



Friday, 18 November 2022

Dear Sir/Madam

A meeting of the Governance, Audit and Standards Committee will be held on Monday, 28 November 2022 in the Council Chamber, Council Offices, Foster Avenue, Beeston NG9 1AB, commencing at 7.00 pm.

Should you require advice on declaring an interest in any item on the agenda, please contact the Monitoring Officer at your earliest convenience.

Yours faithfully

Chief Executive

| | | |
|-----------------|----------------------|-------------------|
| To Councillors: | I L Tyler (Chair) | P J Owen |
| | P Lally (Vice-Chair) | J C Patrick |
| | M Brown | J P T Parker |
| | S Dannheimer | P Roberts-Thomson |
| | M Hannah | R S Robinson |
| | H Land | P D Simpson |
| | J M Owen | |

A G E N D A

1. APOLOGIES

To receive apologies and to be notified of the attendance of substitutes.

2. DECLARATIONS OF INTEREST

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda.

3. MINUTES

(Pages 3 - 4)

The Committee is asked to confirm as a correct record the minutes of the meeting held on 26 September 2022.

4. INTERIM REVIEW OF POLLING DISTRICTS AND POLLING PLACES (Pages 5 - 16)

To ask the Committee to recommend to Council the proposed changes to the polling districts and polling places set out in the appendices to the report.
5. CHANGES TO WARD BOUNDARIES (Pages 17 - 22)

To ask the Committee to note the changes to borough ward boundaries which have been approved by the Local Government Boundary Commission for England.
6. REVIEW OF PARLIAMENTARY BOUNDARIES (Pages 23 - 26)

To inform the Committee on the progress of the review of parliamentary constituency boundaries being carried out by the Boundary Commission for England.
7. AUDIT OF ACCOUNTS 2021/22 AND ASSOCIATED MATTERS (Pages 27 - 36)

To provide an update on progress with the audit of the Statement of Accounts 2021/22.
8. INTERNAL AUDIT PROGRESS REPORT (Pages 37 - 48)

To inform the Committee of the recent work completed by Internal Audit.
9. REVIEW OF STRATEGIC RISK REGISTER (Pages 49 - 64)

To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.
10. WORK PROGRAMME (Pages 65 - 66)

To consider items for inclusion in the Work Programme for future meetings.

GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

MONDAY, 26 SEPTEMBER 2022

Present: Councillor I L Tyler, Chair

Councillors: P Lally (Vice-Chair)
M Brown
M Hannah
H Land
J M Owen
P J Owen (substitute)
J C Patrick
P Roberts-Thomson
P D Simpson

Apologies for absence were received from Councillors S Dannheimer, H G Khaled MBE, J P T Parker and R S Robinson.

18 DECLARATIONS OF INTEREST

There were no declarations of interest.

19 MINUTES

The minutes of the meeting held on 17 July 2022 were confirmed and signed as a correct record.

20 EXTERNAL AUDIT UPDATE 2021/22

The Committee noted the updated provided by the Council's external audits, Mazars.

21 GOING CONCERN STATEMENT

Members noted the assessment by the designed Section 151 Officer of the Council's Going Concern status. The concept of a 'going concern' assumes that an authority, its functions and services would continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and was made because local authorities carry out functions essential to the community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

22 INTERNAL AUDIT PROGRESS REPORT

The Committee considered the recent work completed by Internal Audit.

It was noted that Internal Audit had also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits.

23 GOVERNANCE DASHBOARD -MAJOR PROJECTS

The Committee were provided with an update to the Governance Dashboard relating to the Council's major projects.

It was noted that the Council currently had three major projects in progress: the redevelopment of Beeston Square, the Housing Delivery Plan and the Stapleford Towns Fund.

24 REVIEW OF STRATEGIC RISK REGISTER

The Committee considered the Strategic Risk Register and the action plans identified to mitigate risks.

RESOLVED that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out in appendix 2 be approved.

25 ANNUAL COUNTER FRAUD REPORT 2021/22

The Committee were provided with an update on counter fraud and corruption and money laundering prevention activity in 2021/22. Internal Audit report that no fraudulent activity within the Council had been noted during the financial year 2021/22. There had, however, been two instances of successful fraud attempts against the Council, one of which resulted in a minor financial loss.

26 WORK PROGRAMME

The Committee considered the Work Programme.

RESOLVED that the Work Programme be approved.

27 EXCLUSION OF PUBLIC AND PRESS

RESOLVED that, under Section 100A of the Local Government Act, 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 7 of Schedule 12A of the Act.

28 ANNUAL COUNTER FRAUD APPENDIX TWO

The Committee noted the confidential appendix.

Report of the Executive Director

INTERIM REVIEW OF POLLING DISTRICTS AND POLLING PLACES1. Purpose of Report

To ask the Committee to recommend to Council the proposed changes to the polling districts and polling places set out in the appendices to the report.

2. Recommendation

The Committee is asked to RECOMMEND to Council that the proposed changes to the polling districts in appendix 1 and the designation of polling places set out in appendix 2 to the report be approved.

3. Detail

An interim review of polling districts and polling places was carried out between 1 August and 30 September 2022. No responses were received in respect of the proposed changes to polling districts arising out of the Community Governance Review completed earlier in the year. Maps showing the new boundaries are included at Appendix 1. Approval of the changes to polling districts will align the new parish with borough ward boundaries.

Only one response was submitted in respect of polling places. The polling place for BCT2, Creo, Seven Oaks Crescent, Bramcote, is considered to be too small, with nowhere for voters to shelter if queuing outside in the rain. Whilst this is accepted, there are no other suitable places in the polling district at the present time. However, the situation will be monitored and a change recommended should an acceptable alternative be identified in the future. The changes to polling places set out in Appendix 2 are recommended due to the current polling places being unavailable or experience from the elections in 2021. These will need to be designated by Council so that they are effective for the elections in May 2023 onwards.

4. Financial Implications

There are no financial implications arising from this report.

5. Legal Implications

The Representation of the People Act 1983 requires the Council to carry out a review of polling districts and polling places within each parliamentary constituency in its area.

6. Human Resources Implications

There are no Human Resources implications.

7. Union Comments

There are no comments from the Union.

8. Data Protection Compliance Implications

There are no data protection implications.

9. Equality Impact Assessment

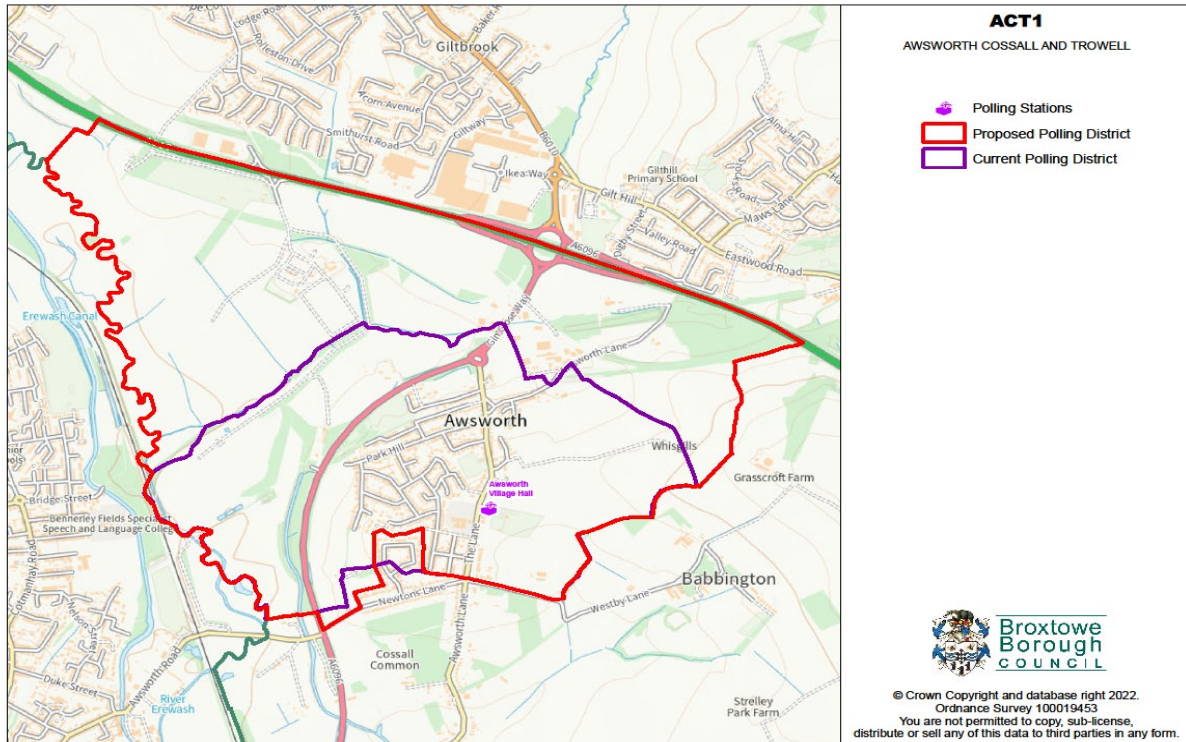
The proposed polling places are accessible for everyone.

10. Background Papers

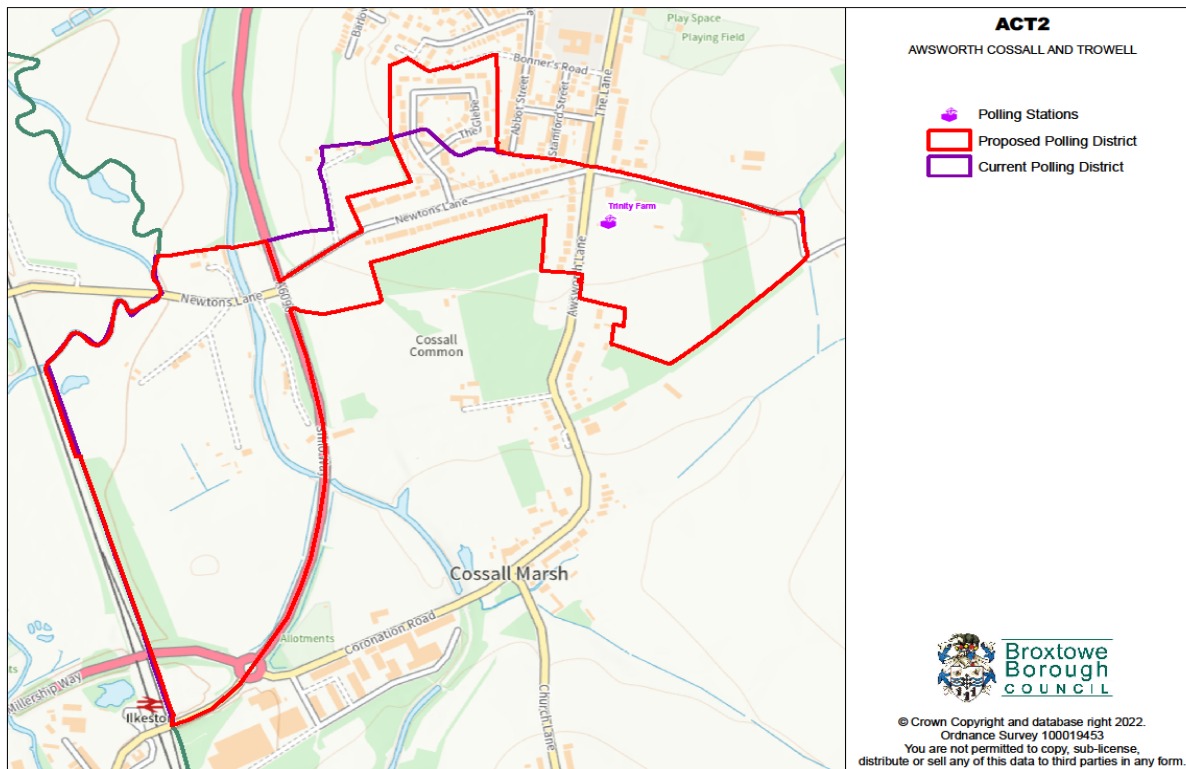
Nil.

Proposed Changes to Polling Districts

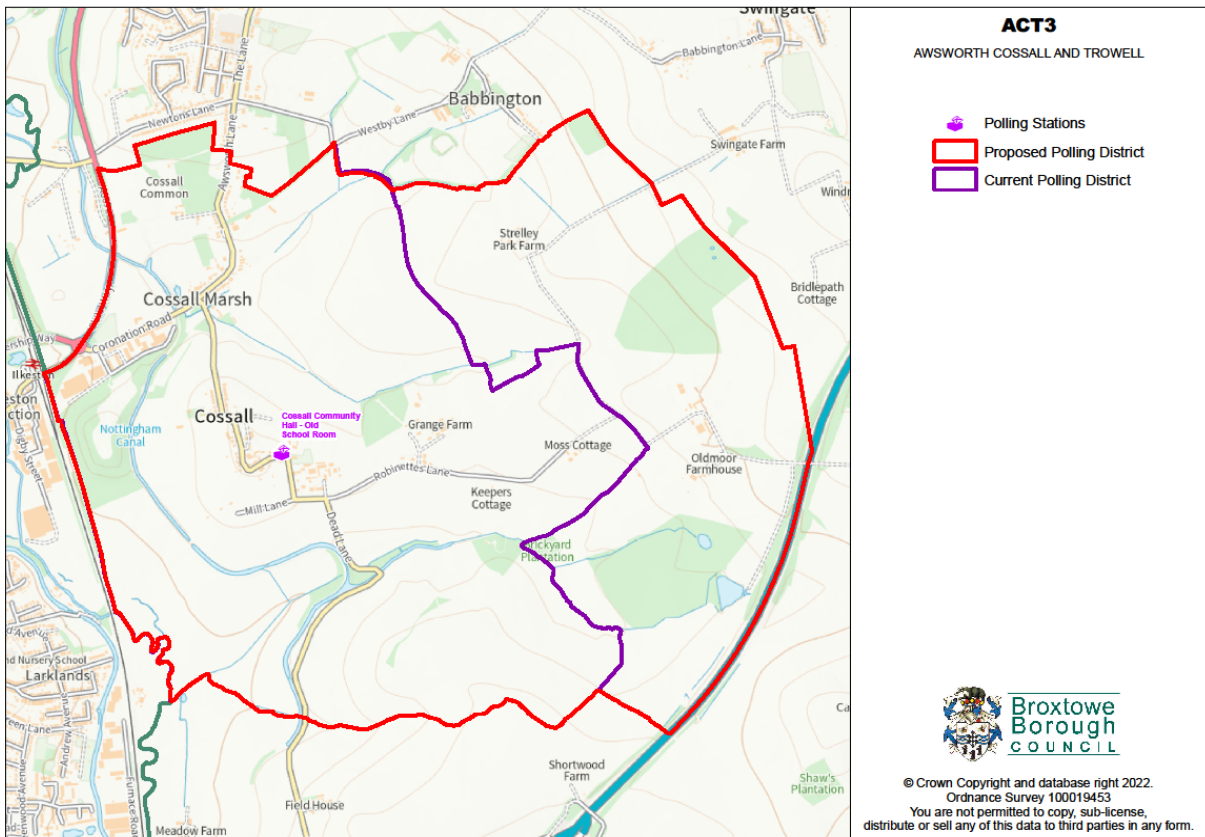
Awsorth – ACT1



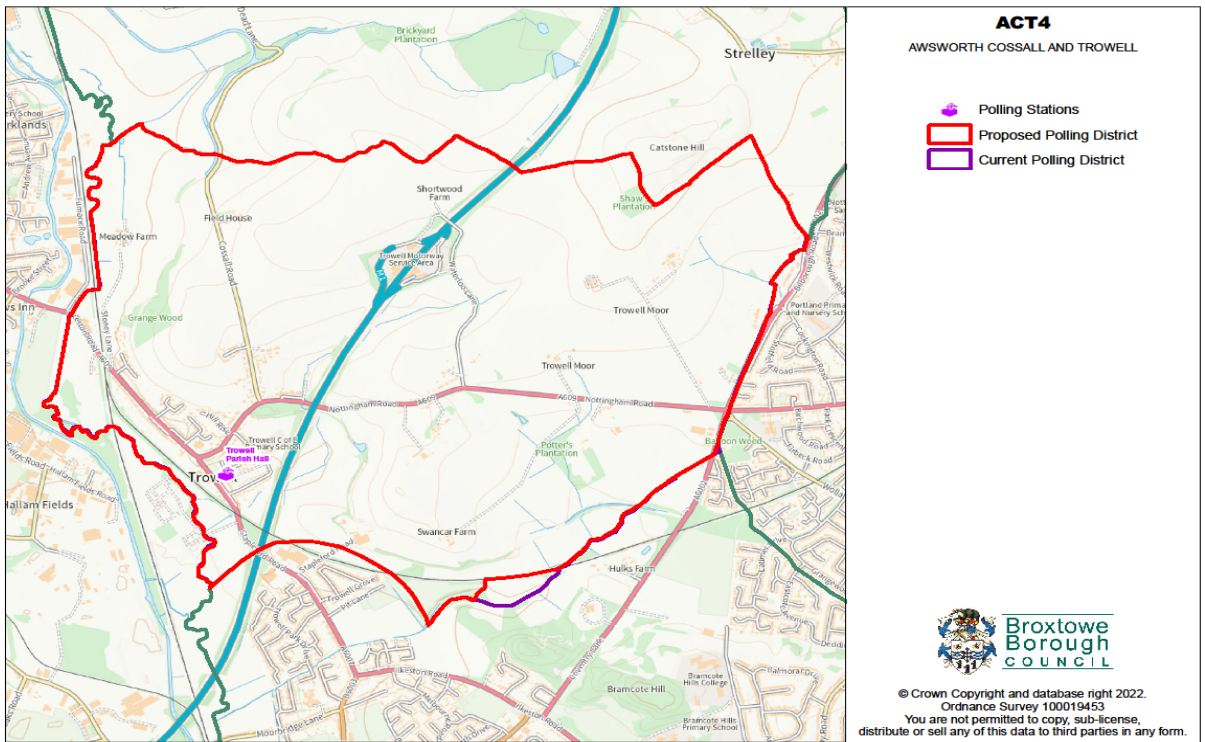
Awsorth – ACT2



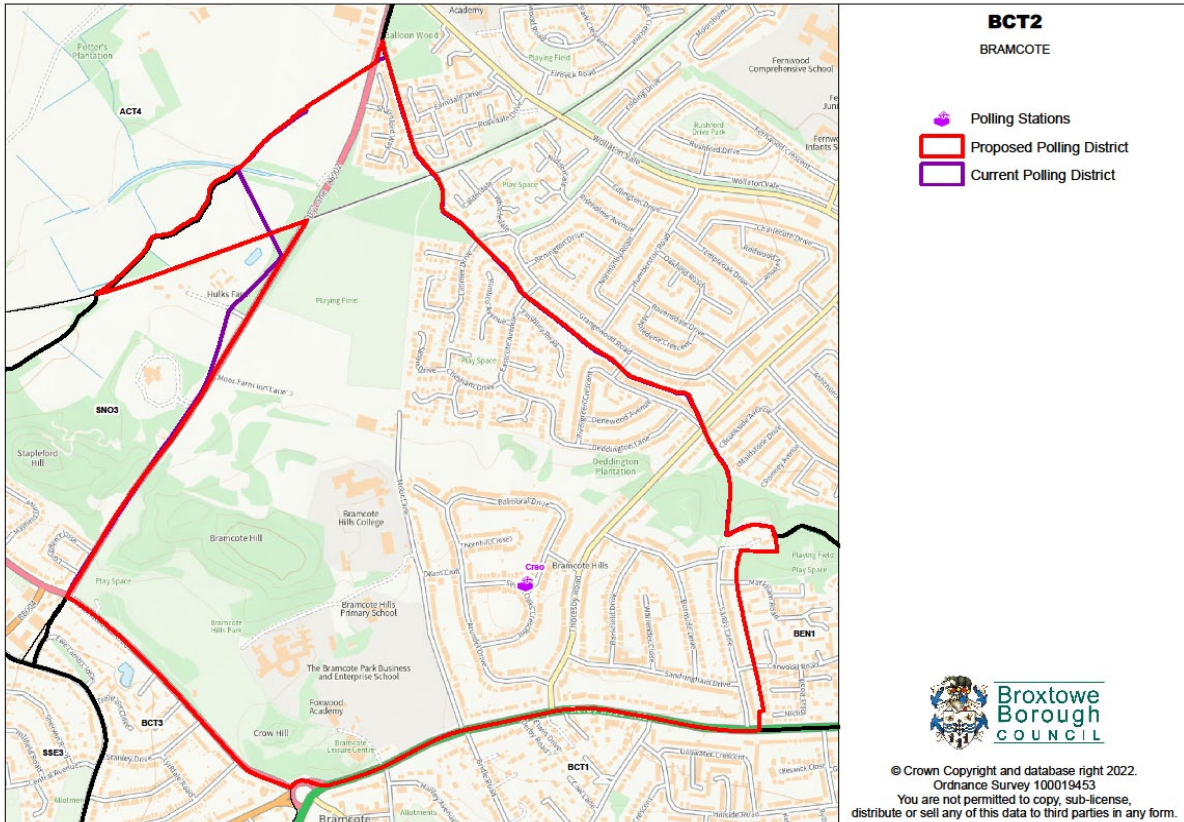
Awsorth – ACT3



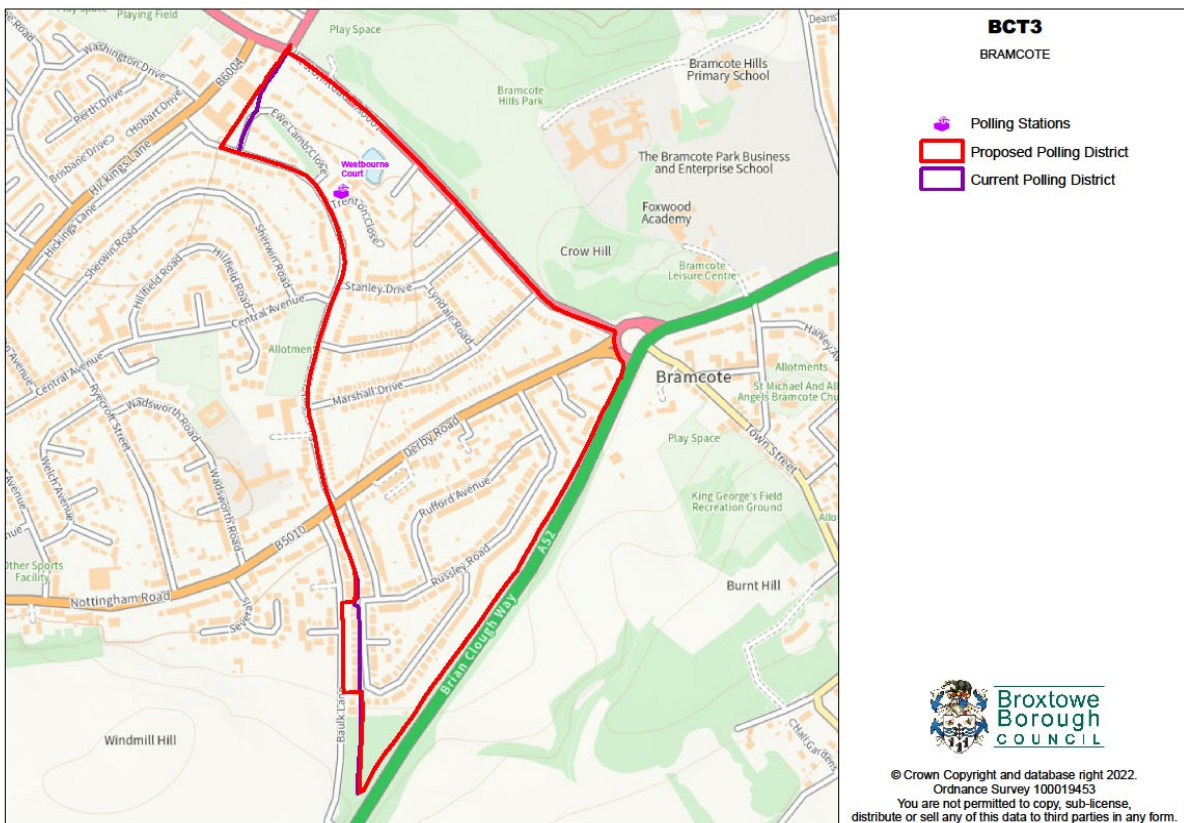
Awsorth – ACT5



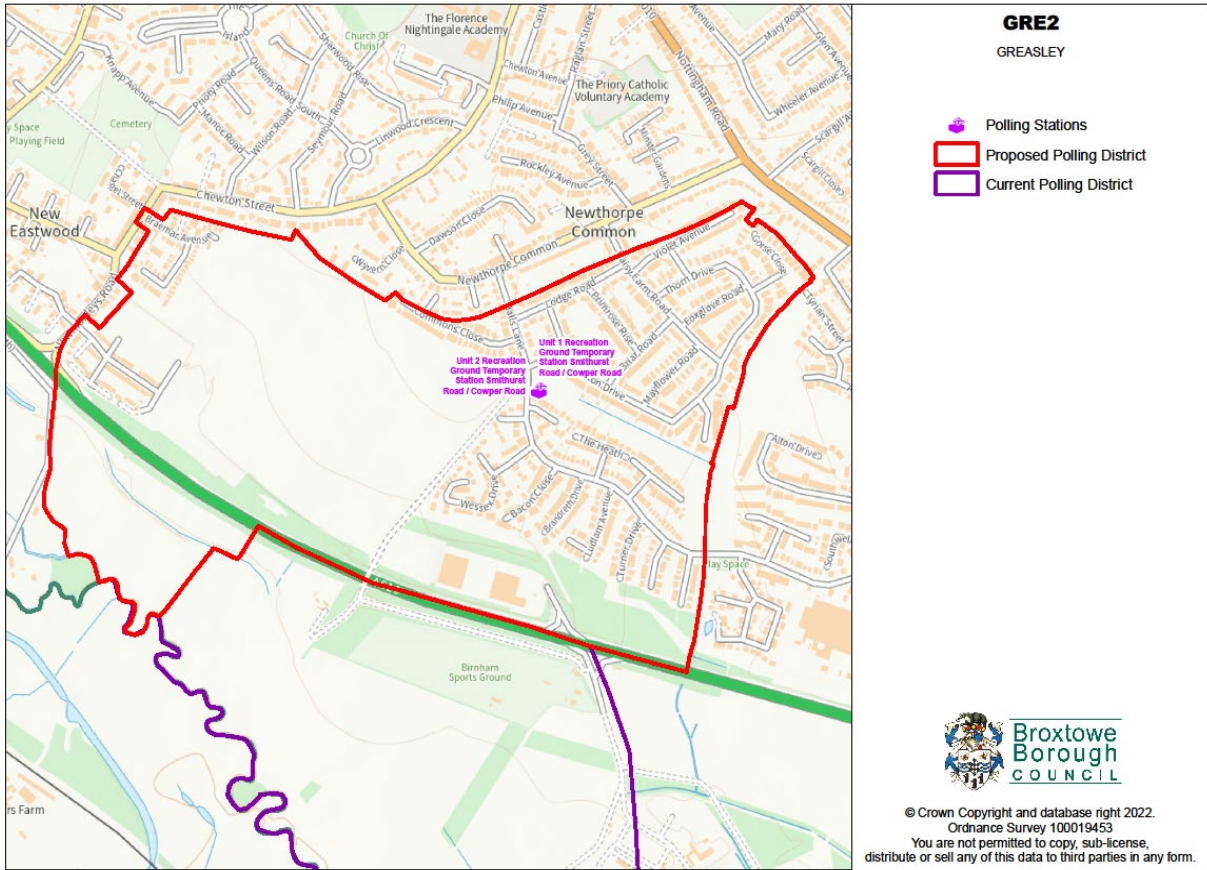
Bramcote – BCT2



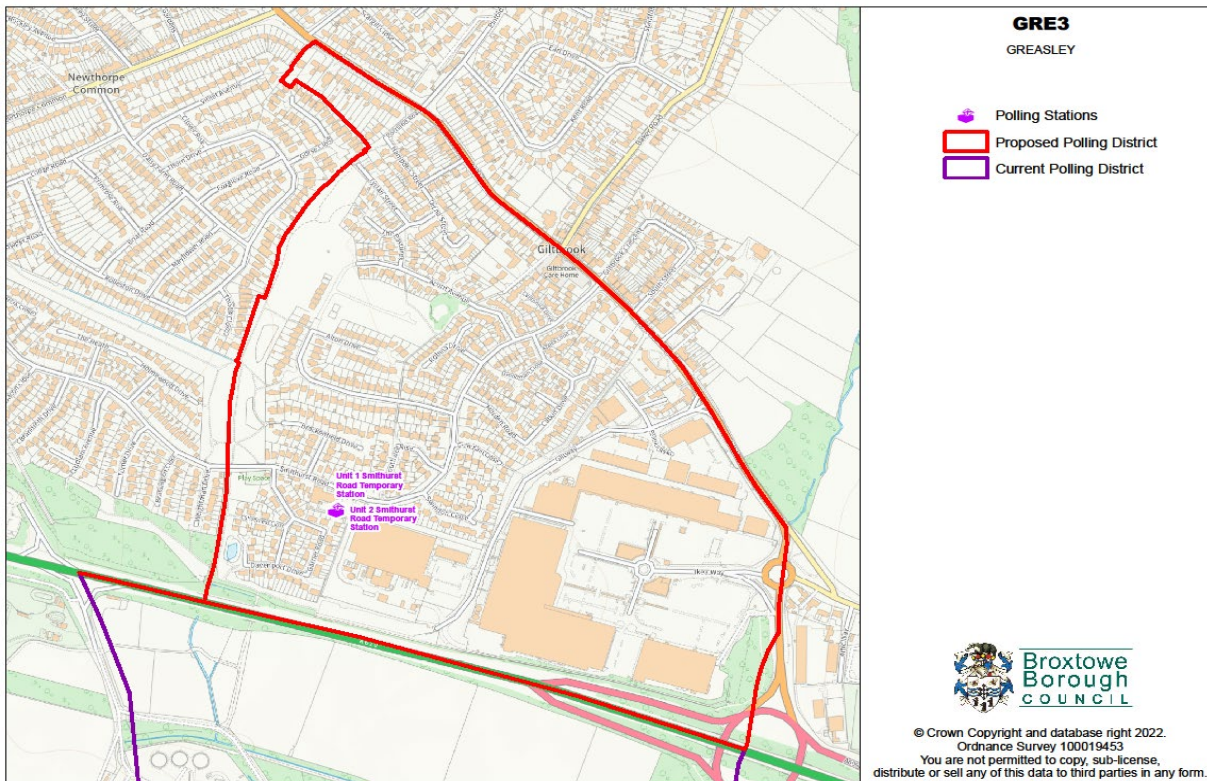
Bramcote – BCT3



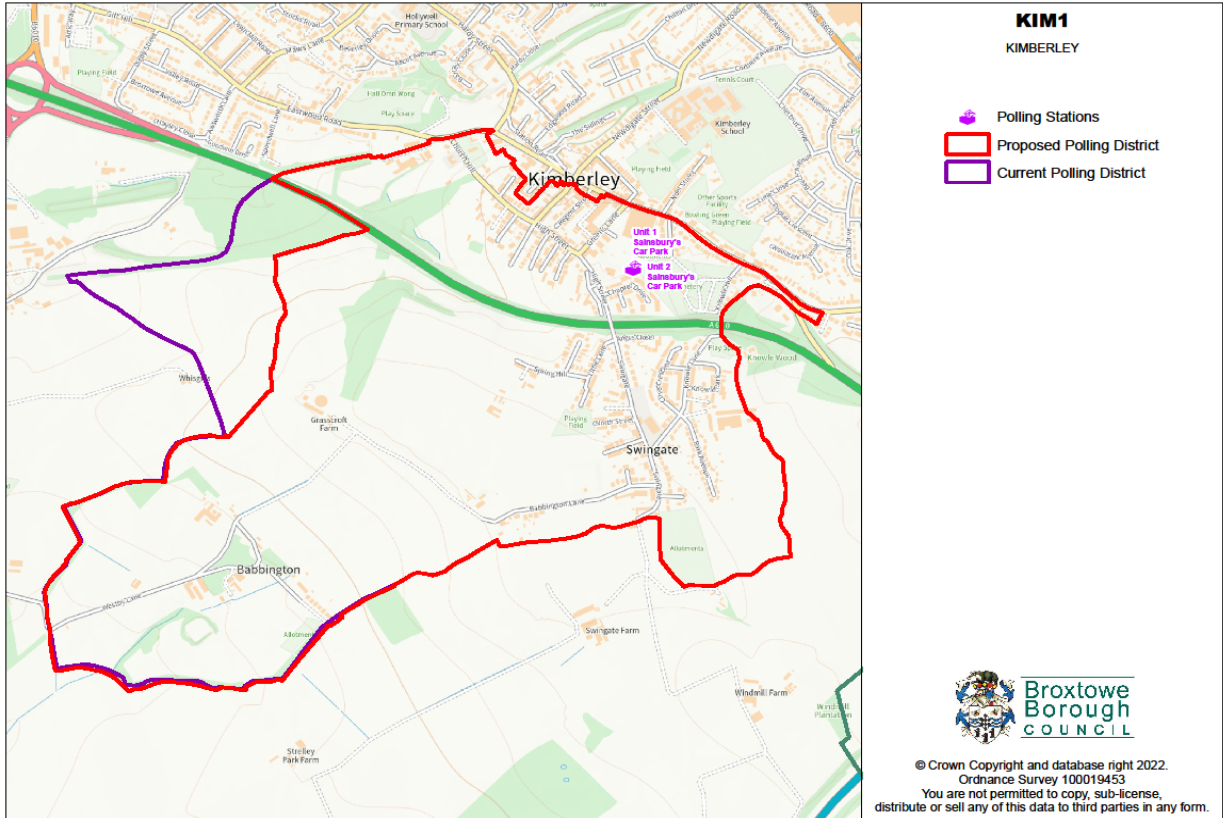
Greasley – GRE2



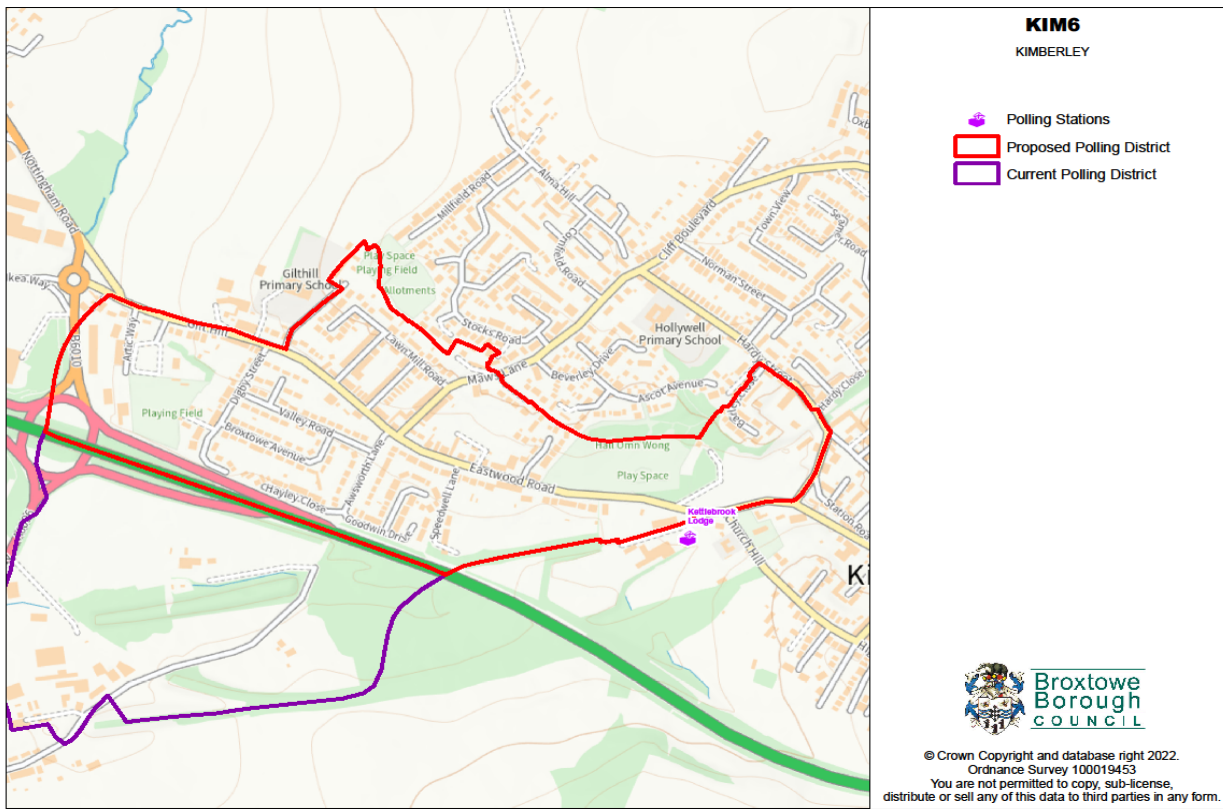
Greasley – GRE3



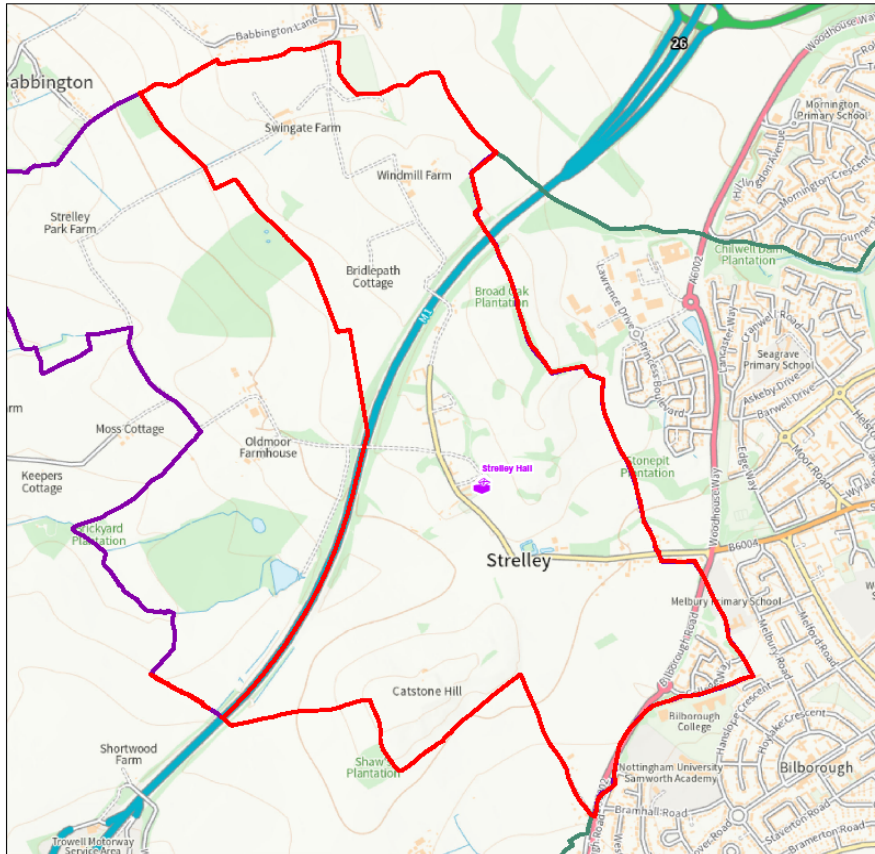
Kimberley – KIM1



Kimberley – KIM6



Nuthall East & Strelley – NES3

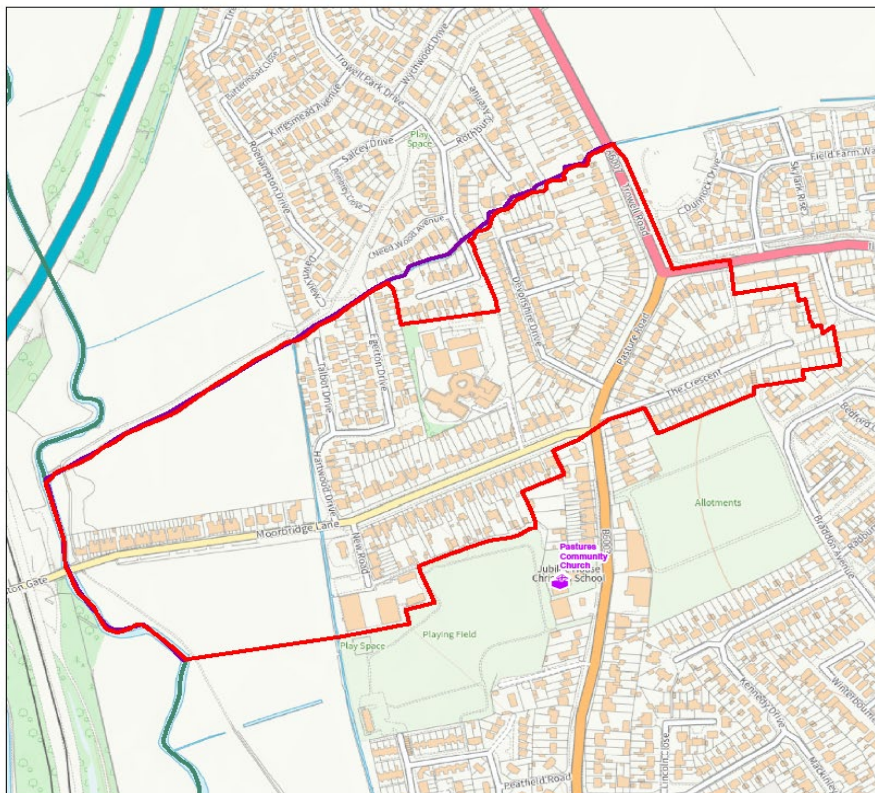


- NES3**
NUTHALL EAST AND STRELLEY
- Polling Stations
 - Proposed Polling District
 - Current Polling District



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Stapleford North – SNO2

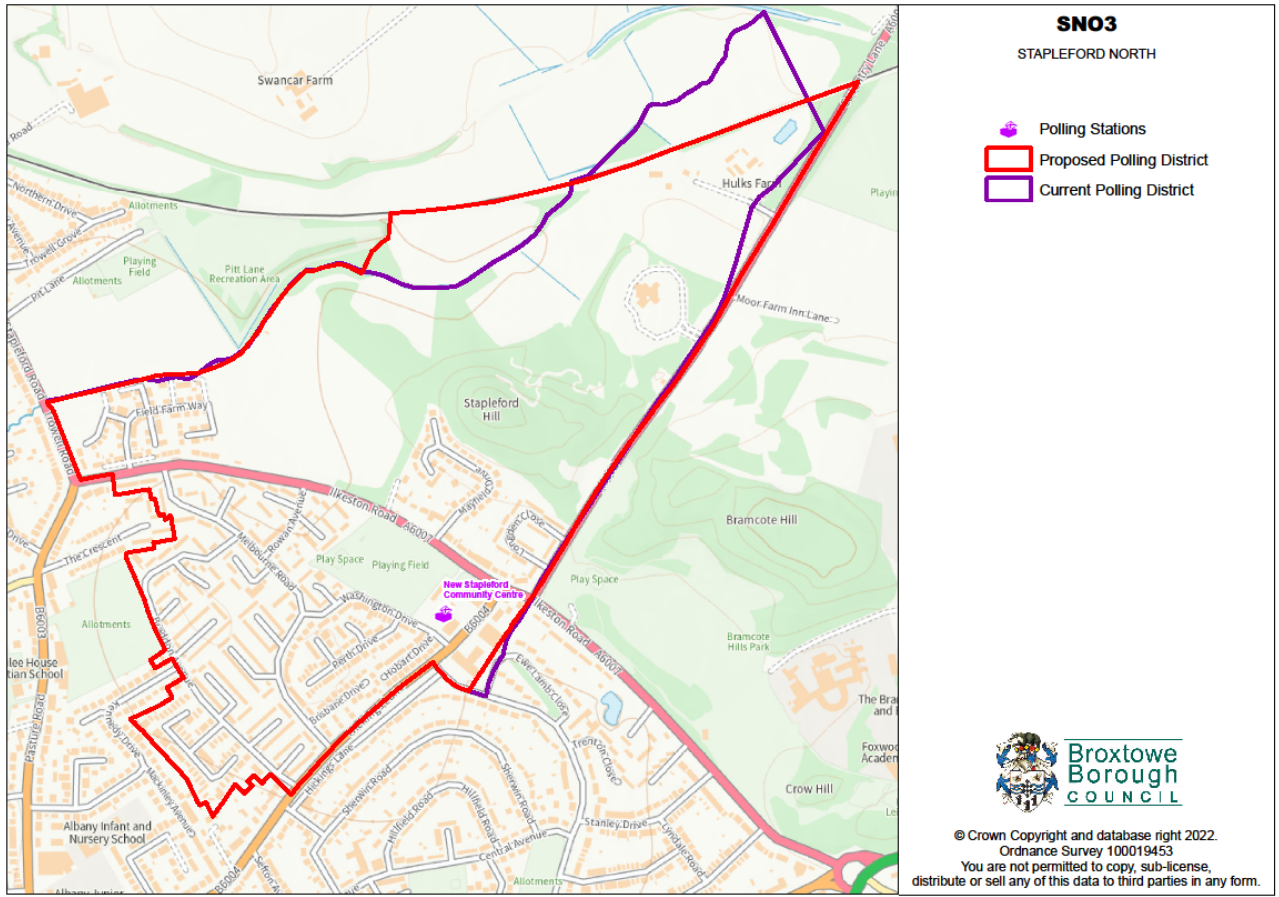


- SNO2**
STAPLEFORD NORTH
- Polling Stations
 - Proposed Polling District
 - Current Polling District

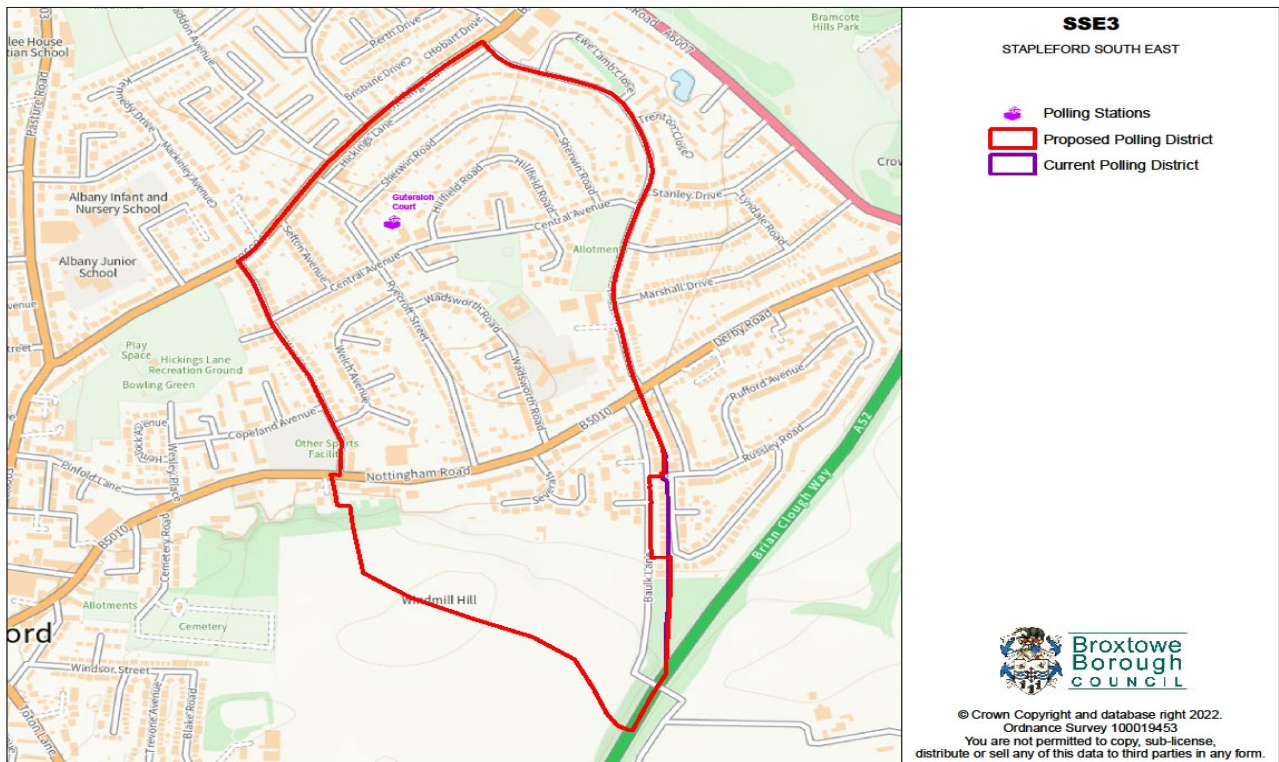


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Stapleford North – SNO3



Stapleford South East – SSE3



APPENDIX 2

Recommended Changes to Polling Places

| Ward/Polling District/Polling Station Electorate | Current Polling Place | Proposed Polling Place | Comments |
|---|--|--|--|
| Attenborough & Chilwell East - ACE4 - 1,078 electors | Grove Court, Central Avenue, Chilwell | Masonic Hall, High Road, Chilwell | The Masonic Hall was used as the polling place for ACE4 for the elections on 6 May 2021 as Grove Court was unavailable due to COVID-19 restrictions. No issues were raised by either voters or polling staff. |
| Beeston West - BEW4 - 1,013 electors | Our Lady of the Assumption Church Hall, Foster Avenue, Beeston | Beeston Methodist Church, Chilwell Road, Beeston | The polling place for BEW4 was changed to Beeston Methodist Church for the elections on 6 May 2021 to ensure that there was sufficient space for social distancing by reducing the number of polling stations at Our Lady of the Assumption Church Hall, Foster Avenue to two. The Methodist Church worked well and is closer to the BEW4 polling district. No issues were raised by either voters or polling staff. |

| Ward/Polling District/Polling Station Electorate | Current Polling Place | Proposed Polling Place | Comments |
|--|---|---|---|
| Kimberley KIM1 - 1,110 electors | Kimberley Primary School, Swingate, Kimberley | Temporary stations, Sainsbury's car park | Temporary stations were needed for KIM1 for the elections on 6 May 2021 as Kimberley Primary School, Swingate was not available. These were located in Sainsbury's car park. Temporary stations are not ideal as they may not be accessible to elderly voters or voters with disabilities without ramps which, in wet weather, can become slippery and make access difficult. However, it is unlikely that the school will be available again and unless alternative premises can be identified, the temporary units will need to be used for future elections. |
| KIM5 - 1,294 electors | Hollywell School, Hardy Street, Kimberley | Kettlebrook Lodge | Kettlebrook Lodge was used as the temporary polling place for KIM5 on 6 May 2021 as Hollywell School, Hardy Street was not available. It is unlikely that the school will be available again. Although Kettlebrook Lodge is in the KIM1 polling district, it worked well as the KIM5 polling place. |
| KIM6 - 844 electors | Holy Trinity Church Hall, Church Hill, Kimberley | Kettlebrook Lodge | There are some concerns about the access to Holy Trinity Church Hall from the car park. Whilst there is a ramp, the path to access this is quite narrow. Kettlebrook Lodge has a number of rooms and could be used as polling place for KIM6 as well as KIM5. |

| Ward/Polling District/Polling Station Electorate | Current Polling Place | Proposed Polling Place | Comments |
|---|---|--|---|
| Nuthall East and Strelley NES2 - 1,306 electors | Function Room, Old Moor Lodge, Mornington Crescent, Nuthall | Hickory's Smokehouse, Mornington Crescent, Nuthall | Although there has been a change of ownership of Old Moor Lodge and development of the site, there is a space available in the now Hickory's Smokehouse which will be suitable for use as a polling station. It is therefore recommended that Hickory's Smokehouse be designated as the polling place for NES2. |
| Toton and Chilwell Meadows TCM1 - 1,432 electors TCM4 - 1,323 electors | Lombardy Lodge, Portland Road, Toton Temporary station, Lidl car park, Ranson Road, Chilwell | Coronation Hall, Portland Road, Toton The Corn Mill, Swiney Way, Chilwell | Coronation Hall was used as the temporary polling place for the elections on 6 May 2021 as Lombardy Lodge was unavailable due to COVID-19 restrictions. There have been some concerns for a number of years from residents in any event about the public accessing the building to vote. Coronation Hall worked well and no issues were raised by either voters or polling staff. Temporary polling stations are not ideal as they may not be accessible to elderly voters or voters with disabilities without ramps which, in wet weather, can become slippery and make access difficult. The (Acting) Returning Officer approved use of The Corn Mill for the elections on 6 May 2021 which worked well. |

Report of the Executive Director

CHANGES TO WARD BOUNDARIES1. Purpose of Report

To ask the Committee to note the changes to borough ward boundaries which have been approved by the Local Government Boundary Commission for England.

2. Recommendation

The Committee is asked to NOTE the changes to the borough ward boundaries detailed in the appendix.

3. Detail

Following the Community Governance Review (CGR) completed earlier in the year, a request was made to the Local Government Boundary Commission for England for related alterations to be made to the seven borough wards where these are no longer coterminous with parish boundaries. Details of the wards affected are given in the appendix. The new boundaries will come into effect for the elections in May 2023.

4. Financial Implications

There are no financial implications arising from this report.

5. Legal Implications

The Council has a responsibility under the Local Government and Public Involvement in Health Act 2007 to ensure that local governance continues to be effective and convenient and that it reflects the identities and interests of local communities.

6. Human Resources Implications

There are no Human Resources implications.

7. Union Comments

There are no comments from the Union.

8. Data Protection Compliance Implications

There are no data protection implications.

9. Equality Impact Assessment

The proposed polling places are accessible for everyone.

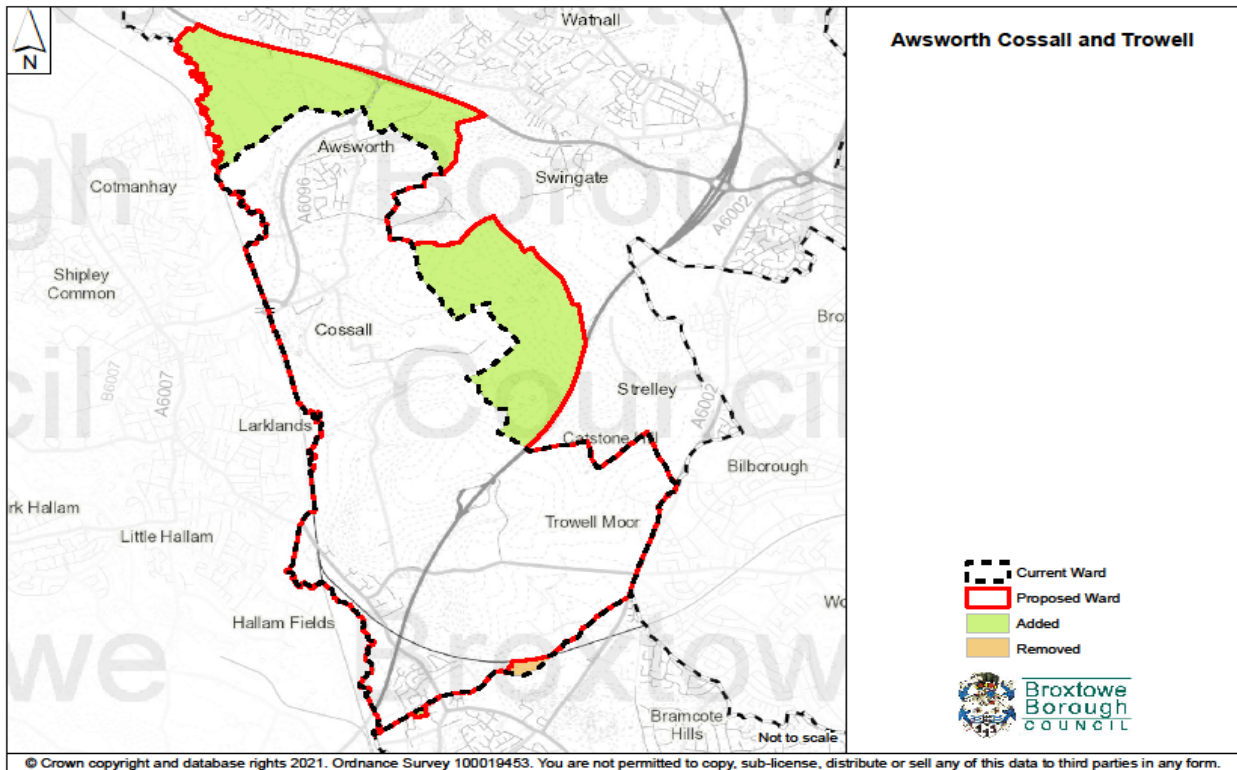
10. Background Papers

None.

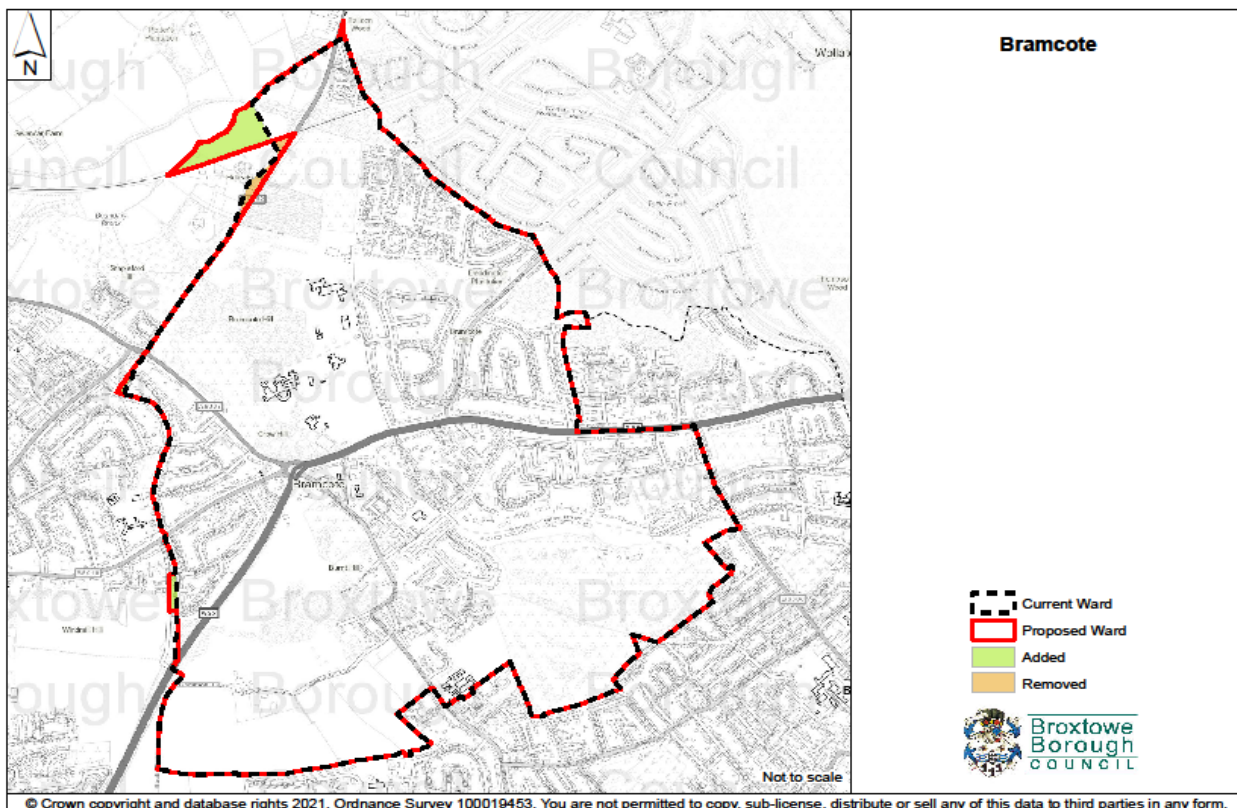
APPENDIX

Changes to Borough Wards

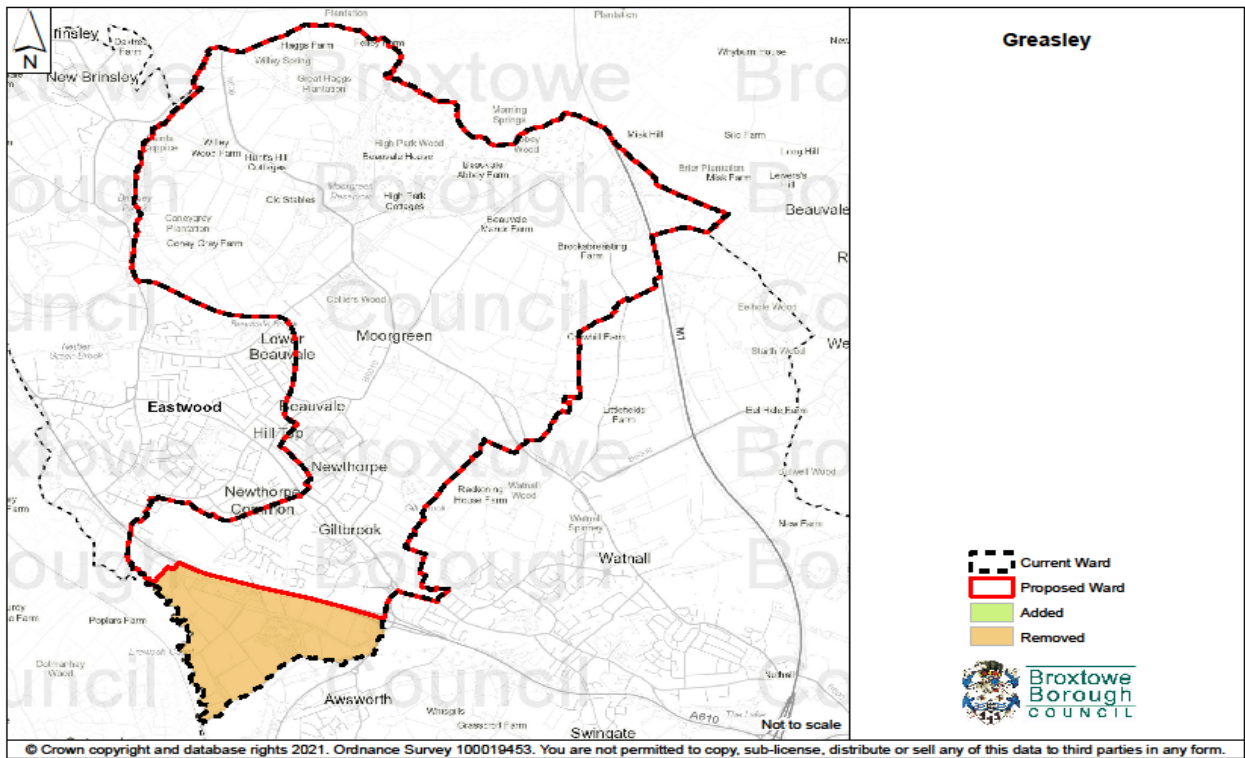
1. Awsorth, Cossall and Trowell



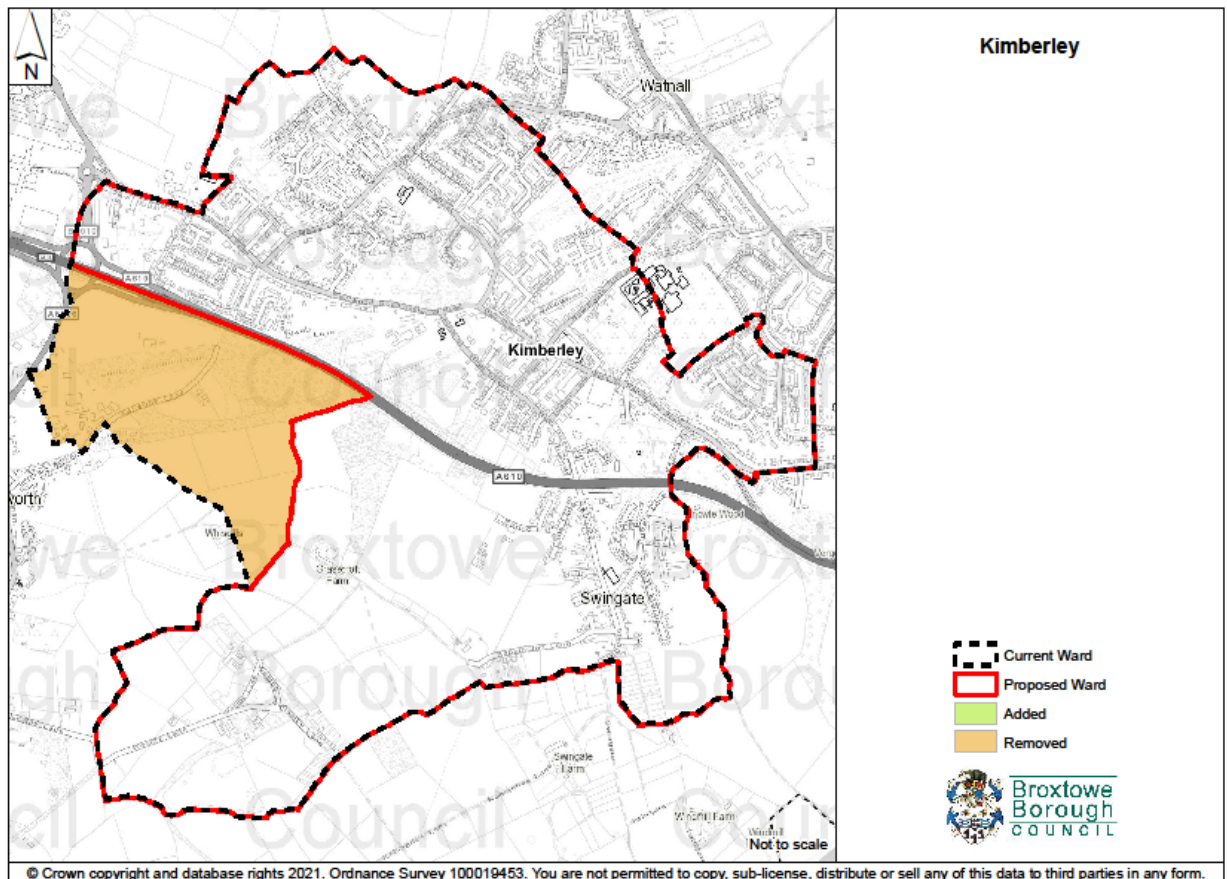
2. Bramcote



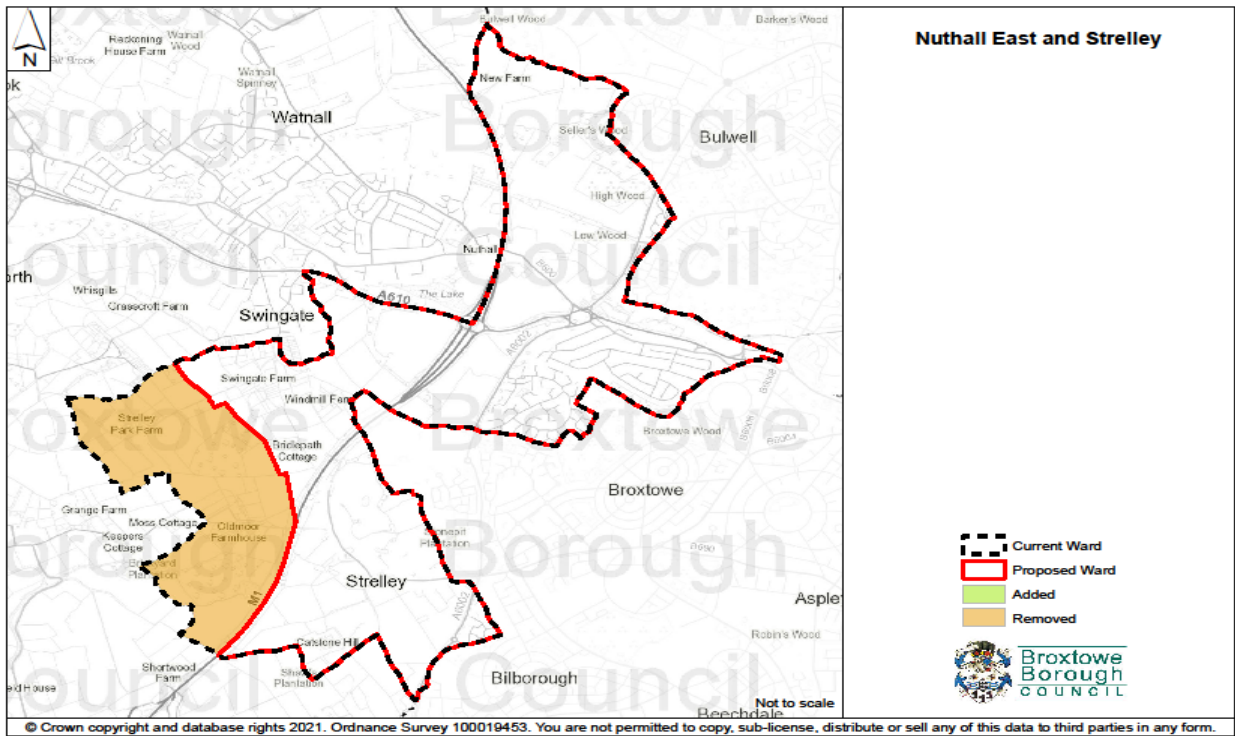
3. Greasley



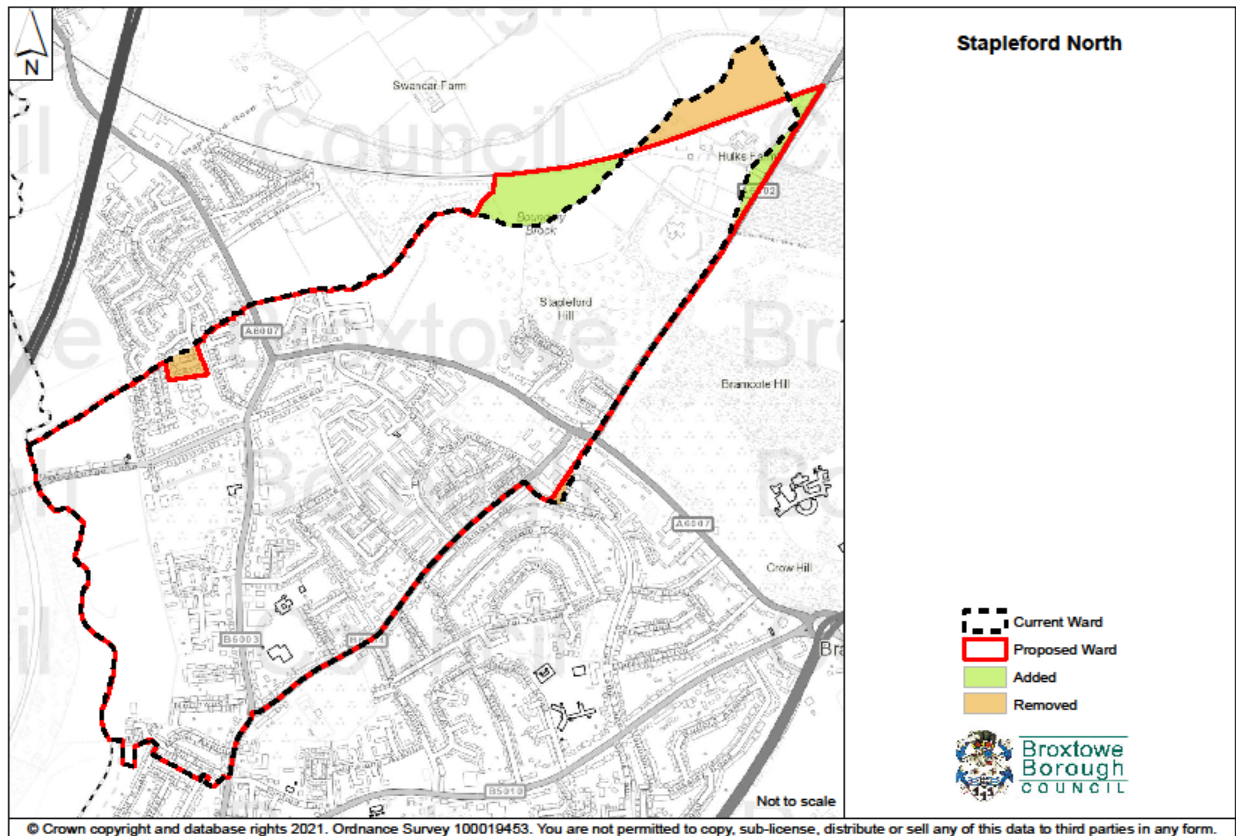
4. Kimberley



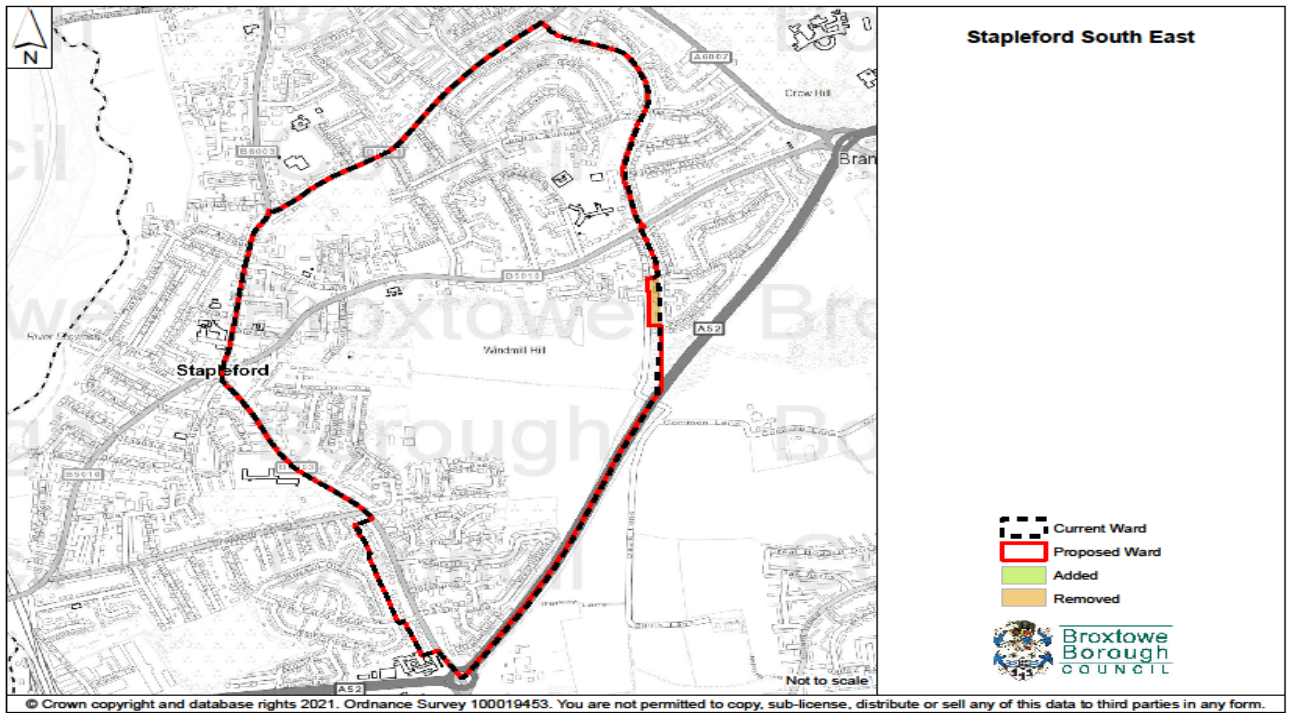
5. Nuthall East & Strelley



6. Stapleford North



7. Stapleford South East



REVIEW OF PARLIAMENTARY BOUNDARIES1. Purpose of Report

To inform the Committee on the progress of the review of parliamentary constituency boundaries being carried out by the Boundary Commission for England (BCE).

2. Recommendation

The Committee is asked to:

1. **NOTE the proposals for the Broxtowe Constituency.**
2. **CONSIDER the suggested representation detailed below regarding the proposed boundary between the Broxtowe and Nottingham North and Kimberley Constituencies along the Awsworth, Cossall and Trowell ward boundary.**

3. Detail

The BCE has published its revised proposals for parliamentary constituencies. There is now a third and final four-week consultation ending on 5 December 2022. This is the last opportunity for the public to have a say on the new proposed constituencies.

For Broxtowe, the initial proposals remain unchanged. However, since the proposals were first put out for consultation, the Awsworth, Cossall and Trowell ward boundary has been revised to align with the new Awsworth Parish boundary. This is also the parliamentary boundary with the proposed Nottingham North and Kimberley Constituency. A map showing the new ward boundary and the proposed constituency is shown in the appendix. This will mean, if the proposals go ahead as published, that there will be some electors in Awsworth, Cossall and Trowell ward who will be in the Nottingham North and Kimberley Constituency, rather than Broxtowe.

The Parliamentary Constituencies Act 2020 required the review to be carried out on ward boundaries in place in 2020. Any changes to boundaries since that date may not be considered by the BCE. It is recommended, however, that as only 18 electors are affected by the boundary change, a representation is submitted requesting that the parliamentary boundary is changed to align with the new Awsworth, Cossall and Trowell Borough ward boundary to avoid confusion for voters and to avoid any potential errors with splitting the register for the parts of Kimberley and Nuthall East and Strelley wards which have been taken into Awsworth, Cossall and Trowell.

4. Financial Implications

There are no financial implications.

5. Legal Implications

The Parliamentary Constituencies Act 2020 requires a review of parliamentary boundaries to be undertaken to ensure that the number of electors in each constituency is more equal.

6. Human Resources Implications

There are no comments from the Human Resources Manager.

7. Union Comments

There are no Union comments.

8. Data Protection Compliance Implications

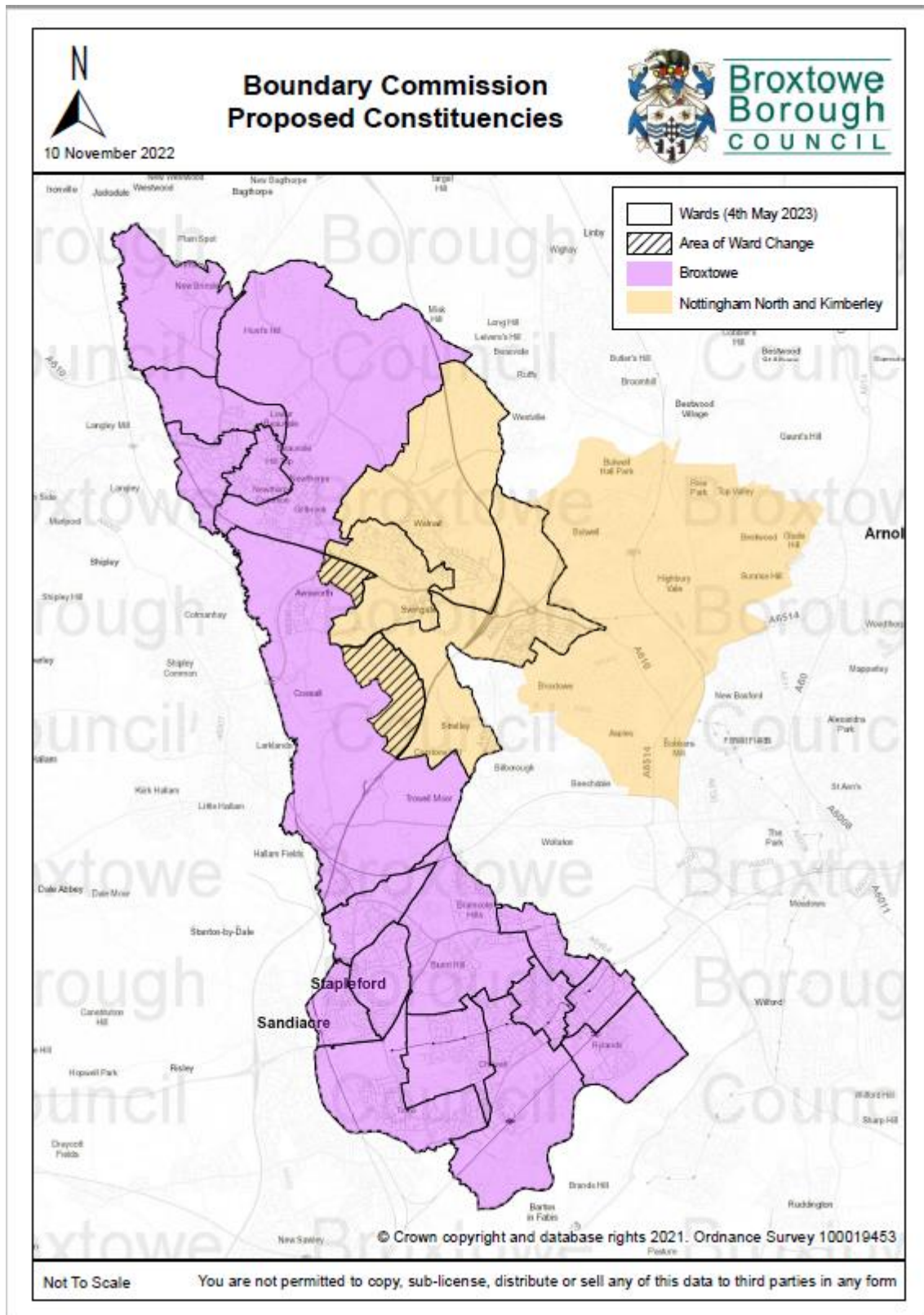
There are no Data Protection issues arising from the report.

9. Equality Impact Assessment

There are no equality issues arising from this report.

10. Background Papers

None.



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Report of the Deputy Chief Executive

AUDIT OF ACCOUNTS 2021/22 AND ASSOCIATED MATTERS1. Purpose of report

To provide an update on progress with the audit of the Statement of Accounts 2021/22.

2. Recommendation

The Committee is asked to NOTE the update on progress with the audit of accounts 2021/22, including the Audit Progress Report received from the external auditors.

The Committee is also asked to RESOLVE:

(i) to adopt the anticipated Statutory Instrument in order to apply the statutory override relating to the accounting treatment of infrastructure assets and then to change the Council's Accounting Policies accordingly to reflect this; and

(ii) that delegation be given to the Deputy Chief Executive and Section 151 Officer, in consultation with the Chair of this Committee, to approve any subsequent changes required to the Statement of Accounts 2021/22.

3. Detail

In May 2022, this Committee received Mazars' Audit Strategy Memorandum – year ending 31 March 2022 setting out their approach to the audit of the 2021/22 accounts, highlighting the significant audit risks and areas of key judgements.

The draft Statement of Accounts 2021/22 were approved and presented to the external auditors for review on 20 July 2022, ahead of the revised statutory deadline of 31 July 2022 required by the Accounts and Audit (Amendment) Regulations 2022. The public inspection period commenced on 1 August 2022 and ended on 14 September 2022 with details placed on the Council's website.

Mazars' subsequently commenced their review of the Council's draft 2021/22 accounts remotely. This work has involved scrutinising working papers and other supporting documentation and liaising with officers and associated third parties. Mazars' work focused upon the following significant risks being the management override of controls; net defined benefit liability valuation; and the valuation of land, building and council dwellings.

Mazars have almost concluded their work on the accounts, although the auditors are not yet in a position to present their Audit Completion Report. Instead, an Audit Progress Report is provided with this agenda and Mazars will

be available virtually at the meeting to present this update and respond to any enquiries.

In terms of context, the majority of the other Nottinghamshire district councils were not anticipating to have their respective audits completed by 30 November 2022 due to a variety of issues. The outstanding matters for this Council include:

- Mazars waiting on the outcome of the of the Nottinghamshire Pension Fund audit at the time of writing, with their external auditors (Grant Thornton) having not yet confirmed their final opinion on the Pension Fund's 2021/22 accounts.
- An issue regarding the accounting treatment of 'infrastructure assets' that is being considered nationally. As previously noted by Committee, CIPFA highlighted differences in local authorities' application of the requirements of the Code of Practice on Local Authority Accounting for infrastructure assets. CIPFA is reviewing this area and was expected to clarify its expectations, which may include a change to the Code. Audit firms had agreed to defer issuing any further audit opinions until this had been resolved. CIPFA has not yet agreed its accounting solution to this issue under the Code so, in order to unlock the situation, the Government has consulted on an optional temporary statutory override to allow Council's audits to be completed. The indicative date for the statutory override is 25 December 2022 and with the Council having a material amount of infrastructure assets on its Balance Sheet (including historical environmental improvement works), this has delayed the audit.
- Final internal enquiries to consider with officers, including matters relating to Property, Plant and Equipment (PPE) valuations on the Balance Sheet.

Mazars has not indicated any significant weaknesses in the Council's arrangements from its audit testing to date that would require it to make a significant recommendation. The aim remains to achieve a clean and unqualified audit opinion on the 2021/22 accounts.

Mazars are looking to complete their audit testing at the earliest opportunity, including consideration of any matters arising from the audit of the Pension Fund. In terms of the infrastructure assets issue, it is recommended to adopt the anticipated Statutory Instrument to apply the statutory override and then change the Council's Accounting Policy accordingly to reflect this. It is therefore proposed that delegation be given to the Deputy Chief Executive and Section 151 Officer, along with the Chair of this Committee, to approve any amendments required to the financial statements as a result of this change.

Once the audit is concluded, Members will receive the Audit Completion Report for the year ending 31 March 2022 from Mazars and be asked to approve the final Statement of Accounts 2021/22 and the letter of representation in accordance with the regulations. In order to achieve this, it may be appropriate

to arrange an extraordinary meeting of this Committee before the next scheduled meeting in March.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial implications arising from this report.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The legislation, the Accounts and Audit Regulations (2015) and the Accounts and Audit (Amendment) Regulations 2022, sets out the timescales for the production of the Council's accounts, including the dates of the public inspection period. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Deputy Chief Executive) has the responsibility for the administration of those affairs, which include responsibility for preparing the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts is that upon which the auditor should enter his certificate and opinion which is prepared under the Local Government Finance Act 2003.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Unison comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. Background Papers

Nil.

Audit Progress Report

Broxtowe Borough Council – Year ended
31 March 2022

November 2022

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Status of the audit

The detailed scope of our work as your appointed auditor for 2021/22 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In September we reported that we recognised the significant workload of the finance team and ongoing challenges in financial planning management and reporting in the wider environment which had caused some delays to the progress of the audit meaning we had not progressed as we would have liked. The audit team has resumed the audit work as of the 7th of November and has made good progress in reviewing the evidence that has been submitted by management. We are still in discussion with management on certain areas with minor queries to be cleared. The audit was again carried out remotely, we together with management are working closely to complete the remaining audit work, resolve audit queries and we are grateful for their co-operation and support.

Significant audit risks

As part of our planning procedures, we considered the risks of material misstatement in the Council's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process, and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.








No new risks have been identified since we issued our Audit Strategy Memorandum, with a reminder of those significant risks set out in the table below.


| Significant audit risks: description | Fraud | Error | Judgement |
|---|-------|-------|-----------|
| <p>1 Management override of controls</p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p> | ● | - | - |
| <p>2 Net defined benefit liability valuation</p> <p>The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits.</p> <p>Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.</p> | - | ● | ● |
| <p>3 Valuation of land & buildings, council dwellings, investment properties (where material) and assets held for sale (where material)</p> <p>The Council's accounts contain material balances and disclosures relating to its holding of council dwellings and land & Buildings, with the majority required to be carried at valuation. The valuation of these assets is complex and is subject to a number of management assumptions and judgements.</p> <p>Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p> | - | ● | ● |


Status of the audit


Our work is in progress, and we will report detailed findings in our Audit Completion Report. At the date of writing the report, there are no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters including those detailed below.

In the September report, we reported that we expected the audit work to be completed by the end of November. Though we have confidence that other areas of the audit are on track for completion, PPE will not be completed timeously due to issues around the accounting treatment of fixed assets classed as infrastructure assets. As discussed briefly in the last audit committee meeting, this issue is not yet resolved and the indicative date for a resolution in this matter by means of a statutory override is the 25th December 2022.

| Audit area | Status | Description of the outstanding matters |
|---|--|--|
| Income - Including Grant income / Debtors |  [Amber] | Samples submitted by management have been reviewed by the audit team, with minor queries still to be cleared |
| Expenditure / Creditors |  [Green] | Samples submitted by management have been reviewed by the audit team, with minor queries still to be cleared |
| Property, Plant & Equipment (including council dwellings) |  [Red] | A few discrepancies have been identified in our reconciliation procedures between the FAR, valuation report and Accounts. The audit team continues to work with management in resolving audit queries. |
| Pensions |  [Amber] | Part of our assurance over the net pensions liability is derived from specified procedures commissioned from the external auditors of the Nottinghamshire Pension Fund (NPF). The assurance letter from NPF auditors, Grant Thornton, was due on the 31 st October and this was received on the 14 th November. The audit team is currently undertaking the required review in order to complete this section. |
| Completion Procedures |  [Green] | This has not been started, this will be started once the audit work is largely |
| Audit Quality Control and Completion Procedures |  [Amber] | Upon completion of our audit work the audit file will undergo final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations. |
| Whole of Government Accounts (WGA) |  [Green] | NAO Group Instructions for local authority audits are not yet available and WGA returns and audit certificates cannot be issued at the present time. |

 [Red]
Likely to result in material adjustment or significant change to disclosures within the financial statements.

 [Amber]
Potential to result in material adjustment or significant change to disclosures within the financial statements.

 [Green]
Not considered likely to result in material adjustment or change to disclosures within the financial statements.

Status of the audit

Internal controls

The purpose of our audit is to express an opinion on the financial statements. As part of our audit, we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

Based on the audit work carried out this year, we have not identified any significant control deficiencies in 2020/21 that we are required to report to you.

Errors and misstatements

We are pleased to report that no material misstatements have been identified during our audit work to date.

A small number of disclosure amendments to the notes to the Statement of Accounts have been agreed with management to correct minor errors. None of these are significant and we are not required to highlight them in this report.

Delay in the audit certificate

The issue of the Audit Certificate confirms that we have discharged all of our audit responsibilities and that the audit is formally 'closed'. The Audit Certificate would normally be published in our Auditor's Report on the Statement of Accounts. We expect to issue the audit report but delay the issue of the Audit Certificate until the following procedures are complete:

- Value for Money - We are yet to complete our work in respect of the Council's arrangements for the year ended 31 March 2022 and expect to report our findings in the 2021/22 Annual Auditors Report within 3 months of giving our audit opinion. At the time of preparing this report, we have not identified any significant

weaknesses in the Council's arrangements that require us to make a recommendation.

- Whole of Government Accounts - The NAO has not yet issued its Group Instructions for local authority audits.

We will update the Governance, Audit and Standards Committee when more information is known.

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*where permitted under applicable country laws.

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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Report of the Chief Audit and Control Officer

INTERNAL AUDIT PROGRESS REPORT1. Purpose of Report

To inform the Committee of the recent work completed by Internal Audit.

2. Recommendation

The Committee is asked to NOTE appendices 1 and 3 of the report and to RESOLVE that the revision to the Internal Audit Plan for 2022/23 as proposed in appendix 2 be approved.

3. Detail

Under the Council's Constitution and as part of the overall corporate governance arrangements, this Committee is responsible for monitoring the performance of Internal Audit. A summary of the reports issued and progress against the agreed Internal Audit Plan is included at appendix 1. A summary narrative of the work completed by Internal Audit since the previous report to this Committee is also included.

Members of this Committee will recall that between October 2021 and July 2022 a vacancy existed within the Internal Audit team. This was a result of the secondment and subsequent promotion of a Senior Internal Auditor to the post of Chief Audit and Control Officer. Members will further recall that following a successful recruitment exercise in early summer 2022, the Internal Audit team has now returned to full capacity. However, as a result of this significant vacancy period, work on the Internal Audit Plan for 2022-23 (as approved by this Committee in March 2022) has fallen behind.

Accordingly, in order to ensure that the work of the Internal Audit team remains focussed on the higher-risk areas within the Council, the Chief Audit and Control Officer has performed a review of the Internal Audit Plan with a view to producing a robust yet realistic programme for the remainder of the financial year. The revised plan is presented in appendix 2 for this Committee's consideration and approval.

Internal Audit has also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits. Details of this follow-up work are included at appendix 3. Where agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

Further progress reports will be submitted to each future meeting of this Committee. A final report detailing the overall performance and productivity of Internal Audit for 2022/23 will be presented to this Committee in July 2023.

4. Financial Implications

The annual cost of the Internal Audit activity is included within established Finance Services budgets. The salary cost for Internal Audit was underspent in 2021/22 due to the vacancy referred to in the report.

5. Legal Implications

This report already sets out the legal framework for Internal Audit to provide a summary of internal audit work. It addresses the statutory obligations for local audit processes. The Local Government Act 1972 and subsequent legislation sets out a duty for the Council to make arrangements for the proper administration of its financial affairs. This report also complies with the requirements of the following:

- Local Government Act 1972
- Accounts and Audit Regulations 2015
- CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
- CIPFA/IIA: Local Government Application Note for the UK PSIAS 33.

The provision of an Internal Audit service is integral to financial management at the Council and assists in the discharge of its duties.

6. Human Resources Implications

Not Applicable.

7. Union Comments

Not Applicable.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an Equality Impact Assessment is not required.

10. Background Papers

Nil.

APPENDIX 1

INTERNAL AUDIT REPORTS ISSUED SINCE APRIL 2022

The following table summarises the audit assignments and similar work completed by Internal Audit since 1 April 2022. Work completed since the last report to this Committee is presented in bold at the end of the table.

| Audit Title | Report Issued | Assurance Opinion | Actions (High Priority) | Actions (Medium / Low Priority) |
|---|-----------------|---|-------------------------|---------------------------------|
| Homelessness Prevention Grant Return | 12/04/22 | Submitted with no issues noted | | |
| Financial Appraisal – High Hazels Court | 26/04/22 | No cause for financial concern noted | | |
| Council Tax | 11/05/22 | Substantial | 0 | 1 |
| DH Lawrence Birthplace Museum | 12/05/22 | Reasonable | 0 | 2 |
| Corporate Governance | 16/05/22 | Annual Governance Statement 'Approved' | | |
| Financial Appraisal – TCRF Applicant | 26/05/22 | No cause for financial concern noted | | |
| Financial Appraisal – TCRF Applicant | 30/05/22 | No cause for financial concern noted | | |
| Cash Receipting | 20/06/22 | Audit re-scoped | | |
| Financial Appraisal – TCRF Applicants | 21/06/22 | No cause for financial concern noted | | |
| 'Protect and Vaccinate' Grant Return | 24/06/22 | No issues noted – return submitted | | |
| Grounds Maintenance Services | 27/06/22 | LIMITED | 1 | 2 |
| Health and Safety | 11/07/22 | Reasonable | 0 | 3 |
| 'Contain Outbreak' Grant Return | 28/07/22 | No issues noted – return submitted | | |
| 'Test and Trace' Grant Return | 01/08/22 | No issues noted – return submitted | | |
| Licensing | 10/08/22 | Substantial | 0 | 1 |
| Financial Appraisal – TCRF Applicants | 10/08/22 | No cause for financial concern noted | | |
| Financial Appraisal – TCRF Applicants | 25/08/22 | No cause for financial concern noted | | |
| Kimberley Leisure Centre | 13/09/22 | Reasonable | 0 | 0 |
| Benefits | 14/09/22 | Substantial | 0 | 1 |
| Markets – Cash Review | 22/09/22 | No issues | 0 | 4 |
| Bereavement Services – Cash Review | 26/09/22 | No issues | 0 | 2 |
| Major Projects – Governance Dashboard | 26/09/22 | No cause for concern noted | | |
| Rents | 24/10/22 | Substantial | 0 | 1 |
| Business Rates (NDR) | 24/10/22 | Substantial | 0 | 1 |
| Financial Appraisals – TCRF Applicants | 26/10/22 | No cause for financial concern noted | | |
| Financial Appraisal – CCTV Upgrade | 26/10/22 | No cause for financial concern noted | | |
| 'Green Homes' Grant Return | 18/11/22 | No issues noted – return submitted | | |
| Stapleford Town Fund | (Draft)* | Substantial | 0 | 0 |
| Payroll | (Draft)* | Substantial | 0 | 0 |
| Human Resources | (Draft)* | Reasonable | 0 | 1 |

* As at the date of publication of this report the audits of Stapleford Town Fund, Payroll and Human Resources were substantially complete with the draft reports under discussion with management. The outcomes reported here and below are those expected to feature in the final report. Any variations will be reported by way of a verbal update by the Chief Audit and Control Officer upon the meeting of this Committee.

REMAINING INTERNAL AUDIT PLAN 2022-23

Audits currently in progress include Gas Servicing and Maintenance, Electrical Testing, Financial Resilience and ongoing Financial Appraisals of grant awardees for the Stapleford Town Centre Recovery Fund. As noted in the frontpage to this report, the remaining Internal Audit Plan has been reviewed by the Chief Audit and Control Officer with the proposed revised plan for 2022-23 presented to this Committee for consideration and approval in appendix 2 of this report.

COMPLETED AUDITS

A report is prepared for each audit assignment and issued to the relevant senior management at the conclusion of a review that will:

- include an overall opinion on the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the specific identified key risks relating to the area under audit. This opinion is categorised as either 'Substantial', 'Reasonable', 'Limited' or 'Little' assurance;
- identify inadequately addressed risks and ineffective control processes;
- detail the actions agreed with management and the timescales for completing those actions; and
- identify issues of good practice.

Recommendations made by Internal Audit are prioritised, with the agreed actions being categorised accordingly as follows:

- High Priority – Action considered necessary to avoid unmitigated exposure to significant risks
- Medium Priority – Action considered necessary to avoid unmitigated exposure to other key risks
- Low Priority (Best Practice) – Action recommended in order to improve existing procedures and other systems of internal control

The following audit reports have been issued with key findings as follows:

1. Rents Assurance Opinion – **Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Rents may not be correctly calculated and billed.
- Billed amounts may not be efficiently collected and accounted for correctly.

- Refunds and write-offs may not be valid and/or authorised.
- Rent recovery procedures may not be appropriate.
- Regular performance reporting may not be occurring.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. In particular, it was noted that appropriate controls are in place to ensure that Rents are correctly calculated and billed.

One recommendation (low priority) relating to a review of the financial reconciliations performed by the Income Collection Accountants was presented to and agreed with management.

2. **Business Rates (NNDR)** Assurance Opinion – **Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- NNDR may not be correctly calculated and billed.
- Billed amounts may not be efficiently collected and accounted for correctly.
- Refunds and write-offs may not be valid and/or may not be authorised.
- Arrangements for detecting and managing fraud may not be robust.

Internal Audit was pleased to report that no significant issues were identified in the course of this review. In particular, it was noted that appropriate controls are in place to ensure that billed amounts are efficiently collected with refunds and write-off being properly authorised.

One recommendation (medium priority) relating to the review of system input parameters for each new financial year was presented to and agreed with management.

3. **Financial Appraisals – Town Centre Recovery Fund Grant Applications**

Internal Audit provided several financial appraisals of businesses which had applied for grants from the Stapleford Town Centre Recovery Fund. These reviews were requested by the Economic Development and Regeneration Manager, with management requiring consideration of the financial viability of the applicants in order to evidence that the payment of a grant from the fund would be reasonable and to reduce the risk of fraud.

The reviews were produced on the basis of information received from the applicants, financial data retrieved from Companies House and other publicly available information. No specific cause for financial concern was noted in reference to any of the applicants. The findings were reported to senior management and the officer requesting the reports.

4. **Financial Appraisal – CCTV Upgrade**

Internal Audit was requested to perform a financial appraisal of a company which had presented a tender to contract for the delivery of the upgrade of the Council's CCTV systems and other associated works. The review was produced on the basis of information received from the company, financial data retrieved from Companies House, other publicly available information and a report obtained from an external credit referencing agency.

No specific cause for financial concern was noted in reference to the company. The findings were reported to senior management and the officer requesting the report.

5. **'Green Homes' Grant Return**

Internal Audit was requested by the Modernisations Manager to review and submit a return to the Midlands Net Zero Hub. The purpose of the return was to confirm that the conditions attached to the 'Green Homes' Grant had, in all significant respects, been complied with.

No issues were noted as part of this review and the return was submitted to the Hub accordingly.

6. **Stapleford Town Fund**

Assurance Opinion – **Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Appropriate governance arrangements may not be in place.
- Business cases for each component project may not have been appropriately prepared and authorised.
- Live component projects may not be administered in line with the approved business case or any other project-specific parameters.

Internal Audit was pleased to report that no issues were identified in the course of this audit. In particular, it was noted that appropriate governance arrangements are in place for both the Strategic Management and Operational Delivery of the various strands within the Stapleford Town Fund project.

Accordingly, no specific recommendations to address deficiencies in internal control have been made as a result of this audit.

7. **Payroll** Assurance Opinion – **Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Payments may be made to persons who are not employed by either the Council or Liberty Leisure Limited.
- Payments may be calculated incorrectly.
- The funds required to process payments may not be available in a timely manner.
- The processes in place to protect against fraud, including phishing and similar activity, may not be sufficiently robust.
- The anticipated 'flat figure' pay award for the financial year 2022-23 may not be applied correctly.

Internal Audit was pleased to report that no issues were identified in the course of this audit. In particular, it was noted that the arrangements to protect against fraud were robust and that the pay award for 2022-23 had been applied correctly.

Accordingly, no specific recommendations to address deficiencies in internal control have been made as a result of this audit.

8. **Human Resources** Assurance Opinion – **Reasonable**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Recruitment of new employees may not be performed in an appropriate and effective manner.
- Sickness absence may not be managed in an appropriate and effective manner.
- Capability Issues, Disciplinary Proceedings and Grievances may not be managed in an appropriate and effective manner.

Internal Audit was pleased to report that no significant issues were identified in the course of this audit. In particular, it was noted that the processes in place to manage recruitment, sickness absence, capability issues, disciplinary matters and grievances are operating effectively.

One recommendation (medium priority) relating to the need to ensure that documentation relating to employee matters is submitted by line managers and supervisors was presented to and agreed with management.

Current Audit Performance

As reported previously to this Committee, a vacancy existed within the Internal Audit team between October 2021 and July 2022. This resulted in considerable slippage in the completion of both the 2021-22 and 2022-23 Internal Audit Plan.

The Chief Audit and Control Officer is pleased to report that, as of 1 August 2022, a new Senior Internal Auditor has joined the Council. Work has now commenced on higher-risk planned audits that were previously deferred as a result of the vacancy period. As noted in the frontpage to this report, the remaining Internal Audit Plan has been reviewed by the Chief Audit and Control Officer with the proposed revised plan for 2022-23 presented to this Committee for consideration and approval in appendix 2 of this report.

APPENDIX 2

REVISION TO INTERNAL AUDIT PLAN 2022-23

Members of this Committee will recall that between October 2021 and July 2022 a vacancy existed within the Internal Audit team. Members will further recall that following a successful recruitment exercise in early summer 2022, the Internal Audit team has now returned to full capacity. However, as a result of this significant vacancy period, work on the Internal Audit Plan for 2022-23 (as approved by this Committee in March 2022) has fallen behind.

Accordingly, in order to ensure that the work of the Internal Audit team remains focussed on the higher-risk areas within the Council, the Chief Audit and Control Officer has performed a review of the Internal Audit Plan with a view to producing a robust yet realistic programme for the remainder of the financial year. As a result of this review, a revision to the Internal Audit Plan is presented for this Committee's approval, as follows:

| Completed Audits | Audits to be completed in 2022-23 | Audits removed from plan for 2022-23 |
|------------------------------|-----------------------------------|--------------------------------------|
| DH Lawrence Museum | Gas Servicing and Maintenance | Housing Management System |
| Council Tax (2022) | Electrical Testing | Legal Services |
| Grounds Maintenance Services | Financial Resilience | Business Continuity |
| Corporate Governance (2022) | Right-to-Buy | Business Support |
| Cash Receipting | Council House Repurchasing | Climate Change |
| Health and Safety | Council Tax (2023) | Commercial Properties |
| Major Projects Dashboard | Creditors and Purchasing | Information Management |
| Licensing | Key Reconciliations | Choice Based Lettings |
| Kimberley Leisure Centre | Sundry Debtors | LA Trading Company |
| Benefits | Bank Reconciliation | |
| Rents | Housing Repairs | |
| Business Rates (NNDR) | Corporate Governance (2023) | |
| Stapleford Town Fund | Waste Management | |
| Payroll | Risk Management – Kim. Depot | |
| Human Resources | | |

Where an audit has been removed from the plan for 2022-23, this has been done so on the basis that the area due for audit is considered to be of a lower risk to the Council relative to other areas which remain. All such audits will be reconsidered afresh for inclusion at an early stage in the Internal Audit Plan for 2023-24 which will be presented for approval at the next meeting of this Committee in March 2023.

Whilst the revision proposed above does, in the opinion of the Chief Audit and Control Officer, allow Internal Audit to maintain a broadly acceptable level of coverage of the Council's operations, it is considered that further audit work may be needed in order to fulfil the requirements of the Annual Governance Statement. The Chief Audit and Control Officer is currently exploring the options for procuring some temporary resource in order to ensure that the level of audit coverage deemed necessary for the Annual Governance Statement is maintained. The cost of such temporary resource is expected to be contained within the limits of the salary savings made as a result of the above-noted vacancy period.

APPENDIX 3

INTERNAL AUDIT FOLLOW-UP

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the audit. The table below provides a summary of the progress made with agreed actions for internal audit reports issued and where actions have now become due for follow-up. Those audits where all actions have previously been reported as completed have been excluded from this list.

| Audit Title | Report Issued | Original Assurance Opinion | Number of Actions (High Priority in brackets) | Progress |
|---------------------------------|---------------|----------------------------|---|---------------|
| Financial Resilience | 03/07/20 | Reasonable | 4 | Complete |
| Local Authority Trading Company | 06/07/20 | Reasonable | 3 (1) | Superseded |
| Housing Delivery Plan | 08/06/21 | Substantial | 3 (1) | 1 Outstanding |
| Creditors and Purchasing | 18/11/21 | Reasonable | 7 | Complete |
| Customer Services | 07/03/22 | Reasonable | 2 | 1 Outstanding |
| DH Lawrence Birthplace Museum | 11/05/22 | Reasonable | 2 | Complete |
| Council Tax | 13/05/22 | Substantial | 1 | 1 Outstanding |

Further details of progress being made with high and medium priority agreed actions that have not yet been fully implemented are included below along with comments from management reflecting any updates on progress. Evidence of implementation will not be routinely sought for all actions as part of this monitoring process. Instead, a risk-based approach will be applied to conducting further follow-up work. Actions marked as 'superseded' refer to occasions where either 1) developments within the relevant Council department, or the environment within which the department operates, have occurred since the date of the original audit report and the action is no longer relevant or considered a priority in light of the consequent change to the Council's risk profile; or, 2) an alternative action has been implemented to mitigate the risk identified.

Where the agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

OUTSTANDING ACTIONS

| | |
|--|-------------------------------------|
| 1. Housing Delivery Plan | June 2021, Substantial, Actions – 3 |
| 1.1 Revision and Update of the Housing Delivery Plan | |
| <u>Agreed Action</u> (Medium Priority) | |
| The Housing Delivery Plan will be refreshed and updated, in consultation with the Head of Housing, to fully reflect the current aspirations and potential of the project. An update report will be presented to [Cabinet] accordingly. | |
| <u>Managers Responsible</u> | |
| Head of Asset Management and Development Housing Delivery Manager | Target Date: 31 December 2021 |
| <u>Progress Report of the Housing Delivery Manager</u> | |
| A report will be presented to Cabinet in December 2022 updating members on progress on the Housing Delivery Plan to date and recommending that a revised Plan be produced to be presented to Cabinet during 2023. | |
| Revised Target Date: 31 December 2022 | |

| | |
|---|-------------------------------------|
| 2. Customer Services | March 2022, Reasonable, Actions – 2 |
| 2.1 Review of Customer Services Strategy | |
| <u>Agreed Action</u> (Medium Priority) | |
| The Customer Services Strategy will be reviewed and updated as necessary. | |
| <u>Managers Responsible</u> | |
| Head of Revenues, Benefits and Customer Services | Target Date: 31 August 2022 |
| <u>Progress Report of the Head of Revenues, Benefits and Customer Services</u> | |
| The Customer Services Team is currently working with the Overview and Scrutiny Working Group and will look to incorporate appropriate recommendations into the revised Customer Services Strategy. This process is in its final stages with the new Strategy expected to be presented to Cabinet at its next available meeting in December 2022. | |
| Revised Target Date: 31 December 2022 | |

3. Council Tax

May 2022, Substantial, Actions – 1

3.1 Single Person Discount – Data MatchesAgreed Action (Medium Priority)

A countywide programme for the review of data matches relating to Single Person Discount, incorporating those provided through the National Fraud Initiative, will be established.

Managers Responsible

Head of Revenues, Benefits and Customer Services

Target Date: 31 August 2022

Progress Report of the Head of Revenues, Benefits and Customer Services

The Council has entered in to a Countywide contract to perform a full Single Person Discount Review, which will include the NFI returns. We are expecting this exercise to start in the new year, taking in to consideration the number of Councils involved. We would anticipate the exercise to take approximately three months from start to finish.

Revised Target Date: 30 April 2023

Report of the Deputy Chief Executive

REVIEW OF STRATEGIC RISK REGISTER1. Purpose of report

To approve the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

2. Recommendation

The Committee is asked to RESOLVE that the amendments to the Strategic Risk Register and the actions to mitigate risks as set out in appendix 2 be approved.

3. Detail

In accordance with the corporate Risk Management Strategy, the Strategic Risk Management Group met on 26 October 2022 to review the Strategic Risk Register. General Management Team (GMT) has since considered the proposals from the Group. The objectives of the review were to:

- Identify the extent to which risks included in the register are still relevant
- Identify any new strategic risks to be included in the register
- Review action plans to mitigate risks.

A summary of the risk management process is included in appendix 1. The Risk Management Strategy includes a '5x5' risk map matrix to assess both the threats and opportunities for each strategic risk in terms of both the likelihood and impact. The risk map is included to assist the understanding of the inherent and residual risk scores allocated to each strategic risk. These scores will be considered further and amended as necessary in due course.

Details of proposed amendments to the Strategic Risk Register and the actions resulting from the process are attached in appendix 2. The full revised Strategic Risk Register incorporating the proposed amendments is available on the intranet.

A new strategic risk is proposed for the Strategic Risk Register linked to Climate Change. This risk is "failure to achieve commitment of being carbon neutral for the Council's own operations by 2027". This strategic risk includes elements of physical, reputational and financial risks. A copy of this risk is provided in appendix 3.

Finally, an extract from the register of the entries relating to the highest rated 'red' risks are included in appendix 4 for Members consideration.

Further reviews of the Strategic Risk Register will be reported to future meetings of this Committee.

4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no direct financial implications that arise from this report. Any future additional budgetary requirements will be considered separately by Cabinet.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The Strategic Risk Register is the main mechanism used by the Council to identify, assess and monitor key risks. Whilst there are no direct legal implications arising from this report, it is important to assess whether the risks identified are being effectively mitigated and managed.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Union comments in relation to this report.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. Background Papers

Nil

APPENDIX 1

REVIEW OF STRATEGIC RISK REGISTER**Introduction**

The Risk Management Strategy, as revised in December 2018, aims to improve the effectiveness of risk management across the Council. Effective risk management will help to ensure that the Council maximises its opportunities and minimises the impact of the risks it faces, thereby improving its ability to deliver priorities, improve outcomes for residents and mitigating legal action and financial claims against the Council and subsequent damage to its reputation.

The Strategy provides a comprehensive framework and process designed to support both Members and Officers in ensuring that the Council is able to discharge its risk management responsibilities fully. The Strategy outlines the objectives and benefits of managing risk, describes the responsibilities for risk management, and provides an overview of the process that the Council has in place to manage risk successfully. The risk management process outlined within the Strategy should be used to identify and manage all risks to the Council's ability to deliver its priorities. This covers both strategic priorities, operational activities and the delivery of projects or programmes.

The Council defines risk as "the chance of something happening that may have an impact on objectives". A risk is an event or occurrence that would prevent, obstruct or delay the Council from achieving its objectives or failing to capture business opportunities when pursuing its objectives.

Risk Management

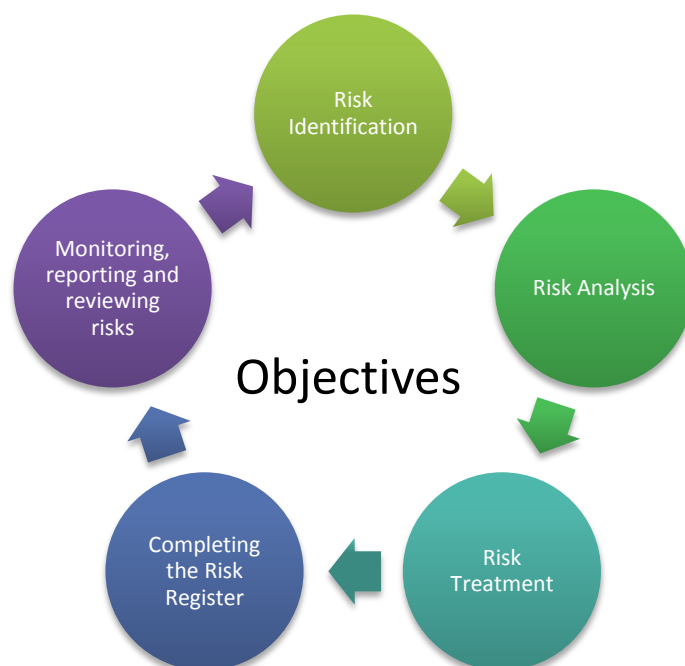
Risk management involves adopting a planned and systematic approach to the identification, evaluation and control of those risks which can threaten the objectives, assets, or financial wellbeing of the Council. It is a means of minimising the costs and disruption to the Council caused by undesired events.

Risk management covers the whole range of risks and not just those associated with finance, health and safety and insurance. It can also include risks as diverse as those associated with reputation, environment, technology and breach of confidentiality amongst others. The benefits of successful risk management include:

- Improved service delivery with fewer disruptions, efficient processes and improved controls
- Improved financial performance and value for money with increased achievement of objectives, fewer losses, reduced impact and frequency of critical risks
- Improved corporate governance and compliance systems with fewer legal challenges, robust corporate governance and fewer regulatory visits
- Improved insurance management with lower frequency and value of claims, lower impact of uninsured losses and reduced premiums.

Risk Management Process

The Council’s risk management process has five key steps as outlined below.



| Process Step | Description |
|--|---|
| Risk Identification | Identification of risks which could significantly impact the Council’s aims and objectives – both strategic and operational. |
| Risk Analysis | Requires consideration to the identified risks potential consequences and likelihood of occurring. Risks should be scored against the Council’s risk matrix |
| Risk Treatment | Treat; Tolerate; Transfer; Terminate – Identify which solution is best to manage the risk (may be one or a combination of a number of treatments) |
| Completing the Risk Register | Document the previous steps within the appropriate risk register. Tool for facilitating risk management discussions. Standard template to be utilised to ensure consistent reporting. |
| Monitoring, reporting and reviewing the risks | Review risks against agreed reporting structure to ensure they remain current and on target with what is expected or manageable. |

Risk Matrix

| | | Risk – Threats | | | | |
|-------------------|--------------------|-------------------|-----------|--------------|-----------|------------------|
| Likelihood | Almost Certain – 5 | 5 | 10 | 15 | 20 | 25 |
| | Likely – 4 | 4 | 8 | 12 | 16 | 20 |
| | Possible – 3 | 3 | 6 | 9 | 12 | 15 |
| | Unlikely – 2 | 2 | 4 | 6 | 8 | 10 |
| | Rare – 1 | 1 | 2 | 3 | 4 | 5 |
| | | Insignificant – 1 | Minor – 2 | Moderate – 3 | Major – 4 | Catastrophic – 5 |
| | | Impact | | | | |





| Risk Rating | Value | Action |
|-------------------|----------|--|
| Red Risk | 25 | Immediate action to prevent serious threat to provision and/or achievement of key services or duties |
| | 15 to 20 | Key risks which may potentially affect the provision of key services or duties |
| Amber Risk | 12 | Important risks which may potentially affect the provision of key services or duties |
| | 8 to 10 | Monitor as necessary being less important but still could have a serious effect on the provision of key services |
| | 5 to 6 | Monitor as necessary to ensure risk is properly managed |
| Green Risk | 1 – 4 | No strategic action necessary |





APPENDIX 2






Strategic Risk Register – Summary of Proposed Changes







Inherent Risk – Gross risk **before** controls and mitigation





Residual Risk – Risk remaining **after** application of controls and mitigating measures

| Risk | Inherent Risk | Residual Risk | Changes |
|---|---------------|--|---|
| <p>1. Failure to maintain effective corporate performance management and implement change management processes</p> <p><i>The position with regards to this risk is unchanged.</i></p> | 20 | <p>4</p>  <p>Green</p> | A new action was added to consider undertaking an audit of Project Management as part of the Internal Audit Plan for 2023/24. |
| <p>2. Failure to obtain adequate resources to achieve service objectives</p> <p><i>The position with regards to this risk is unchanged.</i></p> | 25 | <p>16</p>  <p>Red</p> | <p>The group noted the ongoing ‘cost of living crisis’ and the significant rises in inflation which is keeping this risk as one of the highest rated red risks.</p> <p>The action to present an updated Medium Term Financial Strategy and Business Strategy to Cabinet on 4 October 2022 was completed and updated to refer to Cabinet on 7 February 2023.</p> <p>The action to produce a new Asset Management Strategy to replace the previous version was updated to refer to it being presented to Cabinet in December 2022 for approval.</p> |
| <p>3. Failure to deliver the Housing Revenue Account (HRA) Business Plan</p> <p><i>Although the residual risk score does not need to change, it was considered that the position with regards to this risk had worsened.</i></p> | 25 | <p>12</p>  <p>Amber</p> | <p>The group noted the impact of rising inflation and the cost of living crisis on the HRA service provision and financial position.</p> <p>A new action was added to review the outcome of the Government consultation on rent setting levels (the ‘rent cap’) and consider its impact on the HRA budget.</p> |
| <p>4. Failure of strategic leisure initiatives</p> <p><i>The position with regards to this risk is unchanged.</i></p> | 25 | <p>20</p>  <p>Red</p> | A new action was added to forward plan any necessary capital repair works anticipated at Bramcote Leisure Centre and to submit, consider and profile the financial impact as part of the approved Capital Programme. |

| Risk | Inherent Risk | Residual Risk | Changes |
|--|---------------|--|--|
| 5. Failure of Liberty Leisure (LLL) trading company <i>The position with regards to this risk is unchanged.</i> | 25 | 12  Amber | No changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| 6. Failure to complete the re-development of Beeston town centre <i>The position with regards to this risk is unchanged.</i> | 25 | 8  Amber | No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| 7. Not complying with legislation <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i> | 25 | 6  Amber | <p>The action to react to the impact of legislative changes arising from the United Kingdom leaving the European Union was deleted as this is managed as 'business as usual' activity.</p> <p>The action to fully resolve any systems and procedures issues relating to the schedule of annual gas safety checks and to urgently clear any backlog of properties awaiting overdue annual tests was completed.</p> <p>A new action was added to monitor any changes relating to the Housing Regulatory Framework to ensure ongoing compliance with legislation.</p> <p>Given the robust nature of the control framework in place to ensure that the Council's operations are legally compliant and in view of the lack of any significant issues, it was agreed that the residual risk score be reduced from 9 to 6.</p> |
| 8. Failure of financial management and/or budgetary control and to implement agreed budget decisions <i>The residual risk score has been revised after it was considered that the position with regards to this risk had improved.</i> | 25 | 4  Green | <p>The action to present an updated Medium Term Financial Strategy and a revised Business Strategy to Cabinet on 4 October 2022 was completed and updated to refer to Cabinet on 7 February 2023.</p> <p>Given the robust nature of the financial management and budgetary control framework in place and in view of the lack of significant issues for many years, it was agreed that the residual risk score be reduced from 8 to 4.</p> |

| Risk | Inherent Risk | Residual Risk | Changes |
|---|---------------|--|---|
| 9. Failure to maximise collection of income due to the Council <i>The position with regards to this risk is unchanged.</i> | 20 | 12  Amber | The action to monitor the post-pandemic income for Council Tax and Business Rates was deleted as it is managed as 'business as usual'. A new action was added to monitor rent income and arrears levels relating to the General Fund properties, in particular the commercial premises and industrial units. |
| 10. Failure of key ICT systems <i>The position with regards to this risk is unchanged.</i> | 25 | 15  Red | The review and refresh of corporate and departmental Business Continuity Plans to consider the potential impact of a cyber-attack was progressing, with the target date extended to 31 December 2022. The action to complete the relocation of the Backup Server from the Council Offices to Kimberley Depot will be completed shortly once electrical upgrade works are concluded, with the target date extended to 30 November 2022. |
| 11. Failure to implement Private Sector Housing Strategy in accordance with Government and Council expectations <i>The position with regards to this risk is unchanged.</i> | 20 | 4  Green | No changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| 12. Failure to engage with partners/community to implement the Broxtowe Borough Partnership Statement of Common Purpose <i>The position with regards to this risk is unchanged.</i> | 15 | 4  Green | No changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| 13. Failure to contribute effectively to dealing with crime and disorder <i>The position with regards to this risk is unchanged.</i> | 15 | 3  Green | No changes were proposed to the key controls, risk indicators and action points for this strategic risk. |

| Risk | Inherent Risk | Residual Risk | Changes |
|--|---------------|---|---|
| <p>14. Failure to provide housing in accordance with the Local Development Framework</p> <p><i>The position with regards to this risk is unchanged</i></p> | 20 | <p>12</p>  <p>Amber</p> | No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| <p>15. Natural disaster or deliberate act, which affects major part of the Authority</p> <p><i>The position with regards to this risk is unchanged</i></p> | 15 | <p>12</p>  <p>Amber</p> | <p>An action to contact the County Council for the latest concerning their Flood Risk Management Strategy was completed. The Council has received an updated version of the strategy and has added this and the Broxtowe Local Flood Response Plan to the list of key controls.</p> <p>The target date for the action to review and refresh Business Continuity Plans was extended to 31 December 2022.</p> |
| <p>16. Failure to mitigate the impact of the Government's welfare reform agenda</p> <p><i>The position with regards to this risk is unchanged</i></p> | 20 | <p>6</p>  <p>Amber</p> | No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| <p>17. Failure to maximise opportunities and to recognise the risks in shared services arrangements</p> <p><i>The position with regards to this risk is unchanged</i></p> | 20 | <p>9</p>  <p>Amber</p> | The action to optimise the benefits of refocusing Estates Management activity following the termination of the shared services agreement with Ashfield was completed and is now monitored under 'business as usual'. |
| <p>18. Corporate and/or political leadership adversely impacting upon service delivery</p> <p><i>The position with regards to this risk is unchanged</i></p> | 20 | <p>8</p>  <p>Amber</p> | No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| <p>19. High levels of sickness</p> <p><i>The position with regards to this risk is unchanged</i></p> | 16 | <p>6</p>  <p>Amber</p> | Although no significant changes were proposed to the risk indicators and action points for this strategic risk, 'agile working' was added as a key control. |

| Risk | Inherent Risk | Residual Risk | Changes |
|---|---------------|--|--|
| 20. Inability to recruit and retain staff with required skills and expertise to meet increasing demands and expectations. <i>The position with regards to this risk is unchanged</i> | 20 | 12  Amber | No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| 21. Failure to comply with duty as a service provider and employer to groups such as children, the elderly, vulnerable adults etc. <i>The position with regards to this risk is unchanged</i> | 20 | 6  Amber | No changes were proposed to the key controls, risk indicators and action points for this strategic risk. |
| 22. Unauthorised access of data <i>The position with regards to this risk is unchanged</i> | 20 | 6  Amber | The target date for the action to review and refresh Business Continuity Plans was extended to 31 December 2022. |
| 23. High volumes of employee or client fraud <i>The position with regards to this risk is unchanged</i> | 20 | 9  Amber | No significant changes were proposed to the key controls, risk indicators and action points for this strategic risk. |

APPENDIX 3

New Risk – Failure to achieve commitment of being carbon neutral for the Councils own operations by 2027

| Risk Owner(s) | Inherent Risk | Residual Risk |
|--|---------------|---------------|
| Executive Director Head of Environmental Services | 20 | 12 |

Key Controls

- 'Climate Change Emergency' declared by the Council – July 2019
- Climate Change Strategy
- Climate Change and Green Futures Delivery Programme
- Carbon Management Plan
- Climate Change Progress Board
- Cabinet
- Corporate Plan 2020-2024
- Business Planning Framework and Business Plans
- Carbon Emission Monitoring Dashboard

Risk Indicators

- Bi-annual carbon emission reports
- Progress with Climate Change and Green Futures Delivery Programme
- Progress with Council's Corporate Plan and Business Plans
- Budget gap

Action Points

1. Produce annual carbon emission update to Cabinet
2. Produce six-monthly carbon emission update to the Portfolio Holder
3. Annual review of Climate Change Strategy
4. Establishment of Climate Change Strategy budget
5. Create carbon Roadmap to 2027, to include an annual percentage reduction in carbon emissions
6. Include Net Carbon Zero (NCZ) target for own operations
7. Consider borough NCZ target to align with the current UK legislation
8. Identify clear Climate Change priorities from the Climate Change programme to deliver the most effective actions from the plan (i.e. cost against return basis)
9. Work with the Environmental Strategy Working Group and Nottinghamshire Carbon Neutral Officers group, along with other internal and external stakeholders.
10. Submit bids for external funding relating to carbon reduction initiatives.

APPENDIX 4

EXTRACT OF THE STRATEGIC RISK REGISTER – NOVEMBER 2022
ENTRIES RELATING TO HIGHEST RATED 'RED' RISKS

Risk 2 - Failure to obtain adequate resources to achieve service objectives

| Risk Owner(s) | Inherent Risk | Residual Risk |
|--|---------------|---------------|
| Deputy Chief Executive Head of Finance Services | 20 | 16 |

Key Controls

- Medium Term Financial Strategy
- Business Strategy
- Economic Regeneration Strategy
- Commissioning and Procurement Strategy
- Capital Strategy
- Asset Management Strategy
- Energy Procurement Strategy
- Commercial Strategy
- Land Disposals Policy

Risk Indicators

- Formula grant
- Budget gap
- Fuel and energy prices
- Income levels
- Failed bids for external funding
- General economic indicators
- Interest rates

Action Points

1. Review service objectives in response to changing resources
2. Identify and assess external funding opportunities and ensure any accompanying targets are met
3. Investigate and develop opportunities for shared service working
4. Monitor the impact of the collection of business rates upon resources available to the Council
5. Seek the disposal of surplus assets to generate additional capital receipts
6. Submit bids for town centre re-generation initiatives
7. Identify potential budget saving opportunities
8. Maximise income from Commercial Property and Industrial Units.

9. Assess the impact of the transfer of responsibility for land charges from local authorities to HM Land Registry.
10. Work collaboratively with Nottinghamshire local authorities to maximise the recovery of business rates income.
11. Assess the potential outcome of the Fair Funding Review, including proposals for greater localisation of business rates, upon the Council's finances.
12. Produce a new Commercial Strategy to replace the previous Commercial Strategy 2017-2020.
13. Respond as necessary to the outcome of the 'Town Deal' bid for Stapleford.
14. Develop Town Investment Plans for Eastwood and Kimberley.
15. Produce a new Asset Management Strategy to replace the previous version and present to Cabinet in December 2022 for approval.
16. Await the outcome of the Levelling Up Fund bids submitted for Eastwood and Kimberley.
17. Seek full recovery of the agreed tram compensation claim against Nottingham City Council.
18. Monitor the impact of rising inflation and the cost of living crisis on the Council's service provision and its financial position.
19. Present an updated Medium Term Financial Strategy and a revised Business Strategy to Cabinet on 7 February 2023.

Risk 4 - Failure of strategic leisure initiatives

| Risk Owner(s) | Inherent Risk | Residual Risk |
|------------------------|---------------|---------------|
| Deputy Chief Executive | 25 | 20 |

Key Controls

- Leisure Facilities Strategy
- Leisure and Culture Service Specification
- Liberty Leisure Limited Business Plan
- External legal advice and support

Risk Indicators

- Results of consultation exercises
- Progress against business plans
- Progress against capital programme
- Events impacting upon joint use agreements
- Visitor numbers at leisure facilities
- Income at leisure facilities
- Financial viability of Liberty Leisure Limited

Action Points

1. Determine future strategy for investment in leisure facilities.
2. Review leisure opportunities arising from major developments.
3. Produce a programme to address the issues identified in the detailed property condition survey at Bramcote Leisure Centre.
4. Utilise external legal advice and support as required.
5. Assess the financial implications and risks associated with two options for a replacement for Bramcote Leisure Centre
6. Establish a cross-party Task and Finish Group to consider options for potential leisure sites in the north and south of Broxtowe.
7. Work with Chilwell School to assess leisure facilities options at Chilwell Olympia Sports Centre and report back to Cabinet.
8. Forward plan any necessary capital repair works anticipated at Bramcote Leisure Centre and to submit, consider and profile the financial impact as part of the Capital Programme.

Risk 10 - Failure of key ICT systems

| Risk Owner(s) | Inherent Risk | Residual Risk |
|---|---------------|---------------|
| Executive Director Chief Information Officer | 25 | 15 |

Key Controls

- ICT Strategy
- Service agreements
- Systems mainly supplied by external supplier
- Back-up server offsite
- Security Policies
- System availability
- Server virtualisation
- Provision of emergency power supply
- Identification of failure at points of entry
- Shared service arrangements with other local authorities
- Geo-location blocking on the firewall
- Warning, Advice and Reporting Point (WARP) service
- Cyber Security Information Sharing Partnership (CISP)

Risk Indicators

- Viruses
- Computer downtime
- Overrun/failure of overnight processing
- Key financial reconciliation processes
- Customer complaints
- Backlog of works
- Appropriate staffing resources to support key systems
- Number of security incidents

Action Points

1. Monitor implementation of and regularly test the Business Continuity Plan for ICT Services
2. Pursue partnership working initiatives, where appropriate
3. Assess the impact of the National Cyber Security Standard.
4. Complete the relocation of the Backup Server from the Council Offices to Kimberley Depot by 30 November 2022.
5. Address the matters raised by the independent LGA specialist review of the Council's cyber-risk arrangements and key controls.
6. Review and refresh the corporate and departmental Business Continuity Plans by 31 December 2022.

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Report of the Monitoring Officer

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| WORK PROGRAMME |
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1. Purpose of Report

To consider items for inclusion in the Work Programme for future meetings.

2. Recommendation

The Committee is asked to CONSIDER the Work Programme and RESOLVE accordingly.

3. Detail

Items which have already been suggested for inclusion in the Work Programme of future meetings are given below. Members are asked to consider any additional items that they may wish to see in the Programme.

| | |
|---------------|---|
| 13 March 2023 | <ul style="list-style-type: none"> • External Audit Plan 2022/23 • Statement of Accounts 2022/23 – Accounting Policies • Statement of Accounts 2022/23 – Underlying Pension Assumptions • Statement of Accounts 2022/23 - Going Concern • Internal Audit Plan 2023/24 • Internal Audit Progress Report • Review of Strategic Risk Register |
|---------------|---|

Background Papers

Nil.

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