decision making timeline in place - including scrutiny workshop and full council decision April 2022. HRA business plan development being led by experienced officer. Transition to HRA business plan delivery sees a shift from reactive and risk management approach to planned, proactive and assurance led approach. One year budget for 22/23 proposed pending finalisation and approval of HRA business plan. Audit of HRA business plan added to Internal Audit plan. New tenant engagement framework approved by Cabinet and has been implemented. Regular communication to tenants including tenant newsletters. Housing management system in place. Successful recruitments made to key roles.	4	4	16	This is managed as a key corporate priority with appropriate levels of resources being allocated through the Housing Improvement Plan. Clear communication is undertaken with key stakeholders to ensure that progress is communicated regularly. Report to Council February 2022 to request longer term operational staffing changes to enable the council to accelerate capital programme and maximise continued focus on compliance. HRA business plan to be presented to Cabinet April 2022. Final report to HIP board to secure confirmation of transition from HIP to business as usual through delivery of HRA business plan will be needed.	2	3	6	Director for Housing and Communities	PRIORITIES	May-22
PR3	<b>Uncertainties regarding future leisure provision in Melton</b>	Ageing facilities, identification of need for improved leisure facilities	Reputational, continuity of provision and services, cost of enabling new facilities, costs to address dilapidation issues link to age of existing facilities	Contract management in place with SLM as current service provider. Dialogue between key teams and contractor on asset related issues to ensure remedial action on a case by case basis at Waterfield Leisure Centre. Ongoing work on health and leisure vision progressing (in line with corporate strategy commitment) and is necessary to appropriately address this risk item. Health and safety audit completed at WLC and follow up visit due including with Director for Housing and Communities and Portfolio Holder for People and Communities scheduled w/c 21st February 2022.	5	3	15	Health and Leisure Vision project progress will be key to longer term resolution and risk reduction. Ongoing dialogue between appropriate teams regarding Waterfield Leisure Centre including contract management, health, property and assets teams to address any building / asset issues on a case by case basis. The Council has a wider focus on active lives, and enables this in other ways too - this work will continue.	2	2	4	Director for Housing and Communities Director for Growth and Regeneration	PRIORITIES	May-22
SG1	<b>Failure to secure financial stability in the medium term</b>	Government funding cuts and uncertainty regarding longer term funding position. Fair funding Review and review of business rates baseline originally due to be effective from 2020/21 but timing now delayed potentially to 2022. Impact of covid of business rates retained due to appeals and potential bad debts. NHB to be phased out but unclear what growth incentivised funding will replace this. Plan B due for a refresh and would be a last resort. Partnership funding cuts. Demographics (increased demand). Cipfa financial resilience concerns primarily regarding the level and rate of depletion of reserves although these have stabilised. Need and desire to invest versus low level of capital receipts. Capital strategy is not as well formed as it could be due to HRA business plan being in development and GF asset repair needs means only essential repairs are affordable.	Inability to achieve corporate objectives. Savings having to be made that impact service delivery. Low staff morale and high staff turnover as workforce is reduced leading to capacity issues. High cost services that fail to meet customer needs, demands and expectations. Poor customer satisfaction leading to high failure demand. Deterioration in asset conditions and no capital to invest in aspirations which could lead to increased income/reduced expenditure.	Priorities agreed through corporate strategy. Regular liaison and consultation with unions. People Strategy e.g. staff training and support. Maximising partnership working to deliver better outcomes at reduced local cost. Regular review of MTFS. Well informed public and members around priorities, cost of services and resources available. Regularly review risk associated with partnership projects and funding. Risk assessed working balance which takes into account potential fluctuations of income and expenditure levels against budget. Move to increase the working balance to the higher level of the range identified through the risk assessment. MTFS is subject to sensitivity analysis. Ongoing review of any changes in government funding. Ongoing consideration to be given to public consultation to ensure the proposals are understood within the context of the financial position. Regular liaison and lobbying of government and other groups to recognise the need for fair funding. Development of financial sustainability programme.	6	4	24	Further Savings options are identified as part of financial sustainability programme. Prioritise spending plans that will generate savings in return. Consider options for reducing failure demand e.g. prevention and demand reduction through service transformation. Continue to lobby government and other groups to ensure fair funding of covid and ongoing funding.	4	3	12	Director for Corporate Services	SERVICE AND GOVERNANCE	Nov-22
SG2	<b>Future Provision of ICT services following end of current outsourced contract</b>	LICTP recently moved to an in house service provision via HBBC and loss of one partner. Risk that we cannot recruit right experience and skills and there is disruption during and following transition. Resources within the partnership to support smooth post transition support. Increased demand for ICT services due to need for more increased remote working.	Poor IT operational service leading to service issues and poor customer service, failure to invest in IT developments both strategic and operational leading to lack of service progress. Poor staff morale and frustration with IT provision. Failure of core systems resulting in loss of service.	Additional resources provided by partners to support the transition. Regular strategic review meetings to ensure partnership is aligned. Governance reviewed to support the new service arrangements. New business analysts provided as part of new structure to work with partner services to develop future IT provision.	4	3	12	Project plan for the transition in place and communicated. New governance arrangements in place.	3	3	9	Director for Corporate Services	SERVICE AND GOVERNANCE	Apr-22
SG3	<b>Financial pressures undermining partnerships (integrated working)</b>	Reduced funding from partners. Conflicting priorities between partners.	With ongoing financial pressures it is difficult to achieve effective partnership working that can have a real impact on key issues such as crime, ASB, substance misuse, social mobility, inclusive growth and homelessness.	Maintaining relationships with senior leaders and commissioners from other organisations. Working through existing partnership structures. Take advantage of co-location and shared uses of buildings. Proactive engagement with key partners to support outcomes for communities including leadership role in key health and wellbeing partnerships and Melton Helping People Partnership. Increased collaboration with Lightbulb project and homelessness partnerships. Continued investment in Community Grants Scheme with policy aligned to evidence based Council priorities and outcomes means the council can continue to support local community and voluntary sector organisations.	5	2	10	Continue to develop the Melton Helping People partnership and engage proactively with key strategic partnerships and system developments across the county (for example, the emerging Integrated Care System). Overall focus should be on behaviour change and achievement of better outcomes through collaboration. Insights and analysis linked to vulnerabilities post Covid 19 will be important. Increased challenge regarding ASB in Melton will require partners to consider solutions and is likely to be a focus for the next quarter.	4	2	8	Director for Housing and Communities	SERVICE AND GOVERNANCE	Apr-22

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SG4	<b>Failure of a key supplier e.g. Housing Repairs, Waste and Leisure</b>	Supplier failure. Bankruptcy. Volatility of construction sector	Failure to deliver service. Reputational damage. Financial costs. Capacity to deal with the implications. Legal implications.	Robust procurement. Performance Bonds. Regular dialogue with and monitoring of the key suppliers and contracts.	4	3	12	Ongoing robust monitoring of key suppliers/contracts. Internal audit consultancy assignment commissioned to monitor the contract implementation for housing repair contract. Liaise with contractors for Covid impact, Brexit implications, construction and labour challenges	3	3	9	Director for Housing and Communities	SERVICE AND GOVERNANCE	Apr-22
SG5	<b>General Data Protection Regulation (GDPR) compliance</b>	Failure to invest in the required systems, equipment and posts required to ensure compliance. Failure to adequately train staff in the requirements of the Regulations. Lack of resource (capacity and expertise) to ensure data is accurate, retained in line with retention periods, documented and maintained.	Non compliance with statutory requirements.	Policies have been updated, data protection guidance and training for staff/members undertaken on a rolling basis, Data Protection Officer in place.	4	3	12	Information Asset Register to be reviewed by managers on an annual basis, Information champions to be established. Information Governance Strategy to be drafted. Look at resources to provide more support for the control of data and recording of data held. BSO to be recruited due to staffing changes and training to be provided to BSO's as a result of this structural change	2	3	6	Director for Corporate Services Assistant Director for Governance & Democracy	SERVICE AND GOVERNANCE	May-22
SG6	<b>Council unable to manage impact of Coronavirus (Covid-19) on council services</b>	Lack of capacity to cope with the increase in community needs as well as business as usual tasks as a result of the virus. This will be caused by increased needs from the community as well as reduced staffing availability due to staff becoming ill themselves or needing to self isolate or being unable to work due to caring for others. Technology constraints may also limited the amount of work able to be undertaken remotely. Availability of workforce from contractors as well as council will have a negative impact on continuing the compliance related work. Risk of concurrent events e.g. Avian Flu, flooding, snow, placing further pressure on capacity	Work will need to be prioritised resulting in some services either being scaled back or not delivered at all. Delays to HIP projects and actions would lead to the Council being non-compliant to property health and safety standards. Inability to deliver key aspirations within the Corporate Strategy	In March 2020 the Council declared a major incident and business continuity and emergency planning arrangements have been in place ever since. The Council ceased non-essential services and redirected resources to support priority services and established new community and business support infrastructure. Parkside is a Covid-secure workplace with social distancing and hygiene protocols in place and the majority of the workforce continue to work from home where possible. Whilst technology remains a challenge, the Council has demonstrated its ability to function effectively in these circumstance. Council representatives continue to be linked into multi agency discussions as part of the Leics Local Resilience Partnership (LRF) enabling council is up to date with latest advice and taking a consistent approach as partners. Mutual aid arrangements in place with district colleagues. Regular bulletins and guidance being provided to staff to protect their health and well being. In year savings have been identified from non-priority areas, and alongside additional government funding, the immediate service delivery risk associated with funding has reduced. The Council has set a balanced budget for 2021/22 and retains a covid contingency budget to address and funding issues. The Council adopted a new Way We Work Strategy in December 2021. A spot check of Covid compliance from the HSE in January 2022 provided assurance of the controls in place in council offices and for workforce and service delivery arrangements. An internal audit on covid response and recovery arrangements has also provided substantial assurance.	2	3	6	The Council continues to respond as required to new variants and will stand up Business Continuity arrangements as required through well practiced approaches.	1	2	4	Chief Executive	SERVICE AND GOVERNANCE	Jun-22

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SG7	<b>ICT Security Breaches</b>	Data loss or inability to deliver systems and services from internal or external ICT Security breaches. Internal breaches by employees may be malicious or accidental, either compromising data or systems by deliberate action or inaction. External breaches are by Cyber actors deliberately attempting or breaching ICT perimeter controls, or by misleading staff to take action that compromises ICT security, to remove data, encrypt systems, extort monies, or disable the authorities ability to deliver its services	Data loss, loss of ability to deliver systems and services to employees and citizens,	Perimeter Security, Systems and data is backed up, Annual IT Health checks, Cyber Essentials and PSN accreditation, Security Working Group, policies in place to support and advise staff, ICT monthly articles and newsletters aimed at increasing staff cyber awareness, Encryption detection software, Antivirus software, Mail Filtering, Sophos Unified Threat Manager, Intrusion detection software	3	4	12	Additional Cyber security appliances to reduce the likelihood of successful intrusion and unusual behaviour, Network Access Control to secure the network from unauthorised devices, Privilege Access Management to mitigate internal threats	2	4	8	Director for Corporate Services	SERVICE AND GOVERNANCE	Sep-22
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## Risk Matrix and Scoring Guide

			<b>Impact / Consequences</b>			
			Negligible	Marginal	Critical	Catastrophic
		Probability	1	2	3	4
Likelihood	Score/ definition					
	6 Very High	More than 90%	Medium (6)	Medium (12)	High (18)	High (24)
	5 High	55% to 90%	Medium (5)	Medium (10)	High (15)	High (20)
	4 Significant	15% to 55%	Low (4)	Medium (8)	Medium (12)	High (16)
	3 Low	5% to 15%	Low (3)	Low (6)	Medium (9)	Medium (12)
	2 Very Low	1% to 5%	Low (2)	Low (4)	Low (6)	Medium (8)
	1 Almost impossible	0% to 1%	Low (1)	Low (2)	Low (3)	Low (4)

Likelihood		Impact	Description guide
Very High	> 90%	Negligible	Minor financial, no effect on service provision or reputation, limited physical consequences
High	55% to 90%	Marginal	£10k - £200k??, service slightly reduced broken bones/illness, objectives of one area not met, minor adverse local media, impact on inspection (s)
Significant	15% to 55%	Critical	£200K - £1M, service suspended short term / reduced, loss of life/major illness, area objectives not met, industrial action, adverse national publicity
Low	5% to 15%		
Very Low	1% to 5%	Catastrophic	£1M- £10M, service suspended long term, statutory duties not delivered, major loss of life/large scale major illness, corporate objectives not met, mass staff leaving/Unable to attract staff, Remembered for years!! Service taken over permanently

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