

# Agenda

MUNICIPAL YEAR 2023-2024



**HYNDBURN**

The place to be  
an excellent council

## Audit Committee

**Monday, 26 June 2023 at 5.00 pm,**  
Scaitcliffe House, Ormerod Street, Accrington

### Membership

Chair: Councillor Susan Hayes

Vice-Chair: Councillor Peter Edwards

Councillors Dominik Allen, Noordad Aziz, Bernard Dawson MBE and Jodi Clements

## A G E N D A

**1. Apologies for Absence, Declarations of Interest, Dispensations and Substitutions**

**2. Minutes of the Last Meeting** *(Pages 5 - 10)*

The Minutes of the meeting of the Audit Committee held on the 28th November 2022 were submitted for approval as a correct record.

**Recommended – That the Minutes be received and approved as a correct record.**

**3. Risk Management Monitoring Report** *(Pages 11 - 32)*

To inform Audit Committee of the outcome of the Strategic, Generic and Operational Risk Registers review.

**Recommended – That the report be noted for informational purposes.**



Telephone Enquiries: Rachael Calvert, Democratic Services (01254) 380136

Email: [rachael.calvert@hyndburnbc.gov.uk](mailto:rachael.calvert@hyndburnbc.gov.uk)

Published on Friday, 16 June 2023

Page 1 of 3

**4. Annual Internal Audit Report & Audit Opinion** *(Pages 33 - 58)*

To inform and update Audit Committee on the Annual Internal Audit Report and Audit Opinion for 2022/23 and to give details on the performance of the Internal Audit Team and final outturn position for 2022/23.

**Recommended – That the report be noted for informational purposes.**

**5. Audit Plan 2023/24 - Progress Report** *(Pages 59 - 64)*

To inform members of the Audit Reports issued during the period February 2023 – May 2023 and bring to the attention of the Committee what the key issues were.

**Recommended – That the report be noted for informational purposes.**

**6. Follow-Ups Report** *(Pages 65 - 70)*

To inform members of the outcome of routine follow-ups following the previously agreed action plans for completed audit reports. The follow-ups detailed within this report are those carried out during the period February 2023 to May 2023.

**Recommended – That the report be noted for informational purposes.**

**7. Audit Committee Training** *(Pages 71 - 74)*

To continue the discussion on the training needs of the Audit Committee for 2023/24 onwards following the Audit Committee Self-Assessment carried out by the Committee in 2022.

**Recommended – That the Audit Committee agrees what training would be beneficial to Committee members.**

- That the Audit Committee agrees when this training will take place so that dates can be scheduled.
- That the Audit Committee agrees how far this is extended beyond current Audit Committee members, i.e. to all elected members or, for example, to elected members who may be asked to substitute at a meeting of the Audit Committee.

**8. External Audit update**

Verbal update.

**9. Change of Meeting Date**

The next meeting is scheduled to take place on Monday 25<sup>th</sup> September 2023. Due to unforeseen circumstances the Audit Committee officers have requested this committee is rescheduled to Monday 18<sup>th</sup> September 2023.

**Recommended – That the Meeting date change is agreed and approved.**

This page is intentionally left blank

---

## AUDIT COMMITTEE

---

**Monday, 28th November, 2022**

**Present:** Councillor Dominik Allen (in the Chair), Councillors Noordad Aziz, Bernard Dawson MBE, Peter Edwards (Vice Chair) and Carole Haythornthwaite

**Apologies** Councillor June Harrison

---

**77 Apologies for Absence, Declarations of Interest, Dispensations and Substitutions**

Apologies for absence were submitted from Councillor June Harrison.

There were no Declarations of Interest, Dispensations or Substitutions notified.

**78 Minutes of the Last Meeting**

The minutes of the last meeting of the Audit Committee held on the 18<sup>th</sup> July 2022 were submitted for approval as a correct record.

**Resolved – That the minutes be received and approved as a correct record.**

NB. Councillor Aziz noted that a cross party motion to the Government to indicate that the external audit situation was not acceptable is still to be completed.

**79 Risk Management Monitoring Report**

Stuart Sambrook, Policy Manager introduced the report to inform Audit Committee of the outcome of the review of the Strategic, Generic and Operational Risk Registers.

There has been one major change to the Strategic Risk Register as below:

Area	Change	Risk Rating With Controls
<b>NEW RISK</b>		
Financial (Page 4)	<b>Risk</b> Financial Overreach :--The Council is embarking on a range of major investments supported by significant amounts of External Funding. Overspends or failure to deliver on these Projects could lead to significant additional costs falling on the Council, in terms of extra borrowing costs stemming from meeting additional project costs or the repayment of external funds. (URN:2037) <b>Risk Owner</b> Deputy Chief Executive	Medium

Stuart Sambrook discussed the control measures in place to manage the risk.

The Committee had a discussion around the risks of the funding causing financial difficulties and what affects that could have on the Council.

There had been no major changes to the Generic Risk Register but 4 minor changes to the risks detailed below:

- Failure to ensure that personal data is kept securely in accordance with Data Protection Act, GDPR and Freedom of Information Act 2000. – LOW PRIORITY
- Failure to comply with CDM Regulations. – MEDIUM PRIORITY

There has been one major change to the Operational Risk Register as below:

Area	Change	Risk Rating With Controls
<b>NEW RISK</b>		
Reputational  (Page 5)	<u><b>Risk</b></u> Failure to meet statutory timescales for delivery of planning decisions (URN:2038) <u><b>Risk Owner</b></u> Head of Planning & Transportation	Medium

There have been a number of minor changes that have been made to the Operational Risk Register and they are available in Appendix 3 of the report.

The Committee were happy with the overall report.

Councillor Noordad Aziz requested further information regarding the operational risk no 36 – Market Hall loss of income due to low take up of market hall stalls. He requested further information on how the risk has been reviewed.

The Chair requested further information on the risk rating high regarding the strategic risk no 87 – The acquisition of key town centre buildings and delivery of a £22 million regeneration project within Accrington Town Centre.

**Resolved – (1) That the report be noted by the Audit Committee.  
(2) The Policy manager to update back to Committee on the requests above.**

## 80 Internal Audit Plan 2022/23 Progress Report

Mark Beard, Head of Audit & Investigations, presented a routine report to inform Members of the Audit Reports issued during the period July 2022 – October 2022 and to bring to the attention of the Committee what the key issues were.

The report included a list of the audit areas and any key issues, a summary of which is provided below:

- **Civil Contingencies – Substantial assurance**
  - The audit found, as a result of test calls carried out both during and outside normal working hours that the process was not followed correctly and none of the 3 nominated Emergency Planning Officers was alerted to the test incident.
  - The audit agreed with the Emergency Planning Officer that the process would be reviewed and consideration would be given to have a rota in place for Emergency Planning Officers both inside and outside of working hours. There are 3 Officers on the list so consideration needs to be made to increase the number of Officers on the list to cover leave and sickness. It was agreed that Switchboard staff need to be briefed on current processes for when a civil contingency related call is received during working hours.
- **Engineers – Comprehensive assurance**
  - No issues arising.
- **Disabled Facilities Grants (Better Care Fund) – Substantial assurance**
  - The audit found that an agreement in place between Hyndburn Borough Council and an external organisation requires renewing as reduced fees had been negotiated due to budget pressures but the new lower fees were not reflected in the agreement between the Council and the external organisation.
  - Management agreed a new agreement would be put in place to reflect the changes.
- **Council Tax Write offs – Comprehensive assurance**
  - No issues arising.
- **Mobile Telephony – Substantial assurance**
  - The audit could not ascertain from the sample of mobile phone users chosen that all were aware of the Communications Policy. It was agreed with

Management that all employees issued with a Council mobile phone are aware of the Communications Policy.

- **Markets – Substantial assurance**

- Management agreed that consideration would be given to the installation of a networked device in the Porters Office to enable them to access training, internal communications, email etc. as they currently use an Officer's PC and that Officer's log-in, which breaches internal policies.

- **Waste Collection and Recycling – Comprehensive assurance**

- No issues arising.

The Chair was very pleased with the projected out-turn of 88.37% completed audits for 2022/23.

**Resolved – That the report be noted by the Audit Committee.**

## **81 Audit Committee Self-Assessment 2022**

Mark Beard, Head of Audit & Investigations presented the report to inform members of the results of the self - assessment process that members of the committee have carried out and for the Audit Committee to determine what the next steps, if any, should be.

The report refers to and has been based upon the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition" however the Head of Audit & Investigations informed the Committee a more recent version had recently been published for 2022.

The assessment was carried out by all 6 members of the Audit Committee and the results have been amalgamated thus anonymising who said what.

The Head of Audit & Investigations talked through the questions and the responses, clarifying points for members and comments for the Committee to consider.

The group had a discussion following a section of question 12 – *Consideration has been given to at least one independent member to sit on Audit Committee*. This is currently not mandatory although it may become mandatory and the Council will address this at this point.

The Chair confirmed he had attended the CIPFA Training for Audit Committee.

The Committee all agreed it was a helpful exercise to have undertaken and agreed to reflect on the answers for a further discussion next year.



**Resolved – (1) That the report be noted by Audit Committee.  
(2) That this item returns to Audit Committee in March 2023.**

**82 External Review of Internal Audit**

Mark Beard, Head of Audit & Investigations gave a brief verbal update to the committee on the recent External Review of Internal Audit.

This takes place every 5 years. Internal staff have been interviewed and there had been a self-assessment against the standards that includes 3 themes.

There will be a formal detailed report discussed at the next Committee in March 2023.

**83 Statement of Accounts**

Martin Dyson, The Head of Accountancy presented the report to inform the Audit Committee on the production of the Annual Accounts and their External Audit and to discuss any issues arising from the work.

The Financial position and performance measures were discussed along with the key capital projects undertaken, highlighting a revenue underspend in year and the delivery of key capital spend on housing and community projects.

It was explained that the statement of accounts has shown that the Council has a strong financial position which is due to the hard work undertaken across the Council during the year and thanks to all staff in the Council for their performance and contribution on this piece of work was noted to the Committee.

The draft accounts were completed and published on the Council's website in July 2020. Subsequently, Mazars, the external auditors, have undertaken their onsite audit of the accounts and work is close to completion.

Final Audit completion was delayed due to a government ruling on an accounting issue that could require some minor narrative change to the statement notes. It was requested that the final sign off be delegated to the Chair of the Audit Committee. Councillor Aziz proposed to wait until the accounts had been completed and set up a further Committee to sign these off in the future. The Committee then had a vote on this proposal but the majority voted against it.

**Resolved – (1) That the Audit findings report be noted by the Audit Committee.  
(2) That the Audit Committee delegated approval to the Chair of the Audit Committee to sign the Council's Statement of Accounts for 2020/21 following completion of the external audit work.**

**(3) That the Audit Committee delegated approval to the Chair of the Audit Committee to approve and sign the letter of representation.**

**84 External Audit Completion Report - Year Ended 31st March 2021**

Daniel Watson, External Auditor of Mazars attended the meeting to present the Audit Completion Report for the year ended 31<sup>st</sup> March 2021. He discussed the key messages in the report to the Committee.

The Audit has been a true and fair view of the accounts, there were just a small number of audit areas outstanding but no significant impact to their audit opinion. In the significant findings section, 3 risks had been identified and discussed with the accounts team and a plan of action had been set.

The external auditors acknowledged difficulties within the year and asked for a thank you to be placed on record to Joe McIntyre, Deputy Chief Executive and his Finance Team.

The internal control findings and recommendations have been set and prioritised for the required actions to be completed.

The Committee were happy and agreed the summary of misstatements within the report.

The work is ongoing for the Councils arrangements for the year ended 31<sup>st</sup> March 2021, it was noted that there are some weaknesses in the financial reporting process that the Council will address and put in place for future financial reporting.

**Resolved – That the report be noted by the Audit Committee.**

Signed:.....

Date: .....

Chair of the meeting  
At which the minutes were confirmed

<b>REPORT TO:</b>	<b>Audit Committee</b>
<b>DATE:</b>	<b>26<sup>th</sup> June 2023</b>
<b>REPORT AUTHOR:</b>	<b>Stuart Sambrook (Policy Manager) Amirah Chati (Policy &amp; Information Officer)</b>
<b>TITLE OF REPORT:</b>	<b>Risk Management Monitoring Report</b>

## 1. Purpose of Report

To inform Audit Committee of:

- the outcome of the Strategic, Generic and Operational Risk Registers review;

## 2. Recommendation

That Audit Committee:

- Notes the content of the report.

## 3. Background

### **Report Background:**

- The Councils mission statement in regards to Risk Management is as follows:
  - *The Council is committed to adopting best practices in the identification, evaluation, and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risk associated with their area of work. In doing this they will receive the necessary support, assistance and commitment from Senior Management and Members.*
- The Council's risk management policy is a long-term commitment and is an inherent part of good management and governance practices.
- It states within the Council Financial Procedure rules that the Council is responsible for approving the Council's risk management strategy. The Audit Committee is responsible for the review and monitoring of the Council's risk management arrangements.
- The Council has adopted the following definition produced by the Institute of Risk Management, which states:-
  - *Risk Management is the identification, measurement, control and financing of risks which threaten the existence, the assets, the earnings of the personnel of an organisation, the services it provides, the achievement of its corporate priorities or which may cause undue harm to the public.*

### **The Risk Management Process:**

- Risk management must not be the responsibility of just a few specialists. It must be a primary management responsibility for all managers and supervisors and must be a consideration for all employees.
- Risk assessments are about asking:-
  - What can go wrong
  - What is the likelihood of it going wrong
  - What is the impact should it go wrong
  - What can be done to eliminate the threat
  - What should be done to reduce the threat's likelihood or impact

- This 5-point approach can be applied to decisions made every working day, at all levels of the Council.
- The Council risk assessment scoring is based on the guidance of the Institute of Risk Management:
  - 3 being a high risk;
  - 2 being a medium risk;
  - 1 being a low risk.
  - The definitions of High, Medium and Low are also based on the guidance of the Institute of Risk Management and aid assessing Impact and Likelihood.

	<b>High 3</b>	<b>Medium 2</b>	<b>Low 1</b>
Assessing the Likelihood	Very likely to happen. Regular Occurrence. Loss-causing circumstances frequently encountered daily/weekly.	Likely to happen. Likely to happen at some point over the next two years. Loss-causing circumstances encountered few times a year.	Unlikely to happen. Has happened rarely/never before. Loss-causing circumstances rarely encountered.
Assessing Impact	May result in: Fatality Financial loss in excess of £2 million. Non-delivery of service for more than 3 weeks. Adverse international media coverage.	May result in: Serious disabling injury / ill health financial loss in excess of £500,000, significant disruption to provision of service eg. more than 1 week. Adverse national media coverage.	May result in: Minor injury / ill health, Minimal financial loss of less than £500,000. Minor disruption to provision of service for short time eg. less than 1 week. Adverse local media coverage.

### Risk Matrix

Risks falling within the table as 6 and 9 are classified as HIGH risk.  
 Risks falling within the table as 3 and 4 are classified as MEDIUM risk.  
 Risks falling within the table as 1 and 2 are classified as LOW risk.

		IMPACT		
		HIGH	MEDIUM	LOW
LIKELIHOOD	HIGH	9	6	3
	MEDIUM	6	4	2
	LOW	3	2	1

### Types of Risk:

- The Corporate Risk Register outlines the key strategic risks facing the Council and the controls currently in place to respond to these risks.

- The Councils Risk Register is summarised as follows:
  - 17 Generic risks - (1 high 4 medium and 12 low)
  - 66 Operational risks - (1 high 19 medium 46 low)
  - 19 Strategic risks - (3 high 5 medium and 11 low)

#### 4. Reasons for Recommendations

To enable Audit Committee to:

- review the amendments to the Strategic, Generic and Operational Risk Registers since the submission of the last risk management report;

#### 5. Changes to the Strategic Risk Register

There has been 6 major change made to the Strategic Risk Register as detailed below.  
There have also been 2 minor changes, found in Appendix 1

Area	Change	Risk Rating With Controls
<b>DELETED RISK</b>		
Customer / Citizen	<u><b>Risk</b></u> Pandemic can cause harm to the health and wellbeing of the local Hyndburn community <u><b>Risk Owner</b></u> Chief Executive	Medium
Economic / Reputational	<u><b>Risk</b></u> Pandemic effect on Council's financial services, staffing arrangements and service delivery <u><b>Risk Owner</b></u> Chief Executive	Medium
Political / Leader	<u><b>Risk</b></u> Pandemic impact on local democracy, decision making process, accountable procedures, transparency and local elections <u><b>Risk Owner</b></u> Executive Director Legal and Democratic Services	Medium
Environmental	<u><b>Risk</b></u> Warranted environmental / asbestos problems in land / properties following the 2006 LSVT <u><b>Risk Owner</b></u> Executive Director Resources	Medium
<b>NEW RISK</b>		
Customer / Economic	<u><b>Risk</b></u> A future pandemic can impact council services and cause harm to the health and wellbeing of the Hyndburn community <u><b>Risk Owner</b></u> Chief Executive	Low
<b>MOVED RISK</b>		
Professional	<u><b>Risk</b></u> Failure to recruit and retain suitably qualified staff <u><b>Risk Owner</b></u> Head of OD & Policy	High

#### 6. Changes to the Generic Risk Register

There have been no major change made to the Generic Risk Register but 3 minor changes as detailed in Appendix 2

## 7. Changes to the Operational Risk Register

There have been 2 major changes made to the Operational Risk Register (below) and a number of minor changes (14). The amended risks are shown in Appendix 3.

Area	Change	Risk Rating With Controls
<b>DELETED RISK</b>		
Financial	Cost implications of legal challenge of Selective Landlord Licensing  <b>Risk Owner</b> Head of Regeneration and Housing	Low
<b>MOVED RISK</b>		
Professional	<b>Risk</b> Failure to recruit and retain suitably qualified staff <b>Risk Owner</b> Head of OD & Policy	High

## 8. Summary Risk Register

A summary list of all risks contained in the Generic, Operational and Strategic Risk Registers is given in Appendix 4.

## 9. High Risks

We have one Operational risk with a rating classed as “High” – *Theft or damage to vehicles and equipment (URN: 60)*.

One Generic risk classed as “High” - *Failure to conserve energy and reduce emissions thus resulting in excess costs to the Council and negative impact on the environment (URN:2016)*

Two Strategic risks classed as “High” - *Failure to deliver on Council’s Climate Declaration pledge and achieve Council operations Carbon Zero by 2030 (URN:2035); Failing to recruit and retain suitably qualified staff (URN: 2001)*

## 10. Alternative Options considered and Reasons for Rejection

Not applicable

## 11. Consultations

Consultation with the Council’s Management Teams and Heads of Service has taken place.

## 12. Implications

<b>Financial implications (including any future financial commitments for the Council)</b>	.
<b>Legal and human rights implications</b>	
<b>Assessment of risk</b>	n/a
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	n/a

**13. Local Government (Access to Information) Act 1985:  
List of Background Papers**

Strategic Risk Register  
Generic Risk Register  
Operational Risk Register

**14. Freedom of Information**

The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

**15. Exempt Report**

The report **does not** contain exempt information under the Local Government Act 1972 Schedule 12A

# Appendix 1 – Amendments to Strategic Risk Register

## CHANGES TO STRATEGIC RISK REGISTER

### KEY

***New or amended text***

~~Deleted text~~

### Risk Owner: Chief Executive

**CUSTOMERS/CITIZENS RISK** 2027

Pandemic can cause harm to the health and wellbeing of the local Hyndburn community

**Associated Risk Officers:** Management Team

#### Risk Rating

Likelihood	Impact	Priority
Likely to happen over next 1 to 2 years	Serious disabling injury/ill health; Financial Loss	Medium
	Between £500,000 and £2,000,000; Significant disruption	
	to provision of service exceeding 1 week and/or	
	Adverse national media coverage	

#### Controls – Measures Currently in Place to Manage Risk

- Full / active participation with the Lancashire Resilience Forum
- Critical incident team set up by the Council
- Supporting local businesses (Business Support Grants)
- Providing businesses with advice, support and enforcement around covid-safe guidelines
- Supporting local people through setting up Community Hub providing support / food need where needed
- Regular communications / campaigns to increase awareness of Covid-19 guidelines and other health support (e.g. flu vaccinations, mental health support)
- Establishment of a multi-agency Local Taskforce and Community Action Network
- The formation of a Local Track and Trace team
- Engaged Business Information Officers / Covid Marshalls across the Borough
- Events held in line with government guidance
- 80% of Hyndburn residents 12+ have received COVID-19 vaccination

### Risk Owner: Chief Executive

**ECONOMICAL/REPUTATIONAL RISK** 2028

Pandemic effect on Council's financial services, staffing arrangements and service delivery

**Associated Risk Officers:** Management Team

#### Risk Rating

Likelihood	Impact	Priority
Likely to happen over next 1 to 2 years	Serious disabling injury/ill health; Financial Loss	Medium
	Between £500,000 and £2,000,000; Significant disruption	
	to provision of service exceeding 1 week and/or	
	Adverse national media coverage	

#### Controls – Measures Currently in Place to Manage Risk

- Critical Incident Team set up
- Participation with the Lancashire Resilience Forum
- Updated Business Continuity Plans & Risk Assessments
- Pandemic related review of critical services
- Regular staff communications and guidance
- Process to enable contact tracing of work colleagues where a positive case reported and follow-up infection control measures
- Changes to staff working arrangements including enabling homeworking where possible
- Monthly monitoring of additional Covid expenditure and reduction in income
- Creation of Covid safe workplaces and implementation of new working practices for Council Staff
- 80% of Hyndburn residents 12+ have received COVID-19 vaccination



## Risk Owner: Executive Director Legal & Democratic Services

### **POLITICAL/LEGAL RISK**

2029

Pandemic impact on local democracy, decision-making process, accountable procedures, transparency and local elections

Associated Risk Officers: All Service Managers

#### **Risk Rating**

<b>Likelihood</b>	<b>Impact</b>	<b>Priority</b>
Likely to happen over next 1 to 2 years	Serious disabling injury/ill health, financial loss between £500,000 and £2,000,000, significant disruption to service exceeding 1 week and/or adverse national media coverage	Medium

#### Controls – Measures Currently in Place to Manage Risk

- Updated regulation
- Business Continuity Plans & Risk Assessments
- Online meetings
- Regular briefings / members
- Review of conduct of elections

## Risk Owner: Executive Director Resources

### **ENVIRONMENTAL RISK**

1018

Warranted environmental / asbestos problems in land / properties following the 2006 LSVT

Associated Risk Officers: Head of Housing and Regeneration

#### **Risk Rating**

<b>Likelihood</b>	<b>Impact</b>	<b>Priority</b>
Rarely or never happened before	Fatality, financial loss in excess of £2,000,000, non-delivery of service exceeding 3 weeks and/or adverse international media coverage	Medium

#### Controls – Measures Currently in Place to Manage Risk

- Asbestos Survey
- Contaminated Land Survey
- Environmental Warranty until 24/07/2027
- Contribution to special reserve (£3 million)

## Risk Owner: Chief Executive

### **CUSTOMERS/ECONOMIC RISK**

2039

A future pandemic can impact council services and cause harm to the health & wellbeing of the Hyndburn community

Associated Risk Officers: Management Team

#### **Risk Rating**

<b>Likelihood</b>	<b>Impact</b>	<b>Priority</b>
Rarely or never happened before	Serious disabling injury/ill health; Financial Loss Between £500,000 and £2,000,000; Significant disruption to provision of service exceeding 1 week and/or Adverse national media coverage	Low

#### Controls - Measures Currently in Place to Manage Risk

- Full / active participation with the Lancashire Resilience Forum
- Business Continuity Plans & Risk Assessments
- Pandemic related review of critical services
- Establishment of a multi-agency Local Taskforce and Community Action Network
- Changes to staff working arrangements including enabling homeworking where possible

## Risk Owner: Head of OD & Policy

### PROFESSIONAL RISK

2001

Failing to recruit and retain suitably qualified staff

**Associated Risk Officers:** Management Team

#### Risk Rating

##### Likelihood

Likely to happen over the next 1 to 2 years

##### Impact

Fatality, financial loss in excess of £2,000,000, non-delivery of services exceeding 3 weeks and / or adverse international media coverage  
adverse national media coverage

##### Priority

High

#### Controls - Measures Currently in Place to Manage Risk

- Equal pay review and job evaluation has taken place for all jobs and is maintained
- Recruitment and selection reviewed regularly and Service / Middle Managers trained
- Staff and wellbeing surveys
- People Strategy
- Alternative advertising and candidate search methods
- Performance and Development Reviews for all Staff and training budget allocated accordingly
- Range of Employee Benefits
- Use of apprentices and trainee posts including higher levels
- Consideration of increased responsibilities to justify a higher salary
- Option to have hybrid working extends range of applicants and supports retention
- Work underway to improve website recruitment information
- New Finance / HR system should improve application experience
- Use of agency staff to cover vacant roles – remote working option extends range of potential candidates

## Risk Owner: Chief Executive

### FINANCIAL AND REPUTATION RISK

2036

The acquisition of key town centre buildings and delivery of a £22 million regeneration project within Accrington Town Centre

**Associated Risk Officers:** Management Team

#### Risk Rating

##### Likelihood

Regularly occurs daily or weekly

##### Impact

Fatality, financial loss in excess of £2,000,000  
non-delivery of service exceeding 3 weeks and/or  
adverse international media coverage

##### Priority

Medium

#### Controls - Measures Currently in Place to Manage Risk

- Appointment of experienced bid writing consultant to submit the Council's LUF bid for £20 Million.
- Appointment of experienced consultants such as Architects (AeW), Electrical, Heating & Ventilation (SI Sealy), Property Acquisition advice and costing (CBRE and Womble Bond Dickson) Project Cost Managers (MAC).
- Creation of a wide and diverse group of TC stakeholders plus formation of a Stakeholder Board with independent Chair
- Production of a 10 year TCIP approved by Council/Cabinet
- Regular Member Briefings
- Council and Cabinet support for LUF projects
- Allocation of £2 Million to act as match funding and the creation of a £2 Million Contingency Fund through annual budget setting process
- Use of established OJEU complaint framework/s for the appointment of contractors and professional services
- Appointment of Project Manager to act as Client for the Council
- Dedicated Senior Council Officer to oversee delivery
- Regular finance, project management meetings and Member updates
- Secured experienced partner/operator to manage project interventions
- Compulsory Purchase approved by Cabinet

## Risk Owner: Head of Accountancy Services

### FINANCIAL RISK

1025

Loss of considerable amount of cash due to deposits within banking sector that are subject to major turbulence.

#### Associated Risk Officers:

##### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Fatality, financial loss in excess of £2,000,000, non-delivery of service exceeding 3 weeks and/or adverse international media coverage

##### Priority

Medium

#### Controls - Measures Currently in Place to Manage Risk

- ~~Increased threshold of approval level for a Bank to be considered for Deposit.~~
- The amounts available are spread amongst different banks
- ~~Moved deposits to banks with strong government guarantees~~
- Monitoring daily news and Treasury Management Flashes
- Executive Director (Resources) involved in making the final decision on investments
- Treasury Management Policy approved by Council **annually and includes review of counterparty listing and limits**
- Matrix of assessments of credit worthiness independently compiled by outside City Consultants to determine suitable banks. Conservative approach to deposits with only banks at high end of the matrix
- Use of Link T.M. Services to advise the Council and early identification of concern.

## Appendix 2 – Amendments to Operational Risk Register

### CHANGES TO GENERIC RISK REGISTER

#### KEY

*New or amended text*

~~Deleted text~~

#### PHYSICAL RISK

2008

Failure to ensure health and safety of employees and members of the public and comply with Health & Safety Legislation both in, around and outside the workplace.

**Associated Risk Officers:** Management Team

#### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Fatality, financial loss in excess of £2,000,000, non-delivery of service exceeding 3 weeks and/or adverse international media coverage

##### Priority

Medium

#### Controls - Measures Currently in Place to Manage Risk

- Health & safety is part of employee induction
- Health & Safety Policy & Procedures
- Regular Training - eg several managers have achieved IOSH
- Implement rolling Corporate H&S plan
- Annual Programme Health & Safety refreshers
- The Executive Director (Environment) manages Health & Safety in accordance with Corporate Health & Safety Policies through the Safety Committee.
- Corporate Health and Safety Officer
- Six monthly reports to CMT
- Union Safety Officer and Safety Representatives
- Comprehensive Risk Assessments
- Pre use safety inspection system for all operations, equipment and vehicles
- Safe Systems of Work procedures issued for Waste Services, Parks and Cemetery, Vehicle Maintenance and other staff undertaking high risk manual operations
- Conflict Resolution training for front line staff dealing with members of the public
- Safety Improvement Group (SIG) Established, with operational safety improvement subgroup group looking at high risk service areas
- Events Safety Group
- Comprehensive Accident / Incident reporting system looking at Root Cause Analysis and trend analysis
- Workplace Wellbeing Charter, awarded excellent status
- Protocols for working alone
- Programme of Risk Assessment Reviews appropriate to Service
- Site specific risk assessments give consideration to both employees and others who may be affected by the Council's operations
- Provision of suitable support, counselling and training
- Corporate Health and Safety Committee
- Business Continuity Plans
- Routine safety inspections for playgrounds, trees, headstones etc.
- **Regular Fleet Meetings**
- Driver safety policy and handbook
  - Regular Driver Competent Assessment Programme
  - **Annual 3 monthly Driving** Licence Checks
  - Vehicle Safety Checks
  - Reverse Assistant Training
  - **Eye tests**

- External qualified consultants have undertaken fire risk assessments to the Council's 7 main (staffed) buildings
- Drug and Alcohol policy with random testing for safety critical roles.
- Provision of trained First Aiders.
- Clear responsibilities for Building Managers.

## PHYSICAL RISK

2013

Failure to deliver critical services due unavailability of a key building or facilities, lack of utilities, ICT failure or high levels of staff absenteeism resulting from infectious disease, flu pandemic or other serious incident

### Associated Risk Officers: Who?

#### Risk Rating

#### Likelihood

Rarely or never happened before

#### Impact

Serious disabling injury/ill health, financial loss between £500,000 and £2,000,000, significant disruption to service exceeding 1 week and/or adverse national media coverage

#### Priority

Low

### Controls - Measures Currently in Place to Manage Risk

- Service Continuity Plans and Policy produced and approved and available on Hyntranet
- Review of continuity plan undertaken
- Civil Contingencies Group established.
- Plan and Policy prepared together with response plans for critical services.
- Progress reported quarterly to CMT.
- Fire alarms / equipment installed and regularly tested / maintained.
- Trained Fire Marshalls
- Regular alarm tests and evacuation procedures.
- Comprehensive/regular maintenance and calibration regimes on all test equipment by external specialist
- A fully operational back-up test lane in the event of the main test lane being inoperative
- Trained competent staff with MOT tester qualifications including mandatory annual training/assessment exam
- On-site Management & Supervision of operational staff
- Regular visits/compliance checks by VOSA Officers
- Transport Manager and Executive Director (Environment) both hold MOT Test Station Manager qualification
- **Transport Manager and Head of Environmental Services both hold Transport Manager CPC qualification**

## Risk Owner: Head of Policy and Organisational Development

## FINANCIAL RISK

2025

Risk of failure to comply with our duty under the Finance Act 2017 to ensure any contractors we take on are complying with "IR35" legislation (off-payroll working arrangements)

### Associated Risk Officers: Payroll and Pensions Manager **and all Service Managers**

#### Risk Rating

#### Likelihood

Likely to happen over the next 1 to 2 years

#### Impact

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and / or adverse local media coverage

#### Priority

Low

### Controls - Measures Currently in Place to Manage Risk

- Recruitment and Selection Policy advises managers to contact HR before taking on workers under these circumstances. HR will escalate any unresolved concerns to Management Team.
- Managers are told that they must complete the HR Revenue & Customs 'Employment Status Indicator' to check the employment status of the worker before the contract starts as the status will need to be included in the contract
- We have a document giving Guidance on the Use of Self-Employed Workers

## Appendix 3 – Amendments to Operational Risk Register

### CHANGES TO OPERATIONAL RISK REGISTER

#### KEY

***New or amended text***

~~Deleted text~~

#### Risk Owner: Head of Environmental Services

##### ENVIRONMENTAL RISK

74

**Failure to manage cremator operations in accordance with authorisation leading to excessive emissions**

**Associated Risk Officers:** Cemetery and Crematorium Supervisor

#### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage

##### Priority

Low

#### Controls - Measures Currently in Place to Manage

- Trained Technician
- **Regular maintenance by cremator manufacturer including regular servicing and rapid call out for repairs**
- **Annual Emission monitoring to IPPC undertaken as part of maintenance contract to ensure cremators are operating to permitted standards**
- ~~Covid-19 Risk Assessment and agreed operational working plans in place, allowing staff to continue working safely~~
- ~~Cremator manufacturers consulted about increased use during the pandemic~~
- ~~Covid19 support from Lancashire Resilience Forum to restrict numbers of people attending funerals in line with government guidance~~
- New member of staff completed streamlined training package to safely use cremators
- All cemetery operational staff trained to safely use cremators as backup to crematorium technician

##### PHYSICAL RISK

125

**Risk of injury to the public due to the headstones and other memorials in the Borough's cemeteries being in an unsafe condition**

**Associated Risk Officers:** Cemetery Supervisor, Cemetery & Crematorium Officer

#### Risk Rating

##### Likelihood

Likely to happen over next 1 to 2 years

##### Impact

Serious disabling injury/ill health;  
Financial Loss

##### Priority

Medium

#### Controls - Measures Currently in Place to Manage

- The headstones and memorials in each cemetery are inspected using a nil defects system. The inspection process is undertaken on a plot by plot basis, with the headstones in a particular plot being inspected and those which do not pass the safety test being recorded.
- All memorials which have been found defective are repaired – larger memorials by a monumental mason, smaller memorials are repaired by cemetery staff.
- **The cemetery regulations set the size of all new memorials (including headstones) which ensures they are of the correct dimensions**
- **All new headstones require permission from the cemetery service before installation to ensure they comply to the cemetery regulations**
- **All new headstones are inspected by cemetery staff after installation and any defects brought to the attention of the memorial mason so they can be rectified or fixed**
- Cemetery staff have been on training courses in relation to this activity
- ~~Covid-19 Risk Assessment and agreed operational working plans in place, allowing staff to continue working safely~~

**PHYSICAL RISK**

**Risk of injury to the public, especially children and young people, due to the council's play areas and young people's facilities being in an unsafe condition.**

**Associated Risk Officers:** Senior Parks Development Officer

**Risk Rating****Likelihood**

Likely to happen over next 1 to 2 years

**Impact**

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage

**Priority**

Low

**Controls - Measures Currently in Place to Manage**

- Maintain existing inspection regime and repair/take out of use any damaged/dangerous equipment ASAP
- Maintenance programme
- Weekly inspection regime with prompt reaction to any reports of faulty or broken play equipment.
- Trained staff
- Capital investment in modern play equipment meeting European standards
- Prompt reaction to any reports of faulty or broken play equipment.
- Monitoring to ensure equipment meets H&S requirements
- ~~Covid-19 Risk Assessment and agreed operational working plans in place, allowing staff to continue working safely~~

**PHYSICAL RISK**

61

**Risk of injury to the public due to the council's tree stock being unsafe, diseased or dying.**

**Associated Risk Officers:** Arboriculture and Conservation Officer

**Risk Rating****Likelihood**

Rarely or never happened before

**Impact**

Fatality, financial loss in excess of £2,000,000, non-delivery of service exceeding 3 weeks and/or adverse international media coverage

**Priority**

Medium

**Controls - Measures Currently in Place to Manage**

- Continue existing arrangements
- Annual Maintenance programme undertaken each winter by parks staff trained in arboriculture
- Annual Surveys undertaken of the Council's tree stock
- Ad hoc and reactive inspections undertaken when an issue is identified on specific a tree or trees
- Designated officer with specific remit for tree inspections. Necessary work is identified and action taken on a priority basis subject to available resources. Cemeteries have a tree survey and maintenance programme in place.
- Contacts for 'out of hours' tree work in place
- Budget set aside for emergency tree work if parks staff are not available due to undertaking other grounds maintenance work during busy periods
- ~~Covid-19 Risk Assessment and agreed operational working plans in place, allowing staff to continue working safely to undertake tree inspections and general arboriculture work~~

## Risk Owner: Executive Director (Environment)

### CONTRACTUAL RISK

67

Failure to meet contractual obligations under vehicle service level and contract hire agreements

Associated Risk Officers: Transport Manager

#### Risk Rating

Likelihood	Impact	Priority
Rarely or never happened before	Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage	Low

#### Controls - Measures Currently in Place to Manage

- Monthly invoicing
- Regular servicing and MOT of vehicles
- Annual vehicle servicing schedule planned for a full 12 months
- Vehicle management software
- Close liaison and review meetings with Heads of Services, Contractors and vehicle suppliers
- ~~Covid 19 Risk Assessment and agreed operational working plans in place, allowing staff to continue working safely~~

### ENVIRONMENTAL RISK

77

Pollution of canal or local environment resulting in suspension of waste transfer at CVMU/Willows Lane

Associated Risk Officers: Transport Manager, Waste Services Officers and Vehicle Coordinator

#### Risk Rating

Likelihood	Impact	Priority
Rarely or never happened before	Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage	Low

#### Controls - Measures Currently in Place to Manage

- Regular inspections, maintenance/repairs around waste transfer bays/depot infrastructure to prevent pollution
- Continue existing arrangements
- EA inspections and site licence compliance checks
- Trained competent staff
- Comprehensive maintenance regimes
- On-site Management & Supervision of operational staff
- Low risk materials on site
- Arrangement with CJ Jetz to empty drainage gullies
- Executive Director (Environment) holds a certificate of technical competence to operate the waste transfer facilities as required by the site licence issued by the Environment Agency. Head of Environmental Services and Waste Services Manager are working towards certificate of technical competence to operate waste transfer facilities for business continuity purposes. ~~Second member of staff, within Waste Services, undertaking training.~~

### ENVIRONMENTAL RISK

78

Pollution or adverse effect on public health due to failure of refuse collection service

Associated Risk Officers: Waste Services Manager

#### Risk Rating

Likelihood	Impact	Priority
Rarely or never happened before	Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage	Low

#### Controls - Measures Currently in Place to Manage

- Use of proven collection methods and systems in place
- Trained Operatives and Supervisors hold LGV licences
- Daily Management & Supervision of staff
- Contingency plans for service continuity of critical services in place, which include other disposal sites and contact details for agency providers and hired vehicles providers
- Operatives can multi-task
- Additional operational staff available from the wider Environmental Services team
- Collection vehicles on a 4 year replacement Contract Hire agreement



- ~~Covid-19 Risk Assessment and agreed operational working plans in place, allowing staff to continue working safely~~
- ~~Covid-19 Member support to suspend non-essential services such as Bulky Collections to ensure the priority waste collections will continue.~~
- ~~Covid-19 LGV driver refresher training given to other drivers within the wider Environmental Services / CVMU team~~
- ~~Covid-19 Additional agency staff engaged to cover increased loss of staff due to positive test result / self-isolation requirements~~

## ENVIRONMENTAL RISK

76

### Unacceptable vehicle emissions

**Associated Risk Officers:** Transport Manager

#### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage

##### Priority

Low

#### Controls - Measures Currently in Place to Manage

- Comprehensive maintenance regimes
- Mayoral car to be a Plug-in Electric / Petrol Hybrid low emissions vehicle.
- As of 2014 waste collection vehicles will include Euro 6 engines, and as of 2020, electric bin lifters
- Higher staff rates for cars purchased through the Council's lease / loan scheme for vehicles with higher CO2 levels
- Lower mileage payments to staff for vehicles with higher CO2 levels
- Regular Vehicle and Plant Replacement Programme normally range from 3 to 7 years
- From April 2023 Council has changed fuel for its vehicle fleet from diesel to Hydro-treated Vegetable Oil (HVO). Using HVO gives a 90% net reduction in CO2 emissions from the fleet.
- Long term the Council is looking to electrify its vehicle fleet and is assessing market conditions in relation to the best time to make this change.

## LEGAL RISK

53

### Suspension of the Council's vehicle operator's licence

**Associated Risk Officers:** Transport Manager, Vehicle Co-ordinator

#### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Serious disabling injury/ill health, financial loss between £500,000 and £2,000,000, significant disruption to service exceeding 1 week and/or adverse national media coverage

##### Priority

Low

#### Controls - Measures Currently in Place to Manage

- Trained competent maintenance staff
- Transport Manager and Head of Environmental Services both trained to hold National Operator Licence
- Transport Manager and Head of Environmental Services attend regular attend regular Transport Manager CPC refresher courses
- Comprehensive vehicle maintenance and inspection regime (in line with FTA guidance) and records in place
- 'FleetMaster' fleet management software installed and updated in order to improve quality and security of records
- Driver policy and handbook
- Fleet driver assessment in place for new starters and all staff updated on a three yearly basis
- Transport Manager maintains knowledge and keep abreast of legislative change through membership of national transport organisation and attends North West Transport managers meetings
- All driver documentation checked each year (once – grey fleet / four times fleet driven) to ensure all drivers documentation is up to date, meets current legislation and O license requirements
- Fleet Management meetings are in place to identify any O license compliance issues and implement necessary changes in working practice
- Revised recording of driver hours to comply with FTA guidelines

- Each vehicle has been assessed and license required to operate that vehicle identified
- The specifications of all new vehicles brought onto the fleet will be checked to ensure O license conditions are adhered to

## TECHNOLOGICAL RISK

72

### Breakdown of equipment or vehicles

**Associated Risk Officers:** Transport Manager, Foreman Mechanic

#### Risk Rating

Likelihood	Impact	Priority
Likely to happen over next 1 to 2 years	Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage	Low

#### Controls - Measures Currently in Place to Manage

- Robust Vehicle Replacement Programme in place
- Hire in vehicle if repair cannot be promptly undertaken.
- Regular maintenance regimes. Service vehicles in accordance with schedules to reduce vehicle downtime.
- Trained maintenance staff
- Working foreman to prioritise vehicle repairs in order to reduce impact on service users.
- Drivers daily pre-use check, greasing and cleaning procedures in place
- Reduced in-life operating period of waste collection vehicles 4 years.
- Vehicle chassis / under body wash equipment installed
- 4 years vehicle warranty taken out
- Comprehensive/regular maintenance and calibration regimes on all test equipment by external specialist
- A fully operational back-up test lane in the event of the main test lane being inoperative
- Trained competent staff with MOT tester qualifications including mandatory annual training/assessment exam
- On-site Management & Supervision of operational staff
- Regular visits/compliance checks by VOSA Officers
- Transport Manager and Executive Director (Environment) both hold MOT Test Station Manager qualification
- **Transport Manager and Head of Environmental Services both hold Transport Manager CPC qualification**

## LEGAL RISK

129

**Drivers not holding a valid driver's licence / the appropriate licence category / vocational licence (Driver CPC) and not carrying Driver CPC card with them when driving.**

**Associated Risk Officers:** Transport Manager, Vehicle Co-ordinator, Supervisors, Drivers

#### Risk Rating

Likelihood	Impact	Priority
Rarely or never happened before	Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage	Low

#### Controls - Measures Currently in Place to Manage

- Physical list of each driver's driving licence expiry date, Driver CPC licence expiry date **and Tachograph Driver Card expiry date** on wall in Supervisors and Vehicle Co-ordinators offices.
- All vehicles have sticker on driver door confirming which licence category and if a Driver CPC is required to drive that vehicle.
- Reminder letter sent to driver 3 months prior to their driving licence expiry date, highlighting the driver needs to renew.
- Email to supervisor(s) and section head 2 weeks prior to licence expiring warning member of staff cannot driver Council vehicle if no replacement is forthcoming by expiry date.
- Supervisors and external training partner maintain records of all Driver CPC training and organise ongoing training.
- Fleet driver licence checks every 3 months.
- Grey fleet driver documentation checks every 12 months.
- Regular gate checks and random spot checks to confirm drivers are carrying Driver CPC card.

## Risk Owner: Head of Accountancy Services

### FINANCIAL RISK

7

#### Inadequate Treasury Management Arrangements

##### Associated Risk Officers:

##### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Fatality, financial loss in excess of £2,000,000, non-delivery of service exceeding 3 weeks and/or adverse international media coverage

##### Priority

Medium

##### Controls - Measures Currently in Place to Manage

- Prudential Indicators
- CIPFA Treasury Management code of practice
- Engage services of ~~Capita Asset Services-Link~~ consultancy. Agreement subject to periodic review.
- Segregation of Duties
- The annual Treasury Management Strategy is approved by full Council, via a report initially to the Cabinet, prior to the start of the financial year and a half yearly update/monitoring report is made to Cabinet.

### FINANCIAL RISK

6

#### Failure to complete statutory returns e.g. VAT

##### Associated Risk Officers:

##### Risk Rating

##### Likelihood

Rarely or never happened before

##### Impact

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage

##### Priority

Low

##### Controls - Measures Currently in Place to Manage

- Professional & Experienced Staff
- Professional advice from ~~Lancashire County Council and Chartered Institute of Public Finance's technical PS Tax.~~
- Group member of ~~District VAT PS Tax~~ Forum

## Risk Owner: Head of Environmental Health

### LEGAL RISK

2032

#### Failure to complete food programme in ~~2022/23 2021/22 due to Covid-19~~

##### Associated Risk Officers: Food Safety Manager

##### Risk Rating

##### Likelihood

Likely to happen over next 1 to 2 years

##### Impact

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage

##### Priority

Low

##### Controls - Measures Currently in Place to Manage

- There is a food service plan in place for 2023/24 and appropriate resource to meet the demands
- ~~• There is a backlog of inspections from 20/21 due to the pandemic and the closure of some business sectors for periods of time~~
- ~~• Staff resource is being utilised to manage the pandemic response~~
- ~~• Infection rates are fluctuating and this requires staff to be pulled back from visits both from a safety perspective but also to ensure the Covid response is effective.~~
- Risk based approach to inspections is undertaken in line with FSA guidelines
- ~~• Funding is available to employ further resource to assist with the backlog at the appropriate time in the future~~

## Risk Owner: Head of Regeneration and Housing

**FINANCIAL RISK** 121

**Cost implications of legal challenge of Selective Landlord Licensing**

**Associated Risk Officers: Environmental Protection Manager**

### **Risk Rating**

#### **Likelihood**

Likely to happen over next 1 to 2 years

#### **Impact**

Minor injury/ill health, financial loss up to £500,000, less than 1 week service disruption and/or adverse local media coverage

#### **Priority**

Low

### **Controls – Measures Currently in Place to Manage**

- Compliance with legislation and guidance
- Appropriate budget provision
- Dedicated project manager and staff team
- Procure specialist consultancy advice

## Appendix 4 – Summary Risk Registers

### Generic

ID	Risk	Ratings with controls
1	Failure to conserve energy and reduce emissions thus resulting in excess costs to the Council and a negative impact on the environment (URN: 2016)	High
2	There is a risk that personal, sensitive, or bulk information is released into the public domain resulting in a likely GDPR fine, and a possible financial loss to the citizen. Causes include unauthorised penetration of ICT systems (external hacking); internal misuse of information (internal hacking); careless disposal of waste; loss of equipment/theft of equipment; data quality; process adherence; e-mail sent to incorrect recipient. (URN:2024)	Medium
3	Failure to insure Council buildings for rebuild value in the event of fire or other incident (URN: 2006)	Medium
4	Failure to comply with CDM Regulations (URN: 2021)	Medium
5	Failure to ensure health and safety of employees and members of the public and comply with Health & Safety Legislation both in, around and outside the workplace. (URN: 2008)	Medium
6	Unexpected system failures impacting onto the delivery of services (URN: 2014)	Low
7	Failure to manage projects effectively and ensure contracts are VFM (URN: 2004)	Low
8	Risk of litigation arising from poor advice or work carried out by Officers or non-compliance with legislation (URN: 2007)	Low
9	Financial loss arising from historic claims for industrial injury (URN: 2020)	Low
10	Failure to ensure that personal data is kept securely in accordance with Data Protection Act and Freedom of Information Act 2000 (URN: 2017)	Low
11	Risk of failure to comply with our duty under the Finance Act 2017 to ensure any contractors we take on are complying with “IR35” legislation (off-payroll working arrangements) (URN: 2025)	Low
12	Failure to deliver critical services due unavailability of a key building or facilities, lack of utilities, ICT failure or high levels of staff absenteeism resulting from infectious disease, flu pandemic or other serious incident (URN: 2013)	Low
13	Risk of poor procurement practice resulting in breach of procurement regulations, standing orders or inefficient use of resources. (URN: 45)	Low
14	Failure to monitor and ensure spending is within budgetary limitations (URN: 2003)	Low
15	Failure to adequately protect against IT abuse (e.g. virus infection, hacking, sabotage, accessing unsuitable material, unlicensed software, misuse of personal data, breach of law, theft, fraud) (URN: 2015)	Low
16	Council staff at risk of attack of lone working outside core hours and / or attending out of hours call outs (URN: 2022)	Low
17	There is a risk that ICT hardware, e.g. laptops, smart phone or tablet, could be lost or stolen, exposing confidential information. (URN: 2023)	Low

### Operational

ID	Risk	Ratings with controls
18	Theft or damage to vehicles and equipment (URN: 60)	High
19	Failure to meet statutory timescales for delivery of planning decisions (URN:2038)	Medium
20	Non-availability on-site of ICT Officers due to illness and/or self-isolation during pandemic (URN: 2031)	Medium
21	Project Phoenix 1D – Site Preparation Works Grant Homes England default funding event resulting in grant clawback for not achieving completion milestones and State aid compliance (URN: 2033)	Medium
22	Failure to complete food programme in 2020/21 due to Covid-19 (URN:2032)	Medium

<b>23</b>	There is a risk that ICT systems and the network could fail due to insufficient infrastructure capacity or accidental damage, resulting in the degradation or loss of ICT Services on one or more sites. Causes include insufficient bandwidth on network links to handle data and / or voice traffic; insufficient storage space to save data on servers; equipment incapable of carrying out its required function effectively; services being affected due to insufficient licences; accidental damage by 3rd parties (URN: 132)	Medium
<b>24</b>	Forward funding of projects. Risk of not drawing down Action Plan allocations due to lack of forward funding (URN: 97)	Medium
<b>25</b>	Errors in Creditor Payment processes resulting in e.g. duplicate payments, non-payment, overpayment, reduction in credit limits with firms (URN: 2)	Medium
<b>26</b>	Liability for injury to health caused by asbestos in council owned buildings. (URN: 15)	Medium
<b>27</b>	Loss of local land charges records e.g. fire (URN: 28)	Medium
<b>28</b>	Failure/breakdown of CCTV system (URN: 102)	Medium
<b>29</b>	Inadequate Treasury Management Arrangements (URN: 7)	Medium
<b>30</b>	Risk of injury to the public due to the headstones and other memorials in the Borough's cemeteries being in an unsafe condition (URN: 125)	Medium
<b>31</b>	Theft of works of art. (URN: 50)	Medium
<b>32</b>	Risk of injury to the public due to the council's tree stock being unsafe, diseased or dying. (URN: 61)	Medium
<b>33</b>	Risk of flooding from watercourses as a result of lack of maintenance (URN: 58)	Medium
<b>34</b>	Risks due to inadequate maintenance of car parks, bus shelters, HBC highways and lighting including Christmas Lights (URN: 59)	Medium
<b>35</b>	Market Hall loss of income due to low take up of market hall stalls (URN: 122)	Medium
<b>36</b>	Accidental or malicious deletion of data from the HBC network (including e-mail) (URN: 2026)	Medium
<b>37</b>	Failure to produce final accounts on time to appropriate legal & professional standards e.g. current Accounts & Audit Regulations, IFRS (International Financial Reporting Standards) (URN: 23)	Medium
<b>38</b>	Access and availability to HBC data stored in the Cloud, should contractual obligations change or not be renewed. (URN: 2030)	Low
<b>39</b>	Failure to comply with external funding regimes and programmes, notional loss and/or recovery of significant regeneration funding depending on specific arrangements. (URN: 81)	Low
<b>40</b>	Empty dwellings at risk of vandalism / fire damage presenting a danger to third parties (URN: 120)	Low
<b>41</b>	Failure to manage and control expenditure within private sector housing capital programme (URN: 82)	Low
<b>42</b>	Failure to protect customer's personal banking information when making payments over the internet (URN: 41)	Low
<b>43</b>	Failure to maintain the Council's non-housing assets due to lack of funding. (URN: 37)	Low
<b>44</b>	Adequately controlling temperatures of the Council's operational buildings to provide suitable working conditions for staff and prevent disruption to services (URN: 114)	Low
<b>45</b>	Non-delivery of statutory requirements in connection with the Equality Act and age discrimination in respect of building compliance (URN: 26)	Low
<b>46</b>	ICT systems failure affecting service provision due to loss of Academy / Anite / Paris (URN: 39)	Low
<b>47</b>	Failure to follow election procedures (URN: 19)	Low
<b>48</b>	Failure to meet necessary legal requirements leading to claims being made (URN: 20)	Low
<b>49</b>	Risk of injury to the public, especially children and young people, due to the council's play areas and young people's facilities being in an unsafe condition. (URN: 62)	Low
<b>50</b>	Impact on residents arising from flash flooding, sewer surcharge, infrastructure damage, rehousing, power outages etc as a result of adverse / extreme weather (URN: 113)	Low
<b>51</b>	Breakdown of equipment or vehicles (URN: 72)	Low
<b>52</b>	Ignition of flammable liquids in vehicle workshop (URN: 56)	Low
<b>53</b>	Failure to meet statutory deadline for issue of Council Tax Bills at year end (URN: 21)	Low
<b>54</b>	Suspension of the Council's vehicle operator's licence (URN: 53)	Low
<b>55</b>	Loss of planning application and permission records through fire or flood (URN: 65)	Low
<b>56</b>	Failure to generate forecast income from the Council's investment property (URN: 11)	Low
<b>57</b>	Liability for costs on appeal against unreasonable refusal of planning application (URN: 55)	Low

<b>58</b>	Errors in Debtors Administration e.g. Incorrect posting of payments (URN: 3)	Low
<b>59</b>	Errors in Cashiering i.e. posting monies to the wrong account (URN: 4)	Low
<b>60</b>	Failure to react to changes in Benefit Legislation (URN: 18)	Low
<b>61</b>	Risk of assault whilst collecting, counting and banking Market Rents (URN: 36)	Low
<b>62</b>	There is a risk that ICT Systems may fail and affect front line services e.g. Academy, Paris, Microsoft Dynamics, resulting in council staff being unable to carry out their normal working activities impacting on the quality of service delivered to the citizens of Hyndburn. Causes include intentional modification of software, hardware or it's environment; unintentional modification of software, hardware or it's environment; unauthorised modification of software, hardware or it's environment; malicious modification of software, hardware or it's environment. (URN: 131)	Low
<b>63</b>	There is a risk that a computer virus / malware could infect the HBC network due to a failure of protection mechanisms to identify and treat a virus, and the failure of Council staff to observe ICT policies and recommended working practices. (URN: 130)	Low
<b>64</b>	Abuse of children or adults at risk by member of staff or volunteer or failure to respond properly to safeguarding concerns (URN: 52)	Low
<b>65</b>	Risk of claims arising from owners of houses following contracts for group repairs and home improvements supervised by Regeneration and Development Team (URN: 68)	Low
<b>66</b>	Failure to complete audit plan and associated work to give sufficient assurance to External Audit in their Final Accounts Audit (URN: 1)	Low
<b>67</b>	Pollution or adverse effect on public health due to failure of refuse collection service (URN: 78)	Low
<b>68</b>	Drivers not holding a valid driver's licence / the appropriate licence category / vocational licence (Driver CPC) and not carrying Driver CPC card with them when driving. (URN: 129)	Low
<b>69</b>	Theft of Mayoral Chains and car whilst attending official mayoral engagement with associated risk of assault on mayoral party. (URN: 127)	Low
<b>70</b>	Failure to manage cremator operations in accordance with authorisation leading to excessive emissions (URN: 74)	Low
<b>71</b>	Failure to initiate prompt recovery action (URN: 5)	Low
<b>72</b>	Failure to meet contractual obligations under vehicle service level and contract hire agreements (URN: 67)	Low
<b>73</b>	Service or business needs not met due to failure of IT system, failure of network services or other reason (URN: 40)	Low
<b>74</b>	Risk of Damage to the Tiffany glass and paintings whilst moving/cleaning. (URN: 49)	Low
<b>75</b>	Gallery staff at risk of attack on attending out of hours call outs (URN: 64)	Low
<b>76</b>	Unacceptable vehicle emissions (URN: 76)	Low
<b>77</b>	Pollution of canal or local environment resulting in suspension of waste transfer at CVMU/Willows Lane (URN: 77)	Low
<b>78</b>	Failure to achieve and statutory housing responsibilities in terms of homelessness and housing need (URN: 98)	Low
<b>79</b>	Failure to complete statutory returns e.g. VAT (URN: 6)	Low
<b>80</b>	Loss of title deeds or contract documents e.g. fire (URN: 119)	Low
<b>81</b>	Failure to complete Woodnook regeneration project leaving the council with property ownership liabilities for up to 60 empty dwellings (URN: 128)	Low
<b>82</b>	Risk of claims against the Council for unfair dismissal or other employment issues. (URN: 116)	Low
<b>83</b>	Failure of both primary and secondary Air Conditioning units in the Server Room, first floor Scaitcliffe House. (URN: 133)	Low

## Strategic

<b>84</b>	Failing to recruit and retain suitably qualified staff (URN: 2001)	High
<b>85</b>	Failure to deliver on Council's Climate Declaration pledge and achieve Council operations Carbon Zero by 2030 (URN:2035)	High
<b>86</b>	The acquisition of key town centre buildings and delivery of a £22 million regeneration project within Accrington Town Centre (URN:2036)	Medium
<b>87</b>	Financial Overreach :--The Council is embarking on a range of major investments supported by significant amounts of External Funding. Overspends or failure to deliver on these Projects could lead to significant additional costs falling on the Council, in terms of extra borrowing costs stemming from meeting additional project costs or the repayment of external funds. (URN:2037)	Medium

<b>88</b>	Substantial reduction in grant from Government (URN: 1027)	Medium
<b>89</b>	Loss of considerable amount of cash due to deposits within banking sector that are subject to major turbulence. (URN: 1025)	Medium
<b>90</b>	Failure to ensure Financial Integrity (URN: 1004)	Medium
<b>91</b>	Failure to have due regard to the need to prevent people from being drawn into terrorism as laid out in the Statutory Prevent Duty.	Medium
<b>92</b>	Failure to address unacceptable exposure from Strategic Partnerships & Joint Working (URN: 1006)	Low
<b>93</b>	Failure to follow correct procurement process (URN: 1015)	Low
<b>94</b>	Failure to safeguard and promote the welfare of children and vulnerable adults (URN: 1023)	Low
<b>95</b>	Failure to address citizens needs in the event of a major incident, including civil disobedience, affecting residents or infrastructure of the Borough. (URN: 1022)	Low
<b>96</b>	Failure to uphold high ethical standards of conduct and consequent reputational damage to the Council (URN: 1001)	Low
<b>97</b>	That the Councils leisure service provider Leisure in Hyndburn cease trading (resulting in the Council becoming responsible for some of their liabilities, eg. Pension deficit) or that they fail to repay debts to the Council. (URN: 1030)	Low
<b>98</b>	Loss of income from unpaid invoices more than 6 months old impacting on General Fund revenue Balances. (URN: 1029)	Low
<b>99</b>	Failure to deliver objectives set out in the Corporate Strategy (URN: 1026)	Low
<b>100</b>	Financial liability arising from legal claim by Rossendale BC to recover losses incurred on Pennine Lancashire Empty Homes Programme as a result of Rossendale BCs sub-contractor, AAW, going in to administration. (URN: 1032)	Low
<b>101</b>	Risk of Council acting unlawfully and failure to meet requirements of new and amended legislation (New legislation imposing significant new burdens will be dealt with as a separate risk if appropriate) (URN: 1014)	Low
<b>102</b>	A future pandemic can impact council services and cause harm to the health and wellbeing of the Hyndburn community (URN:2039)	Low



REPORT TO:		Audit Committee	
DATE:		26 June 2023	
PORTFOLIO:		Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		ANNUAL INTERNAL AUDIT REPORT & AUDIT OPINION 2022/23	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	Options	Not applicable	
KEY DECISION:	Options	If yes, date of publication:	n/a

## 1. **Purpose of Report**

- 1.1 To inform and update Audit Committee on the Annual Internal Audit Report and Audit Opinion for 2022/23 and to give details on the performance of the Internal Audit Team and final outturn position for 2022/23.

## 2. **Recommendations**

- 2.1 I recommend that Audit Committee:
- notes the content of this report for informational purposes.

## 3. **Reasons for Recommendations and Background**

- 3.1 The production of an Annual Internal Audit Report & Audit Opinion is a requirement of the Public Sector Internal Audit Standards (PSIAS) which are jointly published by the Chartered Institute of Internal Auditors (CIIA) and the Chartered Institute of Public Finance and Accountancy (CIPFA). The Annual Internal Audit Report & Audit Opinion is also an aid to those charged with governance in their consideration of the Annual Governance Statement in support of the Council's Financial Statements. The report also enables those charged with governance to gain an independent viewpoint on the Council's Control Environment.

- 3.2 The Annual Internal Audit Report & Audit Opinion is a supporting piece of evidence and does not replace or prevent the Council's requirement to produce the Annual Governance Statement.
- 3.3 A copy of the Annual Internal Audit Report & Audit Opinion 2022/23 is attached as an appendix to this report.

#### 4. **Alternative Options considered and Reasons for Rejection**

- 4.1 There are no alternative options as the report is for informational purposes only and the Head of Audit & Investigations must produce an Annual Internal Audit Report & Audit Opinion to be in conformance with the PSIAS.

#### 5. **Consultations**

- 5.1 No consultations required as this report is based on data and information held by the Head of Audit & Investigations reflecting the actual work carried out in 2022/23.

#### 6. **Implications**

<b>Financial implications (including any future financial commitments for the Council)</b>	There are no financial implications arising from this report at this stage as it is purely an information / end of year position statement based on actual work completed in 2022/23.
<b>Legal and human rights implications</b>	There are no legal or human rights implications arising from this report.
<b>Assessment of risk</b>	There are no direct risks from this report as it is reporting on actual completed work in 2022/23.
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	This report is produced for information awareness to update Management Team of the issues surrounding the Annual Internal Audit Report & Audit Opinion together with the Internal Audit performance and outturn position. This brings together details of the work carried out during 2022/23, which was risk based and a Customer First Analysis cannot be applied in the context of this report.

**7. Local Government (Access to Information) Act 1985:  
List of Background Papers**

7.1 No background papers were necessary for the preparation of this report.

**8. Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

This page is intentionally left blank



## APPENDIX 1



# ANNUAL INTERNAL AUDIT REPORT & AUDIT OPINION 2022/23

Internal Audit Services  
Town Hall – Broadway Annex

Report Author: Mark Beard – Head of Audit & Investigation

## EXECUTIVE SUMMARY

---

Whilst 2022/23 saw the Council start to exit restrictions imposed by the Covid19 Pandemic, the Head of Audit & Investigations together with the Audit Team worked throughout the year to both advise on and support on controls and processes that needed to be changed as ways of working changed again in some instances as restrictions lifted. The Audit Team was able to carry out sufficient work to enable an opinion to be given. The Head of Audit is pleased to report that good levels of internal control were found to be in place and no significant areas of concern were found that could impact on the Council's Financial Statements. This is based on the work of the Internal Audit Team during 2022/23.

The key issues arising from this report are:-

- The Head of Audit & Investigations is able to issue a positive opinion on the systems of Internal Control based on the work carried out in 2022/23 as detailed below. The opinion score very slightly improved from 1.40 in 2021/22 to 1.39 in 2022/23. The number of recommendations increased from 13 in 2021/22 to 14 in 2022/23.
- Internal Audit did not identify any issues in 2022/23 during the course of their audit work that would have a material effect on the Council's Financial Statements.
- Internal Audit achieved audit plan coverage of 90.01% in 2021/22. This was 7.99% below the annual target of 98%.
- Production and publication of this report is a requirement of the Public Sector Internal Audit Standards. This report satisfies the requirements for those charged with governance and forms a supplementary piece of evidence to the Annual Governance Statement.

## AUDIT OPINION

---

All of the work undertaken by Internal Audit during the financial year 2022/23 was in conformance with the Public Sector Internal Audit Standards. The average opinion score in 2023/24 was 1.39 as opposed to 1.40 in 2021/22. This is based on a scale of 1 to 4 where 1 is the highest level of assurance and 4 is the lowest level of assurance.

Therefore the Audit Opinion for 2022/23 is:-

**Substantial assurance:** The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally

being applied consistently. However some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.

This statement is intended to provide reasonable assurance. There is an on-going process for identifying, evaluating and managing key risks. These risks are reflected in the Internal Audit Plan and are subject to their own reporting process during the course of the year which sits outside the Internal Audit role.

**Opinion Caveat** – Those charged with Governance must remember that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. As the Council exited the restrictions imposed by the Covid-19 Pandemic during 2022/23, Internal Audit has advised on changes to working processes and will continue to work with service areas to revise these as required to enable services to meet their service delivery needs whilst continuing with hybrid working where this was possible or an aid to service delivery.

Clearly whilst the overall opinion for 2022/23 shows a very slight improvement on the risk score and a substantial assurance opinion it must be remembered that the Audit Team has not looked at all areas of the Council and issues identified in 2023/24 will feed into the next annual opinion.

## ANNUAL INTERNAL AUDIT REPORT & AUDIT OPINION - PURPOSE & BOUNDARIES

---

Management is responsible for the System of Internal Control and must set in place policies and procedures to ensure that the system is functioning correctly. Internal Audit review, appraise and report on the efficiency, effectiveness and economy of financial and other management controls. This report is the culmination of the work during 2022/23 and seeks to:-

- Provide an opinion on the adequacy of the control environment
- Comment on the nature and extent of any significant risk
- Report the incidence of significant control failings or weaknesses

## **Requirement for Internal Audit**

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (Section 151) and the Accounts and Audit Regulations 2015. The latter requires authorities to:

*“...undertake an adequate and 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.”*

The Public Sector Internal Audit Standards (PSIAS) set out a detailed framework that Internal Audit must conform to. These cover all aspects of Internal Audit from behaviours to the actual way in which audit work should be conducted.

In addition to the PSIAS both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) produce additional guidance and publications surrounding internal audit, control, governance and Audit Committees etc. One such publication is “The Role of the Head of Internal Audit in Public Service Organisation” republished in 2019. This sets out the standards that are expected not only of the Head of Internal Audit but also of the Authority as a whole. This publication compliments the PSIAS and what they aim to achieve.

The role of internal audit is complemented by initiatives aimed at promoting effective corporate governance, risk management, anti-fraud & corruption including bribery, anti-money laundering & proceeds of crime in addition to maintaining probity and value for money.

The guidance accompanying the Accounts and Audit Regulations 2015 also detail the need for sound systems of internal control and set out the basis for the necessity of Internal Audit. The Accounts and Audit Regulations 2015 also have a number of amendments in various years but these do not change the need for sound systems of internal control or the necessity of Internal Audit.

## **Equality, Diversity & Inclusion**

Internal Audit remains committed to the Council’s objectives on Equality, Diversity & Inclusion. This is achieved through the way the team is managed, the way staff are trained and by the way processes are put in place to ensure members of the team behave appropriately in their work with staff and management at all levels together with elected



Members, members of the public and other external organisations. This again links into the requirements of the PSIAS.

The Internal Audit team has received both Equality, Diversity & Inclusion Training in addition to other information supplied e.g. Newsround briefings, team discussions and corporate briefings / training.

### **Declaration of Interests**

Internal Audit must avoid any conflict of interest that could impede any of the audit work carried out or cast doubt over the independence or integrity of the auditor carrying out the engagement. This links in to the 'Due Professional Care & Ethics' elements of the PSIAS.

All members of the audit team are aware that they must declare any interests and sign an annual statement which also states they would inform the Head of Audit & Investigations if any issue became apparent during the year.

The Head of Audit & Investigations can report that no member of the Audit Team had any issues that could have impacted on the integrity, professionalism or quality of the work during 2022/23.

## **THANKYOU**

---

The Head of Audit & Investigations and Internal Audit Team would like to express their thanks to Management and all areas of the Council where work was undertaken during 2022/23 for the help afforded to the Audit Team during the course of their work.

## **REVIEW OF INTERNAL CONTROL**

---

### **How Internal Control is Reviewed**

- 1.1 During 2022/23 the Authority's risk registers have been continually updated. These form a key factor of Internal Audit's operational plan each financial year. The review process draws on key indicators of risks to the organisation with the aim of ensuring audit resources are allocated to the areas with the highest risk.

1.2 Internal Audit uses a 9 point risk analysis matrix for determining the levels of risk as part of the annual audit planning process. Factors considered are:-

- Audit Area covered by risk(s) in the Risk Registers
- Have system changes taken place? E.g. to personnel or processes
- Has the service area been subject to cuts / job losses / restructure?
- Does External Audit require coverage?
- Is the Audit b/fwd or deleted from the current audit plan?
- Does the Audit Area directly affect the Council's financial position?
- Is it a Council / Management Team / Manager priority?
- When was the last audit carried out?
- What is the monetary value / income of the area?

1.3 The audit plan includes a 10% contingency provision. Contingency days are utilised in response to unforeseen work demands that arise. In the event that there are contingency days that have not been required, these are used to enable additional audit areas to be covered within the plan as per the risk scoring matrix.

1.4 The risk analysis and scoring part of the audit planning process results in a comprehensive range of audit engagements being undertaken during the financial year. These audits support the overall opinion on the control environment. Examples include:-

- Systems based reviews of fundamental financial systems that could have a material impact on the Council's financial statements e.g. Asset Management, Bank Reconciliation, General Ledger
- Establishment audits e.g. Engineers, Homelessness, Markets, Waste & Recycling
- Systems based reviews of departmental systems e.g. Cash flow Management, DFG's, ER/VR, Officers Imprests
- External Grant Funding
- ICT audits e.g. Internet & Email, Mobile Telephony
- Contract audit
- Fraud Strategy Work
- Responsive fraud and irregularity investigations

1.5 Audit work is risk based and the risk registers are cross referenced to the audit plan. Any risks identified within the risk registers that cannot be linked to the audit plan are added to the audit plan during the annual planning process. There were no new risk areas in the risk registers that were not already reflected in the audit plan for 2022/23 in some way. Whilst some new risks did exist, the risk registers were linked back to the audit plan as part of the cross matching. Any significant risks are acted upon during the financial year as opposed to waiting until the annual audit planning process which takes place towards the end of each financial year.

1.6 The Accounts and Audit Regulations 2015 set out clear instructions that Councils must follow. Parts of the regulations detail financial management and the need for Internal Audit.

1.7 Financial management is covered within part 2 of the 2015 regulations and details what the Authority must have in place regarding:-

- Responsibility for Internal Control
- Accounting records and control systems
- Internal Audit
- Review of Internal Control System

1.8 For clarity the specific regulations relating to the above areas are detailed in TABLE 1 below. These detail the key parts of regulations 3 to 6.

Regulation	Requirement
3	A relevant authority must ensure that it has a sound system of internal control which:- (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) Ensures that the financial and operational management of the authority is effective; and (c) Includes effective arrangements for the management of risk
4 (4)	The financial control systems determines in accordance with paragraph (1) (b) must include: (a) Measures – (i) to ensure the financial transactions of the authority are recorded as soon as, and as accurately as, reasonable practicable; (ii) to enable the prevention and detection of inaccuracies and fraud, and the reconstitution of any lost record; and (iii) to ensure that risk is appropriately managed; (b) identification of the duties of officers with financial transactions and division of responsibilities of those officers.
5 (1)	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.
5 (2)	Any officer or member of a relevant authority must, if required to do so for the purpose of the internal audit – (a) make available such documents and records; and (b) Supply such information and explanations; As are considered necessary by those conducting the internal audit.
5 (3)	In this regulation “documents and records” includes information recorded in an electronic form.
6 (1)	A relevant authority must, each financial year – (a) Conduct a review of the effectiveness of the system of internal control required by regulation 3; and (b) Prepare an annual governance statement

## Annual Governance Statement

- 1.9 CIPFA guidance states that an Annual Governance Statement (AGS) should be produced to accompany the Council's Financial Statements.
- 1.10 The AGS is made up of numerous evidence sources from across the Council as a whole that collectively demonstrate why the Council believes it has good governance in place. The Head of Audit & Investigations supplies 5 pieces of evidence each year to show Internal Audit's contribution to the Council's governance processes. This report is one of those 5 pieces of evidence.
- 1.11 It must be highlighted that this Annual Internal Audit Report & Audit Opinion is not the AGS and cannot be used to substitute it.

## **Risk Management**

- 1.12 The Council has a well-established risk management process which is monitored and updated on a regular basis and reported to both the Council's Corporate Management Team and the Audit Committee.
- 1.13 There are 3 risk registers; Strategic, Operational and Generic.
- 1.14 Risk owners and management are proactive in monitoring the tables and ensuring that obsolete risks are deleted and new emerging risks are added in addition to updating existing risks.
- 1.15 The risk management process is subject to auditing by Internal Audit, however this is determined by the audit planning process and specifically the risk scoring matrix.
- 1.16 The Head of Audit & Investigations can confirm that the risk management provides regularly updated risk information to both Corporate Management Team and Elected Members.

## **Fraud**

- 1.17 Whilst it is not the primary role of Internal Audit to detect fraud, it does have a role in providing an independent assurance on the effectiveness of the processes put in place by management to manage the risk of fraud. Internal Audit carry out additional fraud related work at times, although this must not be prejudicial to the primary role of Internal Audit. Examples of the activities that may be carried out include:-
- Investigation work surrounding fraud cases
  - Responding to whistle-blowers
  - Considering fraud in every audit
  - Making recommendations to improve processes
  - Review fraud prevention controls and detection processes put in place by management

1.18 Internal audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

### Covid19 Pandemic

1.19 The 2022/23 financial year slowly allowed the Council to move forward from the challenges created by the Covid19 Pandemic. Members of the Internal Audit Team continued to support service areas with finding new methods of working whilst still maintaining some level of control especially as service areas moved into what has become a 'new normal' with some service areas continuing to have hybrid working.

## SIGNIFICANT ISSUES ARISING

---

2.1 Each audit report issued is given an audit opinion based on the issues identified and reported by Internal Audit. Table 2 below shows the opinions and how many of each was issued in 2022/23:-

TABLE 2

AUDIT REPORT ASSURANCE OPINIONS	Number issued in 2022/23
<b>Comprehensive assurance:</b> the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied	9
<b>Substantial assurance:</b> the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed there is a generally sound	8

system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk	
<b>Limited assurance:</b> the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed weaknesses in the design and / or inconsistent application of controls that put the achievement of the service objectives at risk	0
<b>No assurance:</b> the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed weaknesses in controls and / or consistent non-compliance with controls that could result / has resulted in failure to achieve the service objectives	0

- 2.3 This section of the report also details any audit engagements that resulted in 'Limited Assurance' or 'No Assurance' opinions being given.
- 2.4 In 2022/23 no audit engagements were given an opinion of 'Limited Assurance' or 'No Assurance', therefore nothing requires reporting within this section of the Annual Internal Audit Report & Opinion.

## AUDIT PERFORMANCE

---

### Assessment of Internal Audit

- 3.1 Internal Audit works closely with the Council's External Auditors, Mazars. External Audit utilise work carried out by Internal Audit, particularly surrounding the fundamental controls of key systems within the Council to give them added assurance those key systems and processes are working effectively. This then enables External Audit to gain additional reliance that the data and information produced by these systems is reliable. Such assurances contribute to the conclusions made by External Audit on the Council's financial statements.
- 3.2 External Audit has specific interest on any issue that could impact on the Council's Financial Statements. However during 2022/23 Internal Audit did not find any such issues.
- 3.3 The Head of Audit & Investigations is part of the Lancashire Districts' Councils Audit Group. This allows all the Lancashire Heads of Audit to discuss issues and raise matters that could have future impacts. The group meets 3 or 4 times per year but the network is active all year as group members will highlight any issue they

become aware of with the rest of the group via email between the scheduled meetings.

- 3.4 Internal Audit must comply with the PSIAS and as part of this process the Head of Audit & Investigations has carried out a self-assessment of the Audit function against the Standards during 2022/23. The Head of Audit & Investigations has also produced a Quality Assurance & Improvement Programme (QAIP) with the self-assessment. This details how those areas partially or not currently compliant will progress to become compliant. The QAIP is subject to on-going monitoring and revision.

### **External Assessment of Internal Audit**

- 3.5 The PSIAS also state that an external assessment of the audit function and its conformance to the Standards must be carried out at least once every 5 years. The Internal Audit function was reviewed in November 2022 in accordance with the PSIAS. This was undertaken as part of an agreement between 8 Lancashire Councils, which is part of the Lancashire Audit Group, to work together and achieve the external assessment through a Peer Review process. The next assessment of Internal Audit should take place within the 5 years period ending November 2027.
- 3.6 In 2022, Hyndburn's Internal Audit function was inspected by a current Lancashire Head of Audit and an ex-Lancashire Head of Audit who has moved into a more senior wider role within their Council. This was a thorough process and involved them examining the self-assessment against the PSIAS, supporting evidence, questionnaires and interviews of:-
- Chief Executive
  - Deputy Chief Executive (s151)
  - Executive Director (Monitoring Officer)
  - Chair of Audit Committee
  - A random cross section of 3 Heads of Service
  - A random cross section of a further 2 Heads of Service (Questionnaire only)
  - Audit Team (Senior Auditor – Interview only)
  - Head of Audit & Investigations (Interview only)
- 3.7 The External Review Team also examined examples of the work carried out by internal audit in addition to processes, policies and procedures used.
- 3.8 The latest external assessment concluded in November 2022 and found that the Audit function conforms to the PSIAS and the External Review Team stated they only identified 5 points for consideration into the QAIP. The 5 recommendations were included in the QAIP and steps are being taken during 2023/24 to ensure these are all implemented. The Head of Audit & Investigations can confirm that 1 of the recommendations has been adopted. Of the 4 remaining recommendations 3 are currently in the process of being adopted and the remaining 1 is being examined as it is an issue which occurs very rarely. The External Review Team stated "The Peer Review was an extremely positive exercise with feedback from all interviewees mirroring a consistent view that the Internal Audit Team, in particular



the Head of Audit and Investigations, is seen as a key strategic partner within the Council. It is clear that the Internal Audit team is a valued service offering sound, confidential and independent advice across the Council. In particular, this can be evidenced by the wide range of investigations the team are asked to support due to their skill set and ability.” The Internal Audit team will work to build on what the external inspectors found.

### **Review of the System of Internal Control and Effectiveness of Internal Audit**

- 3.9 The Accounts and Audit Regulations 2015, regulation 5 (1) states 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 audit standards or guidance. Regulation 6 (1) (a) states “A relevant authority must, each financial year, conduct a review of the effectiveness of the system of internal control required by regulation 3.
- 3.10 The Internal Audit process is a key part of the annual review of the effectiveness of the system of Internal Control and the Annual Audit Opinion on page 2 of this report reflects that the majority of controls reviewed in 2022/23 were operating effectively.

### **Quality Assurance & Improvement Programme**

- 3.11 As part of the on-going monitoring and assessment of conformance with the PSIAS the Head of Audit & Investigations has a QAIP in place. The QAIP details the steps that are being taken to move the areas of partial or non-compliance to full compliance. The QAIP will be subject to on-going review and will be periodically reported back to Corporate Management Team and Audit Committee so that they can monitor the progress being made.
- 3.12 In the event that any area within the PSIAS changed from full compliance to partial or non-compliance this would then be included in the QAIP detailing what steps will be taken to ultimately make that area fully compliant again. In addition, any actions arising from the External Inspection of Internal Audit against the Standards are also added into the QAIP. Therefore the QAIP is an evolving document that is subject to change and updates to reflect the actual position with the Council’s conformance against the PSIAS.

### **Satisfaction & Quality Questionnaire (S&QQ)**

- 3.13 Assessment of the ongoing performance, standards and seeking improvement is referred to within the PSIAS and is an area that the Head of Audit & Investigations has had processes in place for many years.
- 3.14 The S&QQ asks for the auditee’s opinions on 11 questions with each one ranging from strongly agree to strongly disagree. The 12<sup>th</sup> question is a free-form text box



allowing comments to be made on whether there is anything that could improve the service and the impact on their service area.

- 3.15 TABLE 3 below details the S&QQ results for 2022/23 and includes the comparative results for the preceding financial years.

**TABLE 3**

	<b>Strongly Agree</b>	<b>Agree</b>	<b>Unsure</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
<b>1) The objectives recorded on the Audit Brief were clearly communicated to me at the commencement of the review</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	90%	10%	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>2) I was updated regularly on the progress of the review</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	90%	10%	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>3) My concerns and / or issues were adequately considered during the review</b>	<b>70%</b>	<b>20%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	90%	10%	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>4) I felt the audit report covered the main objectives, was informative and meaningful</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	80%	10%	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>5) The Auditor(s) was courteous and professional with myself and my team throughout the process</b>	<b>90%</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	100%	0	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>6) The auditor was punctual for any arranged meetings</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	100%	0	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>7) The auditor was prepared to be flexible and did not significantly disrupt my service area</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	100%	0	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>8) The timespan from the commencement of the review to the final report was reasonable</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	100%	0	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>9) The auditor's conclusions and opinion were logical and fairly recorded within the report</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	100%	0	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>10) I feel that my service area has benefited from this review, and it</b>	<b>90%</b>	<b>10%</b>	<b>0</b>	<b>0</b>	<b>0</b>

provides assurance on the areas covered within the review					
<b>2021/22 Comparison</b>	70%	30%	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0
<b>11) Any associated recommendations were constructive and will add benefit to my area upon implementation</b>	<b>70%</b>	<b>20%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2021/22 Comparison</b>	80%	10%	0	0	0
<b>2020/21 Comparison</b>	100%	0	0	0	0

3.16 There were 10 completed questionnaires and this equates to 110 potential responses as there are 11 questions on the form. A total of 108 responses were given as 1 person did not answer question 3 and 1 person did not answer question 11.

3.17 Of the 108 responses given, 95 (87.96%) were 'strongly agree'. A further 13 (12.04%) responses were 'agree'. The Head of Audit & Investigations is able to state that there is an overall strong positive perception of the Team and its work based on these responses as the overwhelming majority of the responses were in the strongly agree category with the rest still being in agree category.

#### Internal Audit Performance

3.18 It is good practice to monitor key performance measures. These can support the PSIAS but are not required for any form of national or mandatory collation. It does also enable the Head of Audit & Investigations together with Management and those charged with Governance to compare year on year performance. Accountability for the response to Internal Audit's advice and recommendations lies with Management who either accept and implement the advice or recommendations or accept the risks associated with not taking action

3.19 The performance parameters recorded are similar to those maintained by the majority of Audit Teams in Lancashire and the parameters themselves were originally agreed with External Audit.

3.20 TABLE 4 below details performance for 2022/23 together with the 2 most recent financial years as a comparison, although older statistical data is held by the Head of Audit & Investigations.

**TABLE 4**

<b>Performance Measure</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
No. of Audit Engagements completed compared to those planned in the audit plan	11	13	<b>18</b>
Number of Audit Reports Issued	12	15	<b>18</b>
Percentage of Audits completed within budget time allocation	100%	100%	<b>88.88%</b>
Number of Audit Recommendations made	8	13	<b>14</b>
Percentage of Audit Recommendations agreed for implementation by	100%	100%	<b>100%</b>

Management			
Number of Satisfaction & Quality Questionnaires Issued	11	14	<b>17</b>
Number of Satisfaction & Quality Questionnaires Received	4	10	<b>10</b>
Percentage of clients satisfied with the service provided based on the questionnaires returned	100%	100%	<b>100%</b>

- 3.21 The number of completed audit engagements increased from 13 to 18, a 38.47% increase on 2021/22. There were 5 audit engagements which were work in progress as at 31<sup>st</sup> March 2023 but these do not reflect in the number which were fully completed. These 5 audit engagements will be included in the 2023/24 statistical information. Two audit engagements completed in 2022/23 exceeded their time allocation slightly. The team received the same number of Internal Audit Quality Questionnaires as during 2021/22.
- 3.22 Accountability for the response to Internal Audit's advice and recommendations lies with Management who either accept and implement the advice or recommendations or accept the risks associated with not taking action.

### Follow up Work

- 3.23 Once recommendations become actions agreed with Management in the relevant audit area this does not signify the end of audit involvement until the next time the area is audited.
- 3.24 Internal Audit will revisit the actions agreed at a defined future date, usually around 6 months, to re-examine whether the actions agreed have been implemented as agreed. Internal Audit refer to this action as a 'Follow Up'.
- 3.25 Progress on follow ups is reported to Audit Committee on quarterly basis. The Audit Committee can request full explanation from Management on areas that are not implemented.
- 3.26 During 2022/23 Internal Audit carried out follow up work on 6 audit areas with a total of 11 actions agreed. Follow up work revealed that 9 had been fully implemented and 1 had been partially implemented at the time of the follow-up and 1 actions were no longer either applicable or viable following legal implication of making such a change.

### Internal Audit Team – Staff Turnover

- 3.27 The level of staffing within the Audit Team remained constant throughout 2022/23 at 3.0 FTE.
- 3.28 The Audit Team lost 35.8 days as a result of sickness absence, compassionate leave, special domestic leave and extra bank holiday.

## Use of Audit Time

- 3.29 TABLE 5 below shows an analysis of Internal Audit time during 2022/23 with the comparative figures for the previous 2 financial years. This is based on actual time spent excluding both statutory and annual leave together with any other absences such as sickness.

TABLE 5

<b>Analysis of Audit Time</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Audit Days	85.1%	84.2%	<b>84.8%</b>
Training	3.9%	1.7%	<b>2.9%</b>
Management	7.6%	9.1%	<b>9.0%</b>
Other Non-Audit Time	3.4%	5.0%	<b>3.3%</b>

- 3.30 The 2022/23 figures show a slight increase in the amount of time devoted to audit days and training but a slight decrease in the amount of time spent on management and other non-audit time. The team still participated in various training activities to ensure skills and knowledge remained up to date. Management time was almost the same as the previous year and the team spent less time on other non-audit activities.

## ANALYSIS OF AUDIT TIME – 2022/23

- 4.1 TABLE 6 below details the work carried out by Internal Audit during 2022/23 and is based on actual time recorded against the original approved time allocated within the Audit Plan for 2022/23.
- 4.2 A total of 508.55 days were delivered against 565 planned audit days. There were 103.70 days recorded in non-audit work as opposed to 64 days allocated in the audit plan. Non-audit work includes management meetings, personal development reviews, regional audit groups, team meetings, timesheets etc. There were 166.8 days recorded in absences as opposed to the 154 days allocated in the audit plan. Absences cover statutory leave, annual leave, sickness etc. Absences in 2022/23 included sickness, compassionate leave, special leave in addition to annual leave or statutory leave for bank holidays.
- 4.3 TABLE 6 does not include the areas within the audit plan where no time was recorded and therefore the table does not reflect the whole audit plan, only the areas where time was recorded during 2022/23.

**TABLE 6**

Core Systems	Plan Days	Actual Days	Comments
<b>Systems Based Reviews</b>			
Asset Management	15	11.57	Audit Commenced – W.I.P.
Bank Reconciliation	12	5.64	Audit Commenced – W.I.P.
Council Tax		0.59	Audit Question
Creditors		0.07	Audit Question
General Ledger	25	20.59	Audit Commenced – W.I.P.
Housing Benefits		0.67	Audit Question
NDR		0.59	Audit Question
Payroll		0.59	Audit Question
<b>Systems Queries / Work</b>			
Bank Reconciliation		0.27	Audit Query
Creditor Payments		0.14	Audit Query
General Ledger		0.34	Audit Query
Housing Benefits		0.70	Audit Query
NDR		0.07	Audit Query

<b>TOTAL for Core Systems</b>	<b>52</b>	<b>41.83</b>	<b>Utilised 80.44% of Allocated Audit Days</b>
-------------------------------	-----------	--------------	--

<b>Non-Core Systems</b>	<b>Plan Days</b>	<b>Actual Days</b>	<b>Comments</b>
Car Leasing / Loans		0.98	Audit Queries
Cashflow Management	9	8.09	Audit Completed
CCTV		0.14	Audit Query
Charities		1.88	Audit Work Completed
Christmas Lights		0.17	Audit Query
Commercial Rents / Lease / Renewals	13	13.77	Audit Commenced – W.I.P.
DFG's	12	12.71	Audit Completed
Electoral Registration / Elections		0.07	Audit Query
ER / VR		11.17	Audit Completed
Flexi Scheme		0.48	Audit Query
Health & Safety		0.85	Audit Query
Insurance Arrangements		0.03	Audit Input / Queries
Land Charges & Registry VDD		0.39	Audit Query
Licences - Taxi		0.10	Audit Query
Mayoral Allowances / Secretarial		0.34	Audit Queries
Members Allowances		0.07	Audit Query
Officers Imprests & Subsistence		5.21	Audit Work Completed & Spot Checks
P-Card Processes		0.46	Audit Queries
Planning Fees		0.20	Audit Query
Selective Licensing Priv Landlord		0.41	Audit Query.
S106 Agreements		2.11	Audit Completed – Final Sign-off Required.
<b>TOTAL for Non-Core Systems</b>	<b>34</b>	<b>59.63</b>	<b>Utilised 175.38% of Allocated Audit Days</b>

<b>Establishments</b>	<b>Plan Days</b>	<b>Actual Days</b>	<b>Comments</b>
Engineers	12	11.90	Audit Completed.
Homelessness	15	14.97	Audit Completed
Haworth Art Gallery		0.30	Audit Query
Markets		1.22	Audit Completed
Parks & Open Spaces		0.10	Audit Query
Waste Collection & Recycling	15	17.95	Audit Completed
<b>TOTAL for Establishments</b>	<b>42</b>	<b>46.44</b>	<b>Utilised 110.57% of Allocated Audit Days</b>

<b>Computer Audit</b>	<b>Plan Days</b>	<b>Actual Days</b>	<b>Comments</b>
Assets		0.48	Audit Query
Help Desk		0.03	Audit Query
Internet / Email	13	8.42	Audit Completed
Mobile Telephony	12	12.24	Audit Completed.
Network Controls		0.27	Audit Query
PCI & DSS Security	10	0.37	Audit Outstanding
Security Policy		0.14	Audit Query
System Development		2.90	Audit Advice & Input
<b>TOTAL for Computer Audit</b>	<b>35</b>	<b>30.40</b>	<b>Utilised 71% of Allocated</b>

			<b>Audit Days</b>
--	--	--	-------------------

Contract Audit	Plan Days	Actual Days	Comments
Capital Programme		0.99	Audit Input & Queries
Contracts CDM + H&S	15	15.41	Audit Completed
Contracts Standing Orders		0.03	Audit Query
Lyndon Playing Fields	10	8.40	Audit Commenced – W.I.P.
Other Contract Issues	10	0.20	Audit Advice / Query
Over £250 Exp. Monitoring		3.67	Audit Compliance Work
Partnerships		0.17	Audit Query
<b>TOTAL for Contract Audit</b>	<b>35</b>	<b>28.87</b>	<b>Utilised 82.49% of Allocated Audit Days</b>

Grant Funding Initiatives	Plan Days	Actual Days	Comments
NNDR3 Claim	5	4.46	Audit Completed
THI & THI s106 Funding		8.89	Audit Completed
<b>TOTAL for Contract Audit</b>	<b>5</b>	<b>13.35</b>	<b>Utilised 267% of Allocated Audit Days</b>

Follow Ups	Plan Days	Actual Days	Comments
General Follow Up Work	6	4.40	General Follow Up Work/Admin
<b>TOTAL for Follow Ups</b>	<b>6</b>	<b>4.40</b>	<b>Utilised 73.33% of Allocated Audit Days</b>

Audit Advice	Plan Days	Actual Days	Comments
Benefit Issues		6.28	Advice & Audit Liaison
Internet		21.37	Advice & Compliance Monitoring
ICO Web Info		1.96	Audit Awareness & Advice
Friendly Faces		1.08	Audit Input
Broadway Building / Security		3.14	Audit Input / Solutions
Year End Issues		8.61	Audit Input
Audit Support to Other Services		17.20	Audit Input / Advice
Covid19 Issues		0.82	Audit Advice / Input
Future of External Audit		1.51	Audit Advice
Retention & Disposal Document		2.67	Audit Input / Advice
Alcoholmeter Recalibration		0.07	Audit Input
Corporate Criminal Offences Act		1.36	Audit Input
Chorley BC Query		0.07	Audit Advice
Mayors Car Fuelling		0.14	Audit Advice
Highways & Pathways Letter		0.44	Audit Advice / Input
HR Query		0.68	Audit Input
Public Health Act Funerals Query		0.47	Audit Advice / Input
Energy Support Grants		0.88	Audit Queries / Input
Audit Charter		0.10	Audit Input
Audit Manual		0.41	Audit Input
Declarations of Interest Query		0.14	Audit Query
Bonds Query		0.24	Audit Query
Big Thankyou		0.24	Audit Input
S151 Leaving / Transition		2.88	Audit Input / Queries



Data Analytics		0.89	Audit Queries
Member Officer Protocol		0.14	Audit Query / Input
	42		Plan Allocation for Advice
<b>TOTAL for Audit Advice</b>	<b>42</b>	<b>73.79</b>	<b>Utilised 175.69% of Allocated Audit Days</b>

Other Audit Areas	Plan Days	Actual Days	Comments
Business Continuity Planning		0.72	Audit Input
Civil Contingencies	12	11.07	Audit Completed
Constitution & Regulations		0.24	Audit Input
Corporate Strategy		0.27	Audit Input
GDPR Compliance Work	10	13.69	Audit Completed
Project Management		1.60	Audit Completed
Risk Management		0.21	Audit Input & Queries
Safeguarding	14	4.72	Audit Completed
<b>TOTAL for Other Audit Areas</b>	<b>36</b>	<b>32.52</b>	<b>Utilised 90.33% of Allocated Audit Days</b>

Ad-hoc Work & Investigations	Plan Days	Actual Days	Comments
Accountancy Support to Departments	12		Audit Outstanding
Covid Support Grants	15	1.05	Audit Input
Decarbonisation Grant Scheme	10	3.30	Audit Input into Working Group
Empty Properties	13	0.14	Audit Outstanding
Grant Claim Submission Process	13		Audit Outstanding
Financial Controls (HofA/c)	12		Audit Outstanding
Levelling Up Fund	10	1.33	Audit Input / Queries
Local Plan Production	13		Audit Outstanding
Other Pandemic Grant Funding	15		Audit Outstanding
Remote Working Arrangements	15		Audit Outstanding
Smart Working Strategy		1.94	Audit Input into Working Group.
Transferred Assets		2.86	Audit Completed
Write Backs	14	12.46	Audit Completed
Ukrainian Refugee Scheme		1.57	Audit Input / Queries
Housing Support Fund		0.51	Audit Queries
NDR Account Issue		0.14	Audit Query
Willows Lane Letter - Issue		1.69	Audit Work Carried Out
Energy Support Grants		3.52	Audit Work Carried Out
TTSP Sign Off		2.77	Audit Work Carried Out
COMF Sign Off		2.06	Audit Work Carried Out
Benefits – DWP Searchlight		6.47	Audit Work Carried Out
Accountancy Team		2.88	Audit Work Carried Out
Dignity at Work Policy Review		1.96	Audit Input into Working Group
ICT Issue		0.93	Audit Input / Advice
FLARE & Deletions		3.04	Audit Work Carried Out
UK Shared Prosperity Fund		0.16	Audit Query
Cem & Crem Debtors		0.78	Audit Work Carried Out
Biodiversity Return - DEFRA		1.22	Audit Work Carried Out
Cont Allocated – Homelessness	-15		
Contingency	78		Contingency Days



<b>TOTAL for Ad-hoc Work &amp; Investigations</b>	<b>205</b>	<b>52.78</b>	<b>Utilised 25.75% of Allocated Audit Days</b>
---	------------	--------------	--

<b>Service Improvement</b>	<b>Plan Days</b>	<b>Actual Days</b>	<b>Comments</b>
Indicators		0.24	Performance Indicators
<b>TOTAL for Service Improvement</b>	<b>0</b>	<b>0.24</b>	<b>No Audit Days had been Allocated</b>

<b>Consultancy &amp; Corporate Objectives</b>	<b>Plan Days</b>	<b>Actual Days</b>	<b>Comments</b>
Annual Governance Statement	1	1.07	Audit Work Carried Out
Annual Audit Report	3	2.91	Audit Work Carried Out
Anti-Fraud & Corruption	10	10.19	Intel Alerts / Queries / Work
Audit Committee	4	8.98	Committee Prep / Mtgs / Training
Audit Plan & Planning	14	12.13	Monitor Plan & Prep of 22/23 Plan
Cabinet		2.24	Support Audit Work / Knowledge
Community Trigger / Anti-Social		1.47	Audit Work Carried Out
External Audit	3	1.95	Queries & Supply IA Work
FOI Requests		0.20	Audit Input / Support / Queries
GDPR Issues / Queries	6	4.16	Audit Input / Support / Queries
Money Launder & Proc of Crime		1.57	Queries dealt with
National Fraud Initiative	7	7.69	Support & Audit Work Carried Out
Peer Review of Internal Audit	10	24.07	External Inspection Completed
PSIAS		2.12	Audit Query
Schools Ambassador Scheme		5.82	Support & Mentoring
Stage 3 Complaint Investigations		25.34	Audit Work
Standards / Scrutiny Committee		0.14	Audit Input / Query
<b>TOTAL for Other Audit Areas</b>	<b>58</b>	<b>112.05</b>	<b>Utilised 193.19% of Allocated Audit Days</b>

<b>Training</b>	<b>Plan Days</b>	<b>Actual Days</b>	<b>Comments</b>
Staff Development & Training	15	17.80	Various Training – mainly in-house
<b>TOTAL for Training</b>	<b>15</b>	<b>17.80</b>	<b>Utilised 118.67% of Allocated Audit Days</b>

- 4.4 There were 5 audit engagements that were in progress at year end but not completed, these will all be reported in 2023/24. There were 8 audit engagements not carried out during 2022/23, 2 of these were deferred by the Head of Audit & Investigations in response to structural changes within a service unit. A further 1 had not been commenced due to severe staffing issues within a service unit. Another 1 had not been commenced due to the need to await further information and information relating to the Council's position in this area. Management deferred another area due to ongoing work not being completed which was relevant to the audit. The final 3 had not been commenced either due to time constraints or due to other audit engagements being carried out which were not originally part of the 2022/23 Audit Plan. All 8 audit engagements not commenced have been rescored and risk assessed and have been added to the 2023/24 Audit Plan.

- 4.5 The Audit Plan is monitored monthly by the Head of Audit & Investigations therefore emerging risks are considered and absorbed into the work of the team as required. The Head of Audit & Investigations will seek re-approval of the Audit Plan from Audit Committee if there is major slippage or significant risks arising that result in a major deviation from planned audit work. Sickness and other unexpected forms of leave such as compassionate leave can impact on the Audit Plan which occurred in 2022/23. The time lost to sickness, compassionate leave, special domestic leave and additional bank holiday equated to 6.28% in Audit Plan terms.
- 4.6 Target coverage for the 2021/22 Audit Plan was 98% and 90.01% was achieved. The out-turn figure is 7.99% below the annual target, however, when the 6.28% mentioned above is taken into consideration the actual shortfall is 1.71% and only 0.92% behind the outturn achieved in 2021/22. The 2023/24 Audit Plan coverage target remains at 98%.

## REPORT DISTRIBUTION

---

The report has been distributed to the following:-

- Corporate Management Team
- Members of Audit Committee
- External Audit
- Internal Audit

## REPORT VERSION

---

Draft Report Checked & Approved:

Date 28 April 2023

Final Report Issued:

Date 12 May 2023

# Agenda Item 5.

REPORT TO:		Audit Committee	
DATE:		26 June 2023	
PORTFOLIO:		Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		AUDIT REPORTS & KEY ISSUES – PROGRESS REPORT FOR THE PERIOD FEBRUARY 2023 – MAY 2023	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	Options	Not applicable	
KEY DECISION:	Options	If yes, date of publication:	n/a

## 1. Purpose of Report

- 1.1 To inform members of the Audit Reports issued during the period February 2023 – May 2023 and bring to the attention of the Committee what the key issues were.

## 2. Recommendations

- 2.1 I recommend that Audit Committee:
- note the content of this report for informational purposes.

## 3. Reasons for Recommendations and Background

- 3.1 This report crosses financial years and covers the period of February 2022 to July 2022. The audit areas and any key issues detailed at Appendix 1.
- 3.2 Members should be aware that the number of audit reports that are issued between each Committee meeting is subject to variation dependent on the size of the audit and any non-routine audit work, such as investigations, that the Team may be involved in. Therefore, for the purpose of reporting, only the audit reports fully completed, issued and agreed will be included.
- 3.3 Any investigations that may be carried out will not be included as a matter of routine in this report, particularly if they relate to a specific individual or individuals.

- 3.4 There was a target of 98% of the audit plan to be completed by the end of 2022/23 financial year in terms of audit days completed.

Position as at end of March 2023 = 90.01% of the plan completed

- 3.5 The position at the end of March 2022 can be broken down as follows:-

Month	% of the Plan Completed that Month
April 2022	7.09%
May 2022	7.25%
June 2022	5.41%
July 2022	7.86%
August 2022	9.50%
September 2022	6.47%
October 2022	7.97%
November 2022	8.22%
December 2022	5.32%
January 2023	8.52%
February 2023	8.20%
March 2023	8.20%

- 3.6 Whilst the team was 7.99% below the target for the year, this did not have a material effect on being able to produce an Audit Opinion for the year. Key factors contributing to the shortfall were additional bank holidays granted, sickness and bereavement leave.

- 3.7 With regards to 2022/23 there is a target of 98% of the audit plan to be completed by the end of the current financial year in terms of audit days completed. As the audit team complete timesheets which then feed into the audit plan, it is possible to state the progress to date and the projected end of year position if that date is extrapolated out. Therefore:-

Position as at end of May 2023 = 12.91% of the plan completed  
Projected out-turn position for 2023/24 = 77.48% of the plan completed

- 3.8 The position at the end of June 2022 can be broken down as follows:-

Month	% of the Plan Completed that Month
April 2023	5.61%
May 2023	7.30%

#### **4. Alternative Options considered and Reasons for Rejection**

- 4.1 Not applicable as the report is for informational purposes only.

## 5. Consultations

- 5.1 No consultations required as this report is based on data and information held by the audit team based on the work completed.

## 6. Implications

<b>Financial implications (including any future financial commitments for the Council)</b>	There are no financial implications arising from this report
<b>Legal and human rights implications</b>	There are no legal or human rights implications arising from this report.
<b>Assessment of risk</b>	Risks are taken into consideration during the audit process itself, there is no direct risk implication from this report.
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	This report is produced for information awareness of the progress of the Audit Team against the annual Internal Audit Plan. The Audit Planning process has had an equality impact assessment which remains valid and it is not necessary to update this with a Customer First Analysis at this time. The individual audit assignments may, in some cases, feed into the needs of equality and diversity issues within individual service areas of the Council

## 7. Local Government (Access to Information) Act 1985: List of Background Papers

- 7.1 No background papers were necessary for the preparation of this report.

## 8. Freedom of Information

- 8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

## **APPENDIX 1**

### **AUDIT COMMITTEE – 26 June 2022**

#### **Summary of the main issues arising from audits carried out February 2023 – May 2023**

##### **Internet / Email:-**

###### **Audit Assurance Opinion Issued:- Substantial assurance**

*The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.*

Due to the need to ensure network security, only a brief synopsis of the actions agreed is included.

- New staff induction list will include the email policy and reference to the mandatory Cyber Security training module.
- Cyber Security refresher training for all staff to increase awareness of the ever present and newly emerging risks.
- Consideration to the use of other software and techniques to raise awareness of all users of data security and cyber-attacks.

##### **Officers Imprests:-**

###### **Audit Assurance Opinion Issued:- Comprehensive assurance**

*The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied.*

- No issues arising.

##### **Construction (Design & Management):-**

###### **Audit Assurance Opinion Issued:- Substantial assurance**

*The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.*

- It was agreed that the current Construction (Design & Management) Regulations Policy would be reviewed to ensure that it remains up to date.
- Management will give consideration to reporting back to Safety Committee on the progress of the Council Central Reporting System for all Council Properties..

### **Lyndon Park Development:-**

#### **Audit Assurance Opinion Issued:- Comprehensive assurance**

*The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied.*

- No issues arising.

### **Commercial Rents & Leases:-**

#### **Audit Assurance Opinion Issued:- Comprehensive assurance**

*The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied.*

- No issues arising.

### **Bank Reconciliation:-**

#### **Audit Assurance Opinion Issued:- Substantial assurance**

*The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.*

- Management agreed to a new procedure to balance the bank statement / civica pay to the General Ledger on a monthly basis and it was agreed that the receipts account reconciliations for 2022/23 are balanced to the general ledger.
- It was agreed that all monthly bank reconciliations would be electronically signed by the Principal Accountant and this information would be saved.
- It was agreed that the procedures in relation to the receipts account are updated to reflect the civica pay bank reconciliation module.

### **Energy Bills Rebate Scheme:-**

#### **Audit Assurance Opinion Issued:- Comprehensive assurance**

*The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied.*

- No issues arising.

### **Asset Management:-**

#### **Audit Assurance Opinion Issued:- Substantial assurance**

*The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.*

- A Terrier Mapping System is in place but the Estates Manager has not had training on using this. It was agreed with Management that training would take place as this would benefit both the Estates Manager and the function as a whole.



REPORT TO:		Audit Committee	
DATE:		26 June 2023	
PORTFOLIO:		Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		AUDIT FOLLOW-UP REPORT FOR THE PERIOD February 2023 to May 2023	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	Options	Not applicable	
KEY DECISION:	Options	If yes, date of publication:	

## 1. Purpose of Report

- 1.1 To inform members of the outcome of routine follow-ups following the previously agreed action plans for completed audit reports. The follow-ups detailed within this report are those carried out during the period February 2023 to May 2023.

## 2. Recommendations

- 2.1 I recommend that Audit Committee:

➤ Notes the content of this report for informational purposes

## 3. Reasons for Recommendations and Background

- 3.1 This report covers the period February 2023 to May 2023 and provides the details of the follow-ups carried out shown at Appendix 1.
- 3.2 After the agreement of the recommendations between Management and Internal Audit following the completion of the audit assignment, Internal Audit revisits the area and the recommendations are reviewed to ensure they have been implemented as agreed. This process is known as the 'Follow-Up'
- 3.3 Internal Audit assesses the current position to what was agreed at the end of the audit assignment. Where the Service Area has taken no action, then Internal Audit will question why and issue a revised action plan. Part of the control within this process is

consideration by Audit Committee of any issues that arise. The Committee has the ability to ask questions of Management in the relative service areas why they have not acted upon the agreed action plan. The Committee can also express what its expectations would be with regard to such a problem occurring.

3.4 Internal Audit aim to carry out a follow-up for each completed audit area within 6 months of completion. However, there are a number of expectations to that aim:-

- Follow-up in 6 months would be pointless if the recommendations are low enough priority to allow a longer time frame.
- Work of the Audit Team does not allow a follow-up to be carried out. Although Follow-Ups are an important part of the process, the Head of Audit & Investigations must always weigh this against the need for achieving the audit plan and auditing the risks the Council faces.
- There were no recommendations arising from the original audit assignment

#### 4. **Alternative Options considered and Reasons for Rejection**

4.1 Not applicable as the report is for information only

#### 5. **Consultations**

5.1 No consultations required as this report is based on data and information held by the audit team based on the work completed.

#### 6. **Implications**

<b>Financial implications (including any future financial commitments for the Council)</b>	There are no financial implications arising from this report.
<b>Legal and human rights implications</b>	There are no legal or human rights implications arising from this report.
<b>Assessment of risk</b>	Risks are taken into consideration during the audit process itself; there is no direct risk implication from this report.
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	This report is produced for information awareness of the progress of the Audit Team in terms of following up on previously agreed recommendations at the end of an audit assignment. Whilst individual actions may occasionally have equality or diversity requirements, this report does not as it is presenting facts from other sources.

**7. Local Government (Access to Information) Act 1985:  
List of Background Papers**

7.1 No background papers were necessary for the preparation of this report

**8. Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

## APPENDIX 1

### AUDIT COMMITTEE – 26<sup>th</sup> June 2023

#### Follow-Ups February 2023 to May 2023

- The table below shows an analysis of the results of the above follow-up having taken place during the follow-up period as above.

Audit Area	Number of Actions Agreed	Number of Actions Agreed Implemented	Comments
Markets	1	1	<b>Implemented</b> – To prevent the Market Porters having to use another persons' log in to the Hyntranet it was recommended that a pc be installed in the Market Porters' Office. Each porter has been assigned an individual log in and are able to use a spare pc in the Market Manager's office. Due to the upcoming Market Hall redesign commencing in December 23 installing a pc in the Porters' Office is not possible.
Mobile Telephony	1	1	<b>Implemented</b> – To ensure that staff issued with a Council mobile phone understand the Communications Policy all staff are required to sign an Acceptable Use Agreement upon mobile phone allocation.
GDPR	2	2	<b>Implemented R1</b> – The Executive Director (Legal & Democratic) has delivered training as part of the Corporate Induction Programme and will continue to programme regular refresher training. <b>Implemented R2</b> – The Safety & Emergency Planning Officer has put in procedures to ensure all employee accident reports are sent to the HR team and retained on the personal HR file. The Limitations Act states that insurance claims have to be submitted within three years of the date of the accident and therefore it is a requirement that information is kept

			for three years.
Transferred Assets	1	1	<b>Implemented</b> – Consideration was to be given to developing a formal Transfer of Asset Policy. Whilst this has not yet been completed and approved, each disposal must follow the current legislation and all associated risks are assessed.

This page is intentionally left blank

REPORT TO:		Audit Committee	
DATE:		26 June 2023	
PORTFOLIO:		Councillor Peter Britcliffe - Deputy Leader of the Council, Resources	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		AUDIT COMMITTEE – TRAINING NEEDS / OPPORTUNITIES	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	Options	Not applicable	
KEY DECISION:	Options	If yes, date of publication:	

## 1. Purpose of Report

- 1.1 For Audit Committee to continue discussion on the training needs of the Committee for 2023/24 onwards following the Audit Committee Self-Assessment carried out by the Committee in 2022.

## 2. Recommendations

- 2.1 I recommend that Audit Committee:
- Agrees what training would be beneficial to Committee members;
  - Agrees when this training will take place so that dates can be scheduled; and
  - Agrees how far this is extended beyond current Audit Committee members, i.e. to all elected members or, for example, to elected members who may be asked to substitute at a meeting of the Audit Committee.

## 3. Reasons for Recommendations and Background

- 3.1 The Chartered Institute of Public Finance & Accountancy's (CIPFA) publication "Audit Committees – Practical Guidance for Local Authorities and Police 2022 Edition" details guidance and best practice principals for Audit Committees.
- 3.2 The Audit Committee agreed at their meeting on 6<sup>th</sup> March 2023 that training for the Chair and Vice-Chair would be mandatory going forwards. Whilst training has occurred previously, often through the attendance by the Chair on an externally provided training

course facilitated by the Chartered Institute of Public Finance and Accountancy's Better Governance Forum, this has not extended to the Vice Chair. The Better Governance Forum have scheduled a 2 x half day online webinar training session for Audit Committees in early July 2023. The Head of Audit & Investigations has passed this information to Member Services, as this is the updated version of training previous Audit Committee Chairs have undertaken.

- 3.3 The Audit Committee also agreed that all members of this Committee must have training provided on the work of Internal Audit, External Audit, Finance and Risk Management as a minimum. It was also stated that this should be extended to other Elected Members that are not part of this Committee and that anyone substituting for an existing member of the Audit Committee should have had that training first.
- 3.4 The Committee must now determine the type of training it would like to see delivered together with how they would like to see this delivered. Previously training has been delivered to the Committee immediately prior to a scheduled meeting, at the end of scheduled business of the Committee and at a separate day / time.
- 3.5 Based on previous training that has been carried out with the Committee, these are examples of training that has been previously provided:
  - The work of Internal Audit – What they do, how and why
  - The work of External Audit – What they do, how and why
  - Risk Management – Understanding the process and how it works at Hyndburn
  - The Financial Statements – Understanding these and any key issues within
  - The Annual Governance Statement – Its purpose, how it is compiled etc.
  - Understanding the Role of the Audit Committee and its links into Governance of the Council.

This is not intended to be an exhaustive list, but demonstrates areas previously covered and contribute to Audit Committee determining training areas for the Committee.

#### **4. Alternative Options considered and Reasons for Rejection**

- 4.1 There are no alternative options as the Audit Committee must ensure that it is trained and holds the relevant necessary skills to carry out its functions and also challenge issues brought before it as required. To not undertake this would not be in accordance with the recommended guidance as set out in the CIPFA publication, Audit Committees – Practical Guidance for Local Authorities and Police 2022 Edition.

#### **5. Consultations**

- 5.1 No consultations required as this report is based on information from both November 2022 and March 2023 Audit Committees together with the afore mentioned CIPFA publication.



## 6. Implications

<b>Financial implications (including any future financial commitments for the Council)</b>	There are no financial implications arising from this report at this stage as it is purely to instigate discussion / consideration of training needs.
<b>Legal and human rights implications</b>	There are no legal or human rights implications arising from this report.
<b>Assessment of risk</b>	There are no direct risks from this report at this stage as it is allowing Committee to discuss / consider training needs and options.
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	This report is produced as an aid to the Committee discussing / considering training needs and options. It does not create new or change existing policy hence why a Customer First Analysis is not required.

## 7. Local Government (Access to Information) Act 1985: List of Background Papers

- 7.1 *Copies of documents included in this list must be open to inspection and, in the case of reports to Cabinet, must be published on the website.*

## 8. Freedom of Information

- 8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

This page is intentionally left blank